The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Indiana (Ms. CARSON) is recognized for 5 minutes.

(Ms. CARSON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Oregon (Ms. HOOLEY) is recognized for 5 minutes.

(Ms. HOOLEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. BERMAN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

HONESTY IN GOVERNMENT, PRESERVATION OF SOCIAL SECURITY, AND RELATED ISSUES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Oklahoma (Mr. COBURN) is recognized for 60 minutes as the designee of the majority leader.

Mr. COBURN. Mr. Speaker, I am going to have several Members of Congress join me today, and we are going to talk about several issues, but I wanted to start out on this one, and I want to apologize to the people who are seeing this over C–SPAN in that they cannot read it. But I think it shows a tremendous disparity in our foreign policy that most of us do not understand, and I think we are not very well educated on it as a Nation.

So I want to take some information that is provided by our State Department. This is the latest year's report on two separate countries that we have dealings with presently. This is the report straight from the U.S. State Department's 1998 Human Rights Practices Report.

Country A: The government's human rights record worsened significantly during the last year. There were problems in many areas, including extrajudicial killings, disappearances, torture, brutal beatings, arbitrary arrests and arbitrary detentions.

Country B: This government's human rights record deteriorated sharply beginning in the final months of 1998 with a crackdown against organized political dissent. Abuses included instances of extrajudicial killings, torture, and mistreatment of prisoners, forced confessions, arbitrary arrests and detention, lengthy incommunicado detention, and denial of due process.

Country A: The government infringes on the citizen's right to privacy.

Country B: The government infringes on the citizen's right to privacy.

Country A: The government severely restricts freedom of speech and of the press.

Country B: The government continued restrictions on freedom of speech and of the press.

Country A: Discrimination and violence against women remained a serious problem. Discrimination against religious and ethnic minorities worsened during the year.

Country B: Discrimination against women, minorities and the disabled, violence against women, including coercive family planning practices, which included forced abortion and forced sterilization, prostitution, trafficking in women and children and abuse of children are all problems.

Country A: The government infringed on freedom of worship by minority religions and restricted freedom of movement.

Country B: Serious human rights abuses persisted in minority areas where restrictions on religion and other fundamental freedoms intensified.

Country A: Police committed numerous serious and systematic human rights abuses.

Country B: Security police and personnel were responsible for numerous human rights abuses.

Country A is a constitutional republic; country B is an authoritarian state.

Let me describe these two countries. This is Yugoslavia. We are presently bombing it as we speak. This is China. We presently give them Most Favored Nation's status. The President just spent a week in association with trying to establish World Trade Organization status. There is something wrong with our foreign policy when we take two countries who have equal human rights abuses, one we are trying to make a friend and do things for economically; the other we are bombing. Very, very difficult for us to understand.

As we bring about this discussion of the bombing and the war, the only reason I want to bring it up is because of how it is going to impact what the major topic is that I want to talk about, and that is honesty in government and the preservation of the Social Security system and the utilization of Social Security funds for Social Security and not something else. I would like to yield to my friend from Minnesota (Mr. GUTKNECHT).

Mr. GUTKNECHT. Mr. Speaker, for the benefit of Members like myself who were not listening carefully at the beginning of your presentation, it sounded as if you were quoting from some magazine or document. Where did the gentleman get the quotes he was talking about?

Mr. COBURN. This is from the United States Department of State Report on Human Rights Practices for 1998. This is our government's own evaluation of these two countries.

Mr. GUTKNECHT. Mr. Speaker, one of the countries was Serbia and the other was China?

Mr. COBURN. Correct.

Mr. GUTKNECHT. It is hard to tell which was which from the comments?

Mr. COBURN. One cannot tell which is which from these excerpts from the Human Rights Report.

Mr. GUTKNECHT. This is a nonpartisan group in the State Department?

Mr. COBURN. This is a nonpartisan group. This does not have anything to do with Republicans or Democrats. This has to do with our international relations and our assessment of human rights status, and we do this on every country that we deal with, it is required by law, and here is the assessment for those two countries.

□ 1530

It blows the mind to think that we have the same evaluation by the U.S. State Department, and one country we are trying to befriend and economically aid, and the other country we are bombing today.

THE BUDGET

Mr. COBURN. What I really want to talk about today is the budget, the money. The U.S. Congress for the last 45 to 50 years has been dishonest with the American public about the budget.

I am in my third and final term as a Member of the House from Oklahoma. I am a practicing physician. I have continued to practice medicine since I have been in the House. I delivered 97 babies last year as a Member of Congress. It is the thing I do that I think keeps my perspective the same as those people that I represent.

I heard in the State of the Union, and I also would tell the Members that I am not partisan; my district is mainly Democrats, and I am reelected as a Republican because I am seen as nonpartisan.

But I want to share some of the things that the President said in his State of the Union, and then I want to show the Members that the government is complicit in being less than honest with the American public about where our financial situation is, what the risk of that is to us for the future, what the risk is for our children and grandchildren, and that we tend to minimize, and we talk out of two sets of books.

The first principle that I want to make sure that we understand is the only time the Federal Government really has a surplus is when the debt goes down for our children.

We currently have almost $6 trillion of debt that my grandchildren, and I have two of them, they are going to help repay that debt. That is because we have used a double accounting standard. We do not speak as a body truthfully to the American public about our accounting system or our deficits and our surplus, and neither does the executive branch.

