door in front of heavily armed United Nations troops, hauling out the Vice President of Bosnia, and murdering him right in front of the United Nations troops. This was no coincidence. They understood what the policy was. They understood what the policy of the United States was. They understood what the policy of the United Nations was.

Over these last four years we have seen acts of aggression basically coming from Bosnia—excuse me, from Serbia in Bosnia and in Croatia in an attempt to grab land. It has not been a moral equivalency, because we have seen heavy artillery, heavy weapons, heavy tanks from Serbia committing acts of genocide and ethnic cleansing in neighboring countries. Yes, there have been some, there have been some murders and there have been some genocide and unfortunate acts committed by Bosnians as well as Croatians. But by and large there is no question that the aggression has been coming as part of an organized attempt by Serbia to grab land.

The peace that has been proposed now basically rewards the gangsters in Serbia who have been committing these horrendous acts against their neighbors. In fact, the peace plan in which 25,000 American lives will be at stake in order to enforce will not work without the goodwill of those very same people who have committed the most horrendous acts of genocide in that conflict.

Part of the peace plan, by the way, has been not only to send 25,000 Americans, but also to send 20,000 Russians, Russians, into the area as well. Thus, we will be relying on the goodwill of the Serbians, who have been murdering people, who have been committing acts of mass rape and genocide, we will depend on their goodwill not to get the United States into a conflict with Russian troops who are nearby. It is absolutely insane; it is a plan whose architects are the same architects who said we will have an arms embargo against the victims as well as against the aggressors.

Their plan for the last four years has brought heartache and misery and death to the Balkans. Because it left the aggressor, the Serbians with their heavy tanks and heavy artillery, outgunning, overwhelmingly outgunning the victims. And thus, they had an incentive to commit these horrendous acts, because they could get away with it with minimum loss.

I am not suggesting now that we should turn our backs on that aggression, but let me note I have been in that area several times, once just about a month ago. I was in Sarajevo, I was in Bosnia, I was in Croatia, I talked to people. The Bosnian people even now, after 4 years and for 4 years they have never asked for American troops. Even now they are not asking for American troops.

The people that are asking for American troops are those people who have been the architects of the failed American policy for the last 4 years. The Bosnians have only asked for, as the Croatians, the ability to buy the weapons necessary to defend themselves.

This is not isolationism, to suggest that that is the strategy we should be following. If there is any American involvement in that area, and I will close with this thought, if indeed we decide to get involved in that area, besides lifting, just lifting the embargo, we should be using American air power. We have invested in aerospace technology, in smart bombs and planes that we could use or exercise our influence with the use of American might that would minimize the risk of the loss of American lives.

By lifting the arms embargo and using American air power, I believe we could force the Serbians aggressors back into Serbia and could bring peace in that way. Let those people bring peace to their own area. Instead, what we have before us is a plan that puts Americans at tremendous risk with very little chance of success.

The last time I saw this is when I sat in the White House in 1983, a member of President Reagan's staff, and I remember when the Marines were introduced into Lebanon. I ran from office to office asking, what are we doing? What is this all about? And I was told, and I was given a very convoluted plan, and I bet nobody has even heard of that peace plan now in Lebanon. But it was a plan that depended on, if we introduce American troops down there and we show up, we have a presence there, this is going to happen and that is going to happen and this is going to happen and the result was going to be peace in the Middle East. Not just peace in Lebanon, but peace in the Middle East. And that type of globalistic, just absolutely irrationalism, led to one of America's greatest humiliations and the loss of 240 marines and naval personnel.

Now, now, we hear about a plan to send 25,000 Americans to the Balkans and we say, what is this all about? Tell me, why? Why are we doing this? What is this all about? Nobody can give the answers except some nebulous plan of this, this and this, which will eventually lead to peace in the Balkans and peace in that part of the world. I have heard it before. We should not, we should not, give in to the notion that other people are going to solve this problem and will protect the lives of young Americans.

It did not happen in Beirut, it is up to us to take care of those young people who defend us. They march off to war or they march off to put themselves in harm's way and they salute and they are willing to do it because they know that we will do our very best in Congress and in the executive branch to make sure that they are not putting their lives on the line for something of little value or something that has little chance of success.

Today, we owe it to our defenders and we owe it to those young men and women to do everything we can to prevent them from being deployed to this area with a plan with so little chance of success.

Mr. CHABOT. Mr. Speaker reclaiming my time, I thank the gentleman from California for his insightful remarks on this important issue. The gentleman from California mentions a scenario which I think is very similar, and that is American involvement in Lebanon, a different administration.

Some years ago, but as the gentleman from California mentions, we went in there with good motivations, trying to keep peace, a peace which really did not exist. The mission really was not clear. There was no real exit policy out of there. We had a suicide bomber who went into the marine barracks and over 200 United States marines lost their lives.

I think another situation which is somewhat analogous, more recently was in Somalia. We went into Somalia with the best of intentions, again, a different administration, to feed people, and then that humanitarian mission then turned into peacekeeping, and democracy-building, and putting ourselves in-between these warlords, and they ended up shooting at us. We had helicopters shot down, we had 18 Americans who lost their lives, we had an American who had his body dragged through the streets.

We want to prevent that from happening again. That is why we are here tonight, and I want to thank all of those who took part in this special order here this evening.

PROTECTING AMERICA'S PENSION BENEFITS

The SPEAKER pro tempore (Mr. BILBRAY). Under the Speaker's announced policy of May 12, 1995, the gentleman from North Dakota [Mr. POMEROY] is recognized for 60 minutes as the designee of the minority leader.

