

Ohio and Idaho's interests in hand. All four members of the Idaho delegation, Senators and Representatives, are going to vote against CAFTA.

Mr. OTTER. Mr. Speaker, one of the reasons that Idaho is so firm against CAFTA, and I have received phone calls from companies in Idaho that say we need you to support CAFTA. Absolutely I have. I am not going to try to kid anybody and say I have not. I have had some phone calls from folks in the agricultural business that tell me that they bought into some of those arguments.

But for the most part the commodity groups in Idaho are supporting each other. And they have said yes, CAFTA may be good for us, but we remember when we asked the gentleman from Idaho (Mr. OTTER) and the gentleman from Idaho (Mr. SIMPSON) and everybody to vote against the Australian trade agreement because it was bad for the dairy industry and it was not too handsome for the beef industry. And so now the beef folks and the dairy folks are remembering that the sugar beet folks and the other farm commodities in Idaho supported them.

But all I need to do when they call me and say we want you to support CAFTA, I just need to remind them where we were in the early 1990s before NAFTA. Since NAFTA in my congressional district alone, since NAFTA passed, we have lost 32 sawmills, lumber mills in the State of Idaho. You do not just lose a lumber mill. The people of Clearwater County, Idaho, in a little town called Pierce, had a plywood mill that they had to close down as a result of not being able to compete with the Canadian lumber, and not having a softwood agreement with Canada. As a result, they had to shut down the mill.

That went on in many little towns. In the town of Cascade, Idaho; Council, Idaho, it worked its way south in my district, just inside the Continental Divide. We eventually shut down over 30 lumber mills and we laid off 14,000 families. Those 14,000 families no longer had an economic future in their business. Some of them were four and five generations in Idaho. The great Boise Cascade Company no longer has an operating unit in the State of Idaho and with the exception of maybe one or two scattered around in the south of the United States, no longer has an operating mill.

When those 14,000 families lost their jobs, school districts started to die because the property values of their homes went down because the main employer in the town closed up the mill and left. So there were no jobs, and so suddenly the equity that they had been building up in their house, and maybe it was two or three generations, suddenly that equity vanished just like the sawmill did, just like their hope for an economic future in the State of Idaho.

So you do not just lose a job in a State like Idaho and in a town like Pierce, Idaho, in Clearwater County, or

Cascade, Idaho, in Valley County, or Council, Idaho, in Adams County, you lose school districts and you lose property tax base and you lose people. Eventually you lose families. That is what it cost the State of Idaho. That is why all four members of Idaho's delegation are opposed to CAFTA.

Mr. BROWN of Ohio. Mr. Speaker, that is the same in my State of Ohio. When we talk about numbers and the trade deficit, we talk about the millions of lost jobs, but it comes down to every family that loses a job, what they go through, every neighbor, every school district, the police and fire protection they lose, the equity in their house, all of the things that happen that destroy families and destroy communities. That is what we all need to remember when we are debating these large numbers and billions of numbers in trade deficits.

I thank the gentleman from Idaho (Mr. OTTER). We were joined this evening in a very unusual bipartisan special order with Republicans, the gentleman from North Carolina (Mr. JONES) and the gentleman from Virginia (Mr. GOODE), and Democrats, the gentleman from Alabama (Mr. DAVIS), in opposition to the Central American Free Trade Agreement.

STRENGTHENING SOCIAL SECURITY

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

GENERAL LEAVE

Mrs. NORTHUP. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the subject of this special order, which is Social Security.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mrs. NORTHUP. Mr. Speaker, I am so delighted to be here with my friends and colleagues who also are very committed to strengthening Social Security to make sure that it not only is strong and a viable program for current seniors and for those of us that are the baby boomers and about to retire, but also that it is a program that is sustainable and solvent for our children and our grandchildren.

That is a big challenge for us and it is easy today to put off problems that look like they are going to be 2 years in the distance, 4 years in the distance, 10 years in the distance, 25 years in the distance, to take up just what is the most pressing challenge today; but that is a wrong strategy. That strategy leaves our country vulnerable. In this case it gets worst the longer we fail to act.

I am pleased our President has discussed this with the American people.

He has been very forthright on what the challenges are, and he has shared with the American people that doing nothing is the most dangerous thing we can do when it comes to Social Security. We all know Social Security is a pay-as-you-go. Those that are currently working are paying for those that are currently retired.

It used to be that there were 16 workers in the workforce for every retiree. Later there were 10 workers in the workforce for every retiree. Today there are 3, and so that means that considerable resources, considerable dollars that current workers make have to go to sustain each retiree.

It is wonderful that we can anticipate longer lives than those who designed Social Security. In fact, it used to be that life expectancy was 62 years, and you could retire when you were 65 years. So when Social Security was first proposed and first passed, there were far more people that paid into the system than would ever think that they would get actual Social Security benefits because of the life expectancy.

To our benefit and to the quality of our life, Americans are living far longer. So we need to modernize Social Security so that we do not have two or three workers in the system supporting every retiree as they also have to support their families. We need to make sure that those in the workforce that actually make sure that Social Security is solvent, that when they retire, it is there for them. We need to act sooner rather than later because today it is still possible to deal with the Social Security surplus, to put dollars aside, to build a system that will help make the system solvent and sustainable in later years.

I have with me today one of my colleagues, the gentleman from Florida (Mr. MILLER), who is very knowledgeable about Social Security and in particular about the GROW accounts, the proposal before us right now as we consider whether we take big steps or small steps towards personal accounts that can help us bridge the gap between a system that is not sustainable and not solvent to a system that is there for our children and grandchildren.

