

over the loss of benefits that the Administration's proposal would entail. They were right to be concerned. Women have more to lose here.

But we can fight back. We are making progress. Just today, the distinguished Majority Leader of the other body suggested that the Administration might not be able to get a vote on this this year and might have to drop private accounts from any proposal.

This is no time to rest. We must speak out in Special Orders Town Hall meetings and otherwise to make sure Social Security is protected or our mothers for our daughters—and for every American.

Thank you again for organizing this Special Order.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise today to address the devastating impact that privatizing Social Security will have on women, especially African American Women.

Social Security is particularly important to women, especially in my home state of Texas. Without these vital retirement benefits, 564,000 women in the Lone Star State would be classified as poor, according to a report released by the Center for Budget and Policy Priorities.

Currently, Social Security benefits are progressive; that is, those with low wages receive a larger percentage of benefits relative to their earnings than higher income individuals do. This system of progressivism, combined with a cost-of-living adjustment that increases benefits every year, strengthens the safety net for those who are the most economically disadvantaged.

Privatization flows from concerns that many people have about the future of Social Security. Some of those concerns are founded and some are not. We are all well aware that as the post-war baby boom generation ages; the number of retirees relative to the number of workers will increase. These are facts that cannot be changed. However, modest changes, implemented immediately, can give people time to plan for the future and would take us a long way toward resolving the issue.

Privatizing social security is the most radical change, and it assumes that there is magic in diverting some portion of the current social security payroll tax into the private markets. Most privatization plans propose to strip a few percentage points off the Social Security payroll tax and divert them to private individual investment accounts. Most people happily focus on the vision of a few dollars a month growing into millions of dollars over time. Unfortunately, this is a dream and not reality, as we have witnessed in the current stock market.

There are three very important things that should be considered when privatizing Social Security benefits. First, the huge cuts in benefits which would be required under the privatization plans—most as large as a 60% cut in Social Security benefits. For people with large savings from other sources, which may not seem like much, but for most Americans, it would be a drastic reduction in the protections they have to come to rely on.

Next, privatization would be a major change in who bears the risk of saving for retirement. Privatization would shift nearly all the risk to the individual. People who are unwise or unlucky in their investments would suffer. We saw many examples of this in recent stock market falls.

Finally, privatization would increase the Federal deficit by more than a trillion dollars over the next ten years. Taking a mere two percent of payroll away from the Trust Fund could double or triple the size of the deficit. This effect is what some people trivialize as "transition costs." I do not believe it is trivial, and given the other concerns which privatization raises, I think we should look long and hard before we leap in this direction.

How do African-American women fare in privatization proposals currently floating around in Congress? Not good at all.

Although Black women typically live longer lives, their lifetime earnings are usually much lower than their white counter-parts. Under privatization, this lower level would mean black women would be forced to live longer on a smaller amount of money.

Hugh Price, President of the National Urban League and Julian Bond, Chair of the National Association for the Advancement of Colored People, wrote an editorial in the New York Times, on July 26, 2001 addressing African American women and social security. They found that guaranteed government assistance is essential to the African American community. While African Americans make up only 12 percent of the general population, they make up 17 percent of all Americans receiving Social Security benefits and 22 percent of all children's survivors benefits. However, the Administration has been unclear on how disability and survivor benefits would continue to be funded.

A study by the National Urban League counters assertions made by the Administration that African Americans will benefit from private accounts bequeathed to their relatives. According to the study, the typical African American man dying in his thirties would only have enough in his private account to cover less than two percent of the survivor's benefits under current law. This also has a devastating impact on African American women as survivors.

Members of Congress must be fiscally responsible when it comes to making decisions regarding Social Security. Fiscal responsibility entails looking at the whole picture and seeing the effect it may have on ALL individuals in society. I urge my colleagues to make this the inclusive America we continue to represent to the world and ensure that Social Security proposals give everyone some comfort in life.

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

#### DIALOG ON SOCIAL SECURITY

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

Mr. KOLBE. Mr. Speaker, I take the time this evening to rise on a subject that we have just heard a great deal about this last hour, and I certainly invite my colleagues from the Democratic side to stay around. I would be happy to yield part of my time to them so maybe we could begin this dialogue that we heard about in the last hour that is much needed here because I do believe that we do need to have a dialogue.

I have actually been conducting a dialogue on this for a long time. 10 years ago, 10 years ago this spring, Congressman Charlie Stenholm of Texas and I formed the Public Pension Reform Caucus in the House of Representatives to begin to educate members of the House and the American public and staff here in the House about some of the issues, the looming issues of Social Security.

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Ten years ago it was as obvious as it is today or perhaps today it is even more obvious, but it was obvious even then because of the demographics that we were facing a problem with Social Security. And we thought that it was time for us to start addressing and to talk about what ought to be done. So tonight we are here to talk about strengthening Social Security.

I heard the word "gutting" Social Security used by the other side a few minutes ago. Nothing could be further from the truth. Nothing could be more like gutting Social Security than to do absolutely nothing. That truly is the way to hollow out Social Security and say to the next generation and the generations that follow that there will not be Social Security. But there is a way that we can strengthen Social Security, make sure that that benefit is there for the women and children that we heard about here, for the low-income person, for the retiree that does not have much else.

We can make sure that it is there. We can do it by coming together, reasoning together and making some suggestions and ideas, coming up with ideas about how we can strengthen Social Security, how we can protect it for the future, how we can protect it for current retirees and how we can make sure that the next generations of retirees have a Social Security benefit.

