

Union one of the best ways for us to address many of the disputes and challenges we have would be to embark upon a U.S.-EU free trade agreement. That is why today I have introduced H. Con. Res. 131, and I would encourage my colleagues to join in cosponsoring this very important measure. It is just a vehicle to begin the discussion, the prospects of negotiating for a U.S.-EU FTA.

Mr. Speaker, let us look at some of the disputes that we have right now with the European Union.

We all know that agriculture subsidies within the EU are many, many, many times greater than the agriculture subsidies that are provided for U.S. farmers. In fact, as we negotiated and worked on the farm bill, I voted against it at the end of the day, the farm bill, because I was concerned about the level of subsidization for U.S. agriculture.

But one of the things that some of the leaders who were supportive of that measure here in the House said was that if we can see a diminution of the level of subsidization that the European Union provides to its agriculture sector of the economy we will not have to have the agriculture subsidies that we have in the United States. So, obviously, embarking on negotiations for a U.S.-EU free trade agreement would allow us to really begin to boldly address the issue of agriculture subsidies that are so great within the European Union.

□ 1845

Another dispute that we have is this struggle between Airbus and Boeing. We know that within the European Union there are tremendous subsidies for Airbus, and I believe we should do everything that we can to diminish those so we can have, in fact, a level playing field as we address the issue in the aerospace industry.

And we have several other very important issues that need to be addressed in the area of privacy, in the area of e-commerce.

Mr. Speaker, I believe that this step which we have taken today to begin the discussion of a U.S.-EU free trade agreement will be very beneficial in enhancing the standard of living of the American people, the people in the European Union, and the people around the world.

#### AMERICA AT WAR

The SPEAKER pro tempore (Mr. DENT). Under a previous order of the House, the gentleman from Tennessee (Mr. DUNCAN) is recognized for 5 minutes.

Mr. DUNCAN. Mr. Speaker, tomorrow a funeral will be held for Staff Sergeant Stephen Kennedy, the second soldier killed in Iraq who was a member of an Army National Guard unit headquartered in my hometown of Knoxville.

Both of these young men who were killed were from just outside my dis-

trict; but I was able to attend the funeral for the first, Sergeant Paul Thomason, as we were not in session in Congress at the time.

Both of these men leave wives and each had four small children and many other relatives. I admire and respect their service. There are many ways one can serve this country, but certainly one of the most honorable is by serving in our Nation's Armed Forces.

I am pro-military and believe we should have a strong national defense, but I emphasize the word national. It goes against every traditional conservative belief for the U.S. to try to be the policemen of the world and to place all of the burden and cost of enforcing U.N. resolutions on our military and our taxpayers.

It is no criticism of anyone in the military to say that the war in Iraq was a very unnecessary war. The more than 1,500 soldiers who have died there were simply doing their duty in the best way they could, probably hoping to come home as soon as they could, but certainly hoping to come home safely rather than in a body bag.

Now this past Saturday we saw headlines about anti-American demonstrations all over Iraq. One wire service story said more than 300,000 demonstrated in Baghdad.

Last year, our own government took a poll and found that 92 percent of Iraqis regarded us as occupiers rather than liberators. An earlier poll had a similar, but slightly lower, figure of 82 percent; and these were polls taken by us, or at least by the Coalition Provisional Authority, which is 95 percent U.S.

Obviously, the great majority of people in Iraq do not appreciate what we have done there and do not want us there. They do want our money, and that is the only reason some will say good things about us being there because we do still have several hundred thousand Iraqis on the U.S. payroll.

This is a nation that Newsweek said had a GDP of only \$65 billion the year before the war. By the end of this year, we will have spent \$300 billion in just 3 years in Iraq and Afghanistan, but mostly in Iraq. Iraq had a total military budget of just a little over two-tenths of 1 percent of our military budget in the year before we attacked. They were no threat to us whatsoever. Just a few weeks ago, a report came out saying our prewar intelligence was dead wrong. At that time, Richard Perle, one of the main architects of this war, appeared before the House Committee on Armed Services to say that everyone at that time thought there was a threat. This was not correct.

Just before the House voted to authorize the war in October 2002, I was asked to come to the White House for a briefing with Condoleezza Rice, George Tenet, and John McLaughlin. I asked at that time how much Hussein's military budget was in comparison to ours and was told the two-tenths of 1

percent figure I mentioned a few minutes ago. I asked was there any evidence of imminent threat. I said one man cannot conduct a war by himself, it would have to involve many others, was there any movement toward war. I was told there was none. George Tenet later confirmed there was no imminent threat in his speech at Georgetown University just after he resigned as head of the CIA.

There were just five other Members at that briefing, so we got to ask a lot of questions. I asked about former economic adviser Lawrence Lindsey's prediction that the war would cost 100 to \$200 billion. Ms. Rice said the war would not cost nearly as much. Now we know that Mr. Lindsey's prediction was far too low. Most of what we have spent and are spending in Iraq is pure foreign aid, megabillions to provide free health care and rebuild Iraqi roads, schools, water and power plants, airports and railroads, and provide law enforcement, among many other things.

At the White House briefing, I said most conservatives have always been against massive foreign aid and huge deficit spending. The war in Iraq has led to foreign aid and deficit spending on unprecedented scales.

There is nothing conservative about the war in Iraq, and many conservative columnists and activists have now realized this. Columnist Georgie Ann Geyer wrote in 2003, "Critics of the war against Iraq have said since the beginning of the conflict that Americans, still strangely complacent about overseas wars being waged by minorities in their name will inevitably come to a point where they will see they have to have a government that provides services at home or one that seeks empire across the globe."