I yield to the gentleman from Florida (Mr. MILLER) and am eager to hear what he has to say.

Mr. MILLER of Florida. Mr. Speaker, I am sure it is no surprise to many of you that some of my constituents do oppose personal retirement accounts, so when they do I ask them this very question: Would you agree or disagree Congress should have, when it created Social Security, set up a really true lockbox that earned interest on their FICA contributions?

Of course they eagerly agree that the money should have been set aside and used only for Social Security benefits.

I then follow up with the question: Then why in the world would you be opposed to a personal lockbox, if you will?

It is not secret here in Congress we have not had the discipline in many instances to keep our hands out of the cookie jar of Social Security. Now to stop this I propose that in the future that Congress cannot get its hands on the money in the first place. As soon as workers can start to save part of their Social Security money in a personal retirement account, with their very name on it, this Congress will have to find its money elsewhere.

Growing Real Ownership for Workers legislation is something that our colleague, the gentleman from Louisiana (Mr. MCCREERY) introduced, that would strictly use Social Security dollars for Social Security benefits. Now these GROW accounts mandate that Social Security taxes be used for benefit payments to those people who have worked hard, who have followed the rules and have earned the right to a secure retirement. The accounts would be created for workers under the age of 55 unless they choose not to participate.

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The current Social Security surplus would be dedicated to individual GROW accounts where it would be invested in guaranteed marketable Treasury securities, real assets that workers themselves would own and on which account balances would, in fact, be inheritable. Workers age 55 and older will continue to participate in the Social Security system that we know today. Nothing changes. People should have the right if they wish to invest their Social Security taxes in safe, diversified funds like a Thrift Savings Plan that Federal employees and Members of Congress have. The return, in fact, has been proven to be better than the government's 1.6 percent return on Social Security.

Younger workers should have the opportunity to receive a higher retirement income than the current system will be able to pay by the time that they can retire themselves. Workers between the ages of 22 and 55 should have the option of joining the personal account system, and people younger than 22 could, in fact, be required to join that system. Those retiring after about 2042 can really expect to receive only about 73 percent or less of what they are being promised today. A reasonable reform would allow them the opportunity to improve their retirement incomes by investing a portion of their current payroll taxes.

The current system owes some \$10.4 trillion more in promised benefits than it can afford to pay, and each passing year adds an additional \$600 million to the cost of permanently fixing the Social Security system. Benefits will be reduced and taxes may have to be raised.

As I have been visiting high school seniors in my district over the last few months, I have entered into a dialogue with many of the students over the future of Social Security, and I have asked some students if they believe

that Social Security will be around for them to collect when they retire. Out of the five classrooms, only one hand was raised. That is one out of approximately 175 young adults around the age of 18 who actually have faith in our current Social Security system.

Young adults are supportive of personal accounts because they understand that they will be better off during their retirement years. And they also realize that they will not have to worry about placing a financial burden on their children and grandchildren who would otherwise have to act as a financial caretaker in their retirement years.

I have received correspondence from my constituents 50 years and older eagerly opposing the accounts due to a very common misconception. The middle-aged and elderly residents in my area have a fear of not receiving the benefits that they have been promised in the system. To them I say this: they will receive their benefits just as promised. For them the Social Security system will not change in any way.

However, I think it would be a disgrace to deny our younger generation and generations to come the opportunity to build a nest egg, if you will, and prepare adequately for their future. Many people ask what safeguards will the government have to protect these personal accounts if someone invests poorly or recklessly. Clearly, not everyone is comfortable in investing. So Social Security reform will have to include some type of safeguard for its participants in the personal account system. Aside from the strong performance of financial markets over the long term, as well as the fact that a majority of your account will remain in the Social Security trust fund as a safety net, the personal accounts that will be offered will be fully diversified.

Another idea that has been talked about is having participants purchase an inflation-adjusted annuity that is at least equal to 100 percent of the poverty level for their retirement. Democrats have said this: they think that we should eliminate the \$90,000 cap on income. Even completely eliminating the cap on taxable wages would only postpone permanent deficits by 6 years, from 2018 to 2024. A temporary fix would likely require future generations to raise taxes over and over, and I think that our constituents deserve better than that.

Now more than ever, those of us here in Congress have a responsibility to make the tough decision while not making the financial burden any harder on the American people. Voluntary personal retirement accounts are very beneficial for the workers and retirees of the future. They would be accumulating money in their own account throughout their working life. And that money would grow through investment over the years. Because their dollars are growing over the course of decades, they would be able to have a more comfortable retirement without

relying entirely on the next generation of workers coming after them.

Mr. Speaker, I think we all agree that we need to move towards change now. Let us pass legislation that includes some type of personal retirement accounts. And as we talk about this issue tonight, again I want to thank the gentlewoman from Kentucky (Mrs. NORTHUP) for bringing this issue forward. I look forward to the opportunity of conversing with my other colleagues on the this very important issue.

Mrs. NORTHUP. Mr. Speaker, reclaiming my time, I thank the gentleman from Florida (Mr. MILLER) for all the hard work he is doing on this issue. It takes people who are very dedicated to talk about the issue.

We know that there have been a lot of groups that have tried to scare the American people. They have tried to scare our parents and current retirees that somehow this jeopardizes the check that they currently get. And they try to scare younger workers that this is going to be something that is risky. And his courageous and understanding leadership in this to delve into an issue and to explain it in a way that the high school students that he talked to understood and had confidence in it is so important.