Now, it is not certainly just our side on the aisle that has been talking about this. We seem to agree on this idea that there is a problem. And even before we began this discussion this year on this, I am delighted to see that there are previous high-ranking Democrats that have been talking about this.

President Clinton in 1998 talked about Social Security and said that, Of all of these achievements, the economic achievements, and our increasing social coherence and cohesion, our increasing efforts to reduce poverty among our younger generation, all of them are threatened by the looming fiscal crisis in Social Security.

That is 7 years ago. President Clinton identified that there was a looming fiscal crisis in Social Security. He did not say Social Security was in danger of going away. He did not say Social Security was in danger of being gutted. He said there was a fiscal crisis, and that is exactly what we face today. It was a cash-flow crisis.

Senator HILLARY CLINTON while she was still first lady, she said that one of

the most critical challenges of our time is preserving and strengthening Social Security for future generations.

That is exactly what we are talking about here tonight. We are talking about how can we make sure that Social Security is preserved for those who need it today, how can we make sure it is strengthened for those who will need it in the next generations. That is precisely what we are talking about.

Now, we will look a little bit at some of the dimensions of the problem as to why we do have a problem. And by the way, problem, crisis: there is a lot of talk around here. It is not a crisis. In fact, we are hearing it is not a problem at all. Obviously, President Clinton did not agree with that. Obviously, Senator CLINTON did not agree with that. I have never used the term "crisis," but it is a problem.

You know what happens when you have a problem and you do not do something about it: it becomes a crisis. If you ignore it, the problem becomes a crisis. It is not a crisis today, but we can see the crisis looming in the future. And I can tell you from having introduced the only bipartisan and the only comprehensive Social Security reform bill for these last 8 years, that Former Congressman Stenholm and I introduced and the current Congressman, the gentleman from Florida (Mr. BOYD), and I have introduced it this year, still a bipartisan bill that covers every detail of strengthening Social Security. I can tell you that if you do not work on strengthening and if you do not work on fixing it now, it becomes more difficult in the future.

Every 2 years when we introduce our bill in the next Congress, we have to go back, of course, and recalculate the figures for the fact that 2 years have passed by, the demographics have changed a bit, and it becomes more difficult. It becomes more expensive. It becomes more costly. It becomes harder for the next generation, and it becomes harder for the current generations.

What is the problem? What is the basic problem that we have in Social Security? It is a problem of demographics, that people are living longer. We have more people who are retiring. They are living a longer life. And at the other end we have families that are smaller. They are being started later. And so we have fewer people coming into the workforce.

I have heard here this evening the talk about how this is a social insurance program. It is social insurance. It is social insurance, but the insurance program, the insurance that we have here is a contract between generations because Social Security, and let us make no mistake about this. If we do nothing else this evening, I hope we can convey one thought: Social Security is a pay-as-you-go program.

Taxes are collected today that are paid out in benefits at the end of the month. The contract is between generations, that when the next genera-

tion gets ready to retire that there will be somebody there to pay their benefits.

Let me go through this chart and let me yield to my distinguished colleague here because this is the fundamental problem that we face.

In 1950, there were 16 workers paying their taxes for every single person that was receiving Social Security benefits, 16 people working, for every one receiving their benefits. Today there is only 3, 3½ people working for every one that is receiving their benefits. When the younger workers retire in 20 years, that is not so young actually, but when people start retiring in 20 years, there will only be two workers that are going to be paying for the taxes for every single beneficiary. That is two people are going to have to pay their taxes each month to equal the benefit that is going to one retiree. That is a huge tax that people are going to have to pay.

The reason is quite simple, as we just said. All the baby boomers begin retiring in the year 2008, and then we have those people living a lot longer, and a smaller number of people coming into the workforce to cover those taxes. That is the essence of the problem that we have got. That is why working together here, Republicans and Democrats, both sides of the aisle here, we need to work together to find a way to strengthen Social Security, to make sure that it is strengthened for the next generation, that we preserve it for the current retirees, but that the young people will have some hope that there will be something there for them.

I know the gentleman from Minnesota (Mr. KLINE) has worked very hard on this issue. I know he has conducted some town halls, which I want to talk about some that I have done recently; and I would like to yield to the gentleman from Minnesota (Mr. KLINE).

Mr. KLINE. Mr. Speaker, I thank the gentleman for yielding to me.

Before we move further in this discussion, which I am looking forward to this evening, I just wanted to touch on a couple of subjects that my distinguished colleague from Arizona has brought up and some of the things we heard from our colleagues on the other side of the aisle.

First of all, I know that the gentleman from Arizona (Mr. KOLBE) and all of my colleagues on both sides of the aisle really would like to see a strong Social Security program. I have been telling folks, in fact, I was talking to high school students in Minnesota this last week that it is very important to me that Social Security be in place for my 84-year-old mother, and it will be in place for my 84-year-old mother. But I want Social Security to be in place, to be strong, to provide the kind of retirement safety net that our colleagues have been talking about for my 35-year-old son, my 38-year-old daughter, my 3-year-old granddaughter.

The demographics that my colleague has just put up there start to show the

problem. And we are going to get into that some more this evening; but I am disheartened, frankly, I am disheartened to hear some of the language that we were listening to earlier.

