actually helped Carol Moseley-Braun appropriate $100 million to get it started, but the Republican majority came in the following year and took out $100 million, so it never been funded. But it is in the law. It is authorized. Only the Committee on Appropriations needs to act. We could leave it as it is and the Committee on Appropriations could act and begin to take care of the problem.

Mr. Speaker, I am not going to leave it as it is. I intend to amend the title in order to provide for a $20 billion authorization, at a minimum. Mr. Speaker, $20 billion will be less than we are proposing to spend for defense; it will be far less than we authorized last year for highways and transportation. Most of the Members of Congress voted for a bill which provided $218 billion for highways and transportation; $218 billion, because they felt it was needed. There was a general feeling out in the public that it was needed. The public had not said that transportation was a high priority. The public had not said that highways were a priority, but they had no objection.

When we voted on that kind of bill, $218 billion of over I think a 6-year period, there were no objections by the editorial boards, there were no demonstrations, there were no letters; everybody accepted it, that this is a need. Always, we need highways and sidewalks and in New York we need help for our subway system and bus system, so that expenditure was accepted because it made sense, to expend $100 billion over a 5-year period on school construction makes sense.

We have no problem with the general public and the voters out there who are asking us everyday to give education more help. The public must look with great disgust on debates like the one that took place today where the Members of Congress are wasting their time debating a bill which is designed to hand governors more dollars. The greed of the governors knows no end. All kinds of roadblocks are offered when we try to do realistic approaches to meeting the response of the public that they have placed upon us when they ask for more assistance for education.

We have some people who have repeatedly said, we do not want to build more schools because Davis-Bacon will drive up the cost of the schools, and in order to get Davis-Bacon, they do not want to build schools. They are going to punish the children, because two Republicans, one named Davis and one named Bacon, authorized a law some time ago which made a lot of sense that one could not bring contractors from outside an area and lower the standard of living of the people who were workers there by bringing in cheaper labor. If we had a government job involving the Federal Government and we brought in outside labor or used local labor, either way, you are going to have to pay the prevailing wage. The prevailing wage means no more than whatever brick layers, carpenters, whatever they are being paid in that area, you pay it. It makes a lot of sense. Davis and Bacon, Republicans.

Now they are objecting to building more schools because they do not want Davis-Bacon to be utilized because it drives up the cost. We have study after study that shows that we can build schools at basically the same cost or a lower cost when we use the Davis-Bacon contractors.

So let me conclude by saying that I hope the public, the voters who have made it clear that they want education to be a priority will focus intensely on what is happening here in this Congress. It looks as if only the people can turn around the madness that is occurring here, the endless debates about trivialities, the endless debates about changes in the law, rerouting the money which will have minimal effect on the improvement of education, and may have a dangerous impact because it will take the money away from those who need it most.

Mr. Speaker, we need more money for construction, and we should get it as soon as possible.

## HONEST SPENDING, HONEST BUDGETING

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

Mr. COBURN. Mr. Speaker, I find it very interesting that the issue of education and the issue of Social Security, not wanting to spend Social Security money for anything other than Social Security, is described as trivial.

What we are going to talk about tonight is one of the most important aspects of the future of this country, and that is called honest budgeting, honest numbers, so that the American public actually knows what is going on in Washington. So what we hope to describe for you tonight are the issues surrounding the Social Security Trust Fund, the problems associated with it, how the real problem has been covered up by the Washington habit of spending more money when we do not have it.

I have with me tonight, and I would like to recognize, the gentleman from Michigan (Mr. HOEKSTRA) and the gentleman from Minnesota (Mr. GUTKNECHT), and the gentleman from Minnesota is going to spend a few minutes talking about where we have been, where we are today, and where we are going.

Mr. GUTKNECHT. Mr. Speaker, I thank the gentleman for yielding.

I think it is important to note that for too long in Washington, the name of the game was how can we spend more of the public's money. In fact, the unwritten rule of Washington always was, no good deed goes unpunished. There was no real reward for trying to save money, because back in the 1960s, in order to cover the cost of the Vietnam War, they created a whole new system of counting here in Washington. What they did was they took in all of these 66 different trust funds we have, they put them all in the same category, and it made it look like the deficit was smaller than it was.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman from Oklahoma will yield, if we are talking about history, the one thing I appreciate is taking a reference point of 1995, which is when the two of you joined us here in Washington. As my colleagues may remember, I came in 1993, and if my colleagues think the picture was ugly in 1995, they should have been here in 1993, because in 1993 when we came and when I came here with 110 new freshmen and we had a new President, the mentality of Washington was, let us increase spending. Remember, that is when some of my colleagues were maybe motivated to run for Congress, because the message was the economy may be going into a downturn or whatever, when actually the economy was recovering because of what President Bush had done early in the 1990s. But it was like government spending is going to stimulate the economy.

We did not, or the powers that be at that time did not care about the deficits. The deficits were $200 billion per year, as far as the eye could see, and growing. The belief was that to attack some of these issues, it was not to return money back to the American people, but was to take more of their money and to increase taxes. So in 1993, we had deficits as far as the eye could see, growing deficits as far as the eye could see; $200 billion deficits, increasing taxes, increasing spending, saying, that is the new model for this new presidency.

The good thing about it was that that agenda I think spurred many of my colleagues to say, wait a minute, that is the wrong model, so my colleagues came and got elected in 1994, and in 1995 really set a very, very different tone.