The first obligation of the U.S. Congress should be to our own citizens, not the citizens of Iraq. In 1998 when Saddam Hussein was not even in the news, I voted to give \$100 million to the Iraqi opposition to help them begin the effort to remove Saddam Hussein. We should have let Iraqis fight this war instead of sending our kids over there to fight and die and be maimed, and the sooner we bring our troops home the better. I hope we have learned that we should never be anxious to go to war and should do so only when we are forced to do so and there is no other reasonable alternative.

#### SOCIAL SECURITY REFORM

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 2005, the gentleman from North Carolina (Mr. MCHENRY) is recognized for 60 minutes as the designee of the majority leader.

Mr. MCHENRY. Mr. Speaker, this evening I have requested an hour to speak about a pertinent issue for our Nation and a large issue for all generations in our country, and that is Social Security. As a Nation, we have to recognize that we have a problem that we

are facing with a system that we have had in place for 70 years. It is a problem that we must address, and it is an issue that we must ensure that we fix for future generations while at the same time maintaining our commitment to those that are at or near retirement age.

This is a large issue that we need to take on as a Congress. It is a large issue that we need to take on here in Washington, D.C. so that all Americans in all walks of life have the safety and security of their retirement savings.

So this evening many of my colleagues will join me to speak about the need for reform of Social Security and to maintain our commitment to those that are at or near retirement age while allowing younger workers a better opportunity and system to operate in.

To that end, the gentlewoman from Florida (Ms. GINNY BROWN-WAITE) is in her second term here in Washington, D.C. representing her constituents of Florida very well. We both serve on two committees together, Committee on Government Reform as well as the Committee on Financial Services. I am proud to call her a colleague. She also shares another distinction: she goes home every weekend, just as I do. She does that in order to maintain her sanity, just as I do.

Mr. Speaker, I yield to the gentlewoman from Florida (Ms. GINNY BROWN-WAITE).

Ms. GINNY BROWN-WAITE of Florida. Mr. Speaker, another day in the Fifth Congressional District means that again my seniors received calls trying to frighten them about Social Security. This is the sixth set of calls that have gone into my district. The majority of the responses I receive is stop, stop, stop those calls. We trust you; we know you will do what is right.

As the American public knows, the long-term future of Social Security is problematic at best. We have all heard the facts that in the year 2017 the Social Security trust fund will begin paying out more than what it takes in and that if Congress does nothing, the program will face at least a 25 percent guaranteed cut in benefits in 2041. So if we do nothing, there will be future cuts. These are the facts, and they are indisputable.

What I am here to share with Members this evening is about the dangerous double talk from the opponents of any kind of reform of Social Security. I would like to read some interesting quotes from Washington politicians about Social Security. The first one is: "If you do not do anything, one of two things will happen: Either it will go broke and you won't ever get it. Or if we wait too long to fix it, the burden on society of taking care of our generation's Social Security obligations will lower your income and lower your ability to take care of your children."

Or how about the following: "This fiscal crisis in Social Security affects every generation."

Or how about this gem of a quote: "This is the time to straighten Social Security for the future. We can and must accomplish this critical goal for the American people."

Members may be asking themselves what right wing Member of Congress said that Social Security was in a crisis and which reformer said the program would go broke if we do nothing to fix the problem. Guess what, these are quotes from none other than former Democrat President Bill Clinton. Leaders of our country from both parties have known that Social Security needs reform. What bothers me today is when we finally have a President and a Congress that is brave enough to grab what is often termed the third rail of politics, partisan obstructionists are unwilling to even come to the table and debate reform honestly and with some substance.

I represent the congressional district with the most Social Security recipients, 47 percent of my voting age population receives Social Security, a quarter of a million people on Social Security. Politically the easiest thing for me to do is to throw up my hands and oppose reform. But instead of sticking my head in the sand like the Democrats are doing and refusing to admit we have a problem, even though their former President did, I am working to find a permanent solution.

If Democrats, the AARP, and the unaccountable 527 groups would be honest with themselves and with the American public, they would acknowledge the truth of President Clinton's statement that "this fiscal crisis in Social Security affects every generation."

Instead, what do we hear? We hear scare tactics from the liberal left about Republican efforts to privatize the system, to force our parents to eat dog food, and take away the only future our seniors have.

Mr. Speaker, the time has come for them to come to the table and do what President Clinton suggested. It is time to engage intellectually dishonest partisan politicians who refuse to debate the issue on its merits.

How, the American public should ask, can Congress expect to solve a substantive policy matter like Social Security when one side refuses to debate seriously.

If the Democrats want to have any relevance in the lives of our seniors, it clearly is time for them to come to the table. The discussion should begin with the simple question: Does Social Security face a problem?

I believe every American believes that Social Security does face a problem.

"Legislators whose answer to that problem is 'no' should probably go ahead and cosponsor a bipartisan bill to do nothing in the 109th Congress and go on to other issues." Who said that? Well, how about former Democrat Congressmen Tim Penny and Charlie Stenholm. Congressmen Penny and Stenholm know something needs to be

done. Why will they not bring their former colleagues to the table.

Let me tell a story about one of the town hall meetings I had in my district. Before I began a discussion with my constituents and listening to their suggestions, I held up a 10-page packet of questions and talking points that were sent out by MoveOn.org. I told my constituents that I was there to listen to their genuine concerns and questions, not to hear canned questions from a bussed in MoveOn.org member or to read off their cheat sheet. What do you know, about 2 minutes into the question and answer period, I got question number 3 right off the MoveOn.org cheat sheet. This is a perfect example of the left wing partisans stacking events at town hall meetings that are intended to benefit our constituents. I am sure other Members experienced the same phenomenon.