Our colleagues ascribed some motives that I think are out of place. One of them, for example, said that the President wanted to reward his buddies with his proposal, and that is simply not true. It is not fair and it ascribes a motive that is not there. One of our colleagues said that we want to gut Social Security. That is not true.

I know that the gentleman has been trying year after year after year to, in fact, strengthen Social Security and make sure that not only do the current retirees not lose benefits, but that my daughter, my son, and my grandchildren do not lose benefits either. And I just hope that my colleagues would all understand that our motives are to strengthen Social Security. We should be working together in a bipartisan way as my colleague has been doing to do just that, and I hope that we can move away from some of the harsh rhetoric that we unfortunately have heard tonight and I am afraid that we are going to be hearing in the future.

Mr. KOLBE. Mr. Speaker, I appreciate the comments of the gentleman here, and I think they are on point. I think the gentleman is absolutely correct.

It really does not serve anyone very well to have the kind of harsh rhetoric that we have been hearing about this issue. It is too important to carry on in that kind of a partisan nature.

I remember sitting on this floor when the President of the United States, President Bill Clinton, talked about Social Security reform in 1998 and standing and applauding when he had the courage to get up there and talk about it. In fact, the President then followed up with only one major effort, out-reach effort that he did, and he happened to do it in my congressional district.

I flew with him on Air Force One to Tucson in order to talk about this issue, and I was struck by the amazing grasp of the detail that President Clinton had about the nature of the problem that we were facing. It is exactly the things that we have been talking about and that we will continue to talk about and that President Bush is talking about today.

We have a problem. We need to find a way to fix it. We need to find a way to strengthen Social Security so it will be there for the next generations as well as for current retirees. So we are not talking about taking it away. These kinds of scare tactics, they are not only bogus but they are disheartening as the gentleman from Minnesota (Mr. KLINE) said, but they are also very destructive.

They do not help us find a solution. And if ever we needed to have a bipartisan reach-out to find the solution to this problem, it is on this issue. The

American people are watching us to see whether Congress really can reach out to find some way to fix this.

Mr. KLINE. Listening to the debate, the arguments earlier this evening, it was clear that our colleagues recognize that something needs to be done. I know that the gentleman from Connecticut, I believe, said everybody knows that we have got to do something to strengthen Social Security, and other Members have said everybody knows we have to do something. And we heard a couple of proposals and increasing taxes was proposed by the gentleman from California, I believe; but if we know that something has to be done, we ought to be able to move forward and engage in the debates and engage in the discussion about what we are going to actually do to strengthen Social Security.

But I know that not everyone understands the nature of the problem and how quickly it is going to arrive, and, unfortunately, if we do not do something, how quickly it will turn into a crisis. I ask the gentleman to continue the explanation.

Mr. KOLBE. Mr. Speaker, I thank the gentleman from Minnesota (Mr. KLINE) for his comments, and I hope he will continue to engage in this discussion here tonight.

I do want to take a few moments to talk about this particular chart up here because I think it expresses better than anything I could say verbally what the nature of the problem is that we are facing.

Going back, thinking back to the last chart where we talked about how the fewer numbers of people are paying the taxes to support the beneficiaries, the people getting the benefits, this illustrates exactly what that means in terms of the cash that is coming into the Social Security trust fund. The reforms, the changes that were made in 1983 went a long way towards fixing Social Security in the short and the median term; but for the long term, it just kicked the problem down the road. It did not make a permanent fix to it. It just postponed the day of reckoning, postponed the day of reckoning because it increased the taxes. And gradually we are in the process now of raising the retirement age. It made some other things.

So since the late 1980s and early 1990s, we have been collecting more in revenues from Social Security tax than we have been paying out in benefits. That means the Social Security trust fund has been reaping this windfall, if you will. It has had this extra money which we all know really is one arm of the Federal Government that is the Social Security trust fund taking the money and then turning around and loaning it to the Federal Government for part of the operations of the Federal Government. It is really paying part of the deficit, if you will, the operations of the rest of the government.

Now, the trust fund gets some IOUs and some Treasury bills in its name in

there, and those are earning some interest. But here is what we have got right now. There are more benefits coming in. But as you can see here this black part up here which is the revenues exceeding the benefits being paid out, it takes a downturn here in just 3 years.

Now, that is the first critical date we need to focus on, the year 2008. It is in the year 2008 where the revenues start to decline and the excess revenues start to decline. And so the deficit, instead of masking more of the deficit each year, it will start masking less and less of the deficit each year.

□ 2200

So we will be doing more borrowing in order to cover the rest of the deficit.

Then, in the year 2018, you can see where these lines cross and the black turns to red. That is where the benefits being paid out exceed the revenues; the taxes that are actually being collected. So the Social Security trust fund has to go back to the Treasury, they have to go and cash in those IOUs they are holding, which means that the Federal Government has to give them cash and replace that borrowing with massive amounts of borrowing over here to cover the deficit.

At that point, they not only have the annual amounts they are covering for each month to cover the benefits, but they also are going to have to be covering the replacement of the IOUs. So the deficit really starts to balloon at that point. And within just a very few short years, up to 2018, the deficit being caused by the Social Security Trust Fund cashing in those IOUs is in the hundreds of billions of dollars a year.

We are going to be faced with a Titanic, a major, a simply major problem that we are going to have to confront at that point. How much do we borrow? How can we keep on borrowing those amounts of money, just to cover the shortfall in Social Security? And this is not saying anything about the shortfall in Medicare or the other kinds of entitlement programs that we have.