So my colleagues recognize what we have done since 1995. I go back two years previous to that and say, boy, if my colleagues had not come here in 1995, we would have continued that trend of 1993 of more spending and higher taxes. I think my colleagues are going to lay out how ugly the picture was in 1995, but it was much worse in 1993, and a very different solution to the problem in what my colleagues helped introduce and helped pass in 1995.

Mr. GUTKNECHT. Mr. Speaker, if the gentleman from Oklahoma will yield, the gentleman from Michigan is absolutely correct. Obviously, we would certainly like to take some credit for what has happened since 1995. But the truth of the matter is, what the American people finally said was, enough is enough. I mean, higher taxes were the answer to every one of our problems, and the American people understood that higher taxes were not the problem. They certainly were not the solution. The problem was too much spending.

I remember when the gentleman from Oklahoma (Mr. COBURN) and I came as freshmen and we looked at what the President proposed, and this is not according to the House Republican Conference, this is according to the Congressional Budget Office. We should have this on a bigger chart, but I think the chart, if people at home or in their offices can see this, can recognize that what was happening was the deficit was bad, but worse, it was going to get worse every single year, and we were looking at potential deficits by the year 2009. This is using the old accounting standard. We are going to talk about the differences and what we really think the next step ought to be. But we were looking at deficits by the year 2009 approaching $600 billion a year.

The Congressional Budget Office came out shortly after we came to Washington in 1995, and the American people said, enough is enough, and they sent 73 new Republican freshmen, including the two of us, to Congress. But they understood, the American people understood that that was not the answer. The Congressional Budget Office told us that if we did not do something about controlling the rate of growth in Federal spending, about eliminating some of the needless duplicative bureaucracy here in Washington, the real problem was that by the time our children reached middle age, and I hate to admit it, but I am approaching that age myself.

Mr. COBURN. Mr. Speaker, I am well past it.

Mr. GUTKNECHT. By that time, Mr. Speaker, they would be paying a tax rate of upwards of 82 percent just to meet the ongoing needs of the Federal Government and the obligations to Social Security.

Now, that is the situation we confronted in 1995. The American people said, that is unacceptable, we said it is unacceptable. We started about eliminating needless waste. We eliminated 400 programs, we reformed the welfare system, we tackled the entitlements, and we have made enormous progress since then.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman from Oklahoma (Mr. COBURN) will yield, just to put this in reference, because we are talking about 1998, we are going to be talking about performance of 1999 and performance of 2000.

Mr. COBURN. Mr. Speaker, CBO is the accounting estimating firm that is part of the Congress that is bipartisan that studies these numbers and makes an estimate.

□ 2145

Mr. HOEKSTRA. Mr. Speaker, I thank my colleague for clarifying that.

In 1998 the Congressional Budget Office projected a deficit of somewhere in the neighborhood of $225 billion, the President's plan. In 1999, that number would have been about $250 billion. In the year 2000, it would be about $290 billion. This is a year. We would be in debt $290 billion more.

Mr. COBURN. Mr. Speaker, it is important for everybody to understand when we hear those numbers that that includes spending social security trust fund money to offset even further a worse situation, to the tune of anywhere from $80 billion to $100 billion. So if we had been protecting our seniors' money and protecting our grandchildren's future, in those years the deficit would have been at least $100 billion higher.

Mr. HOEKSTRA. Yes. That brings us to 1999. If we would have treated social security honestly, and we are going to be talking about that later tonight, that number would have been $350 billions of deficit, and for spending of about $1.7 trillion we would have had a deficit of $350 billion.

In the year 2000, we would have been approaching $400 billion. If we would have put in the social security numbers, roughly 20 to 25 percent of our spending would have been deficit-financed, would have been new debt that we would have stacked onto our children, which would have jeopardized the future of social security, either in terms of benefits or eligibility or increasing taxes.

In 1995 the President said that that was good enough. He said, that is where I am going to lead the country. That is when people like the gentlemen here came in and said, wait a minute, that is maybe good enough for this administration, but it is not good enough for the American people, and financing our spending with 20 to 25 percent of debt is just plain wrong. In 1995 we changed the course of this town.

Mr. GUTKNECHT. Mr. Speaker, if the gentleman will yield, and it is important to talk about these numbers, because if we add social security, which is about $100 billion a year, we are looking at deficits of $350, $450, $500 billion a year.

Those are just numbers. Most of us do not know what $1 million is, let alone $1 billion. It is hard to imagine what $450 billion is. But let us put that in very simple terms. What does that mean to the average American family? What it means is that we are virtually guaranteed that our children will have a lower standard of living than we have enjoyed.

We can put this in any kind of terms we want, but I think every one of us recognizes that one of the cornerstones of the American dream is leaving our kids a legacy so they can expect to have a better standard of living than we had. That has been part of the American dream I think since the first Pilgrims came to this country, that they wanted to build a better future for their kids.

Unfortunately, because of the deficit spending, because of profligate spending of previous Congresses, because of the basic attitude that deficits do not matter, we had literally begun a process that guaranteed the next generation that they would have a lower standard of living. That is the thing that had to stop.

It is not just about numbers, because I think sometimes when we talk of numbers, I think all of our eyes start to glaze over. We can look at our children and say, do we really want to leave our kids a lower standard of living than we have enjoyed? I think the answer for every American parent is a resounding no.

Mr. COBURN. Let us move in a little bit and just have a discussion about where we really stand on social security, because too many people I find do not have a realistic expectation of how big the problem is; and number two, unfortunately, the Congress in past years has not been honest with the American public about the problem, so part of our goal tonight is to really kind of dive into that.

