

So this is a huge number of items that are being analyzed each year. And we can think of it like looking at how much do these 90,000 things in the basket cost on January 1 of this year and how much do they cost January 1, 1 year later, and that is how they determine the rate of inflation today.

Now, some people say that that basket of goods does not contain current items and is not updated frequently enough. An example of this would be in the basket of goods today we would not be looking at typewriters. If typewriters were in there, we would want to replace typewriters with computers.

So some people are saying that basket of goods, the 90,000 items they are looking at, are not actually the items that people in America today are buying. I would suggest, if that is the case, the Bureau of Labor Statistics needs to update the basket of goods.

But that is a very different concept from politicians stepping in and saying even though it appears inflation is 3 percent, we deem it appropriate to make it 2 percent. A politically motivated adjustment to CPI is something that I think I would personally find very, very unacceptable. As a former math teacher, this looks like a math problem to me.

Mr. COBURN. The principle is, if the underlying purpose of the CPI increment, cost of living adjustment, was to reflect that, then what we ought to have is that it reflects the cost of living. If it is overstated, it ought to be lowered; and if it is understated, it ought to be raised.

I have not found any senior in my district that disagrees with that once they understand what the issue is with it. It is not a political fix, it is doing the right thing.

So, again, what we should be saying is that that CPI should accurately reflect, and we have large numbers of people as far as economists and other statisticians that tell us today that that is not accurate. Now, how we solve that is to ask them to do their job and to do it correctly and bring us and the American public that number.

If they will do that, that will not be an issue anymore. But it also brings us back to what our problems are, is we are not demanding excellence in large areas in our Nation. And the first place we should demand excellence is in our Government, and we should demand excellence in the Bureau of Labor Statistics.

Mr. NEUMANN. I think just to make this very, very clear, we are both opposing a politically motivated adjustment to CPI, or a political adjustment, and we are both supporting a mathematical computation that is accurate and that accurately reflects inflation in our Nation today.

I think virtually all of the American people would support that. That is what the Bureau of Labor Statistics is supposed to be doing.

Mr. COBURN. So let me ask the gentleman a question, if I might. Is it possible to balance our budget and pay off the debt; and can we do that and meet

the obligations that we have made to the people in this country that depend on us?

Mr. NEUMANN. Well, to answer that I think we need to understand how Social Security fits into that picture. Because, in fact, Social Security is a very big part of whether or not we can balance the budget.

A lot of people would like to take the Social Security Trust Fund money, the extra money that is being collected over and above what is being paid out to our senior citizens in benefits this year, the money that is supposed to be put in a savings account, they would like to take that money out of the savings account, put it in a government checkbook, spend it, and call the checkbook balanced, even though they are spending the money from the Social Security trust fund.

Mr. COBURN. But the answer to the question is we can meet the needs and commitments we have made in this country, and we can balance the budget and we can pay off the debt; is that correct?

Mr. NEUMANN. That is absolutely correct, and we can do it without going into the Social Security trust fund money and spending that trust fund money on other Government programs.

Mr. COBURN. As a matter of fact, we can do it putting that money into investments that will enhance the Social Security; is that not true?

Mr. NEUMANN. Such as a negotiable Treasury bond or a CD, something which our senior citizens are very familiar with. In fact, I think it is very important that we understand that the money that is being collected for Social Security today, and I have a chart that shows that money we are collecting, \$418 billion today for the Social Security trust fund.

We are collecting \$418 billion for the Social Security trust fund today and we are spending \$353 billion on benefits for our senior citizens. That leaves us \$65 billion surplus.

Let me translate this into English so it is easy for everyone to understand. If we think about this, it is like we are going into the paychecks and collecting \$418, like our own checkbook at home. We put \$418 in our checkbook and write out a check for \$353 and our checkbook is in pretty good shape. We have \$65 left in the checkbook.

The idea in the Social Security trust fund is that \$65 left over, it is actually \$65 billion, that money is supposed to go into this savings account. Because we all know that in the not too distant future, as the baby boom generation moves towards retirement, there will not be enough money coming into the Social Security System to pay the Social Security checks back out to our senior citizens.