Getting back to the obstructionism of Washington politicians, here is another quote: "Because of the retirement of the baby boomers by the year 2013, the surpluses built up in Social Security start to dwindle down, and sometime around the year 2032, Social Security faces a serious crisis." Guess who said that? It was actually former Vice President Al Gore.

So the American public clearly can see that Washington Democrats are very good about talking out of both sides of their mouth if it furthers their partisan goals.

□ 1900

Al Gore talked a good game, but where is he today when it comes to presenting a plan or encouraging his members to guarantee the solvency of Social Security for future generations?

We have all read news accounts where President Clinton proposed that government directly invest a portion of Social Security money in the financial markets to capture a higher rate of return, rather than the dismal rate that it receives now.

Where, the public has to ask, were the liberal opposition groups back then? They supported a Democrat President who proposed this, but they oppose a Republican one. President Bush has proposed allowing workers to invest 4 percent of their payroll taxes into personal, safe and secure accounts. To many, this is a safer route than putting our Social Security taxes straight into the stock market like President Clinton wanted.

Where is the AARP with a plan of their own? We met with them in our office; and, quite honestly, all they said was, no, no, no. They did not have a plan of their own. All I have seen from them so far is a statement that personal accounts are unacceptable to their leadership.

But if you think about it, Social Security is already somewhat personalized. When you get home, I challenge people to check their yearly statement from the Social Security Administration. Your future benefits are there

calculated for you, not for the general public but for you. It already is somewhat personalized. Why do you not ask AARP why their leadership promotes stock and bond investing by selling mutual funds to its members or why they offer risky investment choices like a Latin American stock fund and even a junk bond fund? I personally find it very appalling the AARP sponsors trips to casinos where seniors literally gamble away their retirement.

Why do we not change the subject slightly and talk about the unions that are opposed to any change? They also said, no, sir, no way, to personal accounts. But when you ask union leaders where they invest their union pension funds, once again we hear double talk. They invest them, guess where, in the stock market. Why is it good enough for union leadership but not their members? I guess so much for risky schemes. The unions, AARP and others on the liberal left already have them.

Tonight I hope that I have made clear that there is one side and one side only that is honestly engaged in the debate over the future of Social Security. All the other side has thus far is fear, fear, and another hearty helping of fear. Quit trying to scare our seniors. The 527s are the ones making the calls as well as the opposition party. I want to speak to any senior listening tonight and I want to make it perfectly clear, I will not change your Social Security benefits in any way. The President has clearly said those who are 55 and above will be under the traditional plan as we know it.

So I challenge the opposition to join us, and I challenge the people who may be watching this evening, help us save Social Security for your children and grandchildren. We have stepped up to the plate and made it clear that we are willing to work toward a permanent solution that benefits all Americans.

Mr. Speaker, I hope that as we continue to debate this issue on the floor, back in our districts and around the kitchen table, we will all remember that it is our constituency we are working for and it is not partisan political groups.

Mr. MCHENRY. I certainly appreciate the sentiments of the gentlewoman from Florida. I am certain that her constituents appreciate her passion on this issue to ensure that Social Security does not harm those that are at or near retirement age. I appreciate her boldness on this issue and telling many of us things that we do not want to hear oftentimes. Her independence of mind, the independence of her agenda, it is certainly respected here in the halls of Congress. I am proud to call her a colleague.

Mr. Speaker, I am here to talk about Social Security, which in my mind is the most important domestic issue facing America today, not just for seniors but for those seniors' children and grandchildren. It is a vital program that we need to reform to ensure that

we can continue with this program for generations to come. I am so grateful to be part of a political party that is taking this problem on. We in the majority in the House, we in the majority in the Senate, along with our President, and I am so thankful we have a great President, are taking on this issue. Whether you like President Bush or not, he has guts and you have to respect that.

They called Social Security the third rail of American politics. If you touched it, you got fried. Well, things have changed. This is an issue that Americans are beginning to realize needs to be fixed in order to make sure it can be vibrant for future generations. And George Bush showed us all that we can and should tackle this issue, for our seniors and for our grandchildren. We in Congress are serious about taking this on. We are serious about a bipartisan approach, and we are serious about transforming this system into one that will thrive throughout the 21st century and beyond.

We want to transform it with three principles in mind, and these are important.

First, no reform that will pass this House will dare change the benefits of those that are at or near retirement age. For those that are currently drawing Social Security checks right now, none of the plans we debate will affect your Social Security check. But it will affect your children and grandchildren. So it is definitely important to you to consider those things.

Number two, no reform should raise taxes. You will hear a lot about raising taxes or raising the tax cap and say that that will fix the system. It will not. Tax hikes just postpone the problems we will face with Social Security, and tax hikes are not real reform.

The third issue is that we must make sure that these are voluntary personal accounts.

I will further talk about these issues as my time goes on, but I am proud at this point to recognize one of my favorite colleagues, my majority leader, our Republican leader in this U.S. House, a leader that not only shares our values but works and fights every day to see that we not only just talk about these values but we enact them into law, a man who has won close vote after close vote to even the ire and fire and fury of the minority but a man who has led our House in a great direction over the 10 years we have been in the majority, a man I am proud to call my Republican leader and will continue to call my Republican leader, Mr. TOM DELAY from Texas.

Mr. DELAY. I thank the gentleman from North Carolina for yielding to me, and I appreciate those words more than you know. I really appreciate you having this Special Order on an incredibly important issue that is important to all of us. You are fighting along with the gentleman from Texas (Mr. HENSARLING) the fight that makes sure

that we have retirement security for our seniors, for all of us, for our young today, providing retirement security for them.