Each year this government takes in billions and billions of dollars of social security money. Last year it was about $580 billion. We paid out about $480 billion to people who were on social security, receiving social security as a benefit. What that means is that we paid in an excess amount of actually about $86 billion last year that were excess payments of social security.

As we look at this chart here on the left, and notice what the source of this, this is not a Republican or a Democrat chart, this is the Social Security Administration's numbers, what we saw in this area, and we continue to see until the year 2013, more payments coming into social security than are going to be paid out. But in 2013 something big is going to happen. We are going to pay out more money in social security than is coming in.

The purpose of this exercise is to get everybody to realize the size of the problem, because when we start paying out more money for social security than we take in, what will happen is one of three or four things. We will talk about that in a minute.

The fact is, people who are working every day are paying money in for a social security benefit that the Congress is then taking and spending on something besides social security. So as we see past the year 2013, what happens is the area in blue is the amount of tax revenue that either has to come from the general budget or increased taxes, just to meet the obligations.

If we have a 5-year-old at home this year, when they are 35, that deficit is going to be almost $800 billion per year, one and one-half times the total that we take in.

The problem is big. How does the social security trust fund work now? How is it supposed to work, and what is really happening? What is really happening now is the money comes in, comes in, a paper IOU goes in, the government takes the money and uses it for a multiple of other things.

Last year we did take $69 billion worth of social security money and buy off external debt, so we did lower the

external debt, but it is not a true lowering of the debt, because we still have an interest obligation and we still have to pay the money back. So we did not lower the debt any. What we did was take social security money out of the trust fund and use it for something other than what it was intended for.

What is going to happen in the year 2013? The money is going to come in, but we are not going to have enough money to pay. So we are going to do one of three or four things. Most likely, somebody's taxes are going to get raised to be able to meet that.

How do we stop doing that? The first way we stop doing that is to be honest about what the numbers are, be honest about what the situation is with social security, and get our hands off of the social security money. Not any portion of it should go to be spent for anything other than for social security. We should not grow the government with new entitlement programs, new programs. I have not found anybody in this country who can tell me that they actually believe that this government runs efficiently.

If we need to increase spending in one area, there are more than enough areas for us to decrease spending in areas that are inefficient. We eliminated 400 programs in 1995 and 1996. There are another 400 programs that need to be eliminated that do not accomplish what they were intended to, that spend more than what they were intended to spend, and have never been measured to see if they are effective. Yet, the Congress has not been able to do that because of this disguised budgetary problem. They have not seen the essence of it.

Mr. HOEKSTRA. If the gentleman will yield, Mr. Speaker, I think what we really want to reinforce tonight is that we are going through various stages of addressing these issues because of the magnitude of the problems we are facing.

In 1993, when I came here, getting to a surplus was a critical issue. In 1995, when these two gentlemen joined us here, we were actually able to move to a surplus. We talked a lot about getting to a surplus. That was only a step in a series of steps that we needed to take.

We reached that last year where we got a surplus, but we used the social security surplus to help us get there. Now we are talking about taking the next step, which is, all right, now let us strive for a genuine surplus, or what some of us would describe as a more genuine surplus by taking social security off-budget and walling that money off.

Mr. COBURN. Mr. Speaker, let me say to the gentleman, I am a doctor by trade. I practice on the weekends. I delivered 97 babies last year. I fly home every weekend.

But my first degree was in accounting. There is no such thing as a genuine surplus. There is either a surplus or a deficit, and one of the things we have to do is to be clear to the American public that we have not had a surplus in this country, we do not have a surplus, and we will not have a surplus unless we quit spending more money. That message has to go out.

One of the main reasons that we are coming to this problem to start addressing it is because America is working, and Americans are paying a ton of tax right now. Through their hard efforts and their work, we have government revenues that are rising.

We did cut $70 billion the first year we were here in spending that would have been spent. That has been extrapolated each year. That is probably worth about $150 billion that would have been spent this year that we cut, so we have done the cutting part that we could do. We need to do more to be able to get there.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman will yield, just like there is only a surplus or not, not a genuine and a phony, there is either a real surplus or not a real surplus, the other thing is there is either a real cut or not a real cut.

I think we have to be very clear that when we talk about cuts in Federal spending, that I do not believe in any year since the gentleman has been here, since 1995, that our spending in any year, say for 1996, even though we cut spending, we are not spending less than what we spent in 1995.

Mr. COBURN. That is a great point. The government still grew.

Mr. HOEKSTRA. There is only one cut, and that is when the number goes down. What we have done is we have slowed the growth. The government is still growing, it is still getting bigger. We are spending more money on a number of different issues which this Congress and the President have identified as priorities. In no given year, however, can we go through and say that government is smaller in 1996 than it was in 1995.

This is why I think it is so upsetting when so often we go out and hear about all of those cuts in Congress, that Congress has made on government spending, and we sit there and say, no, we are spending more than what we did last year. The only thing is we have slowed the growth and tried to demonstrate some restraint, because of the issues we were dealing with. We were looking at $300 billion deficits.

It is a great thing that somebody finally came here and exercised some restraint so we can get to a surplus, or that we will get to a surplus, and all we did was slow the growth. We did not cut. Sure, we eliminated some programs, but we are spending more than what we did.

Mr. COBURN. Let me just jump in here for one second. I want to make sure the American people understand. We do not really care who gets the credit. Right now what we are concerned about is our grandchildren, because if we steal social security money and we allow the government to grow in terms of new programs, our children, our grandchildren have very limited futures.