Mr. POMEROY. Mr. Speaker, at the outset of my special order, let me express pretty substantial disappointment in the presenters that have occupied the last hour, filling this Chamber with rhetoric that often was not based in a single shred of fact.

Mr. Speaker, I think the people that follow the carryings on in this Chamber probably get mighty tired of just long, windy speeches after long, windy speeches. What might be kind of fun once in a while is to have some meaningful dialog, give and take. God forbid even an honest debate might break out here on the House floor, and we had that chance that evening. We had that chance in the hour that just passed, and repeatedly, as I asked for recognition to pose a question, simply a question or a clarification, or to straighten out a flat misstatement of fact, I was denied that opportunity.

Well, there are a couple of things I want to set straight at the outset of my comments. First of all, relative to Bosnia, the matter which we just heard a great deal about, there is no proposal before this Congress about sending troops, nor does the President have proposals that he is enacting about sending troops.

The action about Bosnia is taking place in Dayton, OH, where a terribly important peace conference is going on with leaders of the warring camps in Bosnia, seated at a peace table. Lord knows they have a long, tough road to how in front of them. Coming out of that, this administration has given this Congress the assurance that there will be no commitment of U.S. troops without prior opportunity for Congress to speak on that question.

At that time, this Congress will know exactly what is the plan of the administration, if any; how many troops, how many countries participating in the peace mission, what share might be ours, what is the mission, what is the length of time. Those are the questions we need to debate on this issue. This matter is not before the House, notwithstanding the representations of speaker, after speaker, after speaker that have just discussed this question ad nauseam.

Second point: One of the speakers even had the audacity to talk about harm posed by the Democratic plan relative to pensions. I am telling you, this is an outrageous misstatement, because there has been nothing advanced from this Congress on the Democratic side or this administration that would impact either the risk or return on pension funds.

☐ 2245

Again, when I sought to pose the question to the gentleman, no, he would not yield any time, he did not want to discuss it, did not want to debate it.

We can do better than that. In fact, in the next hour, I want to make sure we extend an opportunity. We are going to be debating the $40 billion pension raid proposal contained in the Republican Budget Reconciliation Act which passed the House. I am going to be joined in discussion of this topic by the gentlewoman from Jacksonville, FL [Ms. BROWN] and the gentleman from Wisconsin [Mr. BARRETT]. But we do not propose to have all the information on this topic, and we would be very happy to entertain any from the other side of the aisle that might like to come and shed some light on how in the world a proposal makes sense for our retirees and future retirees that would allow the withdrawal of $40 billion from America's pension funds. Any time anyone wants to come to the floor and seek to engage us in debate, I guarantee right now I will yield time.

Let me give a little background before yielding to the other participants in our discussion this evening.

This issue is of significant interest to me because I spent the 8 years of my professional life prior to coming to Congress as an insurance commissioner charged with regulating the solvency of insurance companies. I understood very well that often people had everything tied up in the security offered by whatever type of insurance plan they had in force. Therefore, we had to make sure the companies had the solvency to make good on their obligation.

What do we have with pension plans? The very same thing. Retirees, today's retirees and tomorrow's retirees, need to know the companies can make good on their pension obligations to their workers. It is critical.

It is even more critical now than ever before, because the Budget Reconciliation Act reduces the future spending in Medicare, exposing seniors and future retirees to greater out-of-pocket costs for their health care bills. So they must understand that their private retirement savings are absolutely secure.

Quite incredibly, in my opinion, in the Budget Reconciliation Act is a proposal that would remove the penalties for raiding pension funds presently in the law. They estimate that $40 billion would flow out of pension funds under their proposal. Why in the world would they propose letting companies reach into the workers' pension funds and pull out $40 billion? One of two reasons.

The first is a budget one. Companies deduct income when they invest in pension funds. They are taxed on income they pull out of pension funds. They recapture some tax. In fact, $40 billion raided from pension funds would produce about $9 billion in tax.

Second, and a reason that I think has to have some bearing on this question, because the policy of raiding tomorrow's pension security simply to produce a little short-term revenue in the budget situation does not make any sense at all. That is absolutely cutting off your nose to spite your face in terms of long-term need. I have a sense that there must be some very well-placed companies out there with some powerful friends in the majority that want to get at their workers' pension money, and they have been accommodated beautifully by the Republican plan on the pension proposal.

First of all, let me briefly discuss the history of how we got the existing protections in place in law. Remember the go-go 1980's? This was the rock-and-roll period of booming financial activity, some of it which did a great discredit to commerce in this country. This was the type of activity where there was a great amount of hostile takeovers, one corporation buying another corporation through transactions known as leveraged buyouts. Ultimately, the debt used in acquiring the company often was retired by robbing out of the workers' pension funds to pay some of the leveraged buyout costs.

There is a public concern presented by this activity for two reasons. First, the workers often stand to get dramatically reduced pension benefits. Second, the Pension Benefit Guaranty Corporation ultimately supported by U.S. taxpayers guarantees the obligations.

Since 1974, the Pension Benefit Guaranty Corporation has paid $370 million for 2,000 failed pension plans. Last year, it paid $720 million in benefits alone. Among the failed pension plans, some you will have heard of, Eastern Airlines, Pan American Airlines. These pension plans do go down, and this taxpayer-backed entity does make the payment.

Now, when Congress saw pension plans flooding out to the extent they did in the 1980's they became mighty concerned. We can see exponential growth walking through the 1980's in revenues coming out of worker pension funds.

It became so critical and so obvious that on November 3, 1985, the New York Times, almost 10 years ago to the day, had a cover story in their business section about raking in billions from company pension plans, how corporate officials were raiding pension plans to fund a variety of things that had nothing to do with worker pension security and placing the retirement security of their workers at risk as a result.