Mr. Speaker, for all the rhetoric being thrown at the Social Security debate these days, four facts rise above the opinions.

Fact number one: The ratio of workers to retirees is shrinking. In 1945, there were 42 workers for every retiree. Today, there are three. And when my daughter retires, there will only be two.

Fact number two: The average rate of return for Social Security money is 1.6 percent. In other words, Americans could do better just putting their money into a simple savings account.

Fact number three: In just 3 years, the first of the baby boomers will start to retire, and in just over a decade, the Social Security system will start to pay out more money than it takes in.

Fact number four: Seniors are living longer and living more active lives than they were when Social Security was first created. Average life expectancy has increased 15 years since the 1930s, yet the system is still making 20th century assumptions.

These facts are not in dispute. Social Security is in trouble. The trouble is not as bad as it will be 10 years down the road if we do nothing, but it is serious trouble nonetheless. The question is not whether Social Security needs fixing. The question is when, how and by whom.

When? As soon as possible, Mr. Speaker. With each passing day, fewer and fewer workers are paying more and more benefits to support an ever-increasing population of retirees. The four facts I mentioned before all lead to a fifth fact, that every year that we wait to strengthen and improve Social Security, the problem gets \$600 billion bigger. If we wait until after the next election, that is \$1.2 trillion more we will eventually have to come up with. We have an opportunity to act this year, and we must seize it.

How? Permanently and comprehensively, Mr. Speaker. Every 15 years or so since its creation, Congress has gone in and treated a symptom of Social Security's more fundamental fiscal problems. But this time, thanks to the leadership of President Bush, we are committed to solving the problem itself, permanently. We need a solution to the fundamental challenges facing Americans' retirement security beyond just altering a formula here or there. We need a solution that goes beyond mere tax increases or benefit tweaks. We need to acknowledge 21st century realities and develop solutions around them.

One of those solutions, or, rather, a part of any such solution, is the establishment of personal retirement accounts within the Social Security system that will enable younger workers to build their own retirement nest eggs that they can pass on to their children and that the government can never

take away. Personal retirement accounts are an exciting, innovative and secure way for younger workers to save for their retirements and prepare for their own futures their own way.

Finally, Mr. Speaker, by whom? By us, Mr. Speaker. The fiscal crisis that now threatens the Social Security system has been looming since the baby boom exploded after the end of World War II.

Mr. Speaker, we are running out of time. Regrettable as it is that national Democrats have decided to put their heads in the sand and pretend that Social Security is perfectly sound, action still needs taking. Seniors are living longer, more independent lives; the boomers, the most affluent generation in history, are preparing for retirement; and younger workers who have their own families to raise and needs to meet are counting on us to protect Social Security not only for current and near retirees but for themselves and their children, too. We have a chance this year with the leadership and vision of President Bush to come together to strengthen and preserve Social Security.

Mr. Speaker, if our oaths of office mean anything, it is a chance that we must take. I thank the gentleman from North Carolina for bringing this Special Order, and I appreciate the commitment and the willingness to constantly talk about this issue so eventually the American people know, number one, there is a problem and, number two, there are solutions out there to fix that problem.

Mr. McHENRY. I thank the majority leader for taking time out of his busy schedule in order to be a part of this special order. I certainly appreciate the passion he brings to his service in the House and his effectiveness as well.

Mr. Speaker, as I said, we have three issues that we need to make central to this reform of Social Security. First, no benefit cuts for those that are at or near retirement age. No changes. Second, no reforms should raise taxes. No reforms should raise taxes. And, number three, we must have voluntary personal retirement accounts that allow individual ownership. We want to move to a modern system that is tied to a better approach, with people having ownership and actually having control over their investments and having control over their retirement.

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So the gentleman from the great State of Texas (Mr. HENSARLING), another one of my good colleagues, represents the Dallas area. He is in his second term here in the Congress; and from the get-go in 2003, when he first entered this place, he was recognized as a leader. And he is, indeed, a leader. He has led the fight for conservative budgets. He is a man who is passionate about representing his constituents in Texas well, including his wife and two kids; and he is a man who wants to talk about the family budget, not just

about our Federal budget, because politicians oftentimes come to Washington and want to represent government rather than absolutely representing the people that they were elected to represent, and that is the families, those families across America who have to live within their budget in order to make ends meet.

So with that, Mr. Speaker, I yield to the gentleman from Texas (Mr. HENSARLING), whom I am proud to call a leader and proud to call a friend.

Mr. HENSARLING. Mr. Speaker, I thank the gentleman for yielding to me, and I certainly appreciate his leadership on this vital issue to the future of many Americans, not only seniors but younger Americans. So I think it is especially apt that the youngest Member of the House of Representatives would help bring this issue to the national consciousness tonight.

I am also especially honored that I could follow the esteemed majority leader to the floor. But for his leadership we would not be having this discussion now. And due to his leadership and his courage and his commitment to principle, this House is trying to make a stand, not just for the next election but for the next generation, because I think as more Americans become familiar with the challenges in Social Security, they will soon realize that if this House does not act and act now that Social Security as we know it will not be there for future generations. And, Mr. Speaker, we cannot look ourselves in the mirror and let that happen.

And I not only speak for myself tonight, but I probably speak for many other Members of this body in saying that Social Security is more than just a run-of-the-mill congressional debate. It is something that is very personal to me because, Mr. Speaker, I have two parents who are in their 70s. Social Security is part of their retirement. My father worked all of his life paying into the system, and I feel a moral obligation not just as a Member of Congress but as a son to make sure that my parents receive every single penny of Social Security benefits that they paid for.