I want to use a couple of points to bring that out, and then I really want to try to make sure that the American public knows where we are in the social security trust fund, how we solve that problem, and what a surplus is and what a surplus is not. Because we continually hear today that we are in a

surplus. We are not in a surplus. We do not have a budget surplus associated with this government.

At the State of the Union speech, I want to give the Members some quotes that I heard. I hope that Members will be patient to understand why this is important. This is not about Democrats and Republicans, it is about returning the people's House to the people by truthfully speaking about what our situation is, so they can in fact have confidence that we are going to deal properly with it, rather than telling a little white lie about what the situation is, and the public knowing that we cannot be trusted to deal properly with it.

President Clinton said this in the State of the Union speech this year: For the first time in three decade, the budget is balanced. From a deficit of $290 billion in 1992, we had a surplus of $70 billion last year.

That is not true. We actually, and I want to show that, if we had a surplus last year in 1998, how come the debt went up $200 billion? How come our children owe $200 billion more this year than they did last year, if in fact we had a surplus? We did not. We borrowed $200 billion, almost, in terms to fund and run the Federal Government above what we actually took in.

It is true, some of that we borrowed from the social security trust fund, but any time we put an IOU to the social security trust fund, we are recognizing a liability that our children are going to have to pay back.

We also are going to have to pay interest, so it is like borrowing from our retirement account to pay off the debt, and then saying we do not have a debt anymore, because we have a debt. If we allowed public companies to raid their retirement programs, we would put the people who made that decision in jail, because we have said that they cannot touch retirement funds. They are projected and protected for the purpose that they will be there in the future.

If we look at this chart, the politicians in 1997 said we had about a $20 billion deficit. But the debt rose from $5,200,000,000,000 to $5,325,000,000,000. In 1998, voila, we have a surplus, the first time since 1969, but look what happened to the debt. The debt rose. How can we have a surplus?

This is a politician's surplus. This is the difference between what we took in in social security and what we paid out and we did not spend, of that difference. If we took in $10 and we spent $6, then we had a $4 difference and we are calling that a surplus, where we still owe the social security system $10.

So it is important for the American public to understand what a surplus is.

Mr. Speaker, I yield to the gentleman from South Carolina (Mr. SANFORD).

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

If we might, just in comparing our respective charts, because I want to show this thing off, staff has been kind enough to put this together, it illustrates the exact point that the gentleman is getting at, which is the yellow here basically is what we borrow in total from each of my three young boys each year. I have a 6-year-old, a 5-year-old, a 3-year old, and a 6-month-old.

The yellow number, for instance, back here in 1994, we borrowed $293. The deficit was $203. In 1995 it was——

Mr. COBURN. If I can interrupt the gentleman, the difference between what we borrowed and what the deficit was is what we stole from social security.

Mr. SANFORD. That is exactly right.

Mr. COBURN. The spin on programs other than social security.

Mr. SANFORD. Yes. So basically $100 billion, to keep the math simple, got borrowed here, and 277 versus 164, again a difference of about $100 billion that was borrowed in 1995. In 1996, $261 was what we borrowed, and 107, a little more than that. We could round it out to be in the neighborhood of $100 billion.

Then going back to the number that the gentleman just talked about, which I think is interesting, because this is this $70 billion surplus, and yet we borrow over $100 billion. So the gentleman is exactly right, common sense and regular language and regular accounting back home would say what we are running right now is not exactly what the rest of America would call a surplus.

Mr. COBURN. Let us spend a little time and tell why it is important that we start being honest with the American public.

Even with the latest numbers that most people in America have read with social security's outflow-inflow changing by 1 year to the year 2014, what we can see is the bars in black represent more money coming into social security than we are paying out.

We can see until the year 2014 we are going to be doing okay. We are going to have more money coming into social security than we are actually going to pay out, so there is cash there that the Federal Government has.

It is smart to borrow that and pay off external debt. I do not deny that that is a smart thing to do. But it does not lower the total debt that our children and grandchildren are going to have to pay back. It is an untruthful statement to say that it lowers our debt. It does not. It just lowers that portion of the debt that the public holds, that Japan holds, that Switzerland holds, that Germany holds. It just lowers that percentage and shifts more IOUs to the social security system.

What is important about fixing social security, and fixing it on the basis that we are going to start being truthful about the surplus, we are going to be truthful about the surplus in the social security account, which is totally different than the surplus for the Federal Government, is that look what happens after the year 2014.

If we take all money that comes from social security, starting in 2014, plus all this, what we will find is we are going to have to go to the taxpayer or to our general revenue. We are going to start having to cut a whole lot of other spending to keep a balanced budget, if in fact we are going to be able to pay what we owe for my generation, the baby-boomers.

I was born in 1948. I am the proverbial baby-boomer. There are going to be a whole lot fewer people working when I get ready to draw social security than were working when I started paying into it. Consequently, we can see out here at the year 2035, $850 billion a year is going to be required in additional revenues for us to just meet the payments of the baby-boomers, just to meet the needs.

We have a couple of ways that we can deal with that.

Mr. SANFORD. As the gentleman is pulling that chart up, Mr. Speaker, what I think is interesting about what the gentleman was getting at, again, is this whole notion that we have said we are going to have surpluses basically as far as the eye can see.

Last year, as the gentleman mentioned earlier, the surplus was $70 billion, but we borrowed $100 billion to get there. Next year they are talking about a surplus of again around $80 billion, but borrowing $130 to get there; the year after that, a surplus of about $100 billion, but again, borrowing $100 billion to get there.

Mr. COBURN. The point we are saying is we do not truly have a surplus until we quit borrowing money external to the United States. Until our debt stops rising we have not achieved a surplus, and it is not proper to tell the American people that our books are balanced until we quit adding to the debt for our children and grandchildren.

We have three options when we get to the year 2014 at that time. We can, one, save 100 percent of the social security surplus, transition to a system with a portion of that in individual accounts, so that what we invest in social security we get a decent return on. Right now the average over the past 30 years has been about 1.2 percent on our investment. We could have had it in a passbook savings and done three times better.

Number two, we can repay the money taken from the trust fund by raising everybody's income taxes, and it is important to understand what that does. That lowers the standard of living for our children and our grandchildren, because the politicians in Washington have not had the courage to be honest and not spend money that belongs to the social security system. Or we can delay the benefit structure. We can say we are going to wait until we are a certain age, or we can cut the benefits.

There are only three things that we can do to fix social security. There are not more than three things to do. We have to do one of those three things. We can deny, the politicians can deny this as a problem, because they are

really more interested in getting reelected; or they can say, we have a problem with social security and it is okay to talk about that, because I do not have one senior citizen in my counties, and that is 18 of them in Oklahoma, who want their grandchildren to lose an opportunity because the politicians in Washington have not done the right thing. They would much rather sacrifice dollars for their grandchildren.

We have an obligation before us. We are at a turning point. The first turning point is being honest with the American people about the budget, not letting the politicians' lingo, because it sounds better, it is easier, and we will not be subject to criticism if we are a little bit untruthful. It is the old question about, a half truth is a full lie. My daddy taught me that from the time I was 2 years old. And a surplus is a half truth. It is a surplus in social security.

We have to do one of these three things. I notice that the gentleman from Michigan (Mr. HOEKSTRA) has joined us. I wanted to welcome him and thank him for being here to discuss this issue with us.

Mr. Speaker, I yield to the gentleman from Michigan (Mr. HOEKSTRA).

Mr. HOEKSTRA. Mr. Speaker, I thank my colleague, the gentleman from Oklahoma, for yielding to me.

The options that the gentleman lays out are probably the range of options that we have, although under option one, we probably have a number of different alternatives for how we would reform and strengthen the foundation for social security.

I hope that that is the option that this Congress pursues and pursues aggressively, because if we begin in 1999 to take a look, a serious look at reform, and if we implement reform in this Congress, that gives us, then, you know, we have a time window then of 14 or 15 years to get ready before we hit that wall in 2014. That is a much better option than the number two, which is raising taxes.

Or we end up cutting a bunch of services in the other area of the government, but I do not think that will ever happen, or to change the fundamental structure of social security by delaying the retirement age or cutting benefits and those types of things.

So the opportunity, and really, the thing that we have to take a look at in this Congress is reforming social security along the lines that our colleague is developing a plan on, but that is the mandate that is in front of us.

Mr. COBURN. It is interesting to note, as this deficit, this amount of money that we are going to have to take from the general fund comes up, what we are going to do is we are either going to raise taxes or we are going to raise FICA taxes to take care of this, it is estimated a 25 percent FICA tax instead of the 12.5 percent FICA tax.

The other thing to note, so everybody can really understand this idea about the debt, is the debt is growing at $275 million a day right now. Right now the national debt is growing at $275 million a day.

□ 1545

That is a number that I cannot comprehend, let alone billions. If we divide it up to individuals, look what the individuals now owe. In 1997 every man, woman, and child in this country was responsible for $19,898; 1998, $20,123; 1999, at the end of this fiscal year, they will be responsible for $20,693.

That does not include the interest that is being charged on that every year, which is now, I guess, the largest or fast becoming the largest component of the Federal budget at about 17 or 18 percent of the money that we collectively spend of the tax dollars that come in.

Mr. GUTKNECHT. Mr. Speaker, if the gentleman will yield, I wonder if the gentleman from South Carolina (Mr. SANFORD) would put that chart up again.

The gentleman from Michigan (Mr. HOEKSTRA) did not come in in the class of 1994, but the rest of the three of us did. I might just say that I almost wish that the gentleman from Oklahoma (Mr. COBURN) had not promised to limit himself to three terms, and I believe the gentleman from South Carolina (Mr. SANFORD) did the same. We desperately need people like them in the Congress because they have been valuable Members and people who have been willing to take the tough votes to make the progress.

I want to point out I think whenever we are talking about the budget or making any kind of long-term plans, we have sort of got to look at where we are and where we are going. I think the important thing about this chart, it really points out two things.

First of all, we still have got a problem. But I think it also points out that we have made significant progress. I think the voters back in 1994 said enough is enough and they said let us send a whole new team to Washington that really is committed to balancing the budget, fiscal responsibility, and what I call generational fairness, because at the end of the day what we are talking about is being fair to the next generation.

But I want to point out, though, that at least we are moving in the right direction as it relates to the deficits, no matter how we measure them, because in 1994 we were looking at deficits of over $200 billion, and actually we were talking over $300 billion if we included the Social Security Trust Fund money. In fact, the Congressional Budget Office told us in the spring of 1995, based on the President's budget recommendations, that that deficit was going to grow from about $225 billion to about $690 billion.

Some of us said that that is not the direction that the American people want to us go. We got busy. We eliminated 400 programs. We have cut the rate of growth in Federal spending by more than half. As a result, at least we are headed in the right direction.

But I think the point of this discussion today is there is so much more to be done. I do want to say at least a good thing about the budget that we recently passed, I think there are four important points that need to be made about the budget resolution that just passed this House, and in fact passed the House and the Senate in the form of a joint budget resolution.

But first and foremost, every penny of Social Security taxes for the first time is going to be reserved for Social Security. Secondly, we preserve the spirit of the balanced budget agreement of 1997 in saying that we do intend to keep those spending caps. Third, we actually begin to pay down some of the debt that is owed to the public.

We are not talking about the overall debt because we have got this big problem with Social Security. Frankly, the only thing that Social Security surpluses can go to is buying government bonds. That may be something that we want to look at as we go forward.

But, finally, and I think this is important as well, we make room for some tax relief for working families. Americans today are paying the highest total tax rate that Americans have paid since World War II.

So we do believe that if we can exercise the fiscal discipline that we need to exercise over the next several years, we can actually begin to strengthen Social Security, have honest budget surpluses, and provide tax relief for the American families if we are willing to continue to apply the kind of fiscal responsibility that we have had for the last 4 years.

Mr. COBURN. Mr. Speaker, let me show my colleagues how that plays out. Down here is the President and Vice-President Gore's budget as submitted to the House and the Senate. Here is the budget that was passed, that passed the House. In terms of the effect, the zero line is right here. This is real surplus. This is honest accounting. This is not playing games. I would remind people, this is not my opinion, this is Congressional Budget Office and OMB numbers. All right, so they are not my numbers.

If we restrain spending, as the gentleman from Minnesota (Mr. GUTKNECHT) just discussed, where we stay within the budget caps that were agreed to in 1997 and that we get our hands off Social Security, what we see is that somewhere right after the year 2000 we start running a real surplus. As a matter of fact, there are people who are projecting this year that because the economy is so good, and because one is paying so much in taxes and that we have restrained spending, that we may have a $6 billion or $7 billion true surplus, real honest non-Washington-based surplus this year.

But if we do not restrain spending, and we increase taxes as the President

has suggested and we increase programs and we increase spending, look what happens. Under his plan there is no real surplus till 2004. All this in the red below the line and all this in the green below the line goes to our children in debt. Everything above the line, the little bit of red there and the whole bunch of green there, reduces the debt. So we do have a way to take this burden of lack of opportunity for our children away from the future, and that is restraining spending.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman will yield, I think this is a point that I do not think we can drive home often enough. There are those back in our districts who talk about cutting spending. We have not cut spending.

Mr. COBURN. That is right.

Mr. HOEKSTRA. Mr. Speaker, what we have done is we have slowed the growth of Federal Government. So my colleagues know spending has not been cut. What we have done over the last 3 or 4 years, and what we did in the balanced budget agreement of 1997, which we continue in this budget agreement that we just passed a couple of weeks ago, is we agreed to live within the caps that restrain the growth of new spending that we would incorporate here in Washington.

So we said, government, we are going to allow it to get bigger, we are just not going to grow it quite as fast. By just slowing the growth of government and sticking to that plan, we achieve real surpluses, and we achieve a significant surplus over the years beyond 2000 and allow some room for some of that money to go back to the American people.

Mr. COBURN. Mr. Speaker, let me make a little correction. We hope to achieve real surpluses if the tendency of Washington is restrained to throw money at everything, and so that is our job.

We are going to be talking here in a little bit about how what the President has put us into in terms of Kosovo is going to affect all these numbers. It is important that we have a discussion about that and how it is going to impact us.

The gentleman from South Carolina (Mr. SANFORD) actually has a chart that shows what has happened.

Mr. SANFORD. Mr. Speaker, if the gentleman will yield, I just want to follow up what the gentleman from Michigan (Mr. HOEKSTRA) is suggesting.

I have got friends back home that said, ''MARK, are you all a bunch of green-eye-shade-covered accountant types in Washington, or are you not the guys that are cutting spending in Washington, taking stuff away from people?'' Again, as the gentleman from Michigan (Mr. HOEKSTRA) just pointed out, no. In other words, that may be the rap that at times people send in this direction, but reality is very, very different.

That is, if we look at this one-way upward curve, what we are talking about is trying to restrain the growth and spending in Washington as opposed to cutting. There is not any cutting that is going on here, but an attempt to restrain the growth. The reason that I think that is so important is well illustrated with the second chart, which shows that basically Washington has been getting a lot more of a pay raise than folks back home.

If we look at each year, the purple line is the degree to which spending has been going up in Washington versus the orange, I guess that is orange, orange line showing the rate at which growth or incomes have been going up at home. All we are trying to do is keep the two equal. In other words, if Washington is getting a pay raise, it ought to be equal with what folks are doing back home, not above that.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman will yield for a minute, when we are talking about a Washington pay raise, we are not talking about what they pay Members of Congress versus what people back home are getting.

Mr. SANFORD. Mr. Speaker, we are talking about how much goes through this place, which is $1.7 trillion.

Mr. HOEKSTRA. Mr. Speaker, we are talking about the money that Washington believes we ought to spend, instead of the American people spending, on a variety of programs and services.

Mr. COBURN. So even with the hard work we have done in trying to restrain spending since the three of us came to Congress, the gentleman from Minnesota (Mr. GUTKNECHT), the gentleman from South Carolina (Mr. SANFORD), and myself, Federal Government spending has still, including this budget that we just passed, risen 20 percent. Over $300 billion a year, us fighting with all our energy to try to limit spending, it has still gone up by that. So it is very important that this concept of restraining spending be helped.

I want to get back to Social Security just for a minute, if we can, because the other thing that is important, and we talked about what is going to happen, is Social Security taxes. If we just let the tax rate rise on one's working wages, remember, this hurts middle income and lower income more than it hurts anybody because there is a maximum limit at which one pays Social Security taxes on. So what happens is the rate is going to go from this 12.5 percent to a rate of almost 20 percent as we get out into the next millennium, the next century.

So if we take the fact that right now we are paying 12.5 percent, and we are going to take and almost double that rate of taxes on our children so that we double the amount of money that is coming out of their paycheck every month, we can see very easily what we are going to do is lower their standard of living. So it is a real problem. It is a problem we have to address.

One other thing that I think is important is, if we look at the demographics of the Social Security system, and if one happens to be 65 right now, one will have a life expectancy of about 82.5 years. If one earned the average wage in 1998, one will have to live 5.1 years past one's life expectancy ever to get the money that one puts into Social Security back, let alone get any earnings off of it.

If one is 54 right now, one's average life expectancy is 82.9. One will have to live to 99.1 years to just get even with one's money.

The third age group, 44, one's life expectancy is 83.3 years. One is going to have to have to live to 102 to ever get one's money back that one put in, let alone any benefit off that money.

If one happens to be 34 years of age, one is going to have to live an extra 16.7 years past one's life expectancy ever to get one's money back.

There is something fundamentally unfair about making our grandchildren drop their living standard to pay for their retirement when we can do it another way and still provide every benefit that has ever been promised to anybody that is on Social Security or who is going to be on Social Security.

So it is not an impossible problem, but it is a problem that the politicians use to drive wedges between candidates when our real job up here ought to be solving the problems for the American public, not trying to make political hype.

So I think this is one of the most revealing things. It is unfair to our children and our grandchildren to ask them to pay into something that they know they are never going to get the return back.

The polling data, which I hate polling data but I like this one, more young people believe in UFOs than believe that they are going to get their money back out of Social Security. And they are right, because they are not going to get their money out of Social Security the way the system is set up today.

Mr. SANFORD. Mr. Speaker, if the gentleman will yield, it is funny what those numbers translate into, because I had seen recent numbers that showed for a young person born in 1970, making $24,000 a year, which is average income, assuming they never made a pay raise, in other words they never had an increase in their pay over the course of their lives, they kept earning that $24,000 a year, what they could expect to get returned to them on their Social Security was 0.4 percent if they were male. That is not 1 percent, that is four-tenths of a percent. If they are female, it is 0.7, seven-tenths of a percent.

Mr. COBURN. Mr. Speaker, reclaiming my time, it is important that we explain what that means because a lot of people at home may not. That means if one had $100, one would get 40 cents for it if one were a male. If one had $100 invested and one were a female, one would get 70 cents for it.

If one puts it in a CD or even a passbook savings, one gets $3.50 on it. So

one gets four to five to six to even almost nine times, if one is a man, more money investing the same amount of money into a passbook savings account that is guaranteed by the Federal Government to $100,000, than one would by paying one's Social Security money.

Mr. SANFORD. Mr. Speaker, the same study, if one were black, one would actually earn a negative rate of return on the investment because of the shorter life expectancy with black males.

So this translates into real money over a person's retirement, because that difference that the gentleman from Oklahoma pointed out, the difference between $3.50 or $4 of earnings on $1 versus 70 cents or 40 cents can make a big difference over time.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman will yield.

Mr. COBURN. I am happy to yield to the gentleman from Michigan.

Mr. HOEKSTRA. Mr. Speaker, I think the other thing that is important when the gentleman is talking about explaining this, the numbers, when one takes a look at one's check stub and it says the FICA and the Social Security and one sees the 6.25 percent, recognize that one's employer matches that dollar for dollar.

One of the bills that I have introduced says that at the end of the year when one gets one's W–2, that the W–2 ought to state clearly what one has paid in FICA taxes and what one's employer has paid in matching FICA taxes, because really it is all one's income. That is paid specifically on how much one makes. If the employer did not have to be paying that in taxes to the Federal Government, that could be a part of one's wage.

It is a hidden tax on each and every American. Again it is one of these ways, secret ways that a time back they went to Washington and they said how can we get some more money without letting the American people know how much we are really taxing them? They said, well, there is the employee's share. Let us create a matching employer's share. It never gets reported anywhere.

□ 1600

It never gets reported anywhere, but it clearly is income. It is revenue that an employer receives that, if they did not have to pay it in taxes to the Federal Government, they could pay it to the employee. Then when an individual gets a .004 return on that, he or she is not only getting a .004 return on the money that the employee had set aside; it is the same return that the money that is being set aside by the employer is earning. And that is not right.

Mr. COBURN. There is an interesting case law on this. There was a company, I will not mention their name, that had several thousand employees in the State of Colorado who decided to do that on their paycheck stubs, and the IRS and the Social Security System took them to court and made them stop and they won.

So the idea that there is some secrecy about this is true. If the American public actually recognizes the amount of money withdrawn from their paycheck, and paid also additionally by their employer, and that that money is really theirs that they cannot have because Washington is consuming it, the participation rate and the recognition of the value of what they are getting would rise in terms of their acknowledgment of it, and we would see much more activity on the part of the regular citizen to help us try to change the mindset of spending more of their money.