We are talking just about Social Security. It is going to be a massive shortfall that we are facing. That is why it behooves us to start thinking about this now.

Now, the third and last date that is currently projected is the year 2042. That is when the IOUs are gone. They have cashed in all the IOUs. Somehow we have managed to borrow the money from the Chinese or Japanese or the Germans, or whoever, to replace that borrowing, and we have managed to get the cash to pay the benefits. But in 2042, the IOUs are gone. There is nothing more for the trust fund to go out and use, except the money that is coming in each month.

At that point, assuming we have done nothing, as some people I have heard tonight over on this side suggest that we do, do absolutely nothing, if we do absolutely nothing, at that point

the Social Security benefits would be cut by 27 percent.

Now, is there anybody listening this evening, and my colleague can answer this for himself, is there anybody that really thinks politically, with all the retirees we will have in the year 2042, we could realistically say, gee, your benefits just got cut 27 percent this month. Take it or leave it. That is it.

Obviously, that cannot happen and will not happen, which is why we have to think now about how we will fix this so that it is strengthened for future generations.

Mr. Speaker, I will be happy to yield to the gentleman again.

Mr. KLINE. Mr. Speaker, I thank the gentleman for yielding to me. I think it is a terrific graph. The problem is clearly outlined with that big red area that says cash deficits.

I just want to reinforce what the gentleman said about the trust fund; the trust fund not actually having any money in it, having IOUs, having bonds that have to be redeemed through the general fund. And the gentleman, I know, understands full well that it is highly unlikely without some major change that we could reach that 2042 date when the IOUs run out. The impact to all of America between 2018 and 2042, if we do not do something now, would just be catastrophic.

To get back to the gentleman's opening comment about problem or crisis. Certainly it is a problem today, but clearly a crisis when you get into that big red area that says cash deficits. That is why it is so important we should have this debate today; that the American people understand that we are facing a problem which is going to turn into a crisis. We need to get this debate engaged and agree on a solution which will strengthen Social Security.

I know there are many proposals out there. The gentleman has a bipartisan proposal, the President has put forth an outline of a proposal. Our colleague, the gentleman from Wisconsin (Mr. RYAN), and Senator SUNUNU have a proposal, and others, and that debate, that discussion is the one we need to have. If there are others who think that simply the solution is to raise taxes, which was suggested here tonight, then, fine, let us put that discussion into the debate as well. But let us recognize that that red area, that sea of cash deficits is something that is looming.

Now, I am part of that leading edge, or maybe 1 year behind it, of those baby boomers, and it is a rapidly approaching demographic shift that we need to address.

Mr. Speaker, I yield back to the gentleman.

Mr. KOLBE. I thank the gentleman again for his comments. The gentleman is a bit younger than I am. I am afraid I got ahead of the baby boomers on this.

Mr. KLINE. You are one of the few.

Mr. KOLBE. One of the few left around here.

Mr. Speaker, I agree with what my colleague has just said, and I think he

is exactly on target. We do need to be thinking about all the different ways in which we could fix this. Certainly taxes is one of the ways we can fix this. Certainly we can do some reduction of benefits. But, really, if you think about it, there are really only three ways you can have a fix or do something to really reform Social Security.

One is increase the revenues. That is increase the amount of taxes you collect; whether you increase the amount of wages subject to the taxation, or whether you raise the rate of taxation, that is the rate of the Social Security tax we are paying today.

The second, of course, is to make some reductions in the benefits. You can make the reductions for future retirees, or whatever, what ever other retirees we are talking about. But you can reduce the benefits.

The third thing is to increase the rate of return on the investment. And that really gets us to the personal accounts, which I want to talk about in just a moment.

But before I do, I thought maybe it might be useful for us to talk a little bit about the town halls that I have been holding, and I know a number of my colleagues have been holding about Social Security. Of course, for me, having had a proposal, a complete proposal introduced in Congress for the last 8 years, and having been talking about this for at least the last 10 years on the floor of this House and in every single town hall I have done, we have been talking about this. And I am talking about in my retirement communities, where everyone who comes to the town hall is 65 and over, I have been talking about this for a long, long time.

So I am not fazed by the fact that a handful of people show up at my most recent town hall and they are, well, let us say fairly vitriolic. They have a few unkind words to say because they have not been there before. And I know these people are coming as a result of some e-mails that were received from different organizations. But by and large, the vast majority of the people that have come to my town halls during this last recess that we had were interested in seriously hearing about the nature of the problem and what kind of fixes we could have.

I think on that score, by the way, the President has won the first round of this battle. My colleagues on the other side that want to deny that there is a problem have lost that battle. Because the polls now show by an overwhelming margin that the American people do think there is a problem with Social Security, and they think Congress needs to fix it, and they think it needs to be the highest priority of Congress to strengthen Social Security. So we have reached over that first hurdle.

Okay, there is a problem. Now, let us get to talking about what are the solutions. What are the things we might do that could make Social Security a better program for the future.

Coming back to my town halls, I just wanted to share this one story. And I

do not know if the gentleman from Minnesota has some others that he might want to share, some of the experiences he has had in talking about this, but I had a town hall down in Sierra Vista, which is one of the communities in my district. There is a large military facility down there and we talked about Social Security for 1 hour of the meeting.