This was unacceptable. This was totally unacceptable. It was not just one party that thought that, both parties thought this was unacceptable. On three different occasions they moved in place protections to stop the outflow of pension funds. In 1986, in 1988, and in 1990—on three different occasions—they moved in place serious excise penalties to stop the hemorrhage of pension funds, and it worked.

We see the activity in the latter 1980's up to the present day dramatically reducing in this chart essentially the flood of pension funds out of pension programs to pay for these leveraged buyouts and other unrelated activities has all but stopped under the present scenario.

The Republican plan would kick this into high gear. $20 billion flowed out of pension funds in the 1980's. The plan contained in the Republican majority Budget Reconciliation Act would have $40 billion, double the entire amount lost in the last decade, flowing out of worker pension funds.

No one serious about retirement security in this country believes that our biggest pension problem as a country is overfunding. We are underfunded. We have got to get private capital together so people can meet their own retirement needs.

In that vein, no one that I know of that is responsibly approaching this problem believes that the loss of $40 billion from pension plans makes the funding crisis we face with worker retirement obligations any easier. In fact, it makes it dramatically worse. The Pension Benefit Guaranty Corporation has said a plan like this is irresponsible and would expose workers' pension security.

When this matter came before the House, because of the importance of the issue, a number of us went to the Committee on Rules and tried to get a vote. We had a darned good case to make, because, as important to the country as $40 billion of pension funds, this matter did not have a hearing in the Committee on Ways and Means, not a hearing. It was just marked up and plunked in the Budget Reconciliation Act. We asked in the Committee on the Budget for a separate vote. This did not give us a separate vote. It was passed as part of the budget package.

In the Senate, a separate vote was demanded and ordered, because their rules do not allow the precluding of separate votes on issues of this consequence. By a vote of 94 to 5, the Senators rejected this proposal.

Even today, the proposal lingers in conference committee. Well, is it dead or is it not dead? This proposal is very much alive as we debate it tonight. I along with my colleagues have not stayed up in this Chamber till this late hour simply to hear ourselves speak. We are vitally concerned about the seriousness of this issue and the unrelenting efforts of some, including the Ways and Means chairman and others in this majority, that are insistent upon the enactment of this proposal. They will not come to the floor and debate it, as I offered on last night and have again issued this evening, but they will try and get this plunked into the budget reconciliation package in the dead of night, behind closed doors, and we are here to explain this proposal and its devastating consequences to the American worker.

In this respect, I yield to the very distinguished gentlewoman from Florida [Ms. BROWN], clearly a champion for workers' retirement interests.

Ms. BROWN of Florida. I thank the gentleman. First I would like to commend the gentleman from North Dakota for leading this special order, and also my other colleague. I am very proud of our class.

Once again, the party of the rich and famous is up to their old tricks again. The recently passed budget plan included a provision that would allow corporations to raid $40 billion from pension funds and use it for whatever reason they see fit. This provision is just plain wrong.

During the 1980's, as the gentleman indicated earlier, $20 billion in pension funds were drained by companies and in many cases used to finance corporate takeovers, leaving the retirement savings of millions of American workers at risk.

Mr. Speaker, why do the House Republicans want to risk losing the pensions of 11 million workers and 2 million retirees, a lot of them in the State of Florida? Why are the House Republicans digging up this ill-advised pension raid which failed in the 1980's and is certain to fail again? I think I know. It is another tax break for the wealthy at the expense of the working people and retirees. Or perhaps they are saving the pension fund the way they are going to save Medicare and Medicaid, saving it by raiding it.

The Senate rejected this language. I urge the budget conferees to reject it and all Members of this body, the people's House, to stand up for the people, the retirees, and the workers in this country.

Let me say one thing before I go. This is a pink slip. If the American people do not wake up, their pink slip is in the mail.

Mr. POMEROY. Reclaiming my time, and I would pose a question to the gentlewoman before she leaves.

In your district, men and women going to work every day, often finding really their entire future pension security riding on the solvency of the corporate pension fund that has been promised to them when they retire. Do you believe that they are aware that the majority party in this Chamber is proposing to expose their pension funds for a grab by those who control that corporation?

Ms. BROWN of Florida. I really think that the American people, and particularly the retirees, because we have so many of them in Florida, need to wake up. They have no idea what these Republicans are doing up here. They have no idea that these Republicans are trying to raid their pension funds. We need to inform them. They need to wake up.

If this goes on, this could be another S&L, would the gentleman not think?

Mr. POMEROY. There is no question about that. We have watched U.S.-taxpayer dollars amount to tens of billions, hundreds of billions of dollars paying off the obligations of failed savings and loans. The taxpayer had to weigh in because these entities were insured by a U.S.-taxpayer-backed insurance program. Pension funds have the same type of thing, a U.S.-backed insurance program. That does not mean that retirees get all their money, because the amount guaranteed may be well less than the amount obligated and committed to them under their pension program.

So it comes out the worst of both worlds. The worker gets stuck, the taxpayer gets stuck, and the corporation that fleeced the plan, those directors, are probably very long gone.

In terms of calling this to the attention of the American people, though, I must applaud the gentlewoman for her very vigorous efforts in her district and beyond to alert workers about the threat posed to their pension security.

☐ 2300

Let me ask one question: If I am a retiree in Florida and my time comes for my pension that I have worked 30 years or 35 years or 40 years and the pension is not in, what happens? I mean, what if the company is no longer there?