So it does not matter. We did our job and we worked hard to try to slow the growth, but I want the American public to know that we do not have to have credit for it. The thing we want credit for is for our children a generation from now to be able to have an opportunity to have a standard of living at least to the level of the average standard of living in this country today.

Mr. GUTKNECHT. If the gentleman will yield, both gentlemen have made a couple of very important points. To a lot of average Americans, the language of Washington is very difficult to understand.

We heard about these draconian cuts in education programs, in student loans, when in fact student loans were going up at greater than the inflation rate, but we were slowing the rate of growth. In Washington a lot of people talk about cuts in spending, when all we are really talking about is slowing the rate of growth in spending.

I think one of the greatest Washingtonspeak expressions that was created many years ago is this comment or term ''trust Fund.'' It has a nice ring to it. In fact, if we talk to our constituents and use the term ''trust fund,'' they think, trust, fund, that there must be a fund there somewhere.

What they do not understand, and particularly with social security, and perhaps we need to do a better job ourselves of explaining it to our colleagues, because I think when they think of social security, they think of a pension fund. Frankly, it is not a pension fund in the classic sense, it is a pay-as-you-go system.

I think, Dr. COBURN, you have talked earlier about when it was first started we had 41 people working for every person who was retired. In 1950 we had 16 workers for every person who was retired. Today that number is slightly over 3 people working for every person who is retired. When the baby-boomers start to retire, that number is going to drop to two workers for every person retired. It is a pay-as-you-go system.

In fact, rather than think of it as a pension fund or even as a trust fund, in some respects I think we need to think of it as a checking account, and that right now there is more money coming into the checking account than is being paid out in benefits. But in 2013 that is going to change.

One last thought. When I graduated from college, I happen to remember who the speaker at our commencement address was. He was Director of the United States Census. I was born in 1951. He told us something interesting that day, that there were more babies born in 1951 than any other single year. We represented the peak of the baby boom.

□ 2200

When we start to retire at about 2012, 2013, that is when we begin to draw so

deeply on that ''trust fund.'' That is the real issue that is confronting us. It is demographics because of this huge bulge of 81 million baby boomers that start to retire in the year 2010.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman will yield, I was going to say, I think that if you take a look at two charts, we will outline how critical it was that we made the types of decisions that we made in 1995.

When you combine the chart of deficit outlooks, which the gentleman from Minnesota (Mr. GUTKNECHT) showed us earlier, here is the dynamics that were going on in 1995 when he came here. The deficit was going down. By 2009, the deficit was going to be $600 billion per year. All right. So that is one. Think of it. We are going to spend $600 billion more than what we are going to collect in revenues.

Look at the trend line. The trend line is that this number is going down. So by 2013, we are probably going to be at $700 billion with the accelerating rate.

If we combine that with what was going to happen in Social Security, because right here, 2013, this was going to become a negative. So we have got the deficit on the general fund being a huge number. Then we are going to compound it with this flow from Social Security. There were people saying that is good enough. We take a look at it and say there is no way we can survive.

Now we have taken care of the one chart, which is just the deficit numbers. We have got that under control.

Mr. COBURN. Mr. Speaker, reclaiming my time, by the way, that is the false deficit.

Mr. HOEKSTRA. The false deficit. Mr. Speaker, that is right. But we still are facing this crisis. So we, with the plan now to wall off the Social Security dollars, say, number one, we are getting a handle on it. But it does not take care of these deficits yet. We are going to have to come up with a plan to reform Social Security. I think that leads into your options.

Mr. COBURN. Absolutely.

Mr. HOEKSTRA. Mr. Speaker, we still have this issue to deal with over the next couple of years.

Mr. COBURN. Mr. Speaker, so what are our options? Three are listed here, but there is four. The first is we can save 100 percent of seniors' money. Remember, when we do that, when we save 100 percent of seniors' money, we are doing two things. We are following the obligation that we really have to the American public because they are paying Social Security taxes for their Social Security. But, number two, we are relieving a tremendous burden on their grandchildren.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman will yield, I mean that is the one thing, the point that I missed on these two charts. The gentleman from Oklahoma brings it out at exactly the right time.

When the deficit is increasing, and we have got that liability coming up on Social Security. The Federal Government going out and borrowing huge sums of money means potentially increased taxes for our kids and our grandkids. It means that the government is going out and borrowing probably billions, hundreds of billions of dollars per year.

As we went through the Committee on the Budget, Alan Greenspan came in and said, ''If you get to a surplus budget or close to a surplus budget, I expect interest rates to drop by 2 percent.'' Do my colleagues know what? He was absolutely right in 1995. That is not a cost. That is a direct benefit to the American people.

The biggest tax cut that we have given American families is to get close to surplus, because that has kept interest rates down on mortgages, on cars, on student loans and all kinds of things.

Mr. COBURN. Mr. Speaker, what we can do is we can save 100 percent of the money and start working on a program that allows some flexibility in the options for the younger generation. We can do that by never threatening and never putting at risk any seniors' Social Security or any near seniors' Social Security. So we can meet the obligations that we have. We can devise a plan where we can work our way out of the Social Security quagmire that we have.

I want to make one other point before I go to option two. Why are we in the problem we are in? It is not all just demographics. This body has the habit of doing things that are politically pleasing but not asking people to pay for them. So we vote increased benefits and programs but say it is not ever going to cost.

What that is, it is a half truth. A half truth, my daddy always told me, was a whole lie, because all these increased benefits are going to be paid for by my grandchildren and my colleagues' grandchildren. All these benefits that have been passed and increased without accounting for a way to pay for them was an untruthful thing to do to the next two generations.