I had two women who came up to me after the town hall was over and they both said they were Democrats. And they said they had come to the meeting as a result of an e-mail they had gotten and they had come opposed to reform and very much opposed to the concept of personal accounts. But after hearing the facts and the data, and we did have a real debate because there were plenty of people in the audience that were trying to dispute the things I was saying, so we had a real discussion about it. But they said after hearing the facts, the data, and the reason why reform is essential, they told me they were supporters of the concept of personal accounts, and that they were going to go away and explain to their Democratic friends why personal accounts are necessary and why we really ought to be doing something to reform Social Security now.

So I say that there is no doubt that if we talk about this issue with our constituents, with the people we represent at home, I think there is no doubt that they will understand that there is a need to do something to strengthen it. I think there is still a lot of uncertainty about what the reform should be. How should we fix it? How should we make it better? How should we strengthen it? But I think there is a growing awareness that we do have a real problem there.

Mr. Speaker, I would be happy to yield again to the gentleman.

Mr. KLINE. I thank the gentleman for yielding once again, and I just want to underscore the point the gentleman made that increasingly our constituents understand that something needs to be done.

This sort of anecdote has been put forth many times before, but just this last week when I was back in my district, I was visiting one of the high schools. I had a group of students, about three classes, and we were discussing a large number of subjects, everything from the war to taxes to education, and one of the subjects was Social Security.

I asked the question, which I am sure many of my colleagues have asked, to those students. I said, how many of you believe that Social Security is going to be there when you retire. Just asked the basic question. Not a hand went up. I thought, well, maybe they are just a little shy and do not want to raise their hand. So I reversed the question. I said, how many of you believe that Social Security will be gone when you retire? And about a third of the hands went in the air.

Now, as the gentleman knows, some-

times when talking to high school students, or Members of Congress for that matter, not everybody is paying full attention, but it was clear to me the young people in my district, and I think across the country, just have no confidence that the Social Security that their grandparents are using and enjoying is going to be there for them. And the gentleman has shown us very graphically what that demographic problem is. I believe that underscores our purpose here to strengthen Social Security. Not to destroy it, not to weaken it, and certainly not to gut it.

I know many of the proposals that have been put forward, the President and many of our colleagues, call for including the personal accounts, which the gentleman is going to talk about and taking advantage of the enormous power of compound interest to create a nest egg which they will have in conjunction with the Social Security program and that will provide the benefits that we were hearing about earlier tonight that women particularly require. We want to make sure that the program is there. We are looking for a way to strengthen it.

Again, I just thank the gentleman for his persistence on this issue and his continued leadership as we move forward in the debate.

Mr. KOLBE. Again, Mr. Speaker, I thank the gentleman from Minnesota for his participation in this discussion here tonight.

Just moving forward a little bit, and I do want to respond to what my colleague said, it reminds me of some experiences I have had. I have been, as I mentioned, talking about this for a lot of years. And I go into high school audiences, where there are seniors that are old enough to kind of understand the issues involved here, or go into college classes and I ask the same questions every time: How many of you think Social Security will be there when you get ready to retire? I almost never have a single hand that goes up. Never a single hand. So they do sense that there is a problem with it.

And they are exactly right, because the numbers we just ran through, Social Security will not be there for them in the same way that it is today. There is no possible way when they get ready to retire that Social Security will be there in the same form. Something will have changed about it. Their benefits will have been reduced, taxes will be increased, or we will come to some other conclusion about a way to reform Social Security.

So they understand what the issue is. And I think, generally speaking, the American people are coming to understand that.

Mr. Speaker, I am happy to yield to the gentleman once again.

Mr. KLINE. I believe that is true.

As I said in my remarks just a moment ago, I know that that was an anecdote that many of our colleagues have expressed, because they have had the same experience of asking young

people, high school seniors, college students, others, if they think Social Security is going to be there when they retire. I have never had a hand, I have had the same experience as the gentleman, I have not been asking the question for as many years, but never a hand goes up where they believe it is going to be there.

And what a shame, because they ought to have a system, all Americans ought to have a system that they can count on and that they believe is going to be there. And until we do something to really strengthen the system, they will not have faith that it is there. And they should not, because without that fix it just will not be there in that manner.

Mr. KOLBE. I appreciate the gentleman's comments, and I think what his experience illustrates, as a newer Member of the Congress, is that if you are out there talking about this issue candidly and honestly with the people you represent, your constituents, they are willing to listen to what you have to say. They will not reject out of hand what you are saying.

So I hope we have been able to dispel the notion that there is no problem out there. I hope we have been able to dispel the idea that we need to do absolutely nothing. We do need to do something to strengthen Social Security to make sure it is there for this generation as well as for the next generation.

So that brings us to the ideas of what can we do to make it work.

□ 2215

Now, as I mentioned earlier, there are three things or variations on three things: raise taxes, decrease benefits, or increase the rate of return on investment that we have in Social Security. I happen to believe that we ought to do a little bit of all of those. If you are going to strengthen Social Security, you need to do a little bit of each of those things.

But the heart of that strengthening is increasing the rate of return on the investment we have, and that is why personal accounts are so important. Now, I have heard it said personal accounts do not fix it, and that is accurate. That is right. I have never said personal accounts fix it. Personal accounts are your link to the next generation because you are going to say to the next generation, look, you are going to have to pay just a little bit more to support this defined benefit, and you are going to get a little bit less.