Mr. POMEROY. That is a very good question. I will assume that you are talking about, and I will just answer in the context of an insured plan under the Pension Benefit Guaranty Corporation, the PBGC would pay a claim on that pension, would pay pension benefits. They may, however, not represent the entire amount of the pension that otherwise would have been paid had the pension fund not gone belly up.

There is a critical component of this that I think really reflects just how mean-spirited the Committee on Ways and Means action was. When they put forward the plan to allow corporations to withdraw from worker pension funds $40 billion, an amendment was offered. It was an amendment that simply would have allowed notification of the workers. You are going to take our pension funds, at least let us know. The notification amendment was voted down. The committee went on record to allow corporations to quietly, without notice, undermine the solvency of the worker retirement fund.

Ms. BROWN of Florida. I would just say that it is another example of the Republican extremists in this country, and remember, you think it is somebody else, but your pink slip is in the mail.

Mr. POMEROY. I really thank the gentlewoman very, very much for her participation this evening.

I now yield to my colleague, the gentleman from Wisconsin [Mr. BARRETT].

Mr. BARRETT of Wisconsin. It is a pleasure to spend some time with you and the gentlewoman from Florida [Ms. BROWN] here tonight.

I thought it was interesting, as we started this hour, that you invited Members from the other side to come down and debate this issue, because I think it is an issue that deserves a full debate, and a debate we obviously have not had on the floor here in Congress. It is a debate, frankly, we did not have in committee, because there was no hearing on this proposal as well.

But as you were making the invitation, it reminded me a little bit of ''The Price Is Right'': ''Come on down let's talk about it. Come on down,'' I think ''The Price Is Right'' is a good television show to draw an analogy to here. It is clear what is going on here is the price is right. The price of $40 billion being taken out of the pension funds is what is going to hit the American people and is going to hit the American people very hard.

It is also ironic that the majority is marching lockstep behind the Speaker on this issue, and the Speaker, of course, is a history professor, but if there is one thing we seem to have forgotten in this whole debate, it is history, because we have been down this road before. This is not the first time that this Congress has gone down the road of having pensions bled out of companies at the expense of workers, so that workers who have worked, as the gentlewoman from Florida [Ms. BROWN] said, 30 or 40 years, and are hoping to have quiet years in retirement, are all of a sudden given a pink slip and told the retirement benefits are not there and they can go to the Pension Guaranty Corporation.

Many times the Pension Guaranty Corporation will fully fund them. Of course, there is a substantial cost to the taxpayers when they do so, but not always. It is not always the case that the Pension Benefit Guaranty Corporation will pay the whole benefit.

What I would like to do for the next half hour is have a casual dialogue about some of the real world problems, because unfortunately we have not had the hearing in the Committee on Ways and Means on this issue. We have not had a debate or a separate vote on this issue on the floor. And you have already indicated, even the workers themselves, when they are going to be affected directly by this, when their benefits are going to be directly affected by this, will not even be given notice.

The first, I guess, the first issue is are they their benefits. Maybe we have got down there a little card from one of our colleagues. Maybe we could take a quick look at that and see what one of our colleagues on the other side of the aisle has to say about pension benefits and whose money it is.

Mr. POMEROY. I think this is a pretty classic case where actions and words simply do not run in a very consistently way at all.

Not long before this issue came up, we had another pension issue. Now that, in my opinion, was a totally made up issue. It was about the issue of economically targeted investments which the other side has suggested was a proposal advanced by the Clinton administration that would allow the investment of pension funds in unworthy investment vehicles. They are flat out misrepresenting that issue.

No economically targeted investments would be appropriate unless they met standards of risk and return consistent with the fiduciary obligation of the people running the fund. In other words, no short cuts on solvency, no short cuts on return, no short cuts on risk if you are going to do one of these so-called economically targeted investments.

Anyway, that was a debate that is now past. But some of the statements offered by Members of the majority in the course of that debate, I think, underscored the importance of pensions and make their own votes in favor of the $40 billion pension grab very, very curious indeed. Here is a quote. ''This is the people's pension money. Keep your hands off of people's retirement. Keep your hands off the pension,'' spoken by a freshman Member of the majority. I agree with everything he said.

The only thing is a vote for a $40 billion pension raid takes this statement and turns it right on its head.

Mr. BARRETT of Wisconsin. That is absolutely correct. I do not know if the gentlewoman from Florida [Ms. BROWN] wanted to add something at this point.

Ms. BROWN of Florida. As I always say, the Republicans talk a good game, but they do not walk that walk. When it comes to the American worker, clearly, you know, they do not stand up for the working people and not the retirees and not the veterans, and it just goes on and on and on.

Mr. BARRETT of Wisconsin. Let me, if I may, just sort of try to bring to the floor here how this issue came about, because earlier this year, of course, when the Republicans decided that they wanted to come forth with a budget, there was some criticism of them because they did not go after corporate welfare. There were Members of their own party who said, ''Look, we are leaving corporate welfare alone. If we are going to ask people in their country to suffer, if we are going to ask kids on school lunch programs to take a cut, if we are going to ask students to have student loans cut, ask senior citizens to take a cut in growth of Medicare, how can we as a party with a straight face go to the American people and say we are not going to touch corporate welfare?''

They got together and said, ''Let's go after corporate welfare. What can we do?'' This is the corporate welfare they are going after; of the $25 billion in cuts that they are claiming as corporate welfare, $10 billion of it comes out of this program. Now, the $10 billion is achieved, because as you indicated, I say to the gentleman from North Dakota [Mr. POMEROY], their projections are the $30 billion to $40 billion will be taken out of pension funds in the next 5 years.