When there is not enough money coming into Social Security, the idea is we are supposed to be able to go into the Social Security trust fund savings account, get the money out of the savings account, put it in our checkbook and make good on the checks. That is no different than the way we would run

our own house. If we have \$418 in our checkbook today, and we have this problem coming in the future, and we spend \$353, so we have \$418 in there and we spend \$353, we would put the \$65 in a savings account and, later on, when we had the problem, we would go to the savings account, get the money, and make good on our checks.

EXTENDING ORDER OF HOUSE OF
FEBRUARY 12, 1997 THROUGH
APRIL 17, 1997

Mr. COBURN (during the special order of the gentleman from Oklahoma, [Mr. COBURN]). Mr. Speaker, I ask unanimous consent that the order of the House of February 12, 1997, be extended through April 17, 1997.

The SPEAKER pro tempore (Mr. RADANOVICH). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

□ 1730

BUDGET

That is how the Social Security system is supposed to be working today. I cannot emphasize this enough, though. That is not what we are doing with the money. What we are doing with the money in Washington today is we are putting it in the big government checkbook called the general fund. We spend all the money out of the general fund and then some. That leads to the deficit. Since there is no money left in the checkbook at the end of the year, we simply put IOU's down into the Social Security trust fund.

As a matter of fact, when we report the deficit, we do not even report the Social Security trust fund money, that \$65 billion, as part of the deficit. When this city reports the deficit to the American people of \$107 billion, what they do not tell them is that in addition to that \$107 billion, they have taken \$65 billion out of the Social Security trust fund. When they talk about balancing the budget in Washington, DC, what they actually mean when they say they are going to balance the budget by the year 2002 is that they are going to go into the Social Security savings account, take out \$104 billion in the year 2002 and put it in the big government checkbook, and they are then going to call their checkbook balanced even though they took this money out of the Social Security trust fund to make it appear balanced, and that is a big problem.

Mr. COBURN. Let me ask the gentleman a question. Of the money that the Federal Government has borrowed, the internal debt to the Social Security, has the Federal Government paid any interest on that debt?

Mr. NEUMANN. That is a very good question. There is supposed to be \$550 billion in that trust fund today. They pay all of the money into the trust

fund with IOU's, so guess how they pay the interest to the trust fund.

Mr. COBURN. With IOU's.

Mr. NEUMANN. With another IOU is exactly right.

Mr. COBURN. So in essence none of the money that is supposed to be set aside for Social Security trust fund purposes nor the interest actually has ever been paid, and we continue to send a piece of paper to cover the interest and the additional moneys that we will take this year. What is the estimate this year of the amount of moneys that will be taken from excess Social Security funds, payments over disbursements?

Mr. NEUMANN. In 1997, we expect that number to read in the range of \$74 billion. So they will take another \$74 billion worth of IOU's. They will spend the \$74 billion on other government programs, and they will simply put IOU's in the trust fund.

Mr. COBURN. Plus another \$35 or \$40 billion in interest payments?

Mr. NEUMANN. No, the \$74 billion is the total number.

Mr. COBURN. Will be the excess plus the interest payment that is due on the \$550 billion?

Mr. NEUMANN. Right. Of that \$75 billion, about \$35 billion is actual cash over and above what is collected out of paychecks, and the other \$40 billion is the interest on what is already in the trust fund. So, yes, they are paying all of it, it is about \$75 billion. It is made up of about \$35 billion in principal and \$40 billion in interest.

Mr. COBURN. But they are not paying it.

Mr. NEUMANN. They are paying it with IOU's, exactly right.

This really becomes important if I can just go to why this is important not only to senior citizens, but it is important to people in their 50's and in their 40's and it is important to our young people, too, because in 2012, the Government tells us, in my opinion it could happen as soon as 2005, there will not be enough money coming in to pay the benefits back out to our senior citizens, and of course that is when we need the savings account. Now if the savings account is full of IOU's in 2005, or 2012 in the best case scenario, if there is nothing there in that savings account and we have reached the point where there is not enough coming in, there are really only two choices, and this is why it affects everyone. The choices are either to tell the seniors that they cannot have as much as they were expecting from Social Security. From what I have seen of Washington, DC, that is absolutely not going to happen nor should it happen.