It got a lot of people reelected because reelection was more important than being truthful with the American public. That is what this debate is all about, absolutely making sure they understand where we are on Social Security.

Second option, we can repay the money taken from the Trust Fund, and we can raise everybody's income taxes. In 2013, the graph that you have up there, something is going to have to happen.

Number three, we can decrease the benefits. We can delay the retirement age. We can raise the payroll taxes. The estimate is, if we do not do something, that the payroll taxes are going to be near 30 percent, just the payroll taxes, counting the employer's contribution in 2015 to account for this large, large deficit in the Social Security system.

Then of course there is the fourth option.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman will yield, maybe the gentleman from Minnesota (Mr. GUTKNECHT) can help us out here. But when we take a look at the FICA taxes or the Social Security taxes when an employee at the end of the year gets their W–2 which shows how much income they have made, and it shows how much they have paid in tax, is the full Social Security tax displayed on their W–2 form?

Mr. GUTKNECHT. Mr. Speaker, the answer obviously is no.

Mr. HOEKSTRA. Mr. Speaker, what does the gentleman mean ''obviously?'' It is all the money that they have made. It is all the money that is excluded that is taken out of their check by taxes. Would not it all be covered?

Mr. GUTKNECHT. Mr. Speaker, the average American does not understand that. Not only do we take 6.2 percent of their income, but their employer matches that to a total of 12.4 percent.

What is worse, because a lot of people think of this in terms of a pension plan, if the average American knew what their rate of return was on these funds, they would be outraged.

I think our colleague from South Carolina (Mr. SANFORD) is joining us. But the numbers that I have seen for the average American today, the average rate of return in fact we hear often, and I talk to a lot of groups, I say, ''How many of you heard the expressions Americans do not save enough?'' Most of them raise their hands. The truth is Americans save a lot when we take that 12.4 percent that they and their employer put in Social Security. We are saving an enormous amount of the average worker's income.

The problem is we get such a lousy rate of return. The number that I have seen is 1.9 percent on average. It varies depending on one's age and when one started putting it in. But the rate of return is terrible on Social Security.

Mr. COBURN. Mr. Speaker, actually the Social Security Administration, since 1955, gives a real rate of return of 0.6 percent.

Mr. GUTKNECHT. Mr. Speaker, I am being generous then.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman will yield for just a second, because I think it is going to be a bill that I think I am going to introduce tomorrow. What I do encourage each and every person to do is to take a look at their W–2, to take a look at their FICA number, which is their Social Security tax, and remember that that number, whatever it is, is matched by what their employer paid to the Federal Government. That could have been used for salaries or whatever, but that is money that is coming to the Federal Government. So it is not 6.2. It is 12.4.

Tomorrow I believe we are going to introduce a bill. It say that is the employer, I know we do not like mandates, but that the employer on their W–2, on an employee's W–2 has to put in the employer's share of the tax that they have paid to the Federal Government so that the employee sees that,

when they are working, their employer not only pays their salary and their taxes, but there is a hidden 6.2 percent tax that is going to the Federal Government based on the salary that they are making. It is full disclosure. It is truth in budgeting.

Mr. COBURN. Mr. Speaker, reclaiming my time, let me reemphasize first, if I can, four options. One, save the money. Do not spend any of the seniors' Social Security money by growing the government. Number two, raise taxes. Number three, cut benefits. Number four, and that is do nothing. That is what the politically expedient would say, do not do anything with Social Security because one cannot get reelected if one does it.

The fact is we have an obligation to save Social Security. We have an obligation to save 100 percent of the money that is going into it now for Social Security. Then we have an obligation to fix the system for the generations to come.

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

Mr. SANFORD. Mr. Speaker, just following up on the comments of the gentleman from Minnesota (Mr. GUTKNECHT) on rate of return, because I have heard the same 1.9 percent rate of return. I saw a UCLA study that showed that, for a person born in 1970, earning $30,000, they would have to live 110 years just to get their own money back, not a return on the money, but just to get their own money back.

So the bottom line is it is a low rate. What is interesting is, in contrast, I jotted down some numbers here.

Mr. GUTKNECHT. Mr. Speaker, if the gentleman will yield for one second, remember, this is a low yield on 12.4 percent of one's income.

Mr. SANFORD. Mr. Speaker, which one earns every week, which one earns every month, and which one earns every year. What is interesting is, in contrast, last year, the Fidelity Contra Fund, for instance, which is a huge mutual fund, earned 32 percent. The Van Camp and Capital B Fund, which is the oldest mutual fund in the United States, it was actually started in 1945, earned 28 percent. The T. Rowe Price Tech Fund earned 9 percent. CDs earned 6.5 percent. Even a checking account earned 2 percent.

The point that I am making here is, one thing I think we need to be watchful for as policy folks in Washington is we do not have two different retirement plans, one retirement plan for wealthy people that is earning 30 percent or 28 percent, and clearly these are not sustainable numbers, those numbers will go down, but the point is one group is earning a lot on their retirement plan, and then this other group, because Social Security taxes are the largest tax that 73 percent of Americans pay and consequently the largest investment that basically 73 percent of Americans make, and another group earning a negative number or 1 percent number, and that really creates a problem in our society that I think needs to be addressed in the Social Security issue.

Mr. COBURN. Mr. Speaker, reclaiming my time, let me jump in here, because one of the solutions to the problem, the first solution is to restrain our spending. I have a graph up here that I want my colleagues to compare.