And I know it will not surprise him to know that the gentleman from Indiana (Mr. CHOCOLA) has people that are scaring seniors, the young people in his district, throwing out misinformation, trying to dissuade them from supporting these GROW accounts.

I invited him here tonight to talk about maybe some of the information, some of the fears, some of the criticisms, maybe some of the rhetoric that he is hearing and to share with us what his answers are to the people in his community and make sure that people that are listening at home tonight that maybe are hearing some of these same things, either recorded phone calls or posters around town, that they will identify with this tactic and understand that they could be reassured that this is a good plan for them.

Mr. Speaker, I yield to the gentleman from Indiana.

Mr. CHOCOLA. Mr. Speaker, I thank the gentlewoman for yielding to me, and I thank her for her leadership on this issue.

This is one of many times she has come to the floor and spoken on this very important issue that I think is important to generation of Americans, and it is important that we focus on the facts and how we can strengthen Social Security for the long term. And the gentleman from Florida did a tremendous job in talking about a first step, I think a very appropriate step, in making sure that we preserve the Social Security surplus for Social Security reasons and benefits.

I did 15 or 20 town hall meetings so far this year on Social Security; and if there was one message I heard loud and clear, Mr. Speaker, from the people of

the Second District of Indiana it is: let us stop raiding the Social Security surplus. Let us stop spending it on everything from the Cowgirl Hall of Fame to the war in Iraq. Let us use that surplus for what it is there for, and that is simply to provide the benefits for Social Security beneficiaries in the future. And that is exactly what GROW accounts do. They simply stop the raid. I think facts matter, and with anything I think that we should understand the facts before we make decisions.

And I learned recently that there is going to be a group of people in my district office in South Bend, Indiana tomorrow, and they are going to demand that I take my name off as a cosponsor of the bill that creates GROW accounts. I am not going to take my name off of that bill because I think that their request is based on a misunderstanding of the facts, and I know that because they sent me a letter, or they are going to deliver to me a letter tomorrow, I think, but we got an advance copy, and some of the things they have stated in this letter are gross misstatements of the fact and I think mislead people as to what GROW accounts do and how they start to solve our Social Security problem.

The first misunderstanding is they say that "rather than ensuring that American workers receive the benefits they have earned, this bill would divert payroll contributions to create private accounts and would fund these private accounts using the 'surplus,' money which has already been earmarked to pay the baby boomers' Social Security benefits."

Mr. Speaker, it is true that this bill would create personal accounts and those personal accounts will be funded by surplus Social Security money that goes into the system that is not needed for current beneficiaries. What is not true is that the surplus has been earmarked for baby boomers in the future. In fact, the opposite is true. The surplus is simply spent on everything that the government needs that is outside of Social Security benefits. So I think it is very important that we understand that the GROW account simply makes sure that we spend Social Security surplus money on Social Security purposes.

The second misunderstanding is they say: "This plan would cut guaranteed benefits." There are two things wrong with that statement. One, there are no guaranteed benefits under Social Security as it is currently implemented. The Supreme Court has said that no one has a property right, no one has a right to your benefits. Congress can change the Social Security system at any time in the future and no one can make a claim for their benefits. So under the current Social Security plan, there are no guaranteed benefits.

But if we have GROW accounts, there is a guaranteed benefit because that becomes a personal asset. That becomes an asset with their name on it. It becomes a part of their estate. It be-

comes inheritable if they die before they can collect their benefits, and currently Social Security has none of those aspects and none of those benefits.

The third misunderstanding is: "This plan would finance risky private accounts." Again, Mr. Speaker, it does fund personal accounts. It is a personal asset for individuals who are in the Social Security system. But they are not risky because these accounts would simply have one asset in them when they are created, and that is government-backed securities, government bonds, the safest investment in the world, and these are tradeable and marketable bonds that can be sold at a later time when people have their retirement needs, and they can use that for their retirement benefits.

So, Mr. Speaker, I do think that facts really matter in this debate because the consequences are very important to every generation of Americans.

We can talk more about these accounts and more about the Social Security situation overall, but again I want to thank my colleagues for being here tonight talking about this very important issue. And one of the things that I always want to encourage people to do is to share with us what they are for. The people coming to my office tomorrow are going to tell me what they are against. I would love to hear what their ideas on saving Social Security are. I would love to hear what they are for. I know that their colleagues are open minded and that we are willing to listen to any good idea to make sure that we permanently solve the problems that Social Security faces. So I hope that we can have some positive input from both sides of the aisle and all the American people because we need that to solve this problem.

Mrs. NORTHUP. Mr. Speaker, reclaiming my time, I would just like to ask my friend from Indiana specifically about the concern that the people coming to his office have about any sort of risk as though current benefits are guaranteed and they are in place. As he said, they are not guaranteed. The fact is the Supreme Court has recognized that. More importantly, we hear people on the floor every day talking about everything is fine until 2042 and then there would be a 25 percent cut in benefits, as though that is perfectly okay for our children and grandchildren.

But I would just like to ask the gentleman what he thinks of the 1993 tax bill that raised taxes on Social Security, both the percentage that people pay, the percentage of tax, and the baseline that caused them to have to start paying this tax, if he would not call that a reduction in benefits. If previously those Social Security dollars that people got were not taxed and the portion that was, was taxed at a lower rate, in 1993 in one day, Congress changed the law to start taxing more of people's Social Security dollars at a higher rate, if that was not the government reducing their benefit.

Mr. CHOCOLA. Mr. Speaker, will the gentlewoman yield?

Mrs. NORTHUP. I yield to the gentleman from Indiana.