The other alternative is to go to people like my son, a sophomore in college, and other kids like him, who are in those years, 8, 9, 10 years from now, are going to be married and have their own kids and forming their own families and working hard to make a living for themselves, we are going to have to go to those young people and say there

is not enough money coming in for Social Security. Back there in 1997 we did not do the right thing and put the money in the savings account like we were supposed to, so our only choice now, young people, Andy and Tricia, my daughter, who is a senior, 8 years down the road you have got your own young family, we have to take more taxes out of your paycheck to make good on our Social Security commitment to our seniors.

That is why this a problem that crosses all generations. It is for the young people, it is the threat of increased taxes in 2005 and beyond. It is a threat to our people in their 40's and 50's that the Government will not make good on their commitments for Social Security, and it is a threat to the people that are seniors today.

Let me just go one step further for the young people. If in fact there was \$550 billion in the Social Security trust fund, growing all the way to \$1 trillion by 2002, if there was 1 trillion actual dollars in that savings account, we could then tell our seniors, your Social Security is safe and we could turn to our young people and begin a discussion about what we might do rather than stay in the Social Security system, because the reality is none of them believe they are going to get Social Security, or very few.

We had an interesting situation in my own house this past week. My third, my youngest, who is 14, worked last summer mowing lawns. He earned \$900. I said Matt, you have got to report that \$900 on your taxes. So we filled out a tax return for him and guess what we found out? He owed Social Security money, about \$128. So we are asking a 14-year-old in the United States of America today to pay \$128 out of \$900 into that Social Security trust fund, and we down here in Washington are taking that money and we are spending it on other Government programs.

It would be important that we discuss the solutions that the gentleman from Oklahoma [Mr. COBURN] and I are both working very hard to get enacted into law here so we do not leave the impression that there is nothing that can be done about this.

We have introduced a bill, it is called the Social Security Preservation Act. The Social Security Preservation Act is a very straightforward bill. All it does is take the excess money that is collected from Social Security and puts it directly down here in the Social Security trust fund. That is a change of direction of cash-flow. Today that money that is collected goes directly over here into the Government's general fund and then it gets spent on other Government programs. Our Social Security Preservation Act is very straightforward. It simply takes the dollars and puts it directly down here into the Social Security trust fund.

The real meaning for this is that our senior citizens can count on their Social Security checks, the people in

their 40's and 50's, if this money is actually there, can count on Social Security to be there for them as they have been banking on and paying into, and our young people can start looking ahead to a day when there are real dollars in the Social Security trust fund so they can start thinking about doing something to take care of themselves in their own retirement.

Mr. COBURN. And the American public will know what the true size is of the deficit that their Representatives are voting for each year, which in fact is significantly higher than what is reported in the press and by the Congressional Budget Office and the Office of Management and Budget, because it does not reflect this money borrowed from Social Security.

Mr. NEUMANN. That is exactly right. I have another chart here with me that really shows that. In 1996, this blue area on the chart is what the people in Washington reported to the American people as the actual deficit. What that is, is the amount they overdrew their checkbook. They overdrew their checkbook by about \$107 billion in this particular year. What they did not tell them is that in addition to that, the Social Security trust fund money was also spent. That is another \$65 billion, and the true deficit, had they put the Social Security money aside the way we are supposed to be doing, the true deficit was \$172 billion.

Again, I would emphasize that in Washington, all the budgets except the one the gentleman and I are working on out here, President Clinton's budget, in 2002 when they say the budget is balanced, what they actually mean is they are going to go into the Social Security trust fund, take out \$104 billion, the projected surplus that year. So when they say the budget is balanced, they are going to go into the Social Security trust fund, take out \$104 billion, put it in their checkbook and say we balanced the budget.

That is ridiculous. In the private sector where both of us come from, you could not get away with that kind of reasoning, and they should not get away with it out here in Washington, DC, either.

Mr. COBURN. That is why it is so important for people of courage to stand up and do the right thing as far as the budget is concerned. The fact is, we can balance the budget. We can make the hard decisions. The question is whether or not we will. The only way I am convinced that is going to happen is if the people of this country demand that their representatives make the hard choices that secure the future not only for the seniors and those 50 years of age, my age, and older, for their Social Security but also secure the future for our children and our grandchildren. Because in fact if we do not do these things now, the burden on them and the percentage of their life that they are working just to fund the Federal Government is going to be far in excess

of 50 percent and probably close to 70 or 75 percent. The problem is not unfixable, although that is what we hear. The reason it is unfixable is people are not willing to make the tough decisions about the programs.