It is, if we restrain spending, what that means is if we live within the caps this we agreed to with the President in 1997, what my colleagues will see in terms of real numbers, not hokey numbers, not supposed surplus, but real surplus and deficit, what my colleagues see is, in the year 2001, that under the CBO estimated numbers right now, we come to a real surplus just by living to the agreement that we made with the President in 1997.

In contrast to that, and my colleagues also will note over here in the green that these are real surplus dollars, dollars that we can in turn turn back towards Social Security, turn back towards Medicare, turn back towards education if we get there.

There is no absolute guarantee that those numbers are going to be right because we have had the longest nonwar peacetime expansion that we have had since World War II. These are estimates. So if we have a system that is going broke, we dare not trust just estimates. What we dare do is restrain our spending.

Now I want to contrast that with what the President has proposed in his budget. These numbers come from his budget numbers. What my colleagues will see is, under his plan, all this red is new spending. Under his plan, with the same revenue projections, we do not come to a true surplus until 2004.

So if we restrain spending between now and 2004 by living up to the agreement that we had with the President in 1997, all of this becomes all of this.

Mr. HOEKSTRA. Mr. Speaker, if the gentleman will yield, all the stuff below the line on the President's proposal is new debt for our children.

Mr. COBURN. Mr. Speaker, reclaiming my time, it is stealing money from Social Security is what it is. We are taking money that is Social Security money and spending it for new programs which will be paid back by my grandchildren and my colleagues' grandchildren at a much higher rate and at a tax rate higher than what we are experiencing today.

Going to the first point of the gentleman from Minnesota (Mr. GUTKNECHT) is one of all the desires of the seniors in my district is to make sure their children have at least the same standard of living as they have had, not worse, and hopefully the opportunity.

What stealing Social Security does and what running a deficit does is takes opportunity away from our children. We are stealing their opportunity. We have to be honest that, with this plan, we are going to be taking money out of the Social Security, we are going to be borrowing that money, and spending it on new programs to be paid back by our children and grandchildren.

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Mr. HOEKSTRA. If the gentleman will continue to yield, we can take a look at those two charts, and the chart on the top is what happens if we wall off the Social Security dollars. If we protect the Social Security dollars, it says that by 2001 we will be able to sustain some type of change in economic conditions. The further out we get, if we have an economic downturn or if we have some emergency spending requirements, that we have some room in there that we could still have a real surplus, even with some difficulties in the budget.

The bottom one says that under the best of circumstances, by 2004 we will have a small surplus.

Mr. COBURN. It will look just like that. We will be back to those original numbers.

Mr. GUTKNECHT. If the gentleman will yield. In effect, the top chart is essentially what the congressional leadership budget plan has been agreed to; that we will abide by the spending agreement that we made with the President back in 1997. Even if the President will not, we will abide by the spending caps.

Mr. COBURN. This is what the President agreed to in 1997.

Mr. GUTKNECHT. Exactly. Now, what the President has proposed, though, is about $30 billion a year of additional spending above and beyond the spending caps that he agreed to.

Now, one other point that needs to be made about those two charts. If we abide by those spending caps, it will mean we will have lower interest rates, because the government will not be borrowing so much. And as a matter of fact, we will begin to pay down some of that debt, so we will have lower interest rates. That means that we will have a stronger economy, and a stronger economy is good for everybody.

Mr. COBURN. I would just like to make a correction to make sure we understand. If we borrow the money from Social Security and we buy off treasury bills, we really do not lower our debt. We still pay the same amount of interest, we are just paying it to ourselves, but our children are still going to have to pay it back. So the floated public debt actually does decline, but the amount of money and the lost opportunity for our grandchildren goes up.

It is important the American public knows that, because we do want to pay off the debt. We would like to leave our children debt free, but we also want to leave them debt free with opportunity.

Mr. HOEKSTRA. What the top chart enables us to do, if we stick to the spending caps and we pass our budget, is to really focus on what our colleague here has been working on, which is to seriously take a look at Social Security reform.

Because we have to be honest here, we do not save Social Security. What we do is we position ourselves to save Social Security for our kids and for our grandkids. But that is the next step, again. We get to a surplus, then we get to a point where we have sufficient surpluses to save Social Security but we still have to do a Social Security reform proposal.

Mr. SANFORD. I agree, but I think, if the gentleman will yield, what is interesting is that before we can get to any Social Security plan, and the gentleman is right, I have been a big proponent of a number of different things on that front, we ultimately have to have trust in government.

Mr. COBURN. Absolutely.

Mr. SANFORD. That begins with straightforward and honest accounting, which is what the gentleman from Oklahoma (Mr. COBURN) is getting at.

Looking at the numbers, by any family definition, if we had somebody living on our street that had to borrow from their retirement reserves to put gas in the car or food on the table, we would say that family was not running a surplus. Similarly, in the business world, if a businessman borrowed against his retirement reserves to pay for the current operations of the company, he would go to jail, based on Federal law. Yet that is what the Federal Government has been doing.

So what is being talked about here is a first step of restoring confidence so that people will trust government and they will listen when we propose to them things about Social Security.

Mr. COBURN. One of the things we want people to understand about this is this concept of surplus. I have a little history for us and a little proposal for what we have today. It makes sense, if we have a surplus, that the national debt should not go up; correct?

Mr. HOEKSTRA. Right.

Mr. COBURN. Now, supposedly we had a surplus, yesterday. That is what the politicians in Washington are saying. We had a surplus. Why, then, did the debt go up $120 billion for our children and grandchildren to repay if we had a surplus?