Mr. CHOCOLA. Mr. Speaker, the gentlewoman is exactly right. Congress has changed the Social Security system over time, and over 20 times in the past Congress has raised taxes on Social Security in payroll taxes into the system. And that has never solved the problem. And if we include raising the amount of payroll that is subject to the tax, it is something like 38 or 39 times we have raised the contribution to the system.

What we have to do is find a way to permanently solve the Social Security challenges that are really undeniable. As she said, the only thing guaranteed is a significant cut in benefits in 2041 or 2042 if we do nothing. So I think it is time that we find a way to permanently solve this problem. The GROW accounts are a great idea as a first step. They are not the total answer, but they are a first step to give people an ownership stake in Social Security, make sure that we use the surplus for what it is intended for, and that is Social Security benefits, stop raiding the surplus and begin to strengthen Social Security for the long term.

Mrs. NORTHUP. Mr. Speaker, reclaiming my time, I thank the gentleman for his comments.

And I know he shares with me an eagerness to hear from the gentlewoman from Pennsylvania (Ms. HART), who is so knowledgeable about this issue and works on it every day and has been a remarkable spokesperson for the personal accounts, what they mean to Americans.

□ 2130

I am eager to hear her thoughts tonight on this also.

Ms. HART. Mr. Speaker, I thank the gentlewoman for yielding to me, and I appreciate the opportunity to have this discussion tonight, because, unfortunately, the American people are hearing a lot of diatribe that really has no basis in fact regarding Social Security.

The gentlewoman mentioned earlier a point that needs to be stressed, and that is that people believe that Social Security is just fine, that their benefits that they expect are going to be paid, and that nothing is going to change. Unfortunately, that is just not the case.

As was mentioned also earlier, in 1983 there was a significant change in the law, and the reason they had to do that was because Social Security was not going to have enough money to pay out the benefits. So the taxes did increase.

Now we are at another point where we are having a very serious change in our demographics, and that means that there are a lot more people who are going to be receiving Social Security benefits in the coming years. The good news is they are going to live a lot longer than they used to, but the bad news is that the Social Security money

is not going to be enough to fund the benefits they expect.

Of course, another problem that Social Security has had for years and one that the GROW Act of 2005, which several of my colleagues have mentioned, will help us fix, is that the money that comes into Social Security now is not even being spent on Social Security to a significant degree.

There is a surplus in the Social Security account for the next several years and that money should actually be saved for Social Security benefits. But right now it is not being saved for Social Security benefits. That money is being spent on general government operations, as my colleague from Indiana mentioned. It could be anything from some crazy museum or the war. But that money has been collected for Social Security, so it should be spent there.

We need to stop the raid on Social Security. We need to stop spending the surplus on things other than Social Security. One of the best proposals I have seen to do that is the GROW Act of 2005. It would not only stop the raid, but it would give Social Security a different dimension that I think is important to Americans, especially in this day and age, and that is that it would set up personal accounts for each American in the Social Security system. That money would actually have their name on it.

A lot of people think that the Social Security money they pay in goes into an account with their name on it. But that is not the case. It goes into the trust fund and gets spent on a number of things.

What the GROW Act would do is set up personal retirement accounts for each person in the Social Security system. Everybody who is paying in taxes would have this account, and that money could no longer be spent on other government operations. It would stay in Social Security. It would be our money. It would have our name on it. It would be inheritable. It is not today, so if you die at 64 and you still have not begun receiving your Social Security benefits, those benefits are lost and your family does not have any claim on those benefits.

So the GROW accounts would be created for anybody under 55, unless they choose not to participate. Then they can stay in traditional Social Security. So that Social Security surplus would be dedicated to these GROW accounts and they would be invested in guaranteed, marketable Treasury securities.

Another concern and some of the demagoguery we have heard is that you can invest this money in something and lose it in the stock market. That is what you hear, it is a risky investment.

These are marketable Treasury securities, not risky investments. They are real assets that are very conservative, in fact. Upon retirement, these account balances would be used to help pay Social Security benefits.

I mentioned that they are inheritable. I think this is worth stressing over and over again, because most people understand that they do not have an ownership right in Social Security. But under the GROW Act, they would.

So I think there are a lot of things that are an advantage to people that these proposals would really bring that they are not aware of; and as long as some of these groups, such as the ones in the district of the gentleman from Indiana (Mr. CHOCOLA), are out there, we really need to clear the record, to make it clear.

I serve on the Committee on Ways and Means. We have been looking at ways to basically shore up Social Security, to make sure that the American public will have an investment that they can depend upon for their retirement; something that will be real; something that will give them a real "bang for their buck" as they invest it through their entire lives. And we know that investing it this way is just much smarter. Every person who pays those taxes certainly wants to get the most out of them that they can.

Mr. Speaker, I would say to the gentlewoman from Kentucky (Mrs. NORTHUP), I really appreciate the opportunity to join you tonight.

Mrs. NORTHUP. Mr. Speaker, reclaiming my time, I think it is really important that we talk about not only the benefits, but some of the misinformation out there, because we know that our constituents are hearing it. They are eager to figure out for themselves what the best course is, and it is important that we both not only talk about the benefits, but also the misinformation and what the answer is to that.

One of the things I wanted to ask my colleague, the gentleman from Indiana (Mr. CHOCOLA), about, he was talking about some of the questions or misinformation that were raised in his district with his constituents who he expects to be in his office.