One final point I would make is that all through this we have shown this graph that depicts the rise in spending. And the question that I continue to be asked, and the question that I ask to people in my district, is how many people believe that the Federal Government is efficient? They kind of snicker.

That is not to say we do not have some great Federal employees, but bureaucratic run programs typically are not very efficient. There are exceptions to that. But the fact is that we have allowed growth while we are sitting here scraping our fingernails against the chalkboard trying to hold down growth in the Federal Government. We have still allowed a $300 billion increase over the last 5 years in terms of budgets. This counts the fact that we have not really squeezed any efficiency into this government yet. We have just trimmed some of the programs.

But there are many gains that can be made in efficiency. There is over 100,000 IRS employees. How many people in this country are spending tons of money having their taxes prepared? How many of them understand how to fill out their taxes? There are productive jobs for everybody that works at the IRS somewhere else in the economy today. And if we take and drop 90,000 or 95,000 people out of the Internal Revenue Service and put them into productive jobs elsewhere, and we have simplified the Tax Code where we know what we will pay and we do not have to have 90,000 additional people to collect the money, we get benefits both ways. We save money paying our taxes and the government spends less money collecting.

So there are just hundreds and hundreds of things we can do, but we do not have the political power to do it yet and it is because America is not awake. They were awake a little bit in 1994, and they fell back asleep because they were disappointed because they felt all politicians were the same. I am here to tell them that we are not. There are those who want to change things. We want Americans to send people here, I certainly want them to send people here who are willing to make the sacrifices and the political sacrifice to do some of the changes.

I think the gentleman from South Carolina (Mr. SANFORD) had a very interesting chart, and this has to do, and I will let him introduce it, but I want to give it a little preview.

Had the politicians done what they said they were going to do starting in 1938 with Social Security, what we would find out is the amazing principle the gentleman is about to talk about.

Mr. SANFORD. This just goes back to what we were talking about, which is the very poor rate of return that could be projected for future retirees in the current system. That is not to say that Social Security has not done a lot of good for my mom or my grandmom. It is simply a question of the demographics that are coming our way that the gentleman outlined earlier.

That translates to a real squeeze in the system and a real squeeze in terms of the rate of return that a young worker can expect to get out of the current system.

One of the things I most frequently hear from folks back home is, ''You know, MARK, if you all would just keep your hands off my Social Security money, I would have been fine.'' And we actually looked into that, and it turns out they are right.

Because if the surpluses that had come along in past years, and again we missed the number 1937 in the upper left-hand corner, but in 1937 there was a surplus of $766 million in the Social Security System. If instead of that money being borrowed and spent on other things in government, if that had gone into a real account and it had grown and compounded over time, and again this is not a hypothetical number, if it simply had been invested in the stock market, and I am not saying we should put all of Social Security money in the stock market, I am not saying anything like that, just using this as an example of the power of compound interest, if that money had simply gone into the S&P 500, it would today be worth $1.17 trillion.

If we follow this argument out, in 1938 our surplus was $365 million in Social Security. If we had put that in the S&P 500, let it grow and compound over time, today that would be worth $485 billion.

In 1939, our surplus for Social Security was $590 million. If we had invested that money in the S&P 500, and simply let it grow and compound over time, today that would be worth $680 billion.

When we add all these up, we are looking, between the years 1938 and 1942 alone, if Washington had kept its hands off the money, we would have $4 trillion in the bank, which would be solving the whole problem we are here discussing in the place.

Again, I am not saying this to suggest that we should put all Social Security money in the stock market.

Mr. COBURN. What the gentleman is saying is, if we had had a 12 percent rate of return rather than 6/10ths of 1 percent of real rate of return, we would not have a problem with Social Security.

Mr. SANFORD. Right.

Mr. COBURN. And the other answer to that is, when are we going to start?

And we have to start now. Now is the opportunity. The American public is awake and knows that there is a problem with Social Security. It is time to be totally honest about that regardless of what the political costs are. We were sent here to solve problems, not to protect ourselves politically.

Mr. SANFORD. That is right.

Mr. COBURN. And if we start today by preserving what money there is, and allowing it to earn a rate of interest that is comparable with other investments that we can have in a retirement program, and we can do that, and we can do that without putting it in the stock market, then we will start on the road to making it healthy again.

The other point that I would make is that had we done what the gentleman suggested just for those 6 years, just those 6 years and not done it for any of the rest, we would have $4 trillion earning about $300 billion a year, which is more than what we are going to pay out in Social Security this year. And we would not be having to pay a penny in Social Security taxes. In other words, the power of compound interest, had we saved the money instead of spending it, we could lower everybody's Social Security taxes now.

So we have to move to that, and we have to create that opportunity for our children.

The gentleman from Minnesota.

Mr. GUTKNECHT. I thank the gentleman for yielding. I was not listening as carefully as I should to our colleague's presentation about the magic of compound interest because I was visiting with our former colleague, also a classmate of 1994, Mr. Neumann from Wisconsin, who is here with us today. And we are delighted to have him back in Washington because he was one of the people who really was a trailblazer in terms of balancing the budget, paying down debt, and actually becoming honest with the way we account for Social Security.

I want to come back to a couple of points that the gentleman from South Carolina (Mr. SANFORD) raised, and I think they are very important points, the first of which is, and many Americans do not know this, that one of the most brilliant Americans, one of the most brilliant people of the 20th century, was, arguably, Albert Einstein. I think most people would agree with that. And he was the one who was once asked what the most powerful force in the universe was. And he said, somewhat in jest, the magic of compound interest. So when we have one of the most brilliant men of the 20th century talking about the magic of compound interest, it adds even more credibility.