The American public should know this. If they want to know if we have a surplus, we will have a surplus the first time the actual debt goes down. And we will not have a surplus until the American people hear that. So if anybody says we have a surplus, people should ask them at the same time, does that mean a surplus with the debt rising or a surplus with the debt going down. Because the only way we can measure if we have a surplus is if the debt goes down.

We can see in 1997 we had a small deficit, but the debt rose significantly. In 1998 we claimed, politicians, a $69 billion surplus; right? What happened to the debt? It rose from $5.330 trillion $5.445 trillion, another $115 billion increase in the national debt. Yet the politicians in Washington said we had a surplus. We did not have a surplus. It is totally dishonest to speak of a surplus.

We had more money coming in than we paid out, but we borrowed all that plus the 44 trust funds that the gentleman from Minnesota (Mr. GUTKNECHT) talked about, the airport trust fund that we pay $2 each way on every ticket; the inland water trust fund. We took money from all those trust funds, plus Social Security, to run the government, and we have not been honest in the accounting of it.

So it is important for people to understand the only time that we have a true surplus is when the debt goes down or taxes go down.

Mr. HOEKSTRA. What the gentleman is pointing out is that with as much progress as we have made since 1995, there is still a lot of reason to be cautious. There is still a lot of work to do.

There are people here in Washington who are saying, wow, look, $60 billion surplus going up to $110, let us go spend. Let us spend it on this program or let us spend it on that program. I think my colleague, perhaps in his next chart or one of the charts coming up, is going to talk about when the President came here for his State of the Union speech and spent most of the surplus that we really do not have.

There is still a lot of work to do to get to a real surplus and to begin preparing for the deficits that we are going to be facing in 2013 in Social Security. So there is still a lot of reason to show restraint as it concerns spending here in Washington.

Mr. COBURN. This next chart kind of brings it home. Every man, woman and child in 1997 owed $19,898. That is the debt divided by the population. In 1998 it went up to $20,123. This year, under the budget that we are operating now, the appropriation bills that have been passed, the debt for every man, woman and child in this country is going to go up over $500.

The debt is rising, as we speak, $275 million a day. A day. We are adding $275 million. We are taking $275 million worth of lost opportunity for our children and grandchildren each day that we continue to run under a dishonest accounting system. I think that is something that the American public can relate to.

So a surplus is only a surplus if an individual's portion of the debt is going down. It is only a surplus if the debt is going down.

Mr. HOEKSTRA. If we really think about it, a debt of $20,000 per person, and I am a family of five, meaning that my share of the national debt is greater than my mortgage.

Mr. COBURN. Correct.

Mr. HOEKSTRA. There are five of us, so our share of the national debt is $100,000, and next year it is going to be $103,000. It is going the wrong way.

Mr. COBURN. The three babies I delivered this weekend owed $20,000 at the time I spanked their bottom to get them to start breathing. That is a heck of a legacy for us to leave those children. They are born, they come into this world, and we are going to strap them with a $20,000 debt.

I have here a little chart based on what is happening right now under the budget we are under and under the proposal of President Clinton. I want to carefully choose my words here as we go through this. I think the American public can understand.

The excess payments in Social Security last year, this year, are expected to be $127 billion. More comes into the trust fund than will be paid out. If we had kept the 1997 spending caps and not, with a gun at our heads, passed an omnibus reconciliation package last year, we would have had a deficit this year of $1 billion. From $220 billion, $350 billion, to $1 billion. But we did not, we gave up $15 billion above the caps in October-November last year.

Then we have the proposal from the President to spend a billion dollars for the disaster in South and Central America, which had no recommendation that we pay for it. That money has to come from somewhere. So we will borrow it from the Social Security Trust Fund. So what is happening right now is, already this year $17 billion of the excess has already been stolen for 1999, leaving $110 billion.

But that is not the important point of this. We can fix that, if we will restrain spending this year and move that $15 billion back up in this next year. But look at what the estimates are from the bipartisan, that is Democrat and Republican, Congressional Budget Office. We are going to get $138 billion in excess payments in the year 2000. That is what they are estimating right now. The Congressional Budget Office estimates right now that the Congress is going to spend $5 billion of that, just on the track that they are on right now with the 1997 agreements. If we add the new programs that President Clinton has in his budget, we steal another $20 billion. Then, if we take what the President said, which is even technically misleading, that he wants to reserve 62 percent, and we spend the rest on the programs that he wants to spend, what we actually do is spend all but 59 percent of the Social Security money.

So the important thing is that, if we look at the green here, we went from $110 billion of savings in Social Security, and now we are looking at a, quote, politician's surplus. And what is happening to it? It is getting spent. So the politician's surplus is going to decline to $81 billion. It is not a real surplus, just how it is measured in Washington.

So not restraining spending means that $57 billion of our seniors' money, of our grandchildren's futures are going to be spent this year in new programs, growing the government and stealing opportunity from our children.

Mr. SANFORD. If the gentleman will yield, I think what is important about that point is that people remember, and, in fact, we all have heard that one simple fact about real estate, where

the equation is location, location, location. Well, in Washington the equation is politics, politics, politics. That is not a bad thing; that is not a good thing, but that is certainly the way this city works.

Therefore, I think the real issue to be thought about here is that it is the squeaky wheels that get greased in politics. It is important for people to speak out at town meetings across the country, in writing their Congressmen, in writing their Senators, to say if they are given the choice between spending their children's inheritance or not which one they want done. People really need to be making noise about this, because otherwise the immediate is what gets taken care of in Washington and the money gets spent.

Mr. HOEKSTRA. I think that is exactly right. That is the problem that we are facing. We have had the debate within our own conference, where we talk about debt reduction and getting our fiscal house in order, and people say, well, that does not sell.

□ 2230

In reality, I think when you lay out some of the charts that we laid out earlier that talk about the burden that we are facing, that we are placing on our children, I think when you go back to the chart that the gentleman from Oklahoma (Mr. COBURN) has up there and you start saying, wait a minute, we had $138 billion within our grasp, and in one year we took it away from Social Security and we pile it back on to new debt for our kids, I think the American people would embrace saying, ''Wait a minute, let's restrain the spending. We see this bubble coming up on Social Security. Now is the time to act.'' They understand these kinds of issues. They understand the crisis that we can face with the baby boomers. I think they look very positively at starting to set some of this money aside and getting our fiscal house in order. Again, this is $57 billion of new spending. This is not to get to $138 billion, you are going to cut spending by $57 billion. This is $57 billion of growth beyond what we already are planning on growing the Federal Government. This is brand new growth, brand new growth, brand new spending.

Mr. COBURN. Above the spending caps agreed to in 1997. I would like to make a point. Our country is rightly worried about education. We are going to have a lot of debates on this House floor on how we do that. But to assume that we cannot reprioritize the spending of the Federal Government to direct more money to education by eliminating waste, eliminating duplication, by doing the oversight to make sure that the programs that are out there are working means that we are lazy and we are not willing to do our job. Nobody feels that this government is efficient. It is not efficient by any standard. We can exact more efficiency from this government. If we had a crisis today in this country, if we were to go to war or some other, we would come in here and we would make the cuts that we need to make to still offer the services but we would ensure that it was done efficiently. That is what we have to do. We have to restrain spending. We can direct more money to education, but that money should not be stolen from Social Security. It should come from the wasteful programs that this government funds today. For us to do something less than that means that we violate the very oath for the reason that we came up here.

Mr. SANFORD. We were talking a little bit earlier, and I want to go back for just one second, on possible cures for Social Security. One of the things that the President proposed in his plan was to invest about a fifth of the, quote, trust fund in equities. While that sounds very alluring, I think it is a very dangerous thing, because as Chairman Greenspan pointed out, you need to create a firewall between Social Security money and political forces in Washington.

Mr. COBURN. That is exactly what we are trying to do. We are trying to say, it is time to be honest, it is time to be straight, it is time to get the hands off the Social Security money that is there and start working on a solvable solution for it but not use it to expand the government and compound the problem associated with Social Security for the future. Remember, in 2013 we are going to be coming back, somebody is going to be coming back—I am not—to the American public and if we have not done our job in this Congress about walling off the Social Security money, we are going to be asking people to cough up a ton more money, regardless of what the economic conditions are. We are going to have to do it to meet the commitments to the seniors that are out there at that time. So we have to start. We have to start today. We have to start this year, this session of this Congress and not let anybody steal the first penny from Social Security for any program.

Mr. HOEKSTRA. The gentleman just brought up education. As he well knows over the last 2 years we have had the opportunity to go to 17 different States and take a look at the Department of Education, 760 education programs, 39 different agencies. For every dollar we spend on education, 30 to 35 cents of it stays in Washington, never gets to a child, never gets to a classroom, never gets to the local level where a parent, a school board, a teacher can say, ''Let's spend this money in this way to help our kids achieve academic excellence, to get them to be able to do reading and writing and math.'' The problem is not that we do not have enough money here in Washington for education. The problem is that we are keeping too much of that money here in Washington. We debated a bill today that just said we are going to give some level of flexibility to local school boards, to State governments, to take this money to get rid of red tape, to get rid of the abuse and to make this system more efficient so that rather than throwing more dollars into an inefficient system, let us make the system efficient so we can get 95 cents of every dollar into the classroom rather than the current 65 to 70 cents.

Mr. COBURN. Let me just summarize. We have about 30 seconds left. A surplus is a surplus is a surplus if it reduces the debt, reduces the debt, reduces the debt. We need to not allow anyone to spend the first dollar of Social Security on anything other than Social Security. I hope the American public can understand what we are trying to do here is to get truth-in-government back in terms of the budgeting process, so that we can start the process of saving Social Security. We will never start that process until we make the firewall and get our hands off the money that is coming in today.

Does the gentleman from South Carolina have any closing comments?

Mr. SANFORD. No, but I will see the gentleman back on the floor tomorrow morning.

Mr. HOEKSTRA. I thank the gentleman for taking the time to do this and look forward to continuing this dialogue.

Mr. COBURN. I appreciate the gentleman's help.

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. CAPPS (at the request of Mr. GEPHARDT) for today and the balance of the week, on account of family illness.

Mr. FROST (at the request of Mr. GEPHARDT) for today and the balance of the week, on account of surgery.

Mr. SHERMAN (at the request of Mr. GEPHARDT) for today, on account of illness.

Mr. MINGE (at the request of Mr. GEPHARDT) for today, on account of illness.

Mr. BILBRAY (at the request of Mr. ARMEY) for today and the balance of the week on account of personal reasons.

## SPECIAL ORDERS GRANTED

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

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

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

Ms. NORTON, for 5 minutes, today.

Mr. FILNER, for 5 minutes, today.

Ms. WOOLSEY, for 5 minutes, today.

Mr. BLUMENAUER, for 5 minutes, today.

Mr. HOYER, for 5 minutes, today.

Mr. RUSH, for 5 minutes, today.

Mrs. CLAYTON, for 5 minutes, today.

(The following Members (at the request of Mr. JONES of North Carolina)