One of the things I hear all the time is that these GROW accounts, they are going to increase the deficit for our country and that is going to jeopardize sort of the solvency of the country. Can the gentleman discuss that, whether or not these accounts are going to specifically make the deficit worse.

Mr. CHOCOLA. Mr. Speaker, I appreciate the gentlewoman bringing up that point. That is a consistent criticism of the GROW accounts, that they would increase the debt or the deficit; but in fact what they do is unmask or reveal the true budget deficit.

Today we have a Social Security surplus, which we have talked about. That money is used to pay for general government needs, and it reduces or masks the amount of money we really need to run government, because we are taking Social Security money and using it for general government purposes.

With GROW accounts implemented and enacted, we would stop doing that. We would stop using Social Security

surplus money for anything except Social Security. The problem with that, the critics would say, is that we have to go find the money to fund general government somewhere else. So on paper it increases the deficit, when in fact it unmask the deficit.

It is simply a matter of truth in accounting. It is being honest with the American people how much money we spend as a government and where the money comes from. Then we will be more accountable to the American people by not spending their Social Security money on things other than Social Security and being honest as to how much we need to spend or borrow to fund the general government needs.

Mr. Speaker, it is simply a matter of transparency and truth in accounting. Frankly, we need more of that in other parts of government, which we could spend several hours talking about. It is being honest with the American people, and I think it is one of the great benefits of GROW accounts.

Mrs. NORTHUP. Reclaiming my time, in fact, for years Congress has spent the Social Security surplus on other things, and it looked as though those things were all affordable because in fact it did not look like deficit spending, when in fact it was taking the Social Security surplus and diverting it to other things.

Sometimes people ask me why Congress did that. I always say, you know, if we could bring back the Congresses, if we could get Roosevelt to come back or the ghost of Roosevelt to come back, if we could bring back the Congresses in those days, or even the Congresses in the 50s and the 60s, we could ask them that question. I will bet if they looked at things through our eyes, they would think that maybe they should have put these dollars away into accounts that the American people would own and keep them away from Congress.

But all we can do is act as good stewards of the Social Security dollars that are coming in today. None of us can reach back and change what happened in the 60s and the 70s and the 80s. I think the American people understand that. They realize that it is not today's Congress that spent the Social Security surplus in the 60s, but they do expect us to do what we ought to do to make it solvent for the future.

Mr. CHOCOLA. Mr. Speaker, if the gentlewoman would yield further, just to put this into context, between 2006 and 2015, it is estimated that the surplus will be \$790 billion that we would put into personal accounts for retirement needs for Social Security benefits versus spending it on general government purposes. So this is a lot of money that can be put aside now for Social Security benefits in the future. I think it is high time we start.

Mrs. NORTHUP. Reclaiming my time, it is a huge amount of money. It would be a great investment in the long-term solvency of the program.

I did not know whether the gentlewoman from Pennsylvania (Ms. HART)

might want to talk a little bit about the deficit too, because I do think that is something we are hearing a lot about, and it is very reassuring to Americans when they understand this is not more debt.

Ms. HART. Mr. Speaker, I thank the gentlewoman for yielding. I would like to discuss that a bit.

I think it was mentioned, the large amounts of money that are involved in Social Security, because everybody who is working is paying into their Social Security fund. In fact, I think a lot of people do not really realize how much they are paying in. They are paying this tax and their employer is paying the tax for them, as well, and it totals 12 percent-plus of their income that is going into the Social Security fund. That is a lot of money.

If people could actually have control of that money, they could certainly earn more on it through these investments, even in Treasury bills, but especially in different kinds of securities.

But the deficit, people talk about how we spend too much money. One of the ways, certainly, to prevent the Congress from spending too much money is to not give the Congress this extra money to spend. Because what has happened over the years is it has just become sort of an assumption that that money that is sitting there in the Social Security surplus can be spent on whatever we want to spend it on. Unfortunately, that creates a serious problem for us down the road, because we are not investing that money, because we are not getting a return on that money that is going to help us pay Social Security benefits down the road.

So the idea of the GROW accounts, which would prevent us from spending that money, I think has a double benefit. It would tell the Congress, hey, this is not your money to spend, and you need to find ways to get your spending in order; you need to get ahead of that and review the programs and cut the programs that are not really doing anything for the American people. In fact, right now I am pleased to say there have been well over 100 programs cut in this year's Republican budget, which is very important.

We need to continue along that track. One of the ways to push us to continue along that track is to take the Social Security surplus and put it in a bunch of personal lockboxes like the GROW accounts would set up, so that every American will have confidence that there will be money there for them in Social Security, with their name on it, so we will have that money for them when they need it when they retire.

Mrs. NORTHUP. Reclaiming my time, it is really a matter of restoring the confidence of the American people that we are going to act in the best long-term interests, fiscal interests, of this country. So I thank the gentlewoman very much for her thoughts on that.

I see that now my good friend, the gentleman from Georgia (Mr.

GINGREY), is here. He has spent a lot of time talking about and studying the issue of Social Security, is very knowledgeable about it; and I am eager to hear his thoughts on this issue tonight.

Mr. GINGREY. Mr. Speaker, I thank the gentlewoman from Kentucky for not only recognizing me for a few minutes, but for putting together this special hour to discuss something that is so important.

As I went across my district, and I know my colleagues did the same thing, talking about Social Security when the President first rolled out his suggestion of having an individual personal account, it was not just his idea, but I think a very good idea, to carve out up to 4 percent of the 12.4 percent payroll tax in an optional way for those workers under 55, and to let that part of their Social Security account be an account that they actually own, they actually have ownership of, and it could enjoy the miracle of compound interest. Einstein said that was the greatest power in the world, even more powerful than atomic fission. But clearly that was a good idea. I think it is still a good idea.

