If part of the problem is that our Justices attend too many national conferences, then perhaps we should legislate against them attending any conferences outside the country whose Constitution they are sworn to follow. After all, when they cite international opinion that was not in existence at the time the Constitution was written, they are going beyond the legislative history. They are legislating themselves. If they want to do that, they should do as some of us who were judges have done in Congress: we left the bench and we ran for the legislature to have that opportunity.

You want to deal with the Ten Commandments? Well, you took an oath to defend the Constitution. Try the commandment that says ''thou shalt not lie.''

When our highest Court seeks international opinion on what is right or wrong, it should ask itself where international opinion was when the Nazis were killing millions of people. It should ask itself where was the international opinion when Saddam Hussein was killing thousands of his own people. Some of the sources of this international opinion they rely on were selling equipment and supplies to Saddam Hussein as he murdered people.

Friends, I have not mentioned the propriety or impropriety of the actual outcomes of these recent Supreme Court decisions, but I call to account the disgustingly subjective and arbitrary process that has been guiding this Supreme Court. The majority on the Supreme Court has figuratively been a bunch of emperors with no clothes. The few judges left on the court with judgment must find it difficult working with a bunch of naked self-crowned autocrats.

In England, devoted patriots are fond of saying, ''God save the Queen.'' In America, it is time for devoted Americans to say and to pray in earnest, ''God save us from this Supreme Court,'' and then remove those who have ceased being judges and have become the worst nightmares of our Founding Fathers.

CONTINUATION OF THE NATIONAL EMERGENCY WITH RESPECT TO IRAN—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 109–15)

The SPEAKER pro tempore (Mr. DENT) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations and ordered to be printed:

To the Congress of the United States:

Section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)) provides for the automatic termination of a national emergency unless, prior to the anniversary date of its declaration, the President publishes in the *Federal Register* and transmits to the Congress a notice stating that the emergency is to continue in effect beyond the anniversary date. Consistent with this provision, I have sent the enclosed notice stating that the Iran emergency declared on March 15, 1995, is to continue in effect beyond March 15, 2005, to the *Federal Register* for publication. The most recent notice continuing this emergency was published in the *Federal Register* on March 12, 2004 (69 FR 12051).

The crisis between the United States and Iran constituted by the actions and policies of the Government of Iran, including its support for international terrorism, efforts to undermine Middle East peace, and acquisition of weapons of mass destruction and the means to deliver them, that led to the declaration of a national emergency on March 15, 1995, has not been resolved. These actions and policies are contrary to the interests of the United States in the region and pose a continuing unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. For these reasons, I have determined that it is necessary to continue the national emergency declared with respect to Iran and maintain in force comprehensive sanctions against Iran to respond to this threat.

GEORGE W. BUSH.

THE WHITE HOUSE, *March 10, 2005*.

REFORMING SOCIAL SECURITY

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

Mr. BEAUPREZ. Mr. Speaker, I rise today to address this House and the people of the United States of America on a very, very timely subject: Social Security and, more specifically, the opportunity to reform Social Security. Now, recently, the President, President Bush, has been given a whole lot of credit, or blame, whichever your perspective may be, for even bringing this issue to the forefront of the American people and to this body.

I have the pleasure of serving on the Committee on Ways and Means of this House of Representatives; and, of course, it is going to be the obligation of the Committee on Ways and Means to deal with this issue and try to bring some consensus to the subject of how we might reform, fix, strengthen Social Security, an institution that has served generations of America very, very well, going back to the era of just post the Great Depression when my parents were just about to enter the working environment themselves as young adults.

So we do this with some degree of trepidation, but we also do it with a considerable sense of obligation to our children; in my case, a grandson now, knowing that an entitlement program such as Social Security that is especially critical to the survival, and I say that word advisedly, survival of so many of our senior citizens and especially the lower-income members of our senior citizen population who absolutely rely on Social Security for their very sustenance, we should pass that benefit, that promise of America on to our children's generation and all generations to come. That is not an easy challenge, as we are going to talk about in the time I have had allotted to me tonight.

Now, as I said at the beginning, at the outset, President Bush seems to get a tremendous amount of credit these days for bringing this to our attention. If the truth be known, President Bush was not the first one to point this out. In fact, if we go back to the very beginning, Franklin Roosevelt himself, often called the Father of Social Security, told us then that the plan put in place, the plan we are still on, was but a starting point, was but a beginning; that it would not be sustainable, nor adequate, forever; that at some point in the future, he even used the word ''annuity,'' an annuity would have to be created, a prefunded liability, a prefunded liability set aside to augment Social Security, because Social Security was never going to be adequate for the entire challenge in front of us.

Now, in addition, and much more recently than Franklin Roosevelt, our last President, the 42nd President of the United States, Bill Clinton, recognized the challenge in front of us and the obligation in front of us to reform Social Security. Now, President Clinton, as this poster to my left says, President Clinton in his State of the Union address in January 1998 said: ''We will hold a White House conference on Social Security in December. And one year from now, we will convene the leaders of Congress to craft historic, bipartisan legislation to achieve a landmark for our generation: a Social Security system that is strong in the 21st century.'' Bill Clinton.

President Clinton appointed that commission, and it was headed by Democrat Senator Daniel Patrick Moynihan.

President Clinton, just a month later, in February of 1998 also had these words to say at an address at nearby Georgetown University: So that all of these achievements, these achievements meaning the economic achievements, our increasing social coherence and cohesion, our increasing efforts to reduce poverty among our youngest children, all of them, all of them are threatened by the looming fiscal crisis in Social Security. President Clinton said that.