That is twice as much as was taken out in the 1980's when this was a big crisis in our country, so that as far as they are concerned, what happened in the 1980's through the entire decade, that was chump change. They are not going to kid around with $20 billion. They are going for the whole enchilada. They are going for $40 billion coming out of the pensions, and the pensions that belong to the workers in those companies.

And as that gentleman said from the other side of the aisle, this is the people's pension money, keep your hands off people's retirement, keep your hands off the pension. That is a quote from a colleague from the other side of the aisle.

So they have decided, ''OK, if we get $30 billion to $40 billion that we can take out of the retirement funds, we will generate some tax revenues, because there is still the 25 percent or 35 percent, excuse me, corporate tax rate that they will basically have to pay, so that will generate $9 billion to $10 billion.'' That as their big push for corporate welfare, is they are going to take money away from people who are either about to retire or have retired.

Mr. POMEROY. You know, the very words ''corporate welfare'' would lead one to believe that some unfair break given to a corporation was going to be straightened out. Well, here, as you so well pointed out, they give corporations another big break, and if is at the expense of the worker.

Right now, the corporation is restricted from grabbing a worker's pension fund, and those restrictions are eliminated. The excise tax is eliminated, allowing any amount over the 125 percent continuing liability in the plan to be withdrawn for any purpose whatsoever at no excise tax level whatsoever between now and July 1, 1996. I call this the windfall window, because this is the time you would really see that pension money flow.

Then they move in place a 6½ percent excise tax, but that 6½-percent excise tax, compared to the 50-percent tax today, I believe the 6½-percent tax represents an amount cheaper than the corporations could borrow the money, and there would continue to be a very heavy draw on workers' pension funds.

Ms. BROWN of Florida. Do you have any idea what they could use these funds for?

Mr. POMEROY. That is a very good question, and I have been trying to think about what they could use them for. I have got basically three scenarios.

Mr. BARRETT of Wisconsin. Let us break it down. Maybe we can help out: I am a predator, I am a corporation that likes to go in and take over other corporations.

Ms. BROWN of Florida. I am a worker now.

Mr. BARRETT of Wisconsin. How does this help me as a predator corporation?

☐ 2310

Mr. POMEROY. We have seen this before. This is the whole business that provided the financial underpinnings for the hostile takeovers that proliferated throughout this country in the 1980's, leaving so many of our corporations deeply leveraged and in debt, and so many workers unemployed. You are the predator, you want to buy a company; you basically want to use as much of this company's assets to pay the cost of buying it. In other words, you buy me and use my assets to pay off the purchase price. It is a heck of a deal.

Mr. BARRETT of Wisconsin. This will encourage a new round of predator leveraged buyouts.

Mr. POMEROY. Absolutely, predator companies taking hold of other companies and bleed out their pension funds to pay the purchase price.

Ms. BROWN of Florida. Let me ask the gentleman a question, Mr. Speaker. However, as a worker, when you are rightsizing and downsizing, you do not need me. So even though it is my pension, I lose my job.

Mr. POMEROY. That is the tragic irony. All so often in these leveraged buyouts where the worker's very pension funds finance the takeover, the worker loses his job because of downsizing and rightsizing and restructuring and every other darned thing that results in so many pink slips that have gone out in so many recent years.

Mr. BARRETT of Wisconsin. Let us assume that I am a family-owned corporation, a small corporation that does not want to be taken over, that has tried to be as extremely responsible as I could be, tries to be a good corporate citizen, so as a result, we have put in more than the 125 percent that is required by law. Let us say we have 150 percent in the fund. What kind of incentives is this going to put on me?

Mr. POMEROY. This is one of the most tragic aspects of how this would play out, because there are thousands of corporations that understand their success is because of the hard work of their workers, and just as their workers are committed to the corporation, the corporation is committed back to the worker, and they run healthy pension funds to make sure there is no question about their ability to meet their retirement obligations when their workers retire.

This corporation is going to have to think again, because a predator, just as we described earlier, could take this company over and use those pension funds to pay for the transaction, so actually, even those companies that highly value their employees and the importance of pension security are going to have to draw down the pension funds to avoid becoming a takeover target.

Mr. BARRETT of Wisconsin. In other words, I am going to have, as a defensive measure, even though I want to be a good corporation and take care of my retirees and the people who have worked for me for 30 or 40 years, as a defensive measure, so I am not attractive to corporate takeover, I am going to have to bleed out as much money as I can out of that pension fund and bring it down as close to 125 percent as possible; is that what you are saying?

Mr. POMEROY. That is exactly what I am saying. You might be the most responsibly-managed corporation ever in this country, but if your pension fund is over that 125 percent amount, you face exposure to a hostile takeover, financing the transaction by pulling ultimately from your workers' retirement.

Mr. BARRETT of Wisconsin. If I could, the third scenario, since you are an insurance commissioner, the third scenario that I could foresee is where you have a company that is not exactly doing that well and the pressures it puts on them. Maybe you can tell us your insights there.

Mr. POMEROY. What I saw with insurance regulation as one of the earliest signs of a company going under was when they would underfund their loss reserves. These are the reserves they put aside to pay claims in the future. When they start underfunding, it means they are underfunding tomorrow's obligation to meet today's cash flow.

If a corporation is incompetently managed, and losing money, it has a couple of options. It can try and raise money through private markets, it can borrow the money, but in either instance it is expensive, and very difficult questions may be asked about the competence of that corporation's management.