But as I talked about that in my town hall meetings across the Eleventh District of Georgia, Mr. Speaker, the one recurring theme that I heard from folks, mostly seniors in the audience, but a lot of times they were younger workers, they said, Congressman, we are not sure about this individual personal account thing.

I think people are afraid of change, and they would express a little bit of hesitation and doubt about it. But one thing that seemed consistent almost every time I did a town hall meeting, and I think I probably have done at least 15 on this subject, was whatever you do, Congressman, please, go back to Washington and tell your colleagues on both sides of the aisle that this business of robbing, of raiding that trust fund has got to stop. If you do not do anything else, just solve that problem, because nothing else really matters if you continue to take this excess money that has been coming in since 1935 when we had 15 workers for every beneficiary and people died before they reached the age at which they could earn a benefit at age 65. Life expectancy was 64 on average, and we did not have any problem.

□ 2145

But we have time over these coming years. I say "we," and my colleague pointed out just a little earlier, we were not around, not many of us, I think I was 3 years old when Franklin Delano Roosevelt died. But Congresses have been spending that excess money in the so-called trust fund to the point that \$1.7 trillion is missing.

But I think it is important for us, my colleagues, to let the American people know that that money was not squandered, it was not wasted. We are not talking about fraud and abuse; we are talking about spending money on

things like K through 12 education, Head Start programs, benefits for our veterans, which they so richly deserve, in times like we are now when we are in a shooting war and we have to equip our troops to make sure that we give them every opportunity to win. That is where the money has gone.

I think Members of Congress on both sides of the aisle are, by their very nature, compassionate. And when these folks come to us and say, we need just a little bit more, Mr. Congressman and Mrs. Congresswoman, we need just a little bit more, we have little children that have needs, we have disabled people that have needs, that is where the trust fund has gone.

So I think it is understandable. We can play this blame game and finger point and say, well, the Democrats did this, or President Clinton, or the Republicans have spent the money, or President Bush is spending the money to wage a war in Iraq and Afghanistan. But what we are talking about now with this idea of the GROW account is to answer the complaint of the people in the 11th district of Georgia, and I am sure my colleagues' districts as well, let us do finally put a lockbox on the Social Security Trust Fund.

So I really commend the members of the Committee on Ways and Means, the gentleman from Louisiana (Mr. MCCREY), the gentleman from Florida (Mr. SHAW), the gentleman from Texas (Mr. SAM JOHNSON), the gentleman from Wisconsin (Mr. RYAN), the gentleman from Arizona (Mr. SHADEGG), and my colleagues here tonight, the gentlewoman from Pennsylvania (Ms. HART) and, before that, the gentleman from Indiana (Mr. CHOCOLA) was with us. I think the Committee on Ways and Means has really come up with a novel idea. I hope we will not abandon the thought of individual personal accounts coming out of the payroll tax, and I think at some point we will do that, and we need to continue to work on the solvency of Social Security.

But this is a great way, these GROW accounts, to say that we are going to take the excess, and there will be, Mr. Speaker, an excess of revenue coming in over benefits being paid out from now until 2017. I do not think anybody disagrees with that. I think one of my colleagues tonight said that we are talking about maybe as much as \$700 billion over that period of time before we reach that cross-over where the amount coming in is the same as the amount going out. But we have got that window of opportunity, we are talking about 12 years, where we can allocate that money, that excess money to individuals younger than age 55, unless they opt out, and then in 2009, as I understand the GROW accounts, we will actually not only have the opportunity to invest that into government bonds, but put it in a well-managed Thrift Savings Plan so that our beneficiaries can then enjoy the miracle of compound.

So I am really glad to be here tonight to lend my thoughts to it. I think it is

a great idea. I commend the committee. I look forward to having the opportunity to go back home during the August recess and tell my colleagues that yes, we are finally going to respond to the best suggestion that I have heard, and it was from the folks back home; let us finally put a lockbox on the excess dollars coming in.

With that, I will yield back to the gentlewoman from Kentucky and thank her for letting me participate this evening.

Mrs. NORTHUP. Mr. Speaker, I thank the gentleman, and I think he raises a point that is important.

Many nights we have talked about personal savings accounts and how many of us believe that in the long run they are the best answer to solvency, to making sure that our younger workers have a system that is there for them, that gives them a good return on investment, a system where as Americans live longer they can count on these dollars in their retirement.

But that is not possible today. It is not possible for a variety of reasons. Part of it is politics, part of it is all of the scare tactics that are being used. But, more importantly, sometimes, when you have a very big, complicated problem, it is easier if you solve it in steps, and the first step that Americans seem to be asking us to do is stop making the problem worse by spending the Social Security surplus on other things other than Social Security.

I think that is very exciting. When we do that, and I am convinced we will do that, we are going to see that seniors are going to keep getting their Social Security check just like they always have; we are going to see that younger workers are going to find out each year what they have in a personal account for themselves that is going to grow. Many families, especially young families that are trying to balance children and new jobs and so forth, this may be the only savings that they have from one year to the next, and that will be reassuring. And as people understand how that works, I am convinced that the support and the interest in growing that to truly solving the Social Security system will be there.

I know that my friend, the gentlewoman from Pennsylvania (Ms. HART) also has talked before about the hole we are in, if we do nothing, and why we have to deal with this problem now. I think it is important that the gentlewoman add that to the record of our discussion tonight.

