

THE STATE OF AMERICA

The SPEAKER pro tempore (Mr. BURNS). Under the Speaker's announced policy of January 7, 2003, the gentleman from Michigan (Mr. SMITH) is recognized for 60 minutes.

Mr. SMITH of Michigan. Mr. Speaker, after listening to the previous speakers, Mr. Speaker, I think of Ronald Reagan's words, There you go again.

Every 4 years we sort of experience the spinning and the demagoguery that takes place in this chamber using these podiums and C-SPAN to criticize the sitting President. Of course, Republicans did it 4 years ago and 8 years ago.

When I first came into office and was elected in 1992, the Democrats in this Chamber were using this forum to criticize the first President Bush, all the things that went wrong. But I think of what the criticisms were of President Reagan when he came into office. When President Reagan came to office America was demoralized. President Carter had spoken about our malaise in Watergate, and our defeat in Vietnam had all shaken our self-confidence.

□ 2245

We had given up the Panama canal. The Shah of Iran and supporters of the Ayatollah Khomeini held 52 of our Americans hostage for more than a year at our embassy in Tehran. The military rescue mission, of course, failed in the desert, and we lost eight of our servicemen in that venture.

Communism was on the march, and after South Vietnam fell, Cambodia followed. The Sandinistas took control of Nicaragua and Communist insurgencies were underway in Ethiopia, Angola, and certainly the Soviets invaded Afghanistan in 1979 and were suppressing the solidarity movement in Poland.

Our economic situation was very dire in 1980, and President Reagan came in and actually renewed our faith. America, in most American's minds, no longer seemed to be special, and we needed that kind of determined leadership.

The point I want to make, in reacting to some of the Democrats' criticism of this administration, was the criticism that President Reagan received when he believed we should stand up to the Soviet Union and we ended up doing that.

It was President Reagan's resolve that repulsed communism in the Caribbean and Central America and repulsed it also in Afghanistan. It was Reagan's resolve that nurtured solidarity in Poland and gave heart to the dissidents of the Soviet bloc, and it was Reagan's faith in American ideals that toppled the Berlin Wall. All of this time he was being criticized as being a trigger happy President that might push the red button for a World War III with the Soviet Union.

When he went to Berlin, and he was writing a speech for Berlin, he started

out writing in that he wanted to include "Mr. Gorbachev, tear down this wall," and all of his advisers and his speech writers said, no, do not do that; it will anger the American people and the world. They will think you are too bold; they will think you are too challenging. That might end up in war. You should just try to get along and make peace. But he insisted it go in despite that criticism, and that leads me to what historians are going to say 30 years from now in analyzing the decision and the determination of this President to go into Iraq.

Most everybody in this chamber and the Senate had the same kind of intelligence information that the President and the administration had. Some of that intelligence information, we have now discovered, was very inaccurate in some regards.

IRAN

Mr. SMITH of Michigan. Mr. Speaker, I want to tell my colleagues and the audience, Mr. Speaker, about the new threat and the fact that some Democrats are saying, look, you have got to do something about Iran. Iran was one of the several countries after 9/11 that we knew were developing weaponry, that we knew that was a country being led by a tyrant dictator that was not trustworthy in terms of the threats and the blackmail. Iran today is becoming increasingly active in its drive not only to derail Iraq democracy but to lead the Islamic radical movement into the future.

In recent months, we have seen a series of provocations in Iraq that could be considered acts of war, that may make a coalition response necessary.

Iran appears to have financed and encouraged the Shiite cleric Muqtada al Sadr's Mehdi Army in their resistance and which was behind the April uprising in Sadr City and Najaf. Al Sadr continues to denounce the new Iraqi government. How much of this is coming from Iran? We now know that some is.

We held a recent hearing in our Committee on International Relations, and we found out that border patrols have captured at least 83 Iranians trying to cross illegally into Iraq, and there are several reports of brief incursions of the Iranian troops into Iraq along the borders.

Also in June, Iranian military forces hijacked a small British navy vessel in the Shatt al-Arab waterway with eight crew members aboard. The relief crew members say they were hijacked in Iraqi territorial waters before being escorted into Iran.

On July 5 American-Iraqi joint patrols, along with U.S. special operations teams, captured two men with explosives in Baghdad who identified them as Iranian intelligence officers, and I am relating now to the problems in Iran because it was one of several countries that intelligence says was developing mass weaponry and that was using that weaponry to blackmail its neighbors and threaten the world.

In addition, Iran has been working actively to produce chemical, biological and nuclear weapons, along with ballistic missiles for delivery. The Under Secretary of State John Bolton testified before our Committee on International Relations: The recently apprehended Pakistani proliferator Dr. A.Q. Khan has confessed to having shared nuclear technology with Iran. North Korea has provided missile technology, including the SCUD B, the 300 kilometer range missiles; and the SCUD C, the 500 kilometer range missiles. Iran's Shahab-3 missile is thought to be based on North Korea's so-called No Dong missile design.

The International Atomic Energy Agency inspectors say that Iran is in violation of its commitments as a signatory of the non-proliferation treaty. Iran is engaged in prