

Mr. Speaker, a large number of Republicans want to pass meaningful legislation. Ninety Republicans were co-sponsors of a much stronger patient protection bill than that that passed the House in July. Most of these Republicans did not have sufficient time to examine the GOP bill before voting on it because it was rushed to the floor to provide political cover.

But Mr. Speaker, those Republicans who want to see signed into law a bill that is really a step forward should demand of our leadership the type of changes I have outlined. If there is a will, there is still plenty of time to get a bipartisan agreement on HMO reform.

However, Mr. Speaker, opponents of strong patient protection legislation may succeed in preventing reform legislation from passing this year. But I guarantee Members, Mr. Speaker, this issue will only get hotter in coming years if Congress does not act to truly curb the abuses of some HMOs.

Mr. Speaker, as Abe Lincoln said, "You can't fool all of the people all of the time."

SOCIAL SECURITY, TAXES, AND WHERE WE ARE GOING AS A NATION

The SPEAKER pro tempore (Mr. SNOWBARGER). Under the Speaker's announced policy of January 7, 1997, the gentleman from Wisconsin (Mr. NEUMANN) is recognized for 60 minutes as the designee of the majority leader.

HEALTH CARE IN AMERICA

Mr. NEUMANN. Mr. Speaker, I rise tonight to first address just briefly what my colleagues have been talking to me about, or have been talking about here on the floor in advance of me, and that is health care in America.

We hear so much about HMOs that are not doing their job for their patients, and we think about what kind of solutions we could come up with. There is a very naturally tendency in Washington, D.C. to say Washington needs to solve the problems. One thing Washington might consider doing is empowering the people in this country to have a choice of which HMO they go to and which health care coverage they would like.

Today that is not possible, because if you work at the General Motors plant in Janesville, Wisconsin, General Motors offers you as an employee one of several health care plans. But if you choose not to take the one offered by General Motors in Janesville, Wisconsin, and you instead go and buy some other health care plan, you first lose the benefit through your place of employment, and second, you have to take after tax dollars and go and purchase that other coverage.

One thing I think we should be thinking about as it relates to health care coverage is empowering all Americans to have the option of choosing the health care coverage that they want.

If General Motors could simply say to the employees in Janesville, Wiscon-

sin, where I am from, "Here is the money that is available for your health care package, now you choose which health care coverage you would like," what would happen is the HMOs that are no good, some of those we have been hearing about here from my colleagues as I sat and listened here tonight, those HMOs that are no good and that are treating their patients wrongly and poorly, they would go out of business, because people would choose not to go to those HMOs because of the poor quality of the health care and their coverage.

At the same time, some of the good health care plans, some of the good HMOs, or maybe people do not want HMOs, maybe they want a policy like some of the medical savings accounts, where they take a large deductible and save some of that extra money for themselves, but at any rate, it would be their choice because they would have the choice of where they are going to go for their health care, and we would certainly expect the good health care plans to thrive and provide good coverage. Just like when I was in the homebuilding business, service to our customers was our top priority, because I knew my customers were going to talk to other people about the homes we built for them.

Similarly, if people have choices in health care programs, if people can go anywhere they want for those health care programs, service to the customer becomes the top priority, because if they do not do a decent job people are going elsewhere for their health care coverage.

When we think about that as a solution, as opposed to here in Washington somehow knowing what is best for everybody all across America, I sure like the idea of empowering the people as opposed to making us more in control of more parts of the people's lives.

That is not really what I rose to talk about tonight, but I listened to the gentleman before me and I thought we should throw out another suggestion as to how to move America forward as it relates to health care.

I want to say tonight that it is a very solemn mood here in Washington, D.C., to the folks that are watching from all around the country, Mr. Speaker. They should know that the mood here in Washington, D.C. is a very solemn situation. We here in the House take our responsibility that we have been given very, very, very seriously. It is not about Republicans or Democrats at all out here. We understand that we are at an important time in America's history.

What happens over the next few months as it relates to the matter that is currently before us is certainly going to take up the news, but there is something else that is real important here. As the Starr report is being discussed, and as the potential impeachment proceedings go forward and all that stuff dominates the news out there, the normal business of Congress is still going on behind the scenes.

There are some very, very significant things happening right here in Washington right now behind the scenes and below the level of the news because of the Starr report and what is happening there that are going to affect things that are as important to Americans as Social Security and taxes, and whether or not we stay in balance and pay down our debt. Things that are extremely important to the future of this country are still going on over the next 4 or 5 months in addition to the other very serious responsibility that we, as all Americans, have.

For that reason I rise tonight to talk about, in particular, Social Security and taxes and where we are going as a Nation, a little bit about how far we have come, but where we are at right now.

If we look at numbers today, for the first 11 months of our fiscal year we are running a surplus that is very, very substantial for the first time since 1969. It is not a little, tiny surplus, it is almost \$100 billion a year. We have been projecting between \$80 and \$106 in my office for quite some time. It appears now that the numbers will come in someplace in between there.

Let me put that in perspective so it makes more sense, because out here in Washington we talk about these billions all the time. It does not always make sense to all my colleagues and all the people all across America.

A \$100 billion surplus means that the United States government has collected \$400 for every man, woman, and child in the United States of America more than what it needed in taxes. Let me say that again. A \$100 billion surplus is approximately \$400 for every man, woman, and child in the United States of America. We are talking about a huge amount of money.

I want to just talk about how that surplus relates back to debt, to deficit, to Social Security, and to tax cuts as we move forward, because there is a very significant debate going on right now as to how that surplus should be used. It relates specifically to the Social Security issue.

First, let me start by pointing out that we still have a very serious problem facing this country. This debt chart, and I notice tonight it is actually worn out, because I think I start most every presentation by showing this debt chart. It shows the growing debt facing America.

If we start down here, we can see from 1960 to 1980 there was very little growth in the debt, but from 1980 forward, this thing has just grown right off the wall. When I am out in public and I point out 1980 as where it really started growing, or 1978, 1979, I can see all the Democrats in the audience nodding their heads, going, "That was Ronald Reagan," and I can see all the Republicans nodding their heads and saying, "That was that Democrat Congress." The point is, whether we were Democrat or Republican, it did change in 1980 or thereabouts. We are about up

here in this chart right now. It is a very, very serious problem facing our country.

Since 1969, every year our government has borrowed and added to this debt. It was in 1980 they started borrowing lots and adding to that debt. For the folks who have not seen this number and how big it is, we are currently \$5.5 trillion in debt.

Again, let me translate that into something that makes a little more sense. If we divide the debt by the number of people in the United States of America, our government has borrowed \$20,400 on behalf of every man, woman, and child in the United States of America. Put into perspective for a family of five like mine, our government has literally borrowed \$102,000, basically, over the last 15 years.

□ 1930

The real kicker in this thing is down here. A lot of people think, well, that is kind of Washington jargon. That is Washington talk. And \$5.5 trillion, what does that really mean?

Let me translate it into what it actually means to an average family of five in the United States of America. We are paying, an average family of five pays \$580 a month every month to do absolutely nothing but interest on this Federal debt. See, even though the number is too big and it is Washington jargon, the facts are it is real debt. And since it is real debt, we are paying interest on it. That interest for an average family of five, or any group of five people in America, is 580 bucks a month.

Mr. Speaker, for anyone who thinks they are not paying \$580 a month, I suggest they think about walking into a store and doing something as simple as buying a pair of shoes. The store owner makes a profit on selling that pair of shoes and part of that profit gets paid to the United States Government in the form of taxes. When the government gets it, one dollar out of every six that this government spends does absolutely nothing but is used to pay interest on the Federal debt. I think it is reasonable to ask how in the world did we get to this point?

I see my good friend, the gentleman from Michigan (Mr. HOEKSTRA) has joined me. I am sure he has seen this portion before, but trust me, I have some additional charts that are a little bit new out here tonight.

Mr. Speaker, how did we get to this point? I think it is important that we remember Gramm-Rudman-Hollings. If my colleagues are like me, in 1985, Gramm-Rudman-Hollings came out and our government told us that they were going to balance the budget and stop spending our kids' money, and I cheered and I said, yes, our government is going to do the right thing at last and quit spending our kids' money.

Well, 2 years went by and it was 1987. They said, that promise we made back in 1985, we cannot really keep that promise, but here is a new promise.

They gave us Gramm-Rudman-Hollings of 1987. Three years went by, and they said we cannot keep that 1987 promise, but here is a new one; and in 1990 they raised our taxes. And then it got to 1993, and of course we all remember the huge tax increase of 1993.

Mr. Speaker, I brought just one of those along. I brought Gramm-Rudman-Hollings of 1987, but all four of those broken promises are really the same. This blue line shows how we were supposed to get to a balanced budget and how the deficit was supposed to get to zero and they were supposed to quit spending our kids' money by 1993. The red line shows what actually happened out here. The deficit exploded instead of going to zero.

Well, things have changed. I am happy to say that. We got to 1993, this year, and the deficit was still very, very large. The people that were in Washington at that point made a very bad decision. This needs to be said. It passed without a single, solitary Republican vote, but in 1993 what they did is they decided that the only answer to this problem, this debt and deficit problem—

Mr. HOEKSTRA. Mr. Speaker, would the gentleman yield?

Mr. NEUMANN. Mr. Speaker, I would be happy to yield to the gentleman from Michigan.

Mr. HOEKSTRA. Mr. Speaker, I believe the gentleman said it passed by a single solitary Republican vote.

Mr. NEUMANN. I apologize. It passed without a single, solitary Republican vote. Thank you. I stand corrected, if that slipped. It passed without a single, solitary Republican vote.

I am sure the gentleman from Michigan remembers what I am talking about here. It is the biggest tax increase in American history. The gentleman might want to explain parts of it.

Mr. HOEKSTRA. Mr. Speaker, I think the gentleman is absolutely correct. I came here in 1993, and getting to the chart that the gentleman is going to be talking about next is the one that we were shooting for. We wanted to get to a balance, or more appropriately a surplus budget, and we wanted to get there as soon as possible.

In 1993, and we face these choices each and every year and we have been facing them every year since then, are we going to get to a surplus budget? Are we going to match revenues with expenses by increasing revenues with higher taxes or by reducing or actually just slowing down the growth of spending? In 1993, we made the very serious mistake, because we said we are not taking in enough money from the American people. We have some things that we would like to do here. And Congress passed a huge tax increase.

At the same time, it was looking at significant new spending programs. We were going to nationalize health care. Government was going to stimulate the economy. We were going to go on a \$15 billion stimulus package. So in 1993,

the framework was very clearly set that we are going to increase revenues by increasing taxes, and at the same time we are going to increase spending and we are going to promise the American people that we are going to balance the budget.

We tried that formula in the past and it did not work. In 1995, the gentleman from Wisconsin (Mr. NEUMANN) came with, I think, 72 other new freshmen on the Republican side of the aisle, and we broke the old mold and we created a new mold.

Mr. NEUMANN. Mr. Speaker, I think it is real important to understand that the tax increase of 1993 did not lead to a balanced budget. In fact, higher taxes simply means more Washington spending.

I brought a chart with me to help show that tonight. In 1993, they had gotten down to a growth rate of government spending of 2 percent. What is a growth rate of government spending? If we spend \$100 one year and spend \$102 the next year, that is a 2 percent growth rate of government spending. They had gotten it down in 1993 to a 2 percent growth rate of government spending.

When they raised taxes in 1993, what happened immediately is, government spending went up. We can see that so clearly in this chart. We had a 2 percent growth rate of government spending in 1993. They raised taxes and what happened is immediately higher spending in 1994. That is really what led to the new elections in 1994, the new people that came out here in 1994, because in 1993 they got the wrong answer. They just did not get it. The American people did not want higher taxes.

Mr. Speaker, the American people wanted less wasteful Washington spending. They expected us to get this job done, but not by raising taxes and raising government spending. They expected us to get this job done by controlling wasteful government spending.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman would yield, I believe this is one of the gentleman's new charts.

Mr. NEUMANN. This is one of my new charts, yes.

Mr. HOEKSTRA. Mr. Speaker, the gentleman from Wisconsin has been working during our recess. But the gentleman is exactly right. Some of us came in 1993 and really believed that we had to control the growth in spending. Actually, the gentleman has other charts, probably back in the office, but they show that if we would have just for a number of years controlled the growth of Federal spending, kept it down to the 2 percent level, grown it at the rate of inflation, we probably would have reached a surplus budget a long time ago. But the people in Washington just could not control their desire to spend. So we went back up to 3.5, 4 percent and there we go.

We are working off a big number. When we are talking about increasing spending by 3.5 to 4 percent we are talking not about \$100; we are talking

about increasing a number that is \$1.6 trillion. So the difference between a 2 percent growth rate and a 4 percent growth rate is real money.

Mr. NEUMANN. Mr. Speaker, reclaiming my time, I just had town hall meetings all over the State of Wisconsin, and one question I asked in Wisconsin was how many in this room think government spending should increase faster than the rate of inflation? We didn't get anybody who thought that. But look at what was going on out here, government spending going up at twice the rate of inflation.

When we came in 1995, and we became the majority at that point, we had one idea. The idea was that instead of raising taxes on people we were going to get government spending under control. We were going to go after wasteful programs. Just one example my colleague from Michigan, I know, is very familiar with. We were spending \$35 million of the taxpayers' money to Russia to launch monkeys into space to do research on the monkeys. We get here and find these sorts of programs, hundreds and hundreds of these sorts of programs, that were going on out here.

We understood that if we could get to that waste and get government spending under control that we would both be able to balance the budget and lower taxes. That was the theory we came with. We came with the understanding that the 1993 solution of higher taxes was the wrong idea. We understood that the people did not want higher taxes; they wanted less wasteful government spending.

Now we are 3 years into this, and my colleague can see from this chart that the growth rate of government spending since we took over in 1995-1996 is the first fiscal year budget we worked with, the growth rate of government spending is on the way down.

I think it is reasonable to ask what has happened over these 3 years and what has that led to in our budgetary process? When we got here, just like they had a blue line what they were supposed to do, we got here in 1995 and laid out a plan to get to a balanced budget. This blue line shows how the deficit was supposed to go to zero by the year 2002. And virtually all Americans will remember the promise we are going to balance the budget by 2002. I remember it because when I said that groups that we were going to balance the budget by 2002, they all snickered. After all, the promise had been broken in 1985 and in 1987 and in 1990 and in 1993, so they were looking at us like, "Why would we believe that you are any different than the last group?"

Mr. HOEKSTRA. Mr. Speaker, if the gentleman would yield, I actually had an interesting case in my district last year. I visited a number of plants in my district, and I remember the date because it was the date we started the Teamsters investigation. Talk about waste. That is \$20 million that the taxpayers paid to run the Teamsters election in the U.S. and in Canada. The taxpayers paid for it.

I was at a plant the day that that election got thrown out, and I was taking them through some of the numbers and explaining to them that by 2002 we were going to reach balance or surplus. It was a small plant and one of the guys just started laughing and said, "Sure."

Well, I went back. I went back the first week of September of this year and told them that by the end of the month, by September 30 when we close our fiscal year, he was right. He should have laughed in 1997, because we did not balance it in 2002; we are actually going to get there in 20 days. In 20 days, we will reach that point where we cross the line, and we are probably past that point already.

Mr. NEUMANN. We are actually well past it. The facts are here is our plan and here has what actually happened. We are not only on track; we are significantly ahead of schedule. For the first time since 1969 for the last 12 months running, this government spent less money than they had in their checkbook. That is just a monumental change in the way things have been done. I should say it again because it is that significant. For the first time since 1969, this government spent less money than they had in their checkbook for the last 12 months running.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman would yield, I do not think we can lose sight of how important that is. I mean, we hear, and I was just reading one of the newspapers, it is kind of like it is a do-nothing Congress. Have not gotten anything done. If we would have told people 2, 3, 4 years ago that by 1998 we were going to reach surplus, they laughed, they said no way. And this Congress has already will have done something that no Congress has done for 30 years.

Not only that, and the gentleman may have some other charts that will get to that later on, but I believe we are at the threshold of creating a generation of surpluses that actually enable us to move, that this will not be a blip. But if we keep on track and go after wasteful spending, restructure and work on Social Security and other entitlement programs, we will have a generation of surpluses that will enable us to pay down the debt and reduce taxes and get a government that actually works better and more effectively and is more efficient at serving our constituents.

So we have fundamentally changed the debate here in Washington in the last 24 months. We have moved from a debate about how we are going to get to balance to a debate about how we are going to pay down the debt, how we are going to lower taxes, how we are going to free up more money for investments in jobs for our generation and the next generation.

We have fundamentally changed the debate and the outlook for America. Huge strides. But they are saying, it is like "What have you done for me late-

ly?" What we have done for them lately is we have balanced the budget.

Mr. NEUMANN. Mr. Speaker, I would like to translate this into what it means for an average American out there. When I look at this chart and I see the spending growth rate going down, this distance from here to here not only means a balanced budget. It means something in families all across America. Because since we did not spend this money in the government, we were able to take that extra money and lower taxes with it.

For a family out there in America today if they are a middle-income family with kids under the age of 17, next year when they do their tax return they are going to get a \$400 tax refund for each child under the age of 17. If they have a college student, they are going to get up to \$1,500 in a tax refund.

This is not a tax deduction. This is not fiction. This is not a political promise. This has been passed into law. They are going to get \$400 per child in a tax refund in a check back from the United States Government and up to 1,500 to help pay for college tuition.

It does not stop there. Stocks and bonds. If Americans bought investments, and the stock market has gone up dramatically. Even with the recent decline, we are still significantly ahead are where we were 3 years ago. If they sell some of that stock and make a profit, they used to pay 28 cents on the dollar to the government. Now they pay 20; that reduction of capital gains is very significant for all kinds of folks.

A lot of times I talk to groups, and seniors in the group go, "What did you do for us?" I go, well, stop and think about this. Most seniors own a home. In Wisconsin, at least it is in the 70 percent range.

□ 1945

We eliminated all tax on the sale of all homes in America for all intents and purposes. Unless your home is a very, very large mansion type, worth \$500,000 or more, there is no tax when you sell your house anymore. What a significant change.

A senior citizen who took the one-time age 55 deduction or exclusion bought another house and now sells that other house, there is no taxes on it anymore. That is what this is about.

This chart, it is a nice chart to show the red to the blue and then down, but it really needs to be translated into what that really means for Americans all across this country.

I want to jump from there into another very important discussion and that is Social Security.

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

Mr. NEUMANN. I am happy to yield to the gentleman.

Mr. HOEKSTRA. Mr. Speaker, if you take a look at spending growth, I just want to point out we are still, I think, growing faster than what you and I might think is necessary.

Mr. NEUMANN. And faster than the rate of inflation.

Mr. HOEKSTRA. Still faster than the rate of inflation. Let me give you just a couple of examples. We are going to vote on a bill tomorrow, I believe, on dollars to the classroom, our colleague from Pennsylvania. And for the last 18 months, we have been taking a look at Federal education, our role and the impact that we in Washington are having on K through 12 education.

We are taking a look at what happens when a dollar comes from the local level, goes to Washington, and since it is about educating kids, the kids are back at the local level, we have got to get the money back there. We are taking a look and saying, when we get a dollar from the local level, what actually happens to it.

We find out that it goes through 39 different agencies, hundreds of different programs, and we find out that we lose about 30 to 40 cents of every dollar. We lose it because of the bureaucracy here in Washington. We lose it because we get the money, so then we have to communicate back to a school district that we have got these programs available. They then have to apply for it. We then have to review the applications and decide who gets the money and who does not.

Mr. NEUMANN. Mr. Speaker, reclaiming my time for just a minute on this discussion, help me understand why it is that, as a taxpayer sends their money to Washington, and Washington decides how to best provide education for those kids back home, what exactly is it in the water out here or what is out here that makes us smarter than the local parents and teachers and community? Why would we think that anybody in Washington knows better how to educate our kids in our home communities than the people in those communities do? Is it something out here that makes people brighter or able to better provide the education? Why would parents not be best prepared and best able to make decisions for the education for their own children? Why are we taking those dollars in the first place is the question?

Mr. HOEKSTRA. Mr. Speaker, if the gentleman will yield, you know the process that we have gone through. We have held hearings here in Washington to outline, figure out this process.

The other thing we did was we went to the local level. We have held hearings in 16 different States. We asked that basic question. We asked them, what value is Washington adding to your educating your kids locally? The answer came back, we like your money, but other than that, you are not doing much for us. As a matter of fact, in some cases, you are hurting us because what is happening is you are sending us some money that we need, and we are spending it the way you are telling us to.

But if we really looked at the kids in our classroom, if we looked at the kids in our community and identified what

we really wanted to do with that money, we might spend it on something else.

So what we are going to do tomorrow with dollars in the classroom is two things. We are going to not increase Washington spending, but what we are proposing is saying, instead of 60 to 70 cents of every dollar getting back to the classroom, let us get that to 95 cents of every dollar getting back to the classroom. That is a 25 percent increase in Federal spending without us spending anymore because we are just being more effective and more efficient in how we get that money down there.

Mr. NEUMANN. Reclaiming my time, I just want to bring out one story on this because it is so important. I was in Augusta, Wisconsin, and the superintendent of schools came to one of the meetings we were at there. Obviously the person was extremely interested in education and working very hard to provide a good quality education for the people and for their kids there.

He said to me, MARK, how can I get Washington to free up this money that is supposed to get to our school system? And immediately a light bulb went on inside my head. I am thinking here is a person who is genuinely interested in the education of his kids in his community, and he is at this meeting talking to me about how he can get Washington out of his hair so he can just do his job.

Why should this superintendent in schools be worried about a fight in Washington as opposed to being able to dedicate himself full time to the education of those kids. If we can get 95 cents of every dollar back to the classroom, and, by the way, I would prefer dollar for dollar, but if we even get 95 that means a dramatic reduction in the bureaucracy.

It means almost \$9,000 per school is going out there in the form of a check, and instead of a superintendent like this one having to fight with Washington for the money, since we have no longer the bureaucracy to tell them exactly what to do with the money and fill out the papers and so on, they are going to have to make the decisions themselves in their own local community as to how to best spend their money.

It is \$9,000 more per school, every school on average just by eliminating this bureaucracy on the bill we are going to pass tomorrow. I think it is a tremendous bill.

Mr. HOEKSTRA. If the gentleman will yield, because the other destructive thing, you have touched on it, the other destructive thing that happens when we send this money to the local school district, we send it with all the strings attached. We now get school boards, superintendants, and school administrators who serve two masters. They serve the master in Washington who tells them what to do, who does not know where Augusta, Wisconsin does not know whether it is near Green Bay or near Madison or whatever.

Mr. NEUMANN. Eau Claire, near Eau Claire.

Mr. HOEKSTRA. So they are serving two masters. Really the school administrators should be not serving a master but should be working with the parents and the community leaders and their community designing school programs that are most appropriate for the specific needs and the special challenges and the special opportunities for kids in their community.

They do not need to be looking to Washington or trying to figure out, you know, this is what Washington wants me to do, but I know this is what we want to do in this community. How do I reconcile these things. They ought to be solely focused on building their schools with their local community leaders and their local parents.

Mr. NEUMANN. Reclaiming my time again, I would like to ask my friend from Michigan that all important question, have you seen anything in your years here in Washington that would lead you to believe that somehow because we are here in Washington we know better for that school system out in Wisconsin what is best for their kids and how to best education their kids?

Is there any good reason that we should ask these people to spend their time filling out requests for money and grant proposals as opposed to just simply sending it to them and saying, okay, gang, it is your kids, it is your community, it is your parents, why do you not all make the decision in what is best for your kids.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman will yield, that is the reason we have went around the country. We have been in L.A. We have been in Phoenix. We have been in Chicago. We had the hearing in Milwaukee. We have been in Cleveland. We have been in Milledgeville, Georgia, a small, little town. We have just been in Tennessee.

What you find, we do not know anything about what needs to happen in those schools compared to the parents and the teachers and the administrators who have come in and have testified. And they are passionate about their kids.

We have seen success stories. All of the success stories, all the great things that are happening in these kinds of schools are where the focus is on the kids. And the focus effort is between the school administrators and the parents and other people in that community and the business leaders all taking a look at their community and understanding what is going on in their community and putting together a program for their community.

They kind of scratch their heads, and they ask the same question that you asked, why are you in Washington trying to tell us what to do in our community? We know our kids. We know our population. We know the special needs that we have. We know the opportunities that we have. Why do we have to try to fit, you know, our peg into your round hole when there is a disconnect.

Because in Washington what do we try to do, I will give us credit. It is not good credit. But I mean we recognize that there are different means out there. So we have created 760 different programs.

Mr. NEUMANN. With 760 different bureaucracies to run the 760 programs.

Mr. HOEKSTRA. That is right.

Mr. NEUMANN. All of them getting money that should be in the classroom helping the kids.

Mr. HOEKSTRA. That is right. That is why there is a tremendous opportunity to increase spending or to increase the effectiveness of our current spending without spending any more money.

The issue here for so many of our programs, I want to give you one example, you will love this one. Today we had a hearing on the labor department, a program called trend setters. Remember that word. This is trend setters. This was where the labor department was trying to identify apparel companies that were meeting certain criteria and these types of things.

We questioned whether the labor department actually had the authority to put together this type of trend setter list. Well, to be a trend setter or to make sure that the labor department was a trend setter in how they communicated this information to the public, they created a web page. All right. So they are on the net.

They stopped the program, they said, because of some criticism. They stopped the program in March of 1997. The program went dormant 1997. We had a copy of their web page from March of 1998, and we ran off their web page this morning. This is a program that was dormant. So supposedly they had done no work from March of 1997 until today. They had done nothing to update or modify this list.

Now, I was looking at the list. There was the web page from March of 1998, a year after they stopped the program, to September, and the list of trend setting companies had changed. I asked the question, I said, can you explain to me, if you have done nothing to this program, how the list of companies has changed from March of this year to September of this year.

They said, well, you know, maybe it took us that long to update our list. And it is kind of like, excuse me, you are on the net. You are in the information age. You have a trend setter list. You have trend setting companies. The last time you updated your list was March of 1997, and it took you at least 12, and it maybe took you 15 months to update your web page.

Mr. NEUMANN. With all due respect.

Mr. HOEKSTRA. And we are paying for this.

Mr. NEUMANN. With all due respect, it only took 15 months? Is that a new accomplishment?

Mr. HOEKSTRA. It only took them 15 months to update the web page of trend setter companies. I just want to know how much money we are spend-

ing on a program like that. The gentleman and I both know there are tremendous opportunities here in Washington to find additional savings to build up a surplus, increase efficiency, and move on to what you want to talk about, which is saving Social Security.

Mr. NEUMANN. Right. Again, I think we have to go back to this understanding that, when people out here talk about cutting spending, they do not actually mean they are cutting spending. They mean, instead of letting the growth rate be double the rate of inflation, they are cutting it back to just the rate of inflation. Again, when I talk to folks out there in America, I cannot find people that think government should grow faster than the rate of inflation.

Mr. Speaker, I do want to move on to Social Security.

Mr. HOEKSTRA. Mr. Speaker, one minute. The reason they do not believe that government should grow at the rate of inflation is that, when they get their paycheck at the end of every week, they find that 40 percent of it is going to government at one level or another, and if we are growing it faster than inflation, it means that that number is going to keep going up. They want that number to go down.

Mr. NEUMANN. Right.

Mr. HOEKSTRA. They want it to go down significantly. We can make it happen just by making government more efficient.

Mr. NEUMANN. Let me jump from there into Social Security. You mention their paychecks. At the end of each week, people do get a paycheck. Part of that money goes into Social Security. I would like to just talk through what is happening in Social Security so we understand how this relates to that overall picture we start talking about, which is surpluses and a balanced budget.

Social Security this year is going to collect \$480 billion out of the paychecks of workers all across America. It is paying back out to senior citizens and benefits \$382 billion.

If you think about this for a minute and think about your own checkbook, forget about the billions for just a minute, if you have got 480 bucks in your own checkbook, and you write out a check for 382 bucks, your checkbook is fine. If you have \$480, and you write out a \$382 check, as a matter of fact, you have got \$98 billion left over.

That is exactly what is happening in Social Security right now. It is collecting \$480 billion. It is paying \$382 billion back out to seniors in benefits, and that in fact leaves a Social Security surplus of \$98 billion.

It is funny, when I am out of town in meetings, I say, does anybody want to take a shot in the dark of what our government has seen fit to do with that \$98 billion? They all just start laughing around the room, and then somebody will say it. They spent it.

The reality is that we have been, the government, before we got here, had

been collecting this extra money for years. In fact they have been spending it on other government programs and putting IOUs, technically they are called nonnegotiable Treasury bonds, into that trust fund instead of real money.

Let me be very specific on how this works. That \$98 billion extra that is collected for Social Security, they put it into, and think of this middle circle as the big government checkbook. So take the \$98 billion and put it into the big government checkbook.

Now, remember, since 1969, they have been overdrawing that big government checkbook every year. So \$98 billion goes into the checkbook. At the end of the year, there is no money left in the checkbook. So since there is no money left in the checkbook, they cannot really put real money in Social Security, so, instead, they simply write an IOU down here to the Social Security Trust Fund. It is technically called a nonnegotiable Treasury bond. Nonnegotiable means cannot be marketed, cannot be sold.

Now the problem with this occurs, of course, if we look back at that other chart with those numbers on it, today we have got more money coming in than what we have going back out to seniors in benefits. But people like my friends from Michigan and I, the baby boom generation, we are getting old fast, and there are lots of us. As we age, what happens is there is not enough money coming in and too much money going out.

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When we get to that point where there is not enough money coming in and too much money going out, and we look down here to our trust fund, that is the savings account, and if we think about our own checkbooks again, if we have been saving money in the savings account for a period of years, then all of a sudden we get to this point where we are writing more checks than what we have coming in, that is we overdraw our checkbook, when we get to that point, we might go to our savings account and get our money.

The problem with having IOUs down in the Social Security trust fund is when we get to the point where there is not enough money coming in and too much money going out, where is the government going to get the money to pay back those IOUs? That is a question we need to be asking. Because this turnaround in the income, that is the time when there is more money going out and not enough coming in, that is going to occur in the next 15-year period of time. And it will affect young people, because one choice to solve that problem is to raise taxes. It is going to affect senior citizens, because another choice will be to lower benefits so the IOUs do not come due.

The bottom line is it is a problem we need to be addressing now. So in our office we wrote a bill called the Social Security Preservation Act. This may

not seem like a genius bill to most people watching and most of my colleagues out there tonight, but the Social Security Preservation Act simply says that the \$98 billion coming in from Social Security ought to go into the Social Security trust fund in real money.

Now, how do we do that? We put it down there in something called a negotiable treasury bond, something any person in America can go to their local bank and buy. I did this myself personally because I wanted to be able to stand in front of groups and say here is how we are going to make this thing work. So I went to the bank, and they took a thousand bucks out of my checkbook and gave me a treasury bond. Now, when I overdraw my checkbook, I will give them back the treasury bond, they will give me back the thousand dollars, and I will put it in my checkbook and everything is going to work. That is how we want Social Security to work, and that is exactly how we wrote the Social Security Preservation Act.

We wrote the Social Security Preservation Act that we put real money, negotiable, marketable, salable treasury bonds, so when the numbers turn around and there is not enough money coming in and too much going out, we go down here to our savings account and we get the money. We cash in those bonds, or sell those bonds, we get the money and we make good on Social Security. That is how the Social Security Preservation Act would work. It is bill number H.R. 851.

Now, I brought something extra along here tonight to help understand the difference between surpluses in Social Security and other general fund government surpluses.

I would be happy to yield to my friend from Michigan.

Mr. HOEKSTRA. Before I leave, I would just like to thank the gentleman for leading this discussion tonight. We really now are at the threshold of putting in place a real plan to ensure that future generations will not have to increase taxes to maintain the Social Security benefit levels, and we will not have to reduce benefits for seniors.

As we are getting the surplus and getting to balance, we really have the opportunity to start addressing this, and I think this Congress has laid the framework for it and we are going to move forward on this debate and I think come up with some real positive solutions.

The gentleman has been instrumental in doing two things: Instrumental in getting us a surplus and instrumental in getting us and keeping us focused on what we need to do to ensure the long-term life of Social Security. I thank the gentleman for the time that he has shared with me tonight.

Mr. NEUMANN. I thank the gentleman for joining us.

As we return to this chart we had up here before, when we talked about the Social Security money actually going

into the Social Security trust fund, I have added a line in this chart, a black line. And what that does is wall off this Social Security money and forces it to go into Social Security instead of into the general fund.

So, now, let us talk through these surpluses one more time that everybody keeps hearing about in America today. Part of those surpluses is this Social Security surplus, but there is another fund, it is called the general fund. Think about it again as the big government checkbook. This general fund is now going into surplus as well. So when we get done writing checks at the end of the year, if we have money left over in that general fund, we need to start asking the question what gets done with that portion of the surplus.

First, the Social Security surplus actually goes into Social Security. That should not be touched. There are proposals out here, right now, today, as I speak, and this is why I said it is so important to understand that even as the rest of this is going on in Washington, the Starr report and the potential impeachment of a President, those are very, very significant issues for the United States of America, but there are also other things happening simultaneously with that and it is important that we do not so focus on one that we forget something else that has happened and, in fact, wind up getting Social Security money spent on new government spending.

Today I had a proposal laid in my hands that was going to spend \$16 billion of this Social Security money on new spending. And they have a very unique method of getting around the spending caps to spend this new money. And I had another proposal laid in my hands that effectively went into the Social Security money and said, okay, we are going to use the Social Security surpluses to cut taxes. Neither one of those are okay. The Social Security money belongs in the Social Security trust fund, period.

But when we get to a surplus in the general fund, this other account, we should be asking ourselves, what are we going to do when we are in surplus in the general fund. I have two suggestions: First, I think it is important that we make payments on the Federal debt. After all, our generation has run this debt up primarily over the last 15 years, and it seems reasonable to me that we should make payments on the Federal debt and pay it off, much like we would pay off a home mortgage, so that we can give America to our children debt free.

Just think about this as a goal for a generation. Would it not be nice if we could pay off the debt so we could give our Nation to our children absolutely debt free? There is a significant benefit of paying off that debt. As that debt is paid off, this money that is left over from the big government checkbook, some of it goes down here to Social Security, because part of that debt is the Social Security IOUs. So as we make

payments from the surplus, from the general fund, part of the money goes directly back into Social Security.

I want to say that again, because that is so important. Social Security money is set aside. When we reach surplus in the general fund, part of the surplus should be used to repay the Federal debt. Part of the Federal debt is the Social Security IOUs. So as we start paying down the debt, those IOUs in the Social Security trust fund get traded in for real money and Social Security becomes solvent at least to the year 2030.

What about the rest of that surplus over there? Well, I think it is clear to most Americans that the tax rate is still too high. I think we should be talking seriously about significant real tax cuts. We have laid a proposal on the table that assumes revenue keeps going at approximately the rate it has been growing, maybe a little slower, and assumes we hold spending in line. If we do that, we can be looking at repaying all of the IOUs in the Social Security trust fund over the next 10 years and reducing taxes by as much as \$1.5 trillion. That is \$1,500 billion. It is a huge sum of money available for tax cuts.

Now, as we talk about these tax cuts, again funded out of surpluses from the general fund that accumulate because we have spending under control, let us just talk about some things we might do. Let me start for seniors.

I think we should be looking at eliminating the earnings limit. What happens under the earnings limit is, if a senior citizen voluntarily decides to stay working, after they have earned \$15,500 the government starts decreasing their Social Security by \$1 for every \$3 that they earn over \$15,500. I think we should immediately raise that earnings limit that seniors are not penalized for voluntarily staying in the work force.

Secondly, and again for seniors, as most people know, in 1993 the taxes on Social Security benefits were raised from paying taxes on 50 percent to 85 percent. I would like to go a couple of steps here. First, I would like to roll back the 1993 tax increase on seniors, and then I would like to get rid of paying taxes on Social Security benefits all together. After all, people have paid into this account for all of these years. Why, now that they are getting this money back out, should they be paying taxes on the amount they get back out?

If this does not seem reasonable, think about the Roth IRA. The Roth IRA is set up exactly that way, that we put our money in now, and when we take that money back out later on, we pay no taxes on it. So why can we not provide that same benefit for senior citizens today? And as we start looking at these surpluses materialize because we have controlled government spending, roll back that tax on Social Security all together.

Let us talk about another one that I think is extremely important. This one

is not as much for seniors as it is for some of our younger folks. In America today, if four people work at exactly the same job and earn exactly the same money, and two of them are married to each other and two of them are living together, and without passing any social judgments, which we might do, but without doing that it seems totally unfair that the two that are married to each other pay more taxes than the two that are living together. It almost seems backwards in the society we live in today.

So I think we should end the marriage tax penalty. It does not seem reasonable in our society today that we should penalize people for being married. Instead, we should maybe think about doing just the opposite. But certainly we should eliminate the marriage tax penalty.

Let us talk about another one. We have a hard working friend. They have worked hard all their life, they have saved money and, as a matter of fact, they have made investments and the investments have done well. This is America. And by the way, there are lots of folks out there like that, and I sincerely hope that those opportunities remain available in this country. I hope that is what our service to this country is all about, that those sorts of opportunities remain available.

So they have gone all through their life, they have saved money, and they have this nice estate. Today, when they pass away, that estate is passed on, a significant portion is passed on to the United States Government. Why exactly should people work hard all their lives, save up money, and pass a good portion of their estate on to the United States Government instead of to their children? That does not make any sense.

So as we start looking at additional tax reductions as we go forward, let us roll back that estate tax so that if somebody does work hard all their life and accumulate assets, that they can pass those assets on to their children or heirs instead of giving them to the United States Government.

Let us talk about one more, and I think this is perhaps the most important of all. Why do we not look at across-the-board lowering the overall tax rate on American people. The government is collecting more money today than what it is actually spending out of its checkbook, so why can we not roll back the excessive tax burden that is out there?

About a generation ago, when I was just born, or a year or two old, the tax rate on Americans was about 25 cents out of every dollar they earned. This included State, Federal, local, the whole shooting match. It was about 25 cents. Today, that number is in the range of 37 cents, maybe as high as 40 cents. So what exactly is it that government is doing today that they did not do a generation ago? Just think about this for a second.

We had defense a generation ago. We had education a generation ago. We

were concerned about our environment a generation ago. We had many of these programs. We had Social Security a generation ago. What exactly is it that government is doing today that we want government taking an extra 12 cents out of every dollar that we earn for what government does? Why can we not roll back that tax burden and at least get it back to where it was a generation ago so our government does not collect more than 25 cents out of anyone's pocket for taxes? Why can we not get these sorts of things to happen as we keep this government spending under control?

It comes back to that one central theme. When we were first elected in 1995, and we looked at that 1993 tax increase, we all understood that raising taxes was the wrong answer. We understood the American people did not want a bigger government that spent more and more of their money and took more and more out of their pockets. We understood that the American people wanted us to get that government spending under control, go after wasteful government spending and get rid of it and get this government back to a point where it allowed the American people to keep more of their own money in their own homes to decide how they are going to spend it on their families. And that is what has really been going on here.

That is probably a good way to sum up my hour this evening. It is so important, as we look forward to the next generation, first, that we make sure Social Security is safe and secure for our senior citizens. Every senior should be allowed to get up in the morning knowing that their Social Security is safe.

Second, as we look for another goal for a generation, pay off this debt so we get to a point where our children could inherit a debt-free America instead of being saddled with the burden of a \$5.5 trillion debt and \$580 a month interest payments on that debt. So as we look at this goal, let us pay down the Federal debt much like we would pay off a home mortgage and give America to our children debt free.

And, third, on the economic side here of our goals as we look forward, let us do everything we can to get the waste out of government so that we do not need the money from the pockets, the hard-earned money from our workers out there across America. Let us get that tax burden back down to where it was a generation ago.

That is really what I think we should be working on and where we should be going, even in the face of what we are dealing with right now. We need to keep in mind these central goals: Social Security, pay down the debt, lower the tax burden on Americans, and at the same time as that, we will, in a very solemn way, do what is the responsible thing to do, do what is right for the future of this country as we take great pains to do it properly, as we review the Starr report over the

next few days. But we cannot let that dominate us to a point where we lose track of all of these other things that are so important to so many Americans over the course of the next few days and the next few months.

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

Mr. WELDON of Florida. Mr. Speaker, I just wanted to commend the gentleman for the leadership he has provided in the House ever since we came to Washington together. We were elected in 1994, a part of that freshman class that turned the majority over to the Republican Party. And as a member of our class, I think the gentleman has been one of the most articulate and outspoken Members on the critical issues of cutting wasteful spending, restoring honest budgeting to our government and, most importantly, protecting and preserving Social Security.

□ 2015

And the reason why that last issue is an issue that is of tremendous interest to me is, I represent a district in Florida, it is the east central coast of Florida, and I have a lot of senior citizens in my district, many of whom are dependent on their Social Security check; and I think it is critical as we approach the close of this fiscal year that we look at the proposals that my colleague has on the table. And I am a cosponsor of the Social Security Preservation Act that my colleague have introduced.

And I just wanted to ask the gentleman from Wisconsin (Mr. NEUMANN) a couple of questions if time allows. This process of taking the money that is in the surplus and how that is borrowed out as a non-negotiable Treasury note, was that the way the original Social Security Act was written under FDR back in the 1930s?

Mr. NEUMANN. Mr. Speaker, reclaiming my time, the laws changed in 1983. In 1983 they increased the amount of money that was withheld from workers' paychecks because they knew the baby-boom generation was going to get to retirement. And the idea was, by increasing the amount withheld in 1983, they would start accumulating these things.

But in answer to the question of how they do this, they were doing it the same way since the beginning, or since 1983 at least, but it was not until the early 1990s that the surpluses started to get very large. And see, that is where the real problem has come in is that the surpluses are now in the range of \$100 billion a year. We are now in that part of the bubble, so to speak, where we are supposed to be putting lots of money aside into the savings account so that when we get to 2012 or 2014 and there is not enough money coming in, that we can go and get that money out of our savings account.

So what kind of bonds they put in before 1983, I cannot tell my colleague. I can tell him that since 1983 they have been putting in these non-negotiable

Treasury bonds. And had they not taken the money, had they put real money in there instead of IOUs, there would be about \$750 or \$800 billion in Social Security right now today.

Mr. WELDON of Florida. Mr. Speaker, if the gentleman would yield again, in addition to speaking out in support of preserving the Social Security program and establishing honest budgeting and I think taking the Social Security Trust Fund off budget and stopping the process of borrowing the money out each year is part of what I consider honest budgeting, I think my colleague's speaking out in support of reducing the tax burden on working families and middle-class families is very important.

And one of the items that my colleague mentioned I think is a particularly important issue, and that is getting rid of the death tax, the so-called death tax or inheritance tax.

And another issue in my district is, I represent the east central coast of Florida, and I have a lot of suburban communities along the coast, but I have a lot of ranchlands, and I have a lot of these orange groves and citrus planters and cattle ranchers; and they are having a terrible time when they want to pass essentially the family farm, in Florida we call it the family grove or the family ranch on to the kids, the tax burden sometimes is so prohibitively bad that they literally have to sell the farm in order to be able to pay the tax bill because it frequently gobbles up a third of the land or a third of the valuation of the land.

And this is just wrong. This is not the way our American tax code is supposed to work, where we are forcing family businesses to have to sell to pay a tax bill, a family ranch to have to be sold off or farm or orange grove or grapefruit grove.

And I thoroughly support, and I was very pleased to hear my colleague bring up this issue of getting rid of the death tax, along with some of the other things he mentioned, the marriage penalty. And again, I just want to commend him.

I was sitting in my office doing some paperwork, and I was listening to what my colleague was saying about Social Security, and I wanted to come down and personally commend him for the leadership and the direction that he has provided not only our class, the class of 1994 but, as well, the whole Republican Conference.

My colleague has had an impact on these issues, in my opinion, far above any of the other Members, and I congratulate him for that.

Mr. NEUMANN. Mr. Speaker, reclaiming my time, I want to make sure this is clear. This is not about me and it is not me that did this. We did this. A lot of new Members that came in in 1994 feel very strongly about this and we have done this together.

But it is not even us that is doing it. It is the American people that understood in 1993 the idea of raising taxes

was wrong. They understood that the problem here was not that government was not getting enough money out of their pockets. They understood that government spending was growing out of control on all sorts of wasteful programs.

It was really the American people that made a decision to make that change that led to people like my colleague and I being here that has resulted in these changes that are now just starting to take hold and really brought about this change for America. So I do not think it is us. I think it is the American people that deserve the credit for this.

STATUS OF CONDITIONS IN RUSSIA

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Pennsylvania (Mr. WELDON) is recognized for 60 minutes as the designee of the majority leader.

Mr. WELDON of Pennsylvania. Mr. Speaker, I rise this evening to take some time to discuss a major crisis that this country is going to have to deal with. And I know the topic of discussion all across America tonight is the delivery of the report by Kenneth Starr involving potential allegations against the President of the United States. But I am not here to discuss that, Mr. Speaker. Actually, I am here to discuss another issue that is simmering and potentially could cause not just problems internationally, but severe problems here in America as well, and that is the status of conditions in Russia and actions that this body is going to have to take involving the Russian people and the Government of Russia before the end of this month, before we adjourn.

Mr. Speaker, this past Tuesday evening I returned from what I believe is my sixteenth visit to Russia during the course of my lifetime of interest in Russia, the country and its people. This trip was one that was requested of me by my counterparts in the Russian State Duma, the equivalent to our Congress.

They had asked me to come a week earlier to discuss ways that perhaps we could assist in further understanding the problem that Russia is experiencing now in terms of their economic instability, the political instability, and my own personal interest, the potential military instability within the boundaries of Russia. I went there with those three ideas in mind.

As the chairman and founder of the Duma-Congress Initiative, which for 2 years has been the formal relationship between the Congress of our country and the State Duma and the Federation Council of Russia.

In arriving in Moscow, Mr. Speaker, I was amazed to see the lines of Russian people who were gathering at banks all over the city attempting to go in and receive and remove their savings, in

many cases their life savings; and the frustration of those people was that they could not take their own money out because in the banks in Russia today their accounts have been frozen.

And at the same time their assets have been frozen all over Russia and they cannot remove the rubles they need, the costs of just living in Russia are increasing dramatically as the ruble has been devalued and the cost of goods and services in Russia has increased dramatically.

In fact, during the 6 days I was in Moscow, when I checked my hotel bill on checking out, I saw that the cost of my room went up each evening because of the problems with the ruble. In fact, in one comparison, I had eaten breakfast in the hotel, which was a buffet breakfast, a standard fee charged to everyone who went into the hotel, and on one day it was 500 rubles; the next day the exact same breakfast was 750 rubles.

Now, I was able to absorb the increased cost for the short period of time that I was there. But, Mr. Speaker, you could imagine what is happening all across Russia as literally thousands and millions of Russian people today are very much concerned about whether or not they are going to be able to buy the goods and the services to allow them to maintain their quality of life.

And then when they add to that the impact this current economic crisis is having on the Russian military, it presents real problems not just for Russia, but for America and people around the world. Because the people in the military who have seen significant cutbacks in their funding base have particular problems because they do not have decent housing, many of the senior leaders of the former Soviet military feel betrayed because they have not been given their pensions and, therefore, the situation has led to a real morale problem, problems which jeopardize in some cases the security of Russian nuclear materials, nuclear arms, and conventional weapons.

In fact, just in the past several months and years, we have seen increasing incidences of Russians illegally transferring technology to other nations. Over the past several years, we have seen very sophisticated guidance systems for long-range missiles being transferred from Russia to Iraq.

We just this past summer saw evidence of Russian cooperation with Iran to build a new medium-range missile, which now threatens all of Israel. And we have seen continued cooperation in some cases with rogue states to allow technology involving chemical or biological weapons to leave Russia because the right price has been paid. So the problems of Russia economically are problems we have to face up to and problems that we have to deal with.

Now, because of the current crisis and instability within the banking system and the instability of the ruble, there have basically been aggressive efforts by the central government and