The thing I would want the American public to know is we cannot continue to do what we are doing and that everybody, everyone, everywhere is going to have to experience some pain in some way if we are going to balance the budget. Sometimes that pain is just a change in a program, but still the delivery of the service. Sometimes that pain is not a Government subsidy to oversee sales for some corporation. Sometimes that pain is making sure that we have an efficient food stamp program, or getting rid of the fraud in Medicare. It is something that we can do.

Mr. NEUMANN. I would point out to the gentleman from Oklahoma [Mr. COBURN] that this year has been a unique year for us. This is my third year here as I came here with the gentleman, of course. I put budget plans together for each of the first two years. This year it was the easiest by far of any of the years we have dealt with. Revenues right now today are so much higher than anyone anticipated that we can actually get this job done simply by saying no to all new Washington spending programs. As a matter of fact, if we accept President Clinton's numbers on Medicare but do not allow the new things that he has added in Medicare, if we accept his Medicaid numbers but do not allow the new Washington spending programs that he has added in Medicaid, if we go down to other mandatory spending, that is, your welfare reform and so on, if we again accept the numbers that he has proposed but do not allow any new Washington spending programs and if we take the discretionary spending numbers, and as the gentleman recalls, that was the yellow part on those charts the gentleman had up there, if we just take the numbers that we have already passed through both the House and the Senate, we have already agreed that we were going to keep the spending levels at this level, if we do all of those things, we do in fact get to a balanced budget by 2002, while at the same time we set aside the Social Security cash reserve and allow the American people to keep more of their own money, providing a \$500 per child tax credit as well as reforming the estate tax, or the death tax, if you prefer, as well as reforming the capital gains tax which of course will allow the creation of many, many more jobs. I think we really should expand this vision. I think we should expand it beyond the year 2002 to our children's future and to the next generations of Americans. Because our fathers before us have preserved this Nation and given it to us in the shape that it is in and it is now our responsibility to think what kind of shape this Nation is going to be in for future generations. Really that is the

last part of our budget plan. The last part is that after we get to balance in 2002 while at the same time letting the American people keep more of their own money and putting the Social Security money aside the way it is supposed to be, our plan also contains the appropriate course of action to pay off the Federal debt so that by the year 2023, when the gentleman and I are going to be thinking of retirement in all fairness. And, by the way, back in the private sector, long gone from Congress. But by 2023 when it is time for us to leave the work force, we can honestly have the debt paid off and pass this Nation on to our children debt-free. I just cannot think of anything else that we could be doing that would be more important.

Mr. COBURN. What does it take to do that? What is required to do that?

Mr. NEUMANN. My background is as a math teacher and then as a home-builder, and I kind of combined the things I learned in both of those to figure out a very straightforward procedure to do it.

For any of our colleagues listening tonight, we have the details of this plan laid out from start to finish, from 2002 forward as to exactly how to go about it. It is very interesting what is happening to revenue at the Federal Government. Revenue to the Federal Government grows for two reasons. It grows because of inflation, that is, if you get a pay raise next year, you pay a little more in taxes, that is inflation, but it also grows because of real growth in the economy. So in our present situation we are looking at inflation of roughly 3 percent and real growth of roughly 2 percent. Revenues to the Federal Government then go up by 3 plus 2, or 5 percent to the Federal Government.

Our suggestion is very simply that once we reach balance in 2002, we cap spending increases at a rate 1 percent below the rate of revenue growth. I might point out, much to the chagrin of some of our fellow colleagues out here that would prefer to see Government actually shrinking much faster, that when we do this plan, when we cap spending increases at a rate 1 percent below the rate of revenue growth, we are still in a situation where the Government is expanding faster than the rate of inflation. So that if revenues are going up by 3 plus 2, inflation plus real growth, or 5 percent, we cap spending increases at 4 percent, still 1 percent faster than the rate of inflation, what we find out happens is that by 2023 our debt is repaid in its entirety.