Would it not be easier to get rid of those penalties restricting that corporation management team from getting at the workers' pension money? And then would it not be easy for that corporation management team to pull off the workers' retirement kitty to meet cash flow demands of that corporation? That is exactly what would happen under this. That is exactly why the Committee on Ways and Means has allowed this money to be used for any purpose whatsoever; no notice to the employees when they pull money out of the pension funds, but it can be used for any purpose whatsoever. It could even be used for huge corporate bonuses, or any other lavish activity, unrelated to the workers themselves who, by their productivity, generated the success of the corporation and who are owed the retirement security in a well-funded pension plan.

Mr. BARRETT of Wisconsin. There are really a couple of issues here; there is the issue, first of all, of the majority policy change, where right now, under current law if corporations are going to take money out of this fund, it has to be used for the benefit of the employees, essentially. It has to be used for their health benefits, primarily. This change means they can use it, as you indicated, for corporate bonuses, for buyouts, for expensive vacations, anything they want. So we are really departing from the notion we have worked on for the last decade that this is the people's money. We are now moving from that to the notion that this belongs to somebody else, and these are in fact risky investments that they are going to be going toward.

I personally find it appalling that we have not had any debate in committee, we have not had a debate on the floor, and equally appalling is that the American workers, if this measure were enacted into law, might find out about a bleeding of their pension fund, funds they had invested for 30 or 40 years, only after reading about it on a business page that their corporation had been sold.

Mr. POMEROY. Or worse yet, they would find out when the pension fund was no longer sufficiently solvent to meet their obligation, and the PBGC was entering into it. But all the technical dimension of this pension issue aside, do you not think that this Congress owes it to the workers you represent that when they move forward a plan that represents the biggest threat to solvency of pension plans ever considered by this body, that at least they would have a hearing?

Mr. BARRETT of Wisconsin. You would think they would have a hearing, you would think they would have a vote, you would think they would hear testimony from people who are involved in this. That is why I think it is important for us to point out what the position is of the Pension Benefit Guaranty Corporation, because they were asked what their opinion was of this $40 billion raid. As Martin Slate, the executive director, stated on September 27, 1995: ''Our analysis shows that removal of these funds would leave many pension plans with insufficient resources to protect retirees and the PBGC. These pension plans would not be adequately funded to pay all benefits, should they fail. This risk could grow with changes in interest rates and asset values, or if companies experience financial difficulty.''

If the Republican leadership in this Congress would have asked the corporation, the government corporation, what its reaction was to their proposal, this is what they would have been told.

Mr. POMEROY. I think that is a very important point, because the PBGC is just like a regulator of pension funds. Just like insurance commissioners regulate insurance companies, and you would ask an insurance commissioner about a solvency question on insurance companies, the PBGC is the regulator of pension funds.

If you have something proposing a $40 billion hit to pension funds, you would think you would want to get the PBGC up and ask their opinion. It did not happen in the Committee on Ways and Means. Fortunately, the PBGC has stated their opinion anyway, and their opinion is no way, that is a terrible setback in the stability of pension funds. This threatens the security of worker pensions throughout the country.

Ms. BROWN of Florida. Mr. Speaker, if the gentleman will continue to yield, this reminds me, in the 1980's we had the foxes guarding the henhouse. Now we put the foxes in charge of the henhouse, and that is the U.S. Congress, the people's House of Representatives.

As a worker from Florida or a retiree, I am concerned. I am listening to you tonight. What can I do to turn this around.

Mr. POMEROY. I think that is an important question, because it is not too late for the workers across the country to get involved. I would answer you this way. I would hope that workers that become concerned about pension security would write to their Congressmen, their Congresswomen. Chances are if they are represented by a Republican Member of this body they have already voted not once but twice to allow a $40 billion raid on their pensions. That is unacceptable. Workers, I cannot understate the importance of it, have to let their Members know that their pension security is absolutely vital to them, and that playing with their pensions is simply unacceptable.

Ms. BROWN of Florida. I have always been so proud of serving in the people's House. I have served 10 years in the Florida House, and this is my third year here, but now I thank God for the other body, and I would say, contact your Senators also, because at least they have reasons, they have hearings. They just do not ram things through.

Mr. POMEROY. I think that is a good point, the fact that this Congress, when it began, was supposed to be the Congress of open rules, where we could debate, and what do we see? We see continually that we are not allowed to break out very vital policy questions and have a separate debate and vote.

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And then, I think ironically, very typical tonight, they did not even want to ask questions or have a debate of any kind, even though we are here in fairly relaxed format the end of a very busy day. This is the opportunity where we could thrash this out; they were not interested.

Mr. BARRETT of Wisconsin. Congressman POMEROY, let us shift gears for a minute. I would imagine that if we had any Members on the other side who wanted to debate this, or perhaps even people who have followed this issue, they say we are yelling the sky is falling, we are crying chicken, and they would argue perhaps, although I do not share their argument, that 125 percent of current liability is more than sufficient to cover what is needed to pay for pensions. Can you address that?

Mr. POMEROY. I will address it this way, responding technically with the Pension Benefit Guarantee Corporation. They have done a study, in fact, of 10 corporations having that level of funding today. If it would be withdrawn, if the funds would be withdrawn as allowed under this proposal, they could very likely face solvency problems in the future.

In fact, an interest rate drop of as small as 1 percent, so dramatically effects future outlay projections in a pension plan actuarial analysis that many would be insufficiently funded to meet their worker obligations.

We have been down this road before. Mr. Speaker, here are some examples that my colleagues may recognize. In 1985, United Airlines drew $378 million out of their pension fund in a reversion. Today, they are underfunded by $1 billion in their pension fund. Goodyear Tire bought out $400 million in a reversion in 1988. Today, their workers know that that pension program is underfunded by $388 million in 1995. The act of the matter is that this level is not sufficient to protect them.