I have been giving this presentation on Social Security in my town hall meetings, and I talk about generational fairness. I have talked to seniors, and I give the presentation to high school kids, and I give the presentation to baby boomers, rotary clubs, wherever I can get a chance to talk about this, because I do think people need to understand where we are, where we have been and where we need to go. I think in terms of generational fairness we need to talk to all those groups. But I always ask them, whatever age group I am speaking with, and it is particularly true of the younger people, how many of them would put 12.5 percent of their income, because that is, in effect, what people put into Social Security right now, how many of them would put 12.5 percent of their income into a retirement plan which, over the last 20 years, has had an average rate of real rate of return of 1.9 percent.

None of them. Absolutely none of them. In fact, it is a tribute to our American educational system because our kids in high school and college today are smart enough to figure out that is not a very good rate of return 1.9 percent. And I must apologize to them, because I was not quite as familiar with the numbers. Actually, for those younger people, people who are in high school and college and younger workers perhaps under the age of 30, it is not a 1.9 percent rate of return on their money, it is actually a negative rate of return on their money.

And at some point I think we have to be honest with all those generations, and I say it from this perspective. I was born in 1951. And, actually, there were more kids born in 1951 than any other year. I represent the peak of the baby boomers. My parents are both living. The last thing we are ever going to do is pull the rug out from under our parents. We cannot do that. Medicare, Social Security, my parents depend on it and lots of people's parents depend on Medicare and Social Security.

As a baby boomer, though, I recognize that we represent such a huge glut that it is going to take some Herculean efforts on the part of our kids to keep this thing afloat. So we are going to have to make some adjustments. And I am one who says that baby boomers ought to be able and ought to be willing, in order to save the system for our kids, to take some modest changes.

I do not know if any of my colleagues agree with this, but I think, on behalf of our generation, I would be willing to work another year, maybe another 2 years. I would be willing to adjust the way the cost of living adjustments works. I would be willing to make some rather significant adjustments, if only, and this is a big if, if I and younger generations could have an opportunity to at least take a portion of that 12.5 percent tax that we pay on Social Security and be able to put that into some kind of a personalized retirement account.

Because I am nervous about letting the Federal Government invest in the stock market. And many seniors that I have talked to are very nervous about having the Federal Government invest directly in the stock market. Alan Greenspan has argued that. But I do think we ought to set up a system that allows individuals to invest a portion of that 12.5 percent in their own personalized retirement account.

I hope that is the direction this group and this Congress is going to go.

Mr. SANFORD. If the gentleman will yield, one of the reasons I think the gentleman's point is so interesting is the Supreme Court decision of 1960, which was Fleming v. Nestor. And, basically, what it said is that none of us have any legal claim whatsoever to our own Social Security money.

So this whole issue of private property rights, the issue of owning our own account, seeing a monthly statement, knowing to the penny how much is there, I think, is very, very important.

Mr. COBURN. I want to discuss just one more little learning model that we can learn from the past. One of the ways Social Security got in trouble is called political expediency.

If I want seniors to vote for me, I give them more benefits. But I do not ever tell them that the cost for that benefit is, number one, we cannot afford it; and, number two, if we are really going to pay for it, it will cost their grandchildren and their children a whole lot of money. And what has happened over the past 40 years, as things have been added in terms of Social Security, as benefits have changed and have been raised, the politicians did not have the courage to say, wait a minute, from an extrapolation and a demographics standpoint, this does not work. Well, we will ignore that; that can be somebody else's problem down the road.

Well, we are at that point. We are down the road. We have not in the past done the responsible thing to make sure Social Security was viable. The only thing we can take from that is learn from it and not make the same mistakes.

So the integrity of being honest about the problems in Social Security, the commitment to making sure that those that are dependent on it today and in the future will have, that are the two principles that we have to follow as we try to solve this problem. And the number one portion of that is to try to keep the Social Security money out of the hands of spending in the U.S. Congress.

Mr. HOEKSTRA. If the gentleman will yield, I think the reason that we are now in the Social Security debate is because of the progress that we have made in the last 3 or 4 years, where, relatively speaking, we are near or at a surplus. This year we may have an actual surplus, disregarding the inflow into the Social Security Trust Fund.

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Now is the time to have that debate. And as we said in our budget, the first thing we want to do is to set aside all of the Social Security dollars so that we can have a meaningful debate on Social Security reform, we can have a meaningful debate on Medicare reform.

I mean, we see it every day. There are all kinds of suggestions out there

about how we should take this ''surplus'' and how we should spend it. And as my colleague from South Carolina has said, what that means is, if we got a surplus, there are all kinds of ideas how people are now suggesting that this surplus stays here in Washington and we spend it rather than securing our future for the next generation or paying down the debt or reducing the taxes. It seems like there are a lot of people who believe Washington should be first in line and we ought to accelerate now that growth in spending, and that is the wrong thing to do.

Mr. COBURN. Mr. Speaker, let me go into one area so that we are completely honest with the American public.

The President has sent the House and the Senate a supplemental bill. There is great debate on what the deficit is in terms of the need of our military, especially now when we are now exposed on one front and potentially exposed on another front. There is no question that we have underfunded the requirements to have a readiness capable military. There is some debate about the money.