And so the younger person is going to say, what is in it for me. So we can say there is a chance to have a greater return on investment through a personal account. Even though you are paying a little more taxes and getting a little less benefit from the defined benefit part of Social Security, you are going to have a part of it set aside, and it will grow as the country grows, grows as the economy grows, grows as the world economy grows; and that will

yield a retirement that is better even with the reductions we are going to have to force. It is going to be better than what we have today.

So the first principle we have to agree on is we do not do anything to change the benefits of people today who are retired or near retirement get. I do not know of a single plan offered by anybody on this side of the aisle or the plan that I have offered along with that side, the only bipartisan bill which has been introduced in Congress, none change it for anybody who is over 55. To everybody that is watching this, if they are over the age of 55, you can turn the television set off because this does not affect you. We are not talking about anything that changes your benefits.

Mr. KLINE. Mr. Speaker, I think that it is critical that all of America understands what the gentleman said is accurate. I have a table that my staff keeps updated almost daily as we start to engage in this debate. I do not know of a single proposal, certainly no serious proposal, that alters in any way, in any way the Social Security program for those my age, or 55 and up. It does not change it a bit. It is the same. You get the same check, the same increases. The program is exactly the same. My 84-year-old mother is going to continue to get her checks in exactly the same way she has been getting them for the last 20 years. The program does not change for her.

I think that is a key piece of this overall picture that we are talking about as we move forward in the debate. There are different programs, and the gentleman from Arizona (Mr. KOLBE) has a program he has been working, others have other proposals. Most of those on this side of the aisle correctly create some sort of a personal account, an account that our younger workers can own, that grows, that has the opportunity to give them a greater return than the current system gives them. It gives them something that they own that they can leave to their heirs. No proposal affects the benefits of any current senior whatsoever.

I think it is important that we understand that as we debate the details of the proposals such as the one that my colleague has, and we have that basic understanding that we are talking about no changes for seniors, an opportunity to increase the return, to take advantage of that interest, increase the rate of return for our younger workers. That is the position we are starting from, not the position that we heard earlier in the evening of gutting Social Security, of trying to do something to help the President's buddies and those other unfortunate things we heard earlier. This is about making sure the program is there for our grandkids like it has been there for our parents.

Mr. KOLBE. Mr. Speaker, the gentleman is exactly correct and on target. Obviously, when we talk about

personal accounts, it has not always been that Democrats have opposed that. In fact, when President Clinton in the last 2 years of his term, second term in office, was talking about Social Security reform, talking about it honestly and openly, Democrats began to embrace the concept that maybe there ought to be a greater return on investment; maybe some of the money ought to go into a personal account.

Senator REID, now the minority leader in the United States Senate said, "Most of us have no problem with taking a small amount of the Social Security proceeds and putting it into the private sector." He said that on Fox News in 1999. I think the Senator was correct about that. There are similar kinds of things that have been said by other leaders.

The ranking Democrat on the Committee on Ways and Means said at a press conference at the same time, this was the same time the President was talking about Social Security reform, he said, "I am one Democrat who truly believes that Democrats will not benefit by doing nothing on Social Security." So he recognized the problem, and he believed we should do something.

I say if they do not like the plans that are out there, the plan that the gentleman from Florida (Mr. BOYD) and I have introduced, or other plans introduced by the gentleman from Wisconsin (Mr. RYAN) and the gentleman from Florida (Mr. SHAW) and others, fine, but bring something to the floor that we can start this dialogue, that we can begin this debate.

Coming back to the topic of personal accounts, we just heard a few moments ago the gentlewoman from California talk about how Social Security is so important for women, and she is absolutely right. Social Security is important for women, but Social Security is not very good for women right now. One of the reasons it is not so good, it is because they tend to drop out of the workforce at a certain point, when they are raising children, and so they get less from the system when they get ready to retire.

There are a lot of single women who raised their children. I like to use the analogy of the 48-year-old single mother. She got her kids through school and college, worked herself to the bone, and now they are both over the age of 21, and she drops dead of a heart attack at the age of 48. What does Social Security provide? Zero. Not one dime, because her children are over 21. She is not married; there is no spouse. There is not one dime from Social Security.

Now, if a portion of what she had been paying in those taxes had been put into a personal account, she would have owned something. She would have owned something that she could leave to her heirs; and if she forgot to write that will, it still would have gone to her heirs, which would have been her children. That is the magic of personal accounts. They not only provide a

greater retirement benefit, but it is an asset that people own. They own it. They can manage it and figure out what to do with it. They can leave it to their heirs. That is the magic of personal accounts.

As I said, it is the link to the next generation because as I said, personal accounts do not fix the problem. Indeed, if we are going to take a carve-out as I think we should because to add it on is to say just a huge new tax on Social Security, a tax to be added as a burden on the people, if we are going to carve it out of the current amount being paid in retirement taxes, we are going to have in a sense a bigger problem, so we have to do something to make it all balance.

Guess what, you can do it, but you have to make some tough choices, and that is what nobody has been willing to do. Particularly as I listened over here, I do not hear anybody willing to make some of those tough choices. What do we do?

Well, the legislation we have introduced does a little bit of everything. We would make some modest reduction to the Consumer Price Index on which the annual cost-of-living adjustment is made, and that is justified by the superlative index which accounts for durable goods lasting longer today. Alan Greenspan has talked about it. It is a little complicated economic issue, but basically the Consumer Price Index today is a little bit out of whack with the reality of where the inflation rate is actually going.