Ms. BROWN of Florida. If the gentleman will yield, it looks like the leader, the gentleman from New York [Mr. SOLOMON] has joined us.

Mr. POMEROY. Mr. Speaker, reclaiming my time, maybe we can get some debate.

But the 125 percent of current liability, among other things, does not address change in the relative position of the workers' advancement in position, all of which might require a heavier pension payout in the future. In other words, there are many that would tell you, including the Pension Benefit Guarantee Corporation, the Nation's pension regulator, that 125 percent of current liability is simply not sufficient.

Mr. BARRETT of Wisconsin. Mr. Speaker, if the gentleman will yield, speaking of risky investments, maybe the gentleman can share with us what one of our other colleagues had to say on this issue.

Mr. POMEROY. Mr. Speaker, another one of our colleagues on the Republican side of the House said after all, can you claim to stand for the American worker and at the same time advocate a risky investment strategy that undermines his or her retirement funds.

As far as I am concerned, that question has only one answer: No. You cannot claim to stand for the American worker and allow a program that places at-risk retirement funds. Again, to be fair, in this case they were talking about the earlier issue relative to pensions where there was no threat. How someone could make this statement and then vote for a proposal that allows a $40 billion raid on pension funds is beyond me.

Mr. BARRETT of Wisconsin. Mr. Speaker, if the gentleman will yield further, I think if we look at the current law where you have to have a minimum of 125 percent of current liabilities, and analyze that in the context of the current market and where we are right now, where we are at a situation in our history where the stock market is at an all-time high, if that stock market dropped 10 percent or 20 percent, the impact that that would have on a currently well-funded retirement plan would be devastating. If the assets went down 20 percent, your 125 percent cushion would be gone, it would be entirely gone.

If, at the same time, the assets dropped 20 percent in value, the interest rate dropped 1 percent in addition, you would only be at 86 percent. So all it would take is a little bit of a soft market and interest rates dropping 1 percent, and your 125 percent pension is down to funding at 86 percent.

What we are doing, and when I say we, Congress, and unfortunately, we have not had an opportunity to vote on this measure in Congress as a separate, standing bill, but the Speaker and his followers, what they are doing without a vote, without a hearing, without any opportunity to talk about this issue before the American people, they are putting the pensions of literally millions of American workers at substantial risk, and that is wrong.

Mr. POMEROY. Mr. Speaker, reclaiming my time, I think there is not even an internal consistency, because it is part of a budget plan which they boast will bring down interest rates. Now, what happens if they bring down interest rates? Well, if interest rates fall, we have resulting underfunding in the pension plans. So it is not even consistent internally. Part of their plan would expose worker pension plans at the very time that they brag on the other side about bringing down interest rates.

Mr. BARRETT of Wisconsin. Mr. Speaker, the gentleman is absolutely correct, because even if there was no change in the assets, but the interest rate dropped 2 percent, a plan that is currently funded at 125 percent would be funded at only 92 percent. So even if we accept their arguments that whatever action they take is going to have a positive effect on interest rates and bring interest rates down 2 percent, which is what we have heard time and time again, that means the big losers are the people who rely on pensions and whose employers have decided to bleed the money out of that fund. That is not what should be happening, and I share the concern of the gentlewoman from Florida [Ms. BROWN] and the concern of the gentleman from North Dakota [Mr. POMEROY] that we are setting the stage for another S&L-type debacle, or another return to the 1980s where we saw the go-go takeovers and the negative impact it had on millions of workers in this country.

Ms. BROWN of Florida. Mr. Speaker, if the gentleman will yield, I just want to say that I think that time is running out, not just for us tonight, but for the American worker, and they need to wake up and contact their Congress person or contact their Senator on this issue.

Mr. POMEROY. Mr. Speaker, I think that that point is extremely important. We are at the end of a very, very long day. I, like you, came to the Capitol earlier than 8 this morning, and it is now about a half past 11, and we are here tonight hammering on this issue because of the seriousness of the issue to American workers, but unfortunately, because of the continuing seriousness of the threat that this thing could actually be enacted. It is in conference committee now, and even though the Senate has overwhelmingly rejected it, it is in the House version.

We had a motion to instruct conferees considered by this body that would have instructed our conferees to go with the Senate position, not stick with the House position. You know what happened to that motion, it was defeated.

I am informed that there was a publication that carried news of this, even today, that they are still pressing ahead in spite of the Senate vote to make sure it is tucked quietly into the total picture. This would be a devastating result for the American worker.

There is one final quote that I think we could wrap this up on, because it really does, in my opinion, sum it up. This was offered in the earlier pension debate, but how people could say this in one pension debate and then move to advance a $40 billion pension rate a short time thereafter absolutely confounds me. This one is by our majority leader, DICK ARMEY. He said, on September 11, ''Our message is simple: Keep your paws off our pensions.''

Well, I think that Americans all over the country would be very, very well advised to give that message unequivocally to every member of this body and every Member of the Senate: Keep your paws off of our pensions. Clearly, the future, the retirement future of the American worker is at stake, and they deserve no less.

Final comments, Mr. BARRETT.

Mr. BARRETT of Wisconsin. There is a couple of comments that I want to make and I think that they are important enough that we should continue for a few more minutes on this.

As you indicated early in your comments, this issue first came to the American public's attention in the early 1970's, and maybe we could go to that graph for a second, the very first graph, the one that you had in front of us. We had seen it once before, but I want to look at it again just for a second.