So as we have this discussion about what can we do for future generations, every Member of this Congress I believe is committed to the proposition that for anybody who is receiving Social Security today, or will soon be receiving Social Security, nothing in the system is going to change. That is a matter of fairness. That is a matter of commitment that this Nation has made to its seniors. But not only do I feel a moral commitment to my parents; I have a moral commitment to two other people. And that happens to be my daughter, Claire, who is 3 years old; and my son, Travis, who is 18 months old. And again my wife, Melissa, and I realize that if this body does not do something that the retirement security that my parents enjoy will not be there for our children; and that is simply not fair, Mr. Speaker.

Let me say that Social Security has indeed been a very important program in the history of America, and it has helped alleviate poverty for a number of seniors. It has given a lot of seniors peace of mind, but it is not a system that is based upon savings and investment. It is a system that takes funds from current workers to transfer to current retirees. That is a system that works well if we have a whole lot of workers and only a few retirees. And when Social Security was first created back in the 1930s, we had over 40 workers paying into a system to benefit every one retiree. As recently as 1950, that figure was down to only 16 workers paying into a system to benefit every one retiree. Today we are down to only 3.3 workers paying into a system for every one retiree. And today's younger workers are quickly on a road to see only two, two workers paying into a system for every one retiree. That presents incredible financial challenges to our Social Security system.

And there is another challenge we have. There is another demographic trend that is great for seniors, but not so great for the Social Security system, and that is when Social Security was first created, the life span of an average American worker was 60 years of age. Due to the marvels of modern medicine and better technology, today the average life span of a worker has increased to 77. So again we have fewer and fewer workers supporting more and more retirees, and these retirees are living longer and longer. The system cannot keep pace.

So what has Congress done in the past? In many respects it has started to take the security out of Social Security. As time has gone by, taxes have increased. Many benefits have been cut. So as time goes by, we start to lose the security in Social Security. Social Security was a great deal for my grandparents, who were born in roughly 1900. When we look at what they put into the system versus what they took out, they received a 12 percent rate of return on their Social Security. That is great retirement security, Mr. Speaker. That is great retirement security.

My parents who were born, my dad in the late 1920s, my mother in the early 1930s, they are receiving roughly a 4 percent rate of return on their Social Security. Not good, but not bad.

My generation, represented by those born around 1960, we are going to receive only about a 2.5 percent rate of return. That is barely keeping pace with inflation, Mr. Speaker. And my children, represented by those who were born approximately in the year 2000, they could receive a negative rate of return. In other words, they may be putting more money into the system than they take out. That, Mr. Speaker, is when we lose the security that is in Social Security.

So all of these financial pressures, where is this leading us? Unfortunately, it is soon going to lead us to a sea of red ink.

There is some good news. The good news is as of today, Social Security is still running a surplus. But for those who can see the top of this chart here, just 3 years away, the surpluses in Social Security begin to decline. And in just 12 years, in the year 2017, we go from having surpluses to having deficits. In other words, in the year 2017, Social Security begins to go bankrupt. And as the years go by, the sea of red ink only gets larger and larger and larger and larger. And, Mr. Speaker, that is indeed a large sea of red ink.

How large? The trustees of the Social Security trust fund tell us that is a \$10.4 trillion sea of red ink that will simply drown the system, drown our children and grandchildren, if we do not act today.

Mr. Speaker, we often hear large numbers tossed around in the Nation's capital and \$10.4 trillion is a very large number. But let me try to relate that to a number that we can all understand. In other words, what the Social Security trustees are telling us is that if we wanted to balance the system and ensure that our children and grandchildren have the same retirement security that current retirees have, every man, woman, and child in America would have to write a check today to the Federal Government for over \$34,000. That is almost a \$150,000 check from a family of four to try to balance this system. Mr. Speaker, my guess is not many Americans would want to write out that \$34,000 check tonight. So we are going to look at some other options.

What are the options if we do not write out that check tonight to balance the system since we know we have fewer workers, more retirees, and they are living longer? If we do nothing, younger workers today who have just recently entered the workforce, those in their 20s, by the time they retire, they will have their Social Security benefits cut by a full third. How many seniors today could afford to have their Social Security benefits cut by a full third? So many seniors rely upon that Social Security. It is unconscionable. Is that the future we are going to leave our children and grandchildren?

Mr. MCHENRY. Mr. Speaker, reclaiming my time, how much is that per year that we delay reform? The numbers I have are that it is about \$600 billion a year.

Mr. HENSARLING. Mr. Speaker, indeed, I appreciate the gentleman for bringing up that point because not only do we have a huge dollar amount to solve the problem today, every year that we turn our backs on this as a Congress, as a Nation, that mountain gets \$600 billion higher each year of inaction. So, indeed, the cost of inaction is great.

Mr. MCHENRY. Absolutely. And reclaiming my time, Mr. Speaker, the numbers are about \$4,500 for every American in the workforce; \$9,000 for a married couple. These numbers are so staggering, and so I think it is a moral imperative for Congress to act.

And with that, Mr. Speaker, I further yield to the gentleman.

Mr. HENSARLING. Mr. Speaker, if for whatever reason we choose not to reduce benefits when we can use the least creative approach that has ever come out of Washington, D.C., and that is increase taxes, if we decide to try to solve this sea of red ink by raising taxes again, younger workers today will see their payroll taxes increase by 43 percent. I mean 43 percent, what a staggering tax increase on young families. I mean, what is that going to do for people who are trying to buy a home or start a family, and what is that going to do to job creation in America? It would be a crushing tax burden.