In our bill, we would increase the amount of income subject to taxes, not increase the wage rate because we do not want to say to the person earning \$25,000 we are going to increase your Social Security tax, too; you are going to have less take-home pay. But we are going to say to the person who currently makes over \$100,000, you are going to pay more tax because we are going to increase the amount of wages subject to taxation. That is legislation that the gentleman from Florida (Mr. BOYD) and I have introduced. This is not necessarily the President's plan or any official plan on this side of the aisle, but I use it only to illustrate if you make some of these choices, you can fix some of these things.

We would also accelerate the retirement age so we take out that 10-year gap from 65 to 67, we take that out so it goes to 67 a little faster. We do not change the retirement age; we just accelerate the speed at which it goes.

We would make some changes to the benefit structure for younger people, people with personal accounts, make some reduction in their benefits; and you can make Social Security solvent not for 10 years, not for 20 years, not for 40 years, and not even for 70 years, which is the only horizon that the Social Security Administration will look at. But economists have looked at ours and the CBO has looked at ours, and they say it goes as far as the eye can see as being solvent. So we can say to

younger people, yes, you are going to pay a bit more in taxes, and, yes, you are going to get a little less benefit; but you are going to have retirement that nobody else has had up to this time. That is what personal accounts do, and that is why I think personal accounts are a critical part of any reform of Social Security.

It is not the be-all, it is not the end-all, it does not answer all of the problems; but it gives some confidence to younger people that there is going to be something in it for them when they get ready to retire. That is why I think the personal accounts are so very important.

Before we wrap up here, let me outline a couple of other ideas.

Again, we are looking at what President Clinton said in that State of the Union address in 1998 where he said, "We are going to hold a White House conference on Social Security in December, and one year from now I will convene the leaders of Congress to craft bipartisan legislation to achieve a landmark for our generation, a Social Security system that is strong in the 21st century."

I am sorry to say because of personal things that occurred after that, we never got around to that. The President's clout here in Congress was diminished, his clout with the American people was diminished. He was not able to carry that off. There is no doubt it takes a great deal of Presidential leadership to carry that out, but President Clinton knew what the problem was, and he identified it at that time.

Much more recently, in fact just today, just today in testimony before the Committee on the Budget, Alan Greenspan, the chairman of the Federal Reserve Board, said, "In my view, a retirement system with a significant personal account component would provide a more credible means of ensuring that the program actually adds overall saving and in turn boosts the Nation capital stock." That is a little bit of economic legalese there, but he is basically saying it is a better way and it adds on the total savings that the United States has if you have personal accounts.

The thing that is important about personal accounts is they belong to every individual and they can be tailored. They can change as circumstances change.

The gentleman from Minnesota (Mr. KLINE) knows this. As Members of Congress, we have exactly what we are talking about doing for Social Security. It is called the Thrift Savings Plan, and all Federal employees have it.

□ 2230

It is a piece of our retirement and it is money that we put in out of our wages that is matched in part by our employer, which in this case is the House of Representatives, and it goes into a personal account that belongs to us and we get a statement every year

that tells how much we have invested and we have some choices about where we invest that. No, we do not go out and have to ponder every night looking over the stock pages and deciding which stock to buy because it goes into index funds. We can choose a stock index fund where it buys every stock in that index, we can choose a bond index fund where it buys every bond in that index, or we can choose a Treasury bill.

Want low risk? You have got to assume that Treasury bills are probably the safest thing. The government is not going bankrupt. I think we believe that. The government is not going bankrupt. So you can buy a Treasury bill index fund where it buys all the Treasury bills, medium, short, long-term Treasury bills. It has a lower rate of return, but it is absolutely safe. The nice thing is that as you get close to retirement, you can start to shift that from one account to the other. That is exactly what I have done with mine. I want less volatility. I am getting closer to the age of retirement. I want less volatility, so I moved some of it out of the stock index fund into the Treasury bill fund. That is the beauty of this is it gives you some choices to plan for your own retirement. Social Security does not give you that.

Mr. KLINE. If the gentleman will yield, I would like to take this opportunity to go back to the point that the gentleman made earlier in his example of the 48-year-old single mother. The gentleman from Arizona and I are paying in to Social Security. We are in the Social Security retirement system.

We also have the Thrift Savings Plan that he just described. Should I die today, I would not be able to leave for my children or my grandchildren anything out of the money that I have paid for many years, not quite as many as the gentleman but many years into Social Security, but I can leave and I will leave the money that is in that Thrift Savings Plan because I own it. And it underscores the point that the gentleman made earlier, that one of the terrific benefits about having a system that strengthens Social Security, that has a personal account as a component of that is that that money is absolutely yours, and I believe that in all the proposals that we are going to be debating put forward by the gentleman that we have talked about earlier, that account is owned by the individual and they can leave it to their heirs when they die.

It is a major difference between this proposal and the current system. While it is providing wonderful paychecks for my mother, she does not own that. And I want my children and my grandchildren to own something that is part of their retirement system. Unfortunately, as we said earlier, for those that are 55 and up, we cannot strengthen that program for them. Nothing in the system is going to change for them. Nothing. It is not going to get better. It is not going to get worse. It is exactly the same. But for my kids and

my grandkids, what a wonderful thing to have as part of their Social Security account that they will own like the one that the gentleman was describing, the Thrift Savings Plan that can be tailored to their needs and their age and they will own. They can use it in their retirement or they can leave it to their heirs. I just wanted to step in at that moment to see if we could not underscore the important difference between having an account that you own and one that you do not.