It has been interesting. The Speaker has been recently talking about Hong Kong, and whatever Members think of Hong Kong, they have a very different situation in their Government than we have in ours. In our Government today, a family of five like ours is paying \$600 a month to do nothing but pay the interest on the Federal debt. If we were to enact this plan and pay off the debt by 2023, the next generation of Ameri-

cans, the next family of five a generation from now, would not have to pay that \$600 a month. Just think about this.

□ 1745

Just because they do not have to pay the interest on the Federal debt, they can have a \$600-a-month, \$7,200-a-year, tax cut without affecting any programs in the entire. Now the Hong Kong model goes one step further. The Hong Kong model says not only are we going to not have a debt facing our Nation, but we would like to go one step further and have a rainy day account. That is, if something goes wrong that we were not expecting, we have got money set aside for it.

So they have set up an account. The equivalent in American would be about \$750 billion in that account. That would then pay interest into the Federal Government as opposed to what we are doing today, which is going right, which is going into our families and collecting money from them to pay the interest on the debt. It would be exactly the opposite.

My dream, my vision for the future of this country, is that we do balance the budget by the year 2002, we set aside the Social Security trust fund money, we let our families keep more of their own hard-earned money in their pockets through the \$500 per child tax credit, and then we look beyond 2002 and we actually pay off the Federal debt, maybe establish this rainy day fund. But whichever, even if we do not establish the rainy day fund, get to the point where our folks are not paying \$500, \$600, \$700 a month into the Federal Government to do nothing but pay the interest.

Is that not a nice vision for America?

Mr. COBURN. It is a great vision and one we ought to leave the American public with is that it is doable to balance the budget, we can meet the commitments to those that we have made commitments to and still balance the budget. We cannot have everything we want and balance the budget, but we can have everything that we need.

As we close this out, what I would want the American public to know is that, as we spend \$1.6 trillion, sometimes that is hard to figure out how much money that is, and the best way I know to know how much a trillion dollars is is, if you spent a million dollars a day every day for 2,600 years, you would have spent your first trillion dollars.

So as we think about the magnitude of the size of our Federal Government and how that impacts how each one of us can relate to a million dollars a day being spent, it shows you that the magnitude is there that we can make the changes. All we have to do is be determined to do it.

Mr. NEUMANN. I use another example when we talk about how much the Federal Government is spending every year, you know, and you hear all this discussion about spending cuts out here.

The Federal Government this year is spending \$6,500 on behalf of every man, woman and child in the United States of America. So just to put this in perspective, \$6,500 for every man, woman, and child in America. A family of five like mine, the Federal Government is spending over \$30,000 on behalf of that family of five like mine.

You know, a couple of other things that I think are important is you talked about the concept of need versus want, and I always like to go through what happens if you find a new program that we really need to do in America and you have got this frozen discretionary spending or you are trying to keep spending from going up. I think our vision for the future is that, when you find a new program that is legitimately necessary; for example, we have passed welfare reform last year. That means many women are leaving the welfare rolls and going into the work force, and that is a good outcome. But when they go into that work force, they are at the bottom end of the pay scale in some cases, and we want to see opportunities for them to move up the pay scale. But when they start they might be at \$6 an hour or \$5.50 an hour, and that does not add up real fast to how many dollars are coming home.

We also just found out that women in their forties should have mammograms. So these folks that have left the welfare roll and done the right thing, gone into the work force, they are able to work, so they have now taken a \$6-an-hour job. We just found out that, if they are in their forties, they should have a mammogram. Well, they qualify for Medicaid, so the health insurance is there to provide them with health care, but the money is not in the Medicaid Program currently to pay for the mammogram that we have now found out that this working poor should have.

So what do you do about that? Our vision includes things like, when you find something like that that you need to do, you find another program that you do not need to do, and let me give you an example how that might work.

Mr. Speaker, we put the money in for the mammograms, then we go into our Russian monkeys in space program and say we are not going to go into the taxpayers' pocket and take money out of their pocket and send it to Russia to launch monkeys into space anymore. That \$35 million instead gets redirected over into the Medicaid Program so we can now fund a program that we find to be worthwhile.

Mr. COBURN. It is a matter of making judgments as to what our priorities are and how do we best benefit ourself, and once we assume and know we can balance the budget, that is the hard work of Congress, and as it should be.