Now, recently, very recently, President Bush has been attacked for even suggesting that there is a problem, perhaps even a crisis with Social Security. I submit to my colleagues again that President Clinton certainly thought that there was, and I say to my colleagues I certainly think that there is as well. We will talk about that in the next little while.

How was Social Security established? Well, again, when my parents were young adults back in the mid- to late 1930s, coming out of the Depression, I am sure that in this very same Chamber, Members of the House of Representatives, led by a directive from President Roosevelt, felt an obligation to some of our seniors that were struggling; and coming out of the Depression, I am quite certain times truly were tough.

And this great Nation wanted to be there for those that needed us the most and had every right to ask for a bit of a helping hand so that they might have dignity in their last days. So Social Security became the program to provide just a little bit of support to maintain that dignity as people lived out their last days.

When it was established in the beginning, there was but a 2 percent tax placed on the first $3,000 of income a worker had. Now, there are a couple of other little details that are of fairly great significance. Back when it was established, for every beneficiary, every individual who received a Social Security benefit, there was about 42, 43 workers that paid the tax that created the immediate revenue to provide the benefit to that one worker, about a 42 to 1 ratio.

By 1950, shortly after I was born, demographics had changed and there were but 16 workers to pay for one beneficiary.

□ 1630

Even today, we have barely three workers paying for one beneficiary. And by the time my children approach their retirement, there will be barely two workers to pay for one beneficiary.

Now a couple of other little details, and fairly significant and important details, is back in the beginning when Social Security was established, the retirement age, the age when one was eligible for benefits was established at 65. Now, today, we think that that is pretty generous, makes sense. That is when people typically retire, a little bit earlier, a little bit later, about 65.

But, of course, the interesting little fact back in the late 1930s was that the average life expectancy was only about 60. So most people, before they even reached the age of 65, the eligible age for the benefit, had passed on.

Those that did survive typically did not live nearly as long as we all live today; thankfully, I certainly plan to. So there were not as many living in retirement, and they were not living nearly as long.

Today, of course, life expectancy is closer to 80. There is a whole lot more of us and, again, far fewer people paying that benefit.

That really is the essence of the challenge in front of us. Some would have you believe that this is some great debate about public policy differences, very different views of the world, maybe the left spectrum, the right spectrum of the political debate going on here. I do not think it is.

Frankly, I think it is pretty much a case of arithmetic. The numbers are in front of us. And the challenge is a result of the changing demographics.

There are a couple of other things that I think we need to have in front of us in our minds as we approach this debate, just simple little facts. Now, this chart shows current time, 2004, current year, last year; and the revenue that comes into the system, into Social Security, is marked on this line.

You will note that the zero indicates the break-even point. In other words, this is the benefits; this is over time. And right now indicated in black is the surplus. So we have more money coming into the system than there is going out. That is a good situation. You can pay your bills if you are running your house that way. That is a great opportunity.

But, very shortly, things are going to start to change. You will notice, in 2008, about right here, instead of a growing surplus, the line goes the other direction and continues in that direction. Why does that happen? Because in 2008, the very first of the baby boomers, those born in 1946, turn 62. And under the current system, you are eligible for early retirement at age 62 and start drawing benefits. In other words, you change from being a payor into the system to a payee, receiving the benefits.

And current statistics tell us that about 55 percent of our people opt for early retirement. So with that big wash of baby boomers coming at us here very shortly in 2007, the whole workforce, the whole demographic is about to change on us, to where we begin that decline of a growing surplus of revenue, more revenue coming into the system than we have benefits going out.

And we begin the decline. In 2018, the actuaries tell us at Social Security, this point, revenue actually is less than revenue coming into the system, is less than the obligation of the benefit. Now, many say that, you know, what is that problem? Is it a problem? Is it a crisis? Well, I do not know about the world you all live in, but in my household, when your expenses exceed your income, it is a crisis. And there seems to be a huge debate going on out there, is it a problem? Is it a crisis? Is it bankrupt? Is it insolvent? I submit to you, when you do not have enough money to pay the bills, you have got a real problem on your hands, and that is what we are facing very, very shortly.

In addition to that, I want to stay in kind of current time frame here, at this point, at 2008, when those first baby boomers start to retire, here is the other impact we are going to have to deal with right here in this chamber, the United States House of Representatives, in charge of the revenue and the paying of the bills for the United States of America right here.

We know we are in a deficit situation today. I submit to you that all Members on both sides of the aisle in this chamber, Democrat, Republicans alike, are concerned about our deficit spending. Think about this, folks: When we begin this decline, yes, that surplus as indicated in black, we have been living on that for a long, long time. We have been paying the bills of this great Nation: We have been paying for our veterans benefits; we have been paying for Medicare; we have been paying for education; we have been doing the great projects of this great Nation, the United States of America.

We have been running the country on that. Now, we will talk some more later about whether that is good or bad public policy, but it is a fact of life and Democratic administrations, Republican administrations, Democratic Members of the House when they were in the majority, Republican Members of the House when they were in the majority, have done exactly the same thing.

And here is why: Because if we did not use that to pay the bills, we are either going to have to drastically reduce the bills we pay, in other words cut programs, or we are going to have to go borrow even more money. It has got to come from someplace. And it has been coming from that black part of this graph.

So as that decline begins, as that line starts to turn down, and we have less of a growing surplus, we have got to go get the rest of the money to run this Government from some place.

And as you can see, the part that is in red, we not only lose the surplus, we start getting into a situation where fairly rapidly, this is just 2002 right here, by 2040, which is about the time, one side or the other, where my four kids are going to be retiring, by about 2040, we have got a serious problem on our hands. This is the deficiency between the money coming into Social Security from taxes and the benefit going out.

That is not the total obligation; that is just the deficit, just the deficit on an annual basis between the money coming into the system and the money going out. And, again, in addition to that, we do not have, at this point, any given year, we will not have the benefit of this surplus that we have been living on until now to pay the additional bills of this country.

Well, some say, go to the bonds, go to the trust fund, the Social Security Trust Fund. Give me just a minute on that. This is the way it works. And again, this is not devious. This is not some scheme that this administration or this majority cooked up. This is the way the system has worked for a long time.

Republicans, Democrats, this administration, that administration, this is how it works. By law, when you have got a surplus, the Government is obligated to sell those bonds; basically sell them to themselves because we write them. They are a special bond; they are not a bond like you take out on the street corner and sell to individuals or

pension funds or even other nations. We sell them to ourselves.

It has been referred to as an IOU, and in fairness, I think that is a pretty good analogy, because the Federal Government is saying we are going to take this money, we are going to pay all of the other bills, and that is why it is gone. But as evidence that it is a debt back to ourselves, the Federal Government, we are going to write a bond, a loan, if you will. We are going to sign it, U.S. Government promises to pay the United States Government so many billion dollars and trillions of dollars, and it earns interest.

So we think, well, that is great. Let us just go to that drawer in West Virginia, open it up and cash in those bonds, and we will pay all of those with those bonds, will we not? Where do we get the cash to redeem the bonds? From the tax revenue that comes into the United States Treasury year after year. And, folks, we have been using that money. We will use that money in the future to pay all of the other bills of the Federal Government. It is a classic take it from the right hand and put it into the left.

Now, that may seem like a subtlety, it is not a subtlety. It is a very important fact to remember. Yes, there are bonds, and yes, I guess, technically in a way, there is a trust fund. But it is the Federal Government, the U.S. Government, promising itself that it will pay itself back with its own money from the taxpayers, with interest.

Some choose to look at this thing in complete isolation of every other part of the Federal Government and say, oh, no, we can go out to 75 years. And if you do the math and are a little bit generous in your assumptions and you take all of the money that will come into the system and all of the bonds that will be created and add to that the interest earned, you can pay the bills.

And you can for quite a while. Not forever, but for quite a while. But, what happens is you dry up almost all of the rest of the government to do it. Because that deficit has to come from some place. And by taking the cash to close that deficit from all other programs and services in this country, most of which are on a growth curve themselves, by the way, you might sustain Social Security for a while longer, but at what price?

That is what we are dealing with in this chamber, and we are going to have some tough choices to make. I am joined in this Special Order by a good friend of mine, a new colleague from the great State of Texas (Mr. CONAWAY).

And the gentleman from Texas (Mr. CONAWAY) comes to this chamber, as many do, with considerable credentials himself, having had more than just a little bit of experience in the financial world. And it is a pleasure to have you with me tonight on this very important subject.

Mr. CONAWAY. Mr. Speaker, I thank the gentleman for those kind remarks. And I actually chose the office that you vacated, so that, as my initial start in this chamber, I would have the good vibrations that you left behind on your good start in this body.

I want to make a few points, some of which play off of the ones that you have already made. Unfortunately, we got off on what I think is the wrong foot when we began to call this situation a crisis. We in America have a relatively short attention span, and crisis means something is going to happen in the next 15 minutes or certainly by tomorrow. So that was probably an ill word to use, and we spent an inordinate amount of time arguing over that word.

I am a CPA by background, 30-plus years of business experience. And as I look at what I believe to be the very compelling arguments and facts that you present, then that leads me to believe that we do have something we ought to deal with, and that we ought to deal with that today and not continue to put that off.

Now, is the time to fix this problem. You have already mentioned that, each year that we delay in this fix, it adds an additional $600 billion of unfunded benefits and liabilities to our problem.

So, in your family, my family, my business, the clients that I have, if we had circumstances where we had cash flow deficits and I went to the Chairman and the CEO and I said, you know you are going to bring in less money than you are spending this year, do not worry about it, it will be okay, let us just do not fix it, wait 3 or 4 years from now.

□ 1645

Well, that is nonsense. Nobody does that in the real world, and we should not be about doing that here in Congress.

So I think the facts compel us to see the problem, see the issue that needs to be done and also compel us to say, we should be the ones who fix it. If you agree with the facts that we have a system that is no longer sustainable, there is a great adage that I picked up in one of the briefings that we had early in November that said, things that cannot be sustained will not be sustained. It is a pretty straightforward statement. That is exactly what we have here. We have something that will not sustain itself.

When it originally came into being in 1935, it could clearly sustain itself. The more callous of some would look at that system and say, that is nothing more than a pyramid scheme where you collect from all these people and give it out to a few.

In this instance, it is a legitimized pyramid scheme, but as every pyramid scheme in history it runs out of gas. The facts compel us to say that this system that we have got is running out of gas.

We hear the phrase PAYGO bandied about this body and in committees a great deal with some passion and disdain. This was an original PAYGO system, pay as you go. The monies you bring in are paid out to beneficiaries. I do not think it applies to Social Security and here is why. PAYGO means in this circumstances you pay, and if I am retired, I go. PAYGO ought to mean the folks incurring the bills ought to pay the bills. So I do not think the term PAYGO really applies to Social Security.

The next thing is once you have this issue in front of us, let us take a step back and put ourselves back 75 years ago when it was conceived and the leadership at that point in time, the wonderful leadership it was, clearly thought a lifetime benefit, a Social Security stream of cash flow that you cannot outlive, was an important public policy arrangement.

I do not hear anybody on either side of the aisle hinting that this is not still really a good public policy for our country to have. I have counseled many clients who as they approach retirement age one of the first questions they ask is, am I going to outlive my money? I have got all this put away that I have saved and scrimped and foregone purchases and have put this money away. Am I going to outlive that?

Well, the wonderful thing about Social Security is you have got the security of knowing you simply cannot outlive this lifetime benefit. So if we are compelled to fix it, and I think we are compelled to keep it, if it is good public policy for my mom and dad and for me, then I would argue that it ought to be good public policy for my grandchildren and my children, just like the gentleman has talked about his children as well. So I think we are coming to some things we can all agree on as we begin to move toward how do we come about this conclusion of fixing whatever is in front of us.

I have six wonderful grandchildren. God has blessed me immensely with four wonderful children and two daughters-in-law and a son-in-law and six magnificently wonderful grandchildren. It would never ever occur to me to gather those six little critters up, take them down to my local bank and say, Mr. Banker, I want to borrow a lot of money. And I want to spend that money over the rest of my life time, and I want my six grandkids to sign that note. And when they grow up they will pay off what granddad spent.

If you individualize what we are really doing every single day in this country, there is not a grandparent on Earth I do not believe who would do that, who would obligate their individual grandchildren for some individual debts that they might incur. So if it is not good public policy on an individual grandparent-to-grandchild basis, then it really should not be good public policy on a corporate basis to do this very exact same thing.

We are a Nation at war, and we have these wonderful stories coming back from men and women and the sacrifices

they are making on behalf of liberty, on behalf of freedom, spreading freedom around this world. They are answering a call to duty, a call to country, a call to honor that is magnificent on every level. But there are a select few, there are a lot of them, but in comparison to Americans there are a select few.

We ought to look at that example and say, given the sacrifices they are making, given their role that they are playing, is there some similar role that we can play? Is there some similar duty, some similar responsibility to country that we ought to be obligated, we ought to be taking on or shouldering; and in my mind this is clearly it. I cannot think of a better place to start on the financial problems that face this country than solving this problem.

Now, once you get the groundwork laid for the problem, once you get the groundwork laid that it is a process and a public policy we ought to keep in place, once you get in place that we ought to be the ones that fix it, then you begin to start what I think is a very thoughtful, logical, step-by-step process of coming about how to do that.

The President has laid out personal savings accounts as a piece of the solution. All of us collectively are going throughout our districts, looking at our men and women, the voters of the United States: if you have some ideas that will work on fixing Social Security, let us get those on the table. Let us get that into the mix as we try to coalesce around a solution that collectively, both sides of this aisle, a vast majority of both sides of this aisle, can gather around. Because the big public policy moves in this country happen when we collectively agree.

If we have to vote 232 to 203 on this deal, we do not have the right answer. We want an answer that is broad-based support throughout both sides of this aisle. And I appeal to my colleagues on the other side of the aisle that whatever this solution looks like, I assure you it is not wearing a jersey that has an elephant on it or a donkey on it. This solution just has the jersey of what is best for America, what is best to continue the promises made to my mom and dad. We will work to put the security back in Social Security for my grandchildren as well.

A couple of other points and then I will turn back to the gentleman. The black area that the gentleman is talking about, when I am out and about in my town hall meetings, one of the misconceptions that permeates them is that there is something wrong with having used the Social Security surpluses the way we have done it. Lyndon Johnson started it with a unified budget in 1969, I think, so we have had this for quite a while, both parties in charge of the White House and both parties in charge of the Congress. So we have been at this a long, long time.

We also have a push-back in what is called the transition costs. How do we pay for this transition? How do we pay for this fix? One of the things I would like to put forward, and I think it would resonate with many, is let us start today and capture that surplus.

Now, it is an accounting gimmick, and I use that phrase cautiously because what that will require us to do is rather than us borrow the money for the general fund from the Social Security trust fund and spend it, if we capture that money as a quote/unquote down payment on the transition costs, a down payment on the fix, then we will be required if we continue to spend the same levels of monies that we are going to spend the next years to 2018, we will have to go into that market and borrow that money from the public and borrow that money from the Chinese or the Japanese or other investors to fund the operations.

While it may be more form than substance, it may be a cornerstone of an idea that the folks can say, okay, that I understand. We are no longer spending the Social Security surplus. We are capturing that for a down payment of the transition costs. And maybe that is an idea that can be folded into the overall fix that will help the Americans rally around whatever this fix may be.

Let me speak finally about that red section. That red section there for the most part is unfunded liabilities, unfunded promises that this country has made. We owe that money to somebody. So if we collectively said, we are going to stop Social Security, we are only going to pay off the benefits that we accrued, we will still have this staggering deficit of unfunded promises that we have made.

As I campaigned and talked in town hall meetings, I heard the comment that Social Security is a contract with ourselves, and we are not going to breach that contract. Breaching that contract will be reneging on those promises and affecting benefits for the current beneficiaries who are counting on the cash flow for a lifetime, the lifetime benefits. If you are on benefits right now that will not change. If you are within a certain number of years that we can collectively agree on retirement this is not about you. This fix is not about you.

This fix is about our grandchildren and our children as they begin to approach that. So when we talk about borrowing money, we have already borrowed that red money. It is just not on our balance sheet. The Federal Government's financial statements are rather poor, speaking as an accountant, a CPA. If somebody had to sign the Federal Government's financial statements with the same liabilities that major publicly traded companies' CFOs sign, we would put them in jail. That liability is ours. We have made those promises. They are out there. They are on the quote/unquote U.S. Government balance sheet, or ought to be; but they are there.

It is not a matter of borrowing new money. It is figuring out how do we fund an obligation that we will keep, we have obligated ourselves to. The bill just has not come due yet.

Mr. BEAUPREZ. Mr. Speaker, I thank the gentleman because I think he has made one of the key points in this whole debate and one that, frankly, frustrates me a little bit having been a community banker before I came to this Chamber. We do not hear enough talk about the difference between a funded and unfunded liability. And I completely agree with the gentleman. The promise has been made. The liability is on our books. I know we do not show it that way. We do not draw up the balance sheet of the United States of America quite the way that the private sector is familiar with seeing balance sheets drawn up. But the liability is there.

The gentleman is here in this Chamber just like I am, and I have told people that I cannot in my wildest dreams comprehend that there is going to be some future Congress that will say, oh, well, we have a problem. We are a little short on cash. We are just going to whack your benefits, because I think most of us like our heads attached to our shoulders. If we whack benefits, we would get our head lopped off, and probably should.

The gentleman is absolutely correct, and I commend him again. The liability is ours. The promise has been made. The challenge in front of us is to come up with the most fiscally responsible way of funding, paying for that liability.

Mr. CONAWAY. Mr. Speaker, one other point. Not only the liability for the promises that have been made but also the promises we intend to make to our grandchildren, a lifetime benefit for each and every one of those, a benefit that they cannot outlive. It was good public policy in 1935. It is good public policy in 2005. It ought to be good public policy in 2035 when my sons and daughters begin to retire.

I want to misquote Ronald Reagan in one of his inaugural speeches talking about the problems this country faces that in terms of solution, if not us, who? And if not now, when?

I thank the gentleman for allowing me to share his time this afternoon.

Mr. BEAUPREZ. Mr. Speaker, I thank the gentleman. I believe he has brought some clarity to the issue.

The gentleman mentioned a point that needs to be made over and over again, that is, for current retirees, the seniors that are out there I hope listening to what we are saying this evening on the floor here at the House, seniors today, current beneficiaries have absolutely nothing to worry about. We have got the money there. We can pay the bills. They are going to keep getting their checks. Nobody is talking about even touching them. Quite the opposite, making sure that they are not touched, not damaged in the least. We are not taking a thing away. And near-term retirees, like me, I am 56. I certainly do not want anybody messing

with the benefit that I hope to have there and expect to have there and will be there, because the money is there.

The gentleman is absolutely right. It is about our kids, in my case my one grandchild so far. I am working on more. I am dropping those hints, and the gentleman's six and future generations as well.

I think one of the challenges in front of us, and I have certainly heard this on my committee work on the Committee on Ways and Means from the Social Security actuaries. Yesterday we had the Comptroller General in front of us, David Walker, and he said, you guys can play with it a little here, you can play with it a little bit there by making subtle changes, and you can push out a little farther, you can extend the edge of the cliff, but you are not going to solve it unless you are bold.

We have to reform the system.

Mr. CONAWAY. Let me make a comment. The gentleman talked about when the collective surplus is paid off to beneficiaries, and it is estimated that it is somewhere in the 2042 range, beneficiaries on that date under today's law with us doing nothing else will suffer a 25 percent haircut immediately in their benefits. That is out there. That is in current law. That ought to be on the minds of all the folks who think about benefits.

Today's beneficiaries, it is not likely that many of them will live to 2042; but we will keep those promises. But 2042-ish there are immediate cuts. I would like to get that fact on the table.

□ 1700

Mr. BEAUPREZ. Mr. Speaker, I thank the gentleman. In fact, he recalls for me testimony made by, again, the Comptroller General, David Walker, just yesterday. This is the Comptroller General of the United States of America, in front of the Committee on Ways and Means, just yesterday; he pointed out that, even right now, 2004, if we wanted to just fix, now by fixing the system, let me define that, make it sustainable forever, perpetually sustainable, do not have to go back and do it again, keep it on the same path for benefits, same path for payroll taxes as we now have, to get it to the point where you do not start getting in the red again, way out there; to make it sustainable today, we would either have to reduce benefits 13 percent or increase taxes 15. That is for permanent sustainability, if you only play with those two factors.

Now, if you go out to 2018, that is this year right here, where we expect the line to cross and start the growing deficit cash deficits in the system, that increases. Of course, it has to have a bigger fix, 16 percent benefit cut or an 18 percent tax increase, and the gentleman is absolutely right, that the numbers that he gave us, if we wait till 2042, which is the year I believe that the CBO, Congressional Budget Office, says that is when we run out of dough, that is when all the bonds are used up, interest on the bonds. We are done. We have got to rely now just on the payroll taxes that come in on a daily, monthly basis to pay whatever benefits.

Benefits immediately would drop, he said, about 30 percent, my colleague I think said 27, or increase taxes 43 percent. We cannot go down that path, and I liken it to, this is just too much common sense, and once in a while, it actually applies in this chamber.

If your roof is leaking, when you notice that first drip, it is a little more prudent to go up on your roof and patch that roof when it is leaking just a little bit. It is cheaper. It is quicker than to wait until the entire roof collapses on you. Well, we can wait, and many are suggesting just exactly that. What is the hurry? What is the hurry?

As my colleague pointed out, these are not numbers we have somehow created. These are from the actuaries. For every year we wait, it costs us $600 billion. Why is that? Because we are trading a year like this, especially on the front end, for a year like that on the back end, $600 billion.

Now, how much is $600 billion? Well, that is about one-and-a-half times what we spend in the United States of America on our Defense budget every year. It is a lot of money, and I submit we cannot go there.

I am joined by another colleague of mine, the gentleman from North Carolina (Mr. MCHENRY). Did I get that right?

Mr. MCHENRY. Mr. Speaker, that is right.

Mr. BEAUPREZ. North Carolina, Patrick McHenry, a great name and a proud name.

Mr. MCHENRY. Almost as good as Bob Beauprez.

Mr. BEAUPREZ. Mr. Speaker, I thank the gentleman for being with me, and he brings a slightly different perspective being I think maybe the youngest Member.

Mr. MCHENRY. In fact, I am.

Mr. BEAUPREZ. Congratulations, youngest Member of this chamber. So maybe an even fresher perspective to this issue of Social Security reform, and with that, I will yield to the gentleman from North Carolina (Mr. MCHENRY).

Mr. MCHENRY. Mr. Speaker, I thank the gentleman so much for yielding and for hosting this discussion about the issues that we are facing as a country and I believe the most pressing issue we are facing in terms of our economic outlook and our ability to help those that are at or near the poverty level, especially those seniors. I thank him for affording me the opportunity to talk about Social Security.

Social Security is America's most trusted Federal program. My colleagues know this, I know this. I would submit that the American people are beginning to realize how vital this program is, and certainly, the gentleman from Colorado (Mr. BEAUPREZ) knows this, but my constituents in western North Carolina know this distinctly.

In fact, my grandmother, my Granny Gooch, in fact, knows this issue as well. My grandmother would be quite offended if I mentioned on the Floor of this chamber how old she is, so I will just submit she is retired, and with that, I will be able to go home at Christmastime and enjoy my grandmother's cookies, but she receives her Social Security payment each month, and she depends on this.

As an elected official in the United States, I do not want to take away my Granny Gooch's benefit, and this Congress will not do that. Mr. Speaker, you would not know this from the Democrats' attacks on the President's proposal. You would not know this by the ideas that we are talking about in this Congress and over on the other side of this wonderful Capitol Building. Social Security is broken, and it needs to be fixed. This is not a matter of opinion. This is a fact.

We need to strengthen it for future generations so that it will remain a viable and sustainable government program. We must guarantee the promised benefits for current and nearly-retireds. I think that is a vital part of every reform proposal that has been offered this year in this Congress. We must guarantee a government safety net to ensure a retirement benefit. None of my colleagues disagree with this. Those on the other side of the aisle who will deny that reform is even needed will, in fact, agree that we must at least provide a safety net. My colleagues over here on this side, even the most conservative, would agree that we must guarantee a safety net.

We are going to do that as a Congress, but many of my Democrat opponents on the other side on this issue, they will not even take a second look at the problem. They believe it is such a great hot button political issue that they can demagogue it to win the next election, and this Republican Congress is taking on the challenge that Social Security is presenting to our budget, that it is presenting to our seniors and that it presents to all generations in America.

We are going to make sure it is a sustainable program, and we will make sure that it is viable for generations to come. We are not going to use it as a political issue. We are going to do the right thing. We are going to act to make sure that we can fix this issue and make it a sustainable program.

Demonizing the issue does not achieve results. Anyone who proposes a reform plan has an obligation to step forward and do what is right. Anyone who is in Congress has an obligation to do what is right on this pressing issue of the day, and right now, Social Security taxes take more money in than the system pays out in benefits. That is true, but that is not the case going forward.

In a few years, we will be paying out more in benefits than the Social Security system arrives at or receives from

the American people, and going forward, we have enormous deficits that the gentleman from Colorado (Mr. BEAUPREZ) has shown on charts here earlier today, and by 2042, which just, in fact, happens to be the date that I am eligible for Social Security, the system goes bust. It will only be able to pay about 60 to 70 percent of the benefits pledged and guaranteed or it will necessitate such a crippling tax increase that this country has never seen before the likes of it.

Look at the facts. We are going through a demographic shift in this Nation. We are an aging Nation. When the program began, there were about 40 workers per one retiree when Social Security was implemented. By the 1950s, it was roughly 16 workers per one retiree. Today, we have roughly 3.3 workers per one retiree. Clearly, we have an issue with being able to sustain Social Security because of the changing demographics in our country. Therefore, reform is necessary because of our shift in demographics.

These are the facts. They are hard facts. They are real. They are undeniable facts. Social Security is a broken system that needs to be fixed, and our Republican Congress is going to take on this issue.

My colleagues on the other side of the aisle on the left would say that it is a great political issue. They would like to see it for years to come so that they can try to win elections on this issue, this problem. But to help strengthen Social Security, the President has proposed, and I support, allowing younger workers such as myself to invest a small portion of their payroll taxes, take that small portion and invest it in Social Security personal accounts, diversified bond and stock funds, safe investments, tried and true investments here in the United States of America and, in fact, in the world market.

These safe investments will allow every worker to build up a significant nest egg for when they retire. Right now, the returns a person gets on Social Security are about one-and-a-half percentage points on what you invest in Social Security, less than two percent even under the best cases. With bonds and stocks, diversified bond funds and stock funds, taxpayers could get a return of 5 percent, 7 percent, 10 percent. Even the worst returns the stock market has produced on a large scale over the course of 20 years has been about 4 percent. Certainly, it is a better deal than the current Social Security system.

Look beyond that. Those that have personal accounts will be able to pass on a nest egg to their children and grandchildren once they pass on. Right now, if you were to die just one month after you retired, you would collect only a check from Social Security after paying in for 40 or 50 years into the system, and what would your spouse, what would your child receive? Certainly not much. I think we have a higher obligation here in the United States, and personal accounts would allow that nest egg to be passed on from generation to generation.

That is why I support personal accounts, Mr. Speaker. They are safe. They are smart. They fix the Social Security system, not just for the next few years, but for generations to come, and they strengthen the Social Security program in the Federal Government.

Look, I support five guiding principles for reforming Social Security. First, we must guarantee promised benefits for those that are at or near retirement age. They played by the rules. They have paid into the system. We have that obligation, that moral obligation, I believe, as a country to help those that are close to retirement age.

Second, workers should have the choice to put a portion of their payroll taxes in prudent diversified investments. These are safe personal accounts that the government will not be able to take away like they could take away a Social Security benefit. There would be a property right to these things.

Third, workers should own their accounts, not the government. Property rights are sacred in this country, and I believe that these personal accounts should have a right as private property so that you could actually pass that on to future generations.

Fourth, the government should provide a safety net to ensure a minimum retirement guarantee. Folks cannot gamble their retirement accounts in Vegas, I will tell you that much, and there will always be a benefit for every worker.

Finally, there should be no payroll tax increase involved with any effort to reform Social Security nor should we subject new income to the Social Security tax, to the payroll tax. Tax hikes are not reform. They are pawning any and all problems with the program on to the backs of younger workers such as myself.

Social Security is one of the government's most trusted programs. We are going to maintain that commitment, and we need to make sure it is there not just for me but for my Granny Gooch; not just for me but my children that I hope to have; for my grandchildren; for future generations. But to do that, we need to have serious reforms. We need to have a real discussion and dialogue on the problems of Social Security and the best ways of fixing this program for permanent solvency.

Sweden and Britain have personal accounts. Countries around the world have personal accounts. So the U.S. is not leading on this. We can look to other areas in the world that have been successful in this way. We can look at 401(k) accounts that have been widely successful across this Nation. We can look at thrift savings accounts that all Federal employees have that have been so successful, that have changed retirement security in this Nation.

I believe that we should look at prudent ways to fix this problem because of the generational shift we have in this country, because of the demographic shift we have in this country. We have an obligation to do this.

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Mr. Speaker, this Congress must act. We must act now to ensure that we have a viable Social Security system for years to come. That is what my constituents in western North Carolina want; that is what the American people want. They want us to not demagogue this issue, but look at real reforms that have a substantive effect, that have a lasting impact.

On a final note, Mr. Speaker, we have to first say to those at or near retirement age, this is not about you. We are going to maintain our commitment to you. You are going to get the same Social Security benefit that we have pledged to you; but at the same time we have to ask those that are at or near retirement age, what do you want to leave to your children? What do you want to leave to your grandchildren? What kind of America do you want to leave them? Do you want a better, brighter day for them, or do you want to sink them into a failing program, like Social Security? Do you want to leave America a better place than it is today?

I submit to my colleague that the American people appreciate that. Those that are receiving Social Security checks today do in fact want to help their children and grandchildren get into a better system for Social Security than they were able to benefit from. It is not about current retirees' checks they are receiving. This debate is not about them. It is for those that are younger in this Nation, those under 55 that could benefit from this program, that could benefit from this program.

In fact, as a 29-year-old, I believe this is a wonderful opportunity for my generation to actually have great personal savings, a nest egg, a better, brighter future for our country and for our families.

Mr. Speaker, I thank my colleague for hosting this Special Order on Social Security. I think the gentleman's constituents as well as mine appreciate the fact that we are willing to talk about the problems we are facing and yet offer substantive solutions. This is not easy lifting, so I thank my colleague for his leadership on this issue.

Mr. BEAUPREZ. Mr. Speaker, I thank the gentleman for joining me, and my colleague puts in very good context the challenges in front of us.

I think it is important to note that right now, recognizing the substance of the problem in front of us, but especially listening, and listening certainly to Members in this Chamber, this body, the people in this town, but, more importantly, listening to America for those good solutions is what we ought to be about.

A couple of things I have already picked up on. In the last few weeks, I have had the pleasure, I guess it was a pleasure, although it was a stark message, of hearing the Deputy Commissioner of the Social Security Administration testify in front of our Committee on Ways and Means, Mr. James Lockhart. Mr. Lockhart was the first one during this new Congress to actually look us right in the eye and say ''Social Security, as it currently exists, is unsustainable.''

Now, there are a whole lot of words thrown out around here: problem, crisis, bankrupt, insolvency, all that stuff. But when the Deputy Commissioner of the program says it is unsustainable, I get that word. I also understand that over time, as I pointed out earlier in this hour, it started out with a 2 percent tax on the first $3,000, and it has been tweaked a little as we go.

Along the way, the tax that the employer pays was implemented. And many people think, well, that is great, it is not mine. I submit, though, that if you are the worker, that is coming out of the personnel costs that that company, your employer, is allocating because he thinks it is an expense for having you as a worker. It is now 12.4 percent of not $3,000, but $90,000. So it has grown.