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This issue first raised its ugly head in the early 1980's. As we saw in the period from 1982 to 1986, there were $16.5 billion that was bled out of pension funds. That is when Congress stepped in and decided that it should do something so that the American workers and really corporate stability in this country would not be negatively impacted by corporate raids based primarily on the value of a company's pension fund. So Congress came in and enacted a 10-percent excise fee.

As you can see from that chart, the amount of reversions as they are called, I call it bleeding, dropped from $16.5 to $5.5 billion. In 1991 again, early 1990's, Congress again acted and basically on a bipartisan basis understood that this is not good for the American worker, increased the excise tax and basically we saw it drop to a trickle, where essentially now corporations that take funds out of their pension fund are doing so for legitimate purposes, for health benefits, maybe for some other employee stock option or basically for health benefits.

I think it is extremely important after we know what happened 12, 13 years ago and saw what a scandal it was 12 or 13 years ago to have people who worked 30 or 40 years of their lives, dedicated to a company, to see their pensions taken away, to put that in context to what is being proposed today, is being proposed today as we can see from this chart, is more than double what occurred in the early 1980's and essentially double of that which happened during the entire decade.

Again, you have to give credit where credit is due. This is a situation just as Willie Sutton used to say, ''You rob banks because that's where the money is.'' What we are seeing right here in this Congress is the majority is going after those pensions because that is where the money is, and they are not going to kid around with a $100 million, $200 million, even $1 billion. They are going for $40 billion that belongs to the American workers, that the American workers have put into those funds.

I think it is wrong. I think the majority leader was correct when he said earlier this fall, ''Keep your paws off that pension money.'' That is what we should be doing. We should be keeping our paws off that pension money. Fortunately, the Senate, at least in its first go around, recognized that, and I think that demonstrates the extreme nature of this body when it comes to this issue.

As we have talked about for the last hour, we have tried over and over and over again to get a hearing, to get notification of workers as to what is going on, to go before the Committee on Rules and ask them to have a separate vote on this very important issue, and time and time and time again we have been told, ''Get away, kid, you bother me.''

The Senate works a little differently. the Senate does allow free-standing amendments, and when there was some light shed on this issue, when the U.S. Senate had the opportunity to look at this issue and had to be accountable to the American people, what did they do? They voted on a 94–5 vote to take this provision out of the Senate bill.

We have not had that luxury here in the House of Representatives, because we cannot have a vote on it. That is why it is so important for the American people to let their Members of Congress know that they do not want Congress to put their paws on their pension money. The only way that is going to happen is if the American people contact their Congressmen and women.

I want to thank you again for putting this together.

I will turn it over to the gentlewoman from Florida [Ms. BROWN].

Ms. BROWN of Florida. Mr. Speaker, I thank the gentleman again.

Mr. Speaker, I would tell the American worker that this reverse Robin Hood that is going on in Congress, robbing from the working people again, robbing from the retirees to give to the rich is the legacy of the 104th Congress.

Mr. POMEROY. Mr. Speaker, in closing, we have spent the last hour trying to highlight what truly is the most substantial threat posed to workers' pension security ever considered by a Congress. It would be the complete elimination of protections on pension funds, keeping corporations from basically taking workers' pension money.

The Republican majority has projected $40 billion would flow out of pension funds, and they think that is a good thing. I think it is a bad thing. It is a very bad thing for the American worker.

I want to thank each of you for helping us highlight this issue tonight.

ADDRESSING THE FEDERAL DEBT

The SPEAKER pro tempore (Mr. BILBRAY). Under the Speaker's announced policy of May 12, 1995, the gentleman from New York [Mr. SOLOMON] is recognized for 24 minutes as the designee of the majority leader.

Mr. SOLOMON. Mr. Speaker, I realize the time is late. The Committee on Rules has been meeting all evening, and we have just produced a rule which will bring to the floor a debt ceiling extension.

This debt ceiling extension will extend the debt so that the American Government can meet its obligation to the debt holders. This is a bill that I have never voted for in my 17 years in the Congress because I have always objected to what I would call the irresponsible, reckless spending of this United States Congress.

A lot of people like to blame that on a President but the truth of the matter is, a President cannot spend a dime. Only Congress can spend the taxpayers' dollars.

I often look back to the early days of Ronald Reagan, who was a hero of mine, because Ronald Reagan attempted to do what we Republicans are doing right now, and that is why I call this year the second beginning of the Reagan revolution.

In 1981 when President Reagan took office, it was his intent to downsize the Federal Government, to shrink its power, and to return that power to the States, to the counties, to the towns and villages and cities, to the local school districts, and to the private sector where it belongs.

Because, ladies and gentlemen, over 200 years ago we formed this republic. A lot of people think this is a Federal Government, but it is not. We are a republic of States that was formed primarily for the sole purpose of defending these States against outside military aggression that would threaten the sovereignty of the States.

Unfortunately for these States over the years, we have lost many of the States rights. The Federal Government has usurped those rights, and this Federal Government has just ballooned into a bureaucracy that really infringes on the very freedoms of the people that we would try to protect.

When you look at the deficits that we have piled on the generations to come, we now have a national accumulated debt of almost $5 trillion, $4.9 trillion.

When we look at the debt service, in other words, the amount of interest that it takes just to pay the interest on that debt each year, it comes to almost $250 billion.

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When you look at the whole pie of the Federal Government, one big round pie, and you take a slice out of it of $250 billion, that is a huge, huge slice. And if we had allowed these deficits to continue to accrue like they have over the last 10 or 15 years, the annual debt service, that is, the amount of taxes we have to raise just to pay the interest would have grown if we had adopted President Clinton's budget projections.