Ms. HART. Mr. Speaker, I thank the gentlewoman for yielding. I will be brief. I think it is important for us to understand the absolute size of this problem if we do not do anything. Because again, GROW accounts are the beginning of a solution to the problem of making sure that there are benefits that are going to be able to be paid to people who are expecting Social Security.

Right now we just cannot make that statement. We cannot tell people we

are going to make sure all of your benefits are paid because, in fact, in 2041, the trust funds will be gone. At that point, the payroll taxes will be paid out as they come in and will only cover 74 percent of the benefits. A couple of years later, it declines to a much lower percentage, in the 60 percent range, and lower and lower. Obviously, people do not want to receive less in their Social Security check.

So we are in a position where we need to identify and really realize that we have a serious unfunded liability, the gap between program revenues, things that are coming in, and the costs that we know that we will have to pay. It is like a pension plan that is going bankrupt.

After considering the trust fund's current balance of about \$1.7 trillion, which is the unfunded liability, the cost of the program would be \$4 trillion in present value. That is \$300 billion more than last year's report. So the longer we wait to try to change the system, the more it is going to cost to change the system and find a way to GROW accounts, and this GROW account bill will help us find a way to fill in that unfunded liability.

So the promise to maintain those benefits for people is really an empty promise until we make a change.

We have an opportunity from now until 2017 to start real accounts with real money in them for the American public.

I really thank the gentlewoman from Kentucky (Mrs. NORTHUP) for bringing this to the attention of the American people, because they need to spend some time and understand this issue so that they can support these good proposals that are out there. I commend the gentlewoman for what she is doing and I thank her for allowing me to join her tonight.

Mrs. NORTHUP. Well, I am so excited. I know that the gentlewoman is on the committee that is heading this up. It is an enormous challenge and you all are doing a fabulous job. As the rest of us worry about this and study it and provide ideas, we are so grateful that the gentlewoman's committee is committed to making this happen.

Mr. Speaker, I see now that the gentleman from Texas (Mr. HENSARLING) has joined us. It is the end of a very long day, and I am so appreciative that the gentleman came down, because I know that he has worked hard on these proposals and has been committed to them. He has been here with us on other evenings as we have talked about Social Security, and we are eager to have the gentleman join us tonight.

Mr. HENSARLING. Mr. Speaker, I thank the gentlewoman for yielding, and I especially thank her for her leadership.

Retirement security and saving Social Security is truly a critical issue in America. To me, this is much more than a simple congressional debate; this is a debate that I take very personally. Mr. Speaker, my parents are

in their seventies. Social Security is part of their retirement, a very important part of their retirement security, and not only as a United States Congressman, but as a son, I am committed to ensuring that they receive every single dollar that Social Security says that they will receive. I have a moral obligation to my parents, and I know everybody in Congress feels that same obligation.

But not only do I feel I have a moral obligation to my parents, I am also a father. I have a 3½-year-old daughter. I have a 22-month-old son. Social Security as we know it will not be there for them unless we act.

I can understand how different people in this body can have different solutions to the problems that we are facing in Social Security, but I cannot believe those who would simply deny the existence of the problem.

Mr. Speaker, I guess the challenge is, because too often in this town we are looking to the next election and we are not looking to the next generation. I guess there is some good news, and we are talking about it tonight. Social Security is still running a surplus today. That is good news. Those who are on Social Security, those who will soon be on Social Security, they are going to be in fine shape, Mr. Speaker. But it is those future generations, it is for everybody in America who may have that 3½-year-old daughter, that 22-month-old son, for whom we have to do something.

Now, as much as we would like in Congress to repeal the laws of demographics, we simply cannot do it. We cannot deny the fact that when Social Security was first created, you had almost 50 workers paying into the system for every one person taking out of the system. Now, Mr. Speaker, we are down to only 3 and a third workers, 3 and a third workers paying into a system for every one that is taking out. Very soon, we are going to be down to 2 workers paying into the system for every one.

Another demographic trend that we cannot outlaw, it is great for seniors, not too good for Social Security, is the average life span in America is increasing. When Social Security was first created, the average life span of an American was 60 years of age. I mean, their name was called on the roll up yonder before they ever saw one penny of their retirement. That is what many Americans faced. Well, thanks to the marvels of modern medicine, which my colleague, the gentleman from Georgia (Dr. GINGREY) knows a lot about, the average life span of an American today is 77 years of age.

So we have more and more retirees, we have fewer and fewer workers, and those retirees are living longer and longer and longer, and the system simply cannot handle that. I mean, right now the cost of doing nothing is tremendous. We are looking right now at a shortfall in Social Security of \$10.4 trillion.

Now, I am not sure if anybody in America can really conceptualize or grasp this figure of \$10.4 trillion, trillion with a T. But I did a little math and what that means, Mr. Speaker, is if we wanted to try to solve the problem of Social Security for future generations and solve it today, every American would have to write a check out for \$34,000; a family of four over \$125,000, to try to solve the problem today.

Now, what happens if we do nothing? And unfortunately, many of our colleagues on the other side of the aisle are part of the school of thought that we should do nothing. Well, if you look very closely at what the Social Security law says today, what current law says, what it really says is that my children are going to face an automatic benefit cut of probably over a third. Now, when I go to town hall meetings in my congressional district back in Texas and ask how many people are on Social Security and maybe half of them raise their hands, I ask, how many of you would be willing to take a third cut of our Social Security benefits? Not one hand goes up. And then I ask, well, how about your grandchildren? Do you mind if they have their benefits cut by a third? Not a single hand goes up.