But at the end of the day, there are only three options if we are going to save Social Security as we know it for future generations. We are either looking at a massive tax increase, we are looking at a massive benefit cut, or we are looking at something else that the President is leading on, and that is having something called a personal retirement account, something that is going to have real assets in it that people own, that families can create a nest egg with, their own nest egg that will grow over time, and using something that Albert Einstein once called the greatest discovery he ever made in his life, and that was compound interest. And I believe that that is the option that we should begin to look at as a Nation, personal saving accounts.

And again I want to reiterate a couple of principles. No one is talking about changing Social Security. For those who are on Social Security tonight, those who are about to be on Social Security, we have a moral commitment to make sure that the system they worked on is there. But I hope, Mr. Speaker, that as time goes by and more Americans will listen to this debate, I do not know of any grandparent in America who wants to deny their grandchildren equal retirement security and equal retirement opportunity that they have enjoyed.

So I think it is critical that we turn to personal accounts so that younger workers on a voluntary basis, a total voluntary basis, will be able to put some money aside in an account that can grow over time. And I think what we are doing, Mr. Speaker, is we are adding the best elements of Social Security to the best elements of a company pension plan. We are going to keep the government backing. Nobody is ever going to lose all their retirement security. The government backing, the social safety net, will always be there. We are going to have guaranteed lifetime benefits. We are going to have progressive benefits for lower-income workers. But to that we are going to add worker ownership so that workers can actually own a part of their Social Security. They will be invested in the length and breadth of the American economy, not in their brother-in-law's real estate deal or in 100 shares of

Enron, but we are talking about pension-grade investments that over time have proven to be safe and yield a retirement security better than Social Security promises and cannot deliver.

Some tonight would say, That sounds great but it sounds a little risky to me. The real risk is leaving one's retirement security in Washington because already Washington has raided the Social Security trust fund over 59 times, and they have spent that money for \$75 million indoor rain forests, and they have spent it on \$800,000 outhouses that do not even work and studies about how college students decorate their dorms. They spend it on a lot of things besides retirement security. There have been over 20 tax increases. And we started out taking 1 out of \$50 for Social Security, now 1 out of 8. There have been multiple benefit cuts, declining rates of return, and no ownership rights.

□ 1930

Mr. Speaker, the real risk in Social Security is leaving America's seniors' retirement security in the hands of Washington. Because of that, I want to applaud my colleague from North Carolina, who has made a great impact as a freshman Member, I want to applaud him for his leadership and speaking out not only for the current generation of retirees but future generations of retirees, represented by my children.

Mr. MCHENRY. Mr. Speaker, reclaiming my time, I thank the gentleman. I certainly appreciate his passion on this issue and his devotion to our conservative philosophy and to our great Nation.

Mr. Speaker, if I may, I think with the earlier speakers you have heard there is a problem with Social Security. It is a problem we must tackle. I believe we have a moral obligation to step forward and to solve this problem before it results in a doubling or tripling of taxes or 30 percent cuts in benefits, these massive, devastating changes that can really hurt our Nation and hurt communities and hurt seniors. So we have a moral obligation to step forward and come up with a better plan.

I want to tell you, the longer we wait, the tougher it becomes to fix the problem and the more expensive it becomes. As I said earlier, \$600 billion a year we waste by not fixing the problem. That roughly equates to about \$4,500 per person, per working person.

Some would say, why do we not just tax more? And there is this concept of raising the Social Security tax cap. I want to tell you, it is not that simple. When you are talking about a \$600 billion a year payment we have to make in order to not solve the problem, it is hard to tax enough in order to meet that obligation. Beyond that, even if you take the cap off of the income subject to Social Security, that would only buy about 2 years, about 2 years, of further solvency in the system.

So it is not a fix. It is delaying the problem, delaying the pain. And because our Nation is changing, because

of the demographics of our Nation and the fact that we are going to have fewer people working per each retiree, we have to change the system in order to make it solvent for future generations.

With the baby boomers beginning to retire in 2008 and 2009, baby boomers were born between 1946 and 1964, so the first half of the baby boomers will begin to retire in 2008 and 2009. As they begin to retire, we are going to have to pay out more and more and more in the Social Security system. Certainly we have made that obligation as a great Nation, but I think we need to take on this problem of our change in population and the giant bubble that the baby boomers represent in terms of the population of our Nation and take on this issue to fix it.

So the problem is clear. Our demographics have changed in this Nation over the 70 years of the Social Security program, and Social Security is broken. It was designed in 1935 before television, before commercial aviation, before computers, and it needs to be redesigned. We do not drive 1935 automobiles anymore, do we? So what we need is a vehicle for retirement savings that is in keeping with our times.

That solution, Mr. Speaker, is personal accounts, personal retirement savings accounts. Personal accounts will eliminate the long-term liabilities of the Social Security system, that long-term liability that the gentleman from Texas (Mr. HENSARLING) spoke of, that \$11 trillion unfunded liability.

We as a Congress need to take on this challenge. But why is that? Why is it that Social Security retirement accounts, personal savings accounts, fix the system? It is because when workers put their own money into personal accounts for Social Security instead of the old system of Social Security, they lessen their own future pull on the system.

You see, by having your own accounts, just like IRAs, they accumulate money, they accumulate interest, and interest upon interest, interest upon interest upon interest. That is the power of investments, and that is what is going to allow personal retirement savings accounts to give a better rate of return than our current Social Security system.

Money into personal accounts means less of a pull on the system later. Remember, these accounts, as the President has spoken of, these personal retirement accounts, they are voluntary, so there will be no changes if you are at or near retirement age. For those 55 and older, no changes. For those that are younger, they will have the option, the opportunity to choose a personal retirement account for their own Social Security benefits. No effects on seniors currently. They are voluntary for younger workers. It is a wonderful opportunity for us to have this debate about personal ownership.

Beyond that, some say, how does this work? How do personal retirement accounts work?

Well, first of all, you cannot take the money to Las Vegas. You cannot go and bet your money. You cannot throw it in your brother-in-law's business. You would have to use widely diversified securities, savings accounts, certificates of deposit, bond funds, municipal bonds, bond and stock fund mix, these type of options, well-regulated, very diversified.

Some say, well, this seems sort of foreign to me. Currently, in America we have personal retirement accounts all across this Nation.

It brings about a story that occurred to me back in my district in Western North Carolina, Mr. Speaker, in the Tenth District of North Carolina. I went out and was out at church one day, at a new church visiting, and I met a fellow there named Dave Roland. Dave Roland works for the Foothills Area Mental Health Developmental Disabilities and Substance Abuse Authority located in Western North Carolina, in Burke and Caldwell Counties.

These folks that are out there serving those with mental health issues, they have personal accounts. Wait a second. How does that happen, some are saying. This seems very odd to me. But they have personal accounts.

I will not get into the arcane nature of tax law changes and everything else, but between 1935 and 1983 different entities had the ability to opt out of Social Security. They had the ability to provide their own type of retirement plans, many personal savings accounts like we are trying to implement. So some of these governmental entities still have them today.

Unfortunately, that option was closed in 1983. Since then, no organization can opt out of Social Security, no governmental entity can opt out of Social Security. But for the groups who opted out beforehand, before 1983, if they wanted to remain outside the system, they could, and many still remain outside the system.

Fully 4 percent of the American workforce is outside of the Social Security system. They have some type of personal savings accounts. That is over 5 million people. They work for organizations that have opted out over the preceding years.

Just so you know, there is a big myth out there, Congress has not opted out of the system. We are still in the Social Security system. I, along with my staff and all Members here in Congress and on Capitol Hill, pay into Social Security. So we have a good interest in making sure this program continues, because we do pay in.

Now, not all the opted-out plans are the same. They are very different. But I found out about the Foothills program because I was lucky enough to meet David Roland. He works at the Foothills Mental Health Authority, as I said, and is one of my constituents.

I am trying to find out about other programs like David has, so I ask those, Mr. Speaker, those that hear my voice or see my face to shoot me an e-

mail if you know of anyone who has an opted-out system, whether they work for a governmental entity, in any State in the Nation, not just my own constituents in North Carolina. So they can e-mail me at [patrick.mchenry@mail.house.gov](mailto:patrick.mchenry@mail.house.gov). That is [patrick.mchenry@mail.house.gov](mailto:patrick.mchenry@mail.house.gov). Please let me know. I want to know your story about a system where you have opted out. I want to know the kind of returns you have gotten, whether you like them or not.

But everyone I have talked to loves their personal retirement accounts, including David Roland. They are optional at Foothills Mental Health Authority. They are optional. An employee can make the choice to stay in the current Social Security system or have this system of personal retirement accounts.

At Foothills, they have the option of paying their portion of Social Security, their 6.2 percent of FICA tax, into a 403(b) annuity plan. It is just like an IRA, very similar to that.

Dave Roland told me this. He lives in Morganton, and he is one of the folks that opted out. He has been working at Foothills for 7 years, since March of 1998. He is 34 years old. He is responsible for all the yearly regulatory training at Foothills for all these mental health service providers.

He could not be happier with the system. He is not a slick Wall Street investor. No, he is a man that likes spending time with his children, is devoted to his church and works hard every day. He is a regular guy, just like you and me. I want to tell you what he says. I want to quote from him right now.

"I am a common worker. I have the benefit of a plan along the lines of what the President has proposed. In 7 years I have accumulated over \$50,000. I control the amount of risk that I want, and it is far better than what I could have gotten from the Social Security plan. I cannot imagine that I would have the same amount had I been in Social Security."

I am not going to tell you what Dave makes. In fact, I would not ask that question of him. But he is a man that is much like millions of Americans across this Nation. In 7 short years, he has a personal retirement account like we are proposing here in Congress, and in 7 short years he has accumulated over \$50,000 of retirement savings.

Now that is an amazing feat, if you consider the fact that he began investing in the late nineties and there were ups and downs in the stock market just in the last 7 years, and he has \$50,000 in savings. That is a staggering number in a short period of time.

But those are the type of benefits that we are talking about. He could buy an annuity when he retires. If he continues to get a similar rate of return, he could buy an annuity and get far more than what the Social Security system could give him. Benefits for Social Security are capped at about \$2,000 a month.



So a regular guy from my district has a personal retirement account. That is why I am so optimistic about what we are trying to do here in Congress, the type of reforms that we are trying to achieve, with personal ownership, a new retirement system that enables people personal ownership and allows them to pass on to their heirs if they do not spend all the money, to pass on to their heirs if they do not make the retirement age. These are wonderful opportunities for us to give to all Americans, all walks of life.

Mr. Speaker, do you know what? When Dave Roland makes his money and gets his check at the end of the week or the end of the month, it is his money. It is his money. Thankfully, he has a personal retirement account that he still controls and still owns, because it is his money.

That is what we are trying to do with personal retirement accounts, to give personal ownership, that level of inheritability to pass onto your heirs, that personal freedom, while at the same time having it well-regulated, operating very similar to the way Social Security does today, meaning the money is taken out of your check, you are obligated to be a part of the Social Security system, and that the investments will be well-regulated, the risks minimized.

What is fascinating, though, is there have been studies done on the stock market. There are some left-wing liberals that will tell you we should not invest in the stock market. I think we have gotten great rates of return in the stock market. We have gotten a better rate of return certainly than any government program can give.

Certainly I would like to be concerned about the rising tide in our Nation, to make sure that all Americans have that same ability to improve their life, to have personal ownership, personal savings and be a part of our marketplace, be a part of our marketplace.

I will tell you this: Some say the stock market is risky.

□ 1945

Over the last 200 years, the average rate of return in the stock market has been 7 percent. Now, that is over three times the best rate of return for Social Security. In any 20-year period in American history, the stock market has never gone down. Even during the Great Depression in the 1930s and the 1940s, the stock market did not go down. It had a positive return.

So we want to give all Americans, Mr. Speaker, that opportunity. We have a moral obligation as a Congress to take on this issue, to solve this problem, not just for a few years, not just push the problem back to another Congress another day; but we have a moral obligation to do what is right for our constituents and do what is right for all Americans, and allow them to have a better system to operate for their retirement savings, not just for

the next couple of years, but for generations to come. And with personal accounts, without raising taxes, and while maintaining our commitment to those who are at or near retirement age, we can do this as Americans.

We are not going to let those on the other side of the aisle just deny that there is a problem. That, in fact, is denying reality. And do not believe, Mr. Speaker, and do not allow the American people to believe that there is not a problem. This is an issue we have to take on as a Nation, and we are going to take it on. It is going to be the Republican Congress that takes this on. We are hopeful that some Democrats will come to the reality that there is a problem and that the right thing to do is to tackle it now instead of pushing it off to another day.

I appreciate this time to speak about this need for Social Security reform.

#### THE NEED FOR TAX REFORM

The SPEAKER pro tempore (Mr. GOHMERT). Under the Speaker's announced policy of January 4, 2005, the gentleman from Maryland (Mr. HOYER) is recognized for 60 minutes as the designee of the minority leader.

Mr. HOYER. Mr. Speaker, I rise to speak about tax reform and tax simplification, but one of our newest Members has had the opportunity to have the floor for the previous hour and talk about Social Security. I know that he is very worried about Social Security and, as a result, has been addressing that. But I am constrained to say that he talked about personal accounts with reference to Social Security. Of course, what he did not say is that Social Security has nothing to do with the solvency of Social Security. He talked about a moral responsibility. The President of the United States and his party indicated they were not going to spend any money of Social Security. In fact, in the last 4 years, they have spent and continue to spend every nickel of Social Security. I am sure my young friend will acknowledge that point at some point in time, but that is not the subject tonight of our Special Order.

Mr. Speaker, the one thing that millions of Americans will not be saying at the end of this week is, TGIF, thank goodness it is Friday. Friday is the day, of course, April 15, the annual deadline for filing Federal income tax returns, a duty of citizenship that provokes anxiety, confusion, and, yes, even anger in many taxpayers every year. Without question, the Internal Revenue Code has become a maze of complexity that confounds millions of Americans, including, I think, all of us who will speak. It treats many taxpayers unfairly; and it creates an opportunity, some would say an incentive, for those who would exploit its complexity to avoid compliance, thus placing an unfair share on others.

As Nina Olson, Mr. Speaker, said, the National Taxpayer Advocate stated in

December in her annual report to Congress: "The most serious problem facing taxpayers and the IRS alike is the complexity of the Internal Revenue Code. The only meaningful way to reduce these compliance burdens is to simplify the Tax Code enormously." So said Nina Olson, the National Taxpayer Advocate.

All of us, of course, bear some responsibility for the complexity of our Tax Code, Democrats and Republicans and every American who believes that the tax preferences that he or she utilizes are worthwhile. Considered individually, the tax preferences that clutter the code certainly can be rationalized and explained. Collectively, however, they are a jumble of confusion that have a corrosive effect on our democracy.

As Paul O'Neill, the former Secretary of the Treasury said, "One of the unseen consequences of the Tax Code's complexity is the sense it leaves taxpayers that the system is unfair, and that others pay less tax because of special advantages." Almost every American, I think, feels that, including those who take special advantage.

A few facts illustrate the scope of the problem, Mr. Speaker. In 1913, the Tax Code was a mere 500 pages in length. Today, the code and regulations total more than 60,000 pages. Four common forms, form 1040 and schedules A, B, and D, take an estimated 28 hours and 30 minutes to prepare. Think of that. They are relatively simple forms. When the IRS started tracking this information in 1988, the average paperwork burden was 17 hours and 7 minutes, about 11 hours less. Even the simplest form in the IRS inventory, a 1040 EZ, perhaps misnamed, now requires 3 hours and 43 minutes for the average taxpayer to prepare, up from 1 hour and 31 minutes in 1988.

Complexity costs more than \$100 billion. That cost is in accounting fees and the value of taxpayers' time to complete their returns. This is roughly equivalent to what we spend to run the Department of Education, Homeland Security, and State. Think of it: the cost of complexity for our taxpayers, \$100 billion more than we spend on the Department of Education, Homeland Security, and the Department of State. Not surprisingly, Mr. Speaker, more Americans than ever rely on tax professionals. I know I do. Nearly 60 percent rely on tax professionals today compared to 48 percent in 1990.

If the administrative burden does not convince you that reform is crucial, the crisis in noncompliance should. The IRS has estimated there is a \$311 billion annual tax gap due to underreporting, underpayment, and nonfiling. Think of that, \$311 billion. The bad news is that the budget deficits we are running up under this administration and the Republican leadership this coming year will be over \$400 billion. So even if we collected every nickel of that that was due and owing, we still would not solve our budget deficit, but it would help.