But the American public needs to make known to this body and to the Senate that if in fact they do not want Social Security money used to pay for that, they better let their representatives know it, because that is exactly what is going to happen.

The group of gentlemen that are with me have routinely fought to pay for everything that we do up here by cutting some program somewhere else. I do not believe that is going to happen this time, and it is not ever going to happen until we continue to contrast that when we spend money, that we are not willing to have the courage to cut spending somewhere else.

Where are we getting the money? We are stealing it from Social Security. We should not run from that issue. We should talk about that issue. And as we talk about it, I believe the public will demand on the body politic in this country to do the sharpening and cut the fat and promote the efficiency that we need.

Mr. SANFORD. Mr. Speaker, if the gentleman would further yield, Madeleine Albright came and testified before one of the committees that I am on, the Committee on International Relations, today, and she testified before the Senate yesterday. And on this very point, I think her reply was interesting, because when asked, should we offset the proposed supplemental for Kosovo, the answer was no, because if we did that it would mean money could come out of USAID, the State Department and a host of other priorities, as she put it, here in Washington.

The simple question the people need to ask back home is, is USAID and State Department spending a higher priority for them or is the money going to their Social Security a higher priority, is a question that needs to be asked.

Mr. COBURN. Absolutely. And it needs to be raised and continue to be talked about so that Washington hears. I know what that answer is in the American public. It is the same everywhere. ''Get your hands off my Social Security money. Make the hard choices somewhere else.''

Mr. HOEKSTRA. I think the other interesting question is not only to ask is this more important than Social Security, it is if we are risking young men and young women's lives in Kosovo, is there no place else in the budget that we could find $6 billion? Is the only thing to say it is an emergency, not say everything else is as equal of a priority?

I think as we have taken a look at all of this, we spend $1.7 trillion per year. We all know that there is lots of bureaucracy, there is lots of red tape. There are other places where, if we really went after it, we could find the dollars to fund this without raiding Social Security and be able to do Kosovo and just say for those Members that believe it, this mission in Kosovo is so important we are willing to reduce spending in some other areas because this is a new priority.

Mr. GUTKNECHT. Mr. Speaker, I want to follow up on that because I think sometimes that does get lost in this whole debate.

This budget we are talking about this year is $1,700 billion. Even $6 billion, which I think is a little bit pricey for what we hope to achieve in Kosovo, but that is a separate debate, even that, though, represents a relatively small percent and about one-half of 1 percent of the total Federal budget. So the idea that we cannot find the money with offsets somewhere else in the budget, I think outside of this Capitol and outside of the circle here in Washington, I think most people do not believe that.

But I want to come back to another point, and really it does come back to in terms of our cost for defense in these special supplemental appropriations and I think it is an important one. I think the American people need to know that over the last 40 years, up until the last 8 years, the United States had deployed troops around the world 8 times, but in the last 8 years, we have deployed troops 33 times. And I think sometimes we have to ask, is all of this really that necessary? Is it worthwhile? I mean, this is an enormous expense to the taxpayers.

I think there is another question that needs to be asked before we vote on the supplemental, and that is about burden sharing. When President Bush decided that we had to stand up to Saddam Hussein, he went to our allies and he got them to pony up. And the net was the war in the desert actually made money for us. We actually came out ahead on the Desert Storm operation.

I think it is time for us to be brutally honest with our allies in Europe, that if they want us to help participate in a war that is really much more important to Europe than it is to people of the United States, then there ought to be a better cost sharing, a burden sharing.

Because right now, basically, our obligation to NATO is to pick up between 22 and 25 percent of the cost. Some of us believe that is still a little bit steep. But right now we are flying 75 percent of the sorties, we are delivering 90 percent of the ordnance, and I suspect when the accounting is done, we are shouldering about 75 to 90 percent of the cost of this operation.

And those are legitimate questions and I think we, as representatives of the people of the United States, have a right to ask those questions and demand honest answers.

Mr. COBURN. Mr. Speaker, I want to close this out. One of my heroes is Martin Luther King. And I have said this many times on this floor, but I do not think it could be said often enough, his last major speech that he made was at the National Cathedral here in Washington; and in that speech he said, ''Cowardice asks the question, is it expedient? And vanity asks the question, is it popular? But conscience asks the question, is it right?''

It is popular to not talk about the problems we have with Social Security. It is politically very expedient not to be honest about the budget. But it is not right. And until this body, all sides of the body, until the executive branch starts becoming honest and accurate with the words they use about our budget and our situation with Social Security, we are not going to solve the problems.

We have to ask the right questions. And the first question we have to ask is, ''is it right?''

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 999, BEACHES ENVIRONMENTAL ASSESSMENT, CLEANUP AND HEALTH ACT OF 1999

Mr. REYNOLDS, from the Committee on Rules, submitted a privileged report (Rept. No. 106–103) on the resolution (H. Res. 145) providing for consideration of the bill (H.R. 999) to amend the Federal Water Pollution Control Act to improve the quality of coastal recreation waters, and for other purposes, which was reported to the House Calendar and ordered to be printed.

DEMOCRATS CELEBRATE EARTH DAY

The SPEAKER pro tempore (Mr. NEY). Under the Speaker's announced policy of January 6, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, this year the Democrats are celebrating Earth Day, which is tomorrow, by continuing our efforts to leave a real environmental legacy for this year and future years, for this generation and for the next generation. And we are proving that environmental protection and economic competitiveness are not mutually exclusive. In fact, they will be