I want to thank you for joining me in this today, and I would want the American public to leave this discussion knowing that it is possible to balance the budget, it is possible to pay off the debt, it is possible to live up to the commitments that we have made in

Social Security, Medicaid and Medicare, and welfare and at the same time secure the future for the next generation.

WHALING AND WHALE POPULATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington [Mr. METCALF] is recognized for 5 minutes.

Mr. METCALF. Mr. Speaker, I rise today to oppose yet another proposal to hunt and kill gray whales along the coast of Washington State and Canada. It has recently come to my attention that the Nuu-Chah-Nulth tribe of British Columbia is planning to hunt whales for the first time in 70 years. Last year tribes from Washington State proposed a whale hunt off the Washington coast, but their petition was denied by the International Whaling Commission after they were notified of a resolution in opposition passed unanimously by the House Resources Committee. The human and economic effects as well as the impacts on whales need to be seriously considered before anyone decides to reopen commercial whaling off the west coast of the United States and Canada.

My district includes the San Juan Islands, and that borders Canada and Vancouver Island near where the proposed Canadian hunt is to take place. The whale watching industry and tourism are among the main economic forces in this area, and they generate between \$15 and \$20 million per year in revenue. Now this is not insignificant, the whale watching. The thousands who come to our region to visit and see the whales each year should be able to enjoy these animals, and the people of this region, many of whom are my constituents, should be allowed to operate their businesses and thrive on the presence of these unique creatures.

These whales have become like pets. Lots and lots of boats go out to see them. They are not afraid of boats, they are used to boats. They are very trusting. They are very smart animals. And once commercial whaling, hunting of gray whales, begins, their demeanor will soon change, and they will not allow a boat to get anywhere near them. Thus a \$15 to \$20 million whale watching business will be decimated just for the personal profit of a few tribes.

Mr. Speaker, I am concerned that once tribes resume commercial whaling, even on a limited basis, the large profits will increase pressure for an even greater hunt. As a result, the whales will be driven further away. As we know, commercial whaling is what drove most whale species to the brink of extinction around the turn of the century, and our country still suffers a guilt from that. Now that the whale populations are beginning to grow, some feel that it is time to resume commercial whale hunting.

Mr. Speaker, it is not time to set sail and hunt or disrupt our fragile whale

populations. My concern is not only for the people who benefit from the whale watching industry. I am also disturbed by the alliance of these tribes with the Norwegian and Japanese whaling industries.

Just 2 years ago the whale was removed from the endangered species list at the insistence of some Native American tribes, and Native American groups in the United States and Canada, as well as the international whaling industry, have eyed the whales as a lucrative commercial venture. Having a whale hunt for food, subsistence or preservation of a genuine cultural tradition is arguable, but allowing whaling as a precursor to reviving worldwide whaling industry is unacceptable. One gray whale can bring as much as \$1 million in Norway or Japan, and these whale merchants are fully aware of the profit potential. For example, the international whaling industry has offered to fully outfit the tribes with state-of-the-art equipment like boats, explosive harpoons, and so forth, if they are allowed to hunt.

Mr. Speaker, that does not sound like traditional ceremonial whaling in hollowed out canoes. Furthermore, it seems to clearly indicate to me that the whaling industry perceives whaling by tribes as a prime opportunity to expand their own hunting.

The Seattle Times reported on April 13, and I quote:

The proposed hunt is allied with efforts by the commercial interests in Japan and Norway that hope to turn the tide against anti-whaling sentiment by proposing what they call community-based whaling among indigenous people for cultural, dietary and economic reasons.

Again, I must question the validity of the proposal and the motivations behind a renewed commercial whale harvest. In fact, the fact that many whales are creatures that routinely migrate the globe, and we are talking there about the big whales, the others, not the gray whales, but they routinely migrate around the globe. They demand a consistent international policy. If a few native groups are allowed to harvest whales, then Japan and Norway would deserve and will demand the same. Such a policy will surely lead to a drastic reduction in the world whale populations.

Mr. Speaker, the grim history of commercial whaling should not be reenacted, and I will do my best to see that it is not.

VACATION OF SPECIAL ORDER

Mr. RUSH. Mr. Speaker, I ask unanimous consent that the previous order of earlier today concerning the gentleman from California [Mr. TORRES] be vacated.

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

There was no objection.