Mr. KOLBE. This discussion about the personal accounts and the kinds of index funds they might be invested in leads me to the two kind of final points that I wanted to make here tonight. We heard on the other side, and the gentleman talked about this a moment ago, the comment that was made tonight saying this is being done for the President's buddies on Wall Street. The truth of the matter is, I have been working at this thing for 8 years with a bill. I have never heard from Wall Street on this. The reason is simple. There really is not much in it for Wall Street. Why? Because you are investing in index funds. My colleague may not know this, and I certainly know that a lot of the American people do not understand this, but the Thrift Savings Plan, the one that he and I are a member of, the management fee for that is two basis points. That is two hundredths of 1 percent. That is what the Wall Street manager gets, two one-hundredths of 1 percent of the assets for management of that.

Why is it so low? That is obviously a fraction of what any IRA or any mutual fund that most people have some kind of an investment in, it is a fraction of that. Why is it so low? Because it is an index fund. You are not doing research. You are not making choices about investments. You are buying every stock in the index fund and so each month when more money comes into the fund, you simply execute buy orders for the funds and as you have to sell it for retirement benefits, you execute sell orders for it. It is very simple in that sense. That is why the management cost is so very, very low. I know we are going to continue to hear that bogus argument, but it is absolutely bogus. It is absolutely false. The one other argument that I wanted to address is the gentleman said earlier on the other side, made this point, why introduce risk in the only guarantee that we have. Well, Social Security has undergone more than 50 changes. I think it is actually a lot more than that, but I know it is more than 50 changes since we introduced it in the 1930s. Fifty times Congress has come along and made changes to it, changed the taxes, changed the benefits. We have changed it and added disability. We have changed it in one way or the other.

So if you want to talk about risk in Social Security, then talk about leaving it in the hands of Congress. That is why the personal savings account eliminates that risk, because it belongs

to you. Congress cannot take it away. You have ownership of it and we cannot take it away from you. That is why I think the personal savings accounts are so very, very important. So if we want to talk about risk and we want to talk about reducing risk, let us talk about ways in which we can make sure that people have control over some part and we are only talking about a very small part of the total amount being paid in Social Security taxes, because if I have not made this clear this evening, all the plans we are talking about leave the vast majority of the taxes in the current system, so that it pays beneficiaries today and is going to pay beneficiaries in the future the same kinds of defined benefit that we now get from Social Security.

Mr. Speaker, I appreciate this opportunity this evening to have this dialogue with my friend from Minnesota. I appreciate his comments and I appreciate the passion with which he approaches this issue. I think we both know this is one of the most significant debates I think we will ever have in our lives in this legislative body, because I think it says a great deal not just about the future of Social Security, but it says a great deal about whether we as a Congress are going to have the will to tackle the really tough problems which face us. Social Security, believe it or not, is one of the easier ones. We have to get to Medicare to really look at the very difficult problems that we are facing. But if we can show we have the will to come together and find solutions to strengthening and making Social Security a better retirement system, then I think we can go on to finding ways to strengthen and make Medicare a better health care system for our senior citizens. That is why I know the gentleman from Minnesota is down here tonight, because he believes that and he believes that is exactly what we must do and I believe it very strongly.

In my heart of hearts, I believe that what we are doing here today is to help preserve this system for those who are already retired but also to say to the next generation, we believe that you too should be able to benefit from a retirement system, a Social Security system that will be there for you when you get ready to retire. I believe that this dialogue needs to continue. We have started it this evening, we have joined this debate, and I hope we can have more discussion of these issues, not just with Republicans on one side of the aisle, not just with Democrats on the other side of the aisle but coming together here to carry on these debates and this discussion together and perhaps we can find some kinds of ways in which we can have the solution. I thank the gentleman for his participation.

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. KUHLMANN of New York). Members are re-

minded to direct their remarks to the Chair and not to the television audience.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. GENE GREEN of Texas) to revise and extend their remarks and include extraneous material:)

Ms. WOOLSEY, for 5 minutes, today.

Mr. DEFAZIO, for 5 minutes, today.

Mr. GENE GREEN of Texas, for 5 minutes, today.

Mr. BROWN of Ohio, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Mr. CUMMINGS, for 5 minutes, today.

Mr. MEEHAN, for 5 minutes, today.

Ms. KILPATRICK of Michigan, for 5 minutes, today.

(The following Members (at the request of Mr. GOHMERT) to revise and extend their remarks and include extraneous material:)

Mr. GINGREY, for 5 minutes, today.

Mr. FLAKE, for 5 minutes, today.

Mr. BOUSTANY, for 5 minutes, today.

Mr. ROHRBACHER, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. RANGEL, for 5 minutes, today.

#### EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. McDERMOTT, and to include extraneous material, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost \$1,919.

#### ADJOURNMENT

Mr. KOLBE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 38 minutes p.m.), the House adjourned until tomorrow, Thursday, March 3, 2005, at 10 a.m.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

960. A letter from the Legal Advisor to the Bureau Chief, Media Bureau, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Pittsfield and Easthampton, Massachusetts, and Malta, New York) [MB Docket No. 04-67; RM-10856] received February 9, 2005, pursuant to 5