Some are saying let us just tweak it again. We are not going to put it on a path of sustainability by another relatively subtle adjustment, subtle in some people's minds.

Now, more recently, in fact yesterday, David Walker, the Comptroller General of the United States of America, had this to say. Some picked up on but a few words of what he had to say, but I will give the first several sentences: ''Although the Social Security System is not in crisis,'' and at least one of the major papers in this town had a headline that said ''Walker Says Social Security System Is Not in Crisis,'' and stopped there. But here is what he said: ''Although the Social Security system is not in crisis, it faces a serious solvency and sustainability challenge that is growing as time passes. If we do nothing until 2042,'' and that is suggested, ''achieving actuarial balance would require a 30 percent reduction in benefits or a 43 percent increase in payroll taxes for just the period of 2042 to 2078.'' And then once again you are back in the soup. You have got a problem in front of you there. All we do is defer into the future if we do not fix it now.

''Furthermore,'' he says, ''Social Security's problems are a subject of grave fiscal challenge facing our Nation. Absent changes in budget policy, the Nation will ultimately have to choose among escalating Federal deficits and debt, huge tax increases and/or dramatic budget cuts.'' Pretty stark words. ''As the General Accounting Office's long-term budget simulation shows, substantive reform of Social Security and our major Federal health programs is critical to saving our Nation's fiscal future. Taking action soon would serve to reduce the magnitude of the changes needed to ensure that Social Security is solvent, sustainable, and secure for current and future generations.''

I submit to you, Mr. Speaker, that is the challenge in front of us: ''Take action soon to reduce the magnitude of the changes needed to ensure that Social Security is solvent, sustainable, and secure for current and future generations.''

Last week, and I will close with this, Federal Reserve Chairman Alan Greenspan had this to say: ''In my view, a retirement system with a significant personal accounts component would provide a more credible means of ensuring that the program actually adds to the overall saving and, in turn, boosts the Nation's capital stock.''

We are beginning to develop consensus. This is a huge heavy lift, but it is a lift that is necessary, as Mr. Walker said yesterday, ''to ensure that Social Security is solvent, sustainable, and secure for current and future generations of Americans.''

SOCIAL SECURITY REFORM

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

Mr. MEEK of Florida. Mr. Speaker, once again it is a pleasure to address the House. Also, I want to thank our Democratic leader, the gentlewoman from California (Ms. PELOSI), for allowing us to have this time.

Week after week, as you know, the 30-something Working Group comes to the floor on issues that are facing Americans, not only young Americans but all Americans, since we are a country that has very strong family values and that believes in making sure that the next generation has better opportunities than the generation before them.

We come to the floor to not only share information but to share good information, information that can be shared with others. We also let not only Members of this House, but Members of the other body know where we got the information from: real accounts, not just fiction. I know some Members come to the floor well intended to share good information, but it is questionable as to where it came from.

We are going to talk a lot about Social Security during this 30-something hour, and we are also going to address and commend some of the groups that are out there fighting the good fight, sharing with young Americans about many of the issues that are facing them. It is important that we do so, so that they will be able to make accurate decisions and will be able to speak to their Members of Congress about what they should do as it relates to Social Security.

This afternoon, Mr. Speaker, I am again honored to have my colleague, the gentlewoman from Florida (Ms. WASSERMAN SCHULTZ), who I have had the opportunity to serve with over the last 10 years in the Florida legislature and now here in Congress. Our colleague, the gentleman from Ohio (Mr. RYAN), is not here with us, and I will give him a hard time about that; but he had to leave, and so being from Florida, it is certainly appropriate for us to be here with so many Social Security recipients in our State. And even those individuals that are living in other parts of the country will no doubt eventually make it to Florida and become our constituents one day.

Mr. Speaker, it is an honor to yield to my colleague at this time.

Ms. WASSERMAN SCHULTZ. Mr. Speaker, I thank my colleague for yielding to me, and it is an honor to be here once again with him. It has been my distinct pleasure to serve with my colleague in various capacities over the last 10 years, and particularly because we represent a State that would be so impacted by whatever the vague outlines of the President's suggestion, for lack of a better term. Because what has been truly unfortunate about the President's concept is that that is all it has become. It has just been a concept.

We are trying to help people understand that the President, although he has been stumping the country promoting his concept, his concept has never amounted to legislation. He has not asked any Member of Congress to file legislation. We have not seen a bill; therefore, we have no specific details. And coming from the State that we do, which is one of the States whose residents would be the most significantly impacted by the devastating results of his proposal on Social Security, we have spent quite a bit of time trying to educate our constituents about the dire ramifications.

Given our generation and the impact ultimately that the President's outline would have on them, we need to continue to spend time doing what we have been doing, which is trying to spread the word and make people aware that, despite what they may have heard in the previous hour, we are on a fact-disseminating mission. We need to get the word out and make people understand that there is a lot of fiction and a lot of trumped-up reality that has been disseminated.

We need to help people understand that while there is a problem with Social Security, we need to be responsible and take the time that is required, that is our responsibility to take, to get it right. It is not a crisis.

The year 2042 is what has been clearly acknowledged as the earliest that we have to be concerned about there being a cut in benefits. And while we absolutely do not think we should reach that point, in 2042, since this is the 30-something Working Group, I will be 75 years old. In 2052, which is the more likely scenario, given the dim economic picture they have painted and