Current law says, when the trust fund is exhausted, there will be an automatic benefit cut, and it can approach one-third. Mr. Speaker, that is just not fair. I mean, this is an issue of generational fairness.

I would love for us to solve the problem of Social Security tonight. Every day we put it off, it is costing the American people an extra \$200 million. We are kicking that can down the road, because too many people are looking at that next election and not the next generation. So as much as I would like to solve the problem tonight, I know perhaps that is not realistic.

□ 2200

But surely, Mr. Speaker, surely we can agree that the trust funds in Social Security ought to be dedicated to Social Security. But that is not the case. Forty-nine different times Congress has taken that money, and they spend it for something else.

Now, sometimes they spend it for really good things. They spend it on Kevlar vests for our troops in Iraq. Maybe they spend it to help guarantee a student loan. Maybe they help a low-income person get into their first home.

But more often than not, they also spend it on wheelchairs for Medicare that cost five times as much as those in the VA. They spend it on \$800,000 outhouses in Iowa, and the toilet does not even flush. They spend it on studies of how and why college students decorate their dorm, and the list goes on and on and on.

There is a spending problem in Washington, D.C., Mr. Speaker, and we need to make sure that the Social Security

trust funds are solely dedicated to Social Security. And so, fortunately, a number of our colleagues came up with an idea.

They call them GROW accounts, and it is a very, very simple idea. It says, take the remaining Social Security surpluses, and we think maybe we have about 12 years left before Social Security begins to go bankrupt. If the tidal wave of red ink only gets larger and larger and larger, let us at least save the surpluses we have and let us get it out of Washington because Washington has been taking that money and spending it on something else.

Let us get it into your account, an account with your name on it, something that you own. And, Mr. Speaker, a lot of people in America do not realize that they do not own their own Social Security. Several Supreme Court cases have ruled you do not own your own Social Security. So this is a very simple idea. Surely, we in Congress can at least agree on this one small baby step, to try to keep the security in Social Security. Let us take these remaining surpluses, let us put them into an account that you own, that Congress cannot spend, that bureaucrats cannot take away. You own it, something that you can leave to your family. Put it in a very safe investment, put it into a T-Bill.

Now, I do not know how anybody, Mr. Speaker, can call this a risky proposition, but they do. Let me tell you what is really risky. What is really risky is Americans leaving their retirement security here in Washington, D.C. when the trust fund has been raided 49 different times.

Mr. Speaker, there have been 20 different tax increases on Social Security, 20 different tax increases. And every time that the taxes are increased, your rate of return goes down. And that is important because we are losing the security out of Social Security.

Now, my grandparents, who are deceased, who were born about 1900, they got about a 12 percent rate of return on their Social Security. That was a great rate of return. My parents, who I alluded to earlier this evening, they were born in roughly 1930. They are getting about a 4½ percent rate of return on their Social Security, and that is not bad. My generation, represented by those born roughly 1960, we are going to get about 2½ percent rate of return on our Social Security. That is barely keeping pace with inflation. And my children, my children, my 3½-year-old daughter, my 22-month-old son, Mr. Speaker, they are going to get a negative rate of return. They are going to put more money into Social Security than they take out.

Mr. Speaker, that is not fair. That is where the risk is. The risk is doing nothing. The risk is leaving our Social Security here. There have been multiple benefit cuts in Social Security. We cannot have the trust fund raided. The tax increases, the benefit cuts, the declining rates of return, the no owner-

ship rights. Surely we can agree on this modest step forward of setting up these GROW accounts so that Americans can count on that Social Security so the trust fund cannot be raided and we can have personal accounts with your name on it. And, Mr. Speaker, that would be one positive step that we could take in this body to help save Social Security for future generations.

Mrs. NORTHUP. I thank the gentleman from Texas (Mr. HENSARLING), who is a good friend. I also thank the gentleman from Georgia (Mr. GINGREY) and the other Members that joined us tonight to talk about this very, very important issue.

You talk so much about the different generations. It is amazing how many people that are concerned about Social Security solvency think about this in terms of all the different generations. I often picture the generations sort of lined up, my mom and dad, my dad passed this year, but my mom. She is 82, and she is sort of up at the front of the line. And then you get back, as people age, and I am 57 and so I am back still on this side of the line of retirement, eight steps away from retirement. My children in their 30s and 20s are further behind me in the line.

And the way Social Security works is everybody in the back of the line, before they get to retirement, helps pay the retirement for those at the front of the line. The problem is the line in the back is getting shorter as the line in the front is getting longer. What GROW accounts do is allow younger workers in a sense to throw over the line some savings that will be there when they get there. It saves the people behind them in the line from having to fully fund their retirement, and it gives them the confidence that there will be a retirement savings for them.

It begins to change from of a pay-as-you-go system to a long-term funded solvent system that will take care of Americans today, Americans tomorrow, and Americans in the future, so that our whole country will be solvent and able to address the emerging challenges that are bound to emerge with each generation. It is the right thing to do. It is the fair thing to do. It is a good idea for a transition to go through the GROW accounts so that we can set up a system that helps us transform Social Security from a pay-as-you-go to an invested solvent system.

I would like to thank my friends and colleagues who joined us late tonight to discuss this important issue. I look forward to working with you, and I know you do also with all the Members the Congress so that we can serve the American people in a responsible way.

Mrs. NORTHUP. Mr. Speaker, I yield back the balance of my time.

OUR NATIONAL ENERGY POLICY

The SPEAKER pro tempore (Mr. POE). Under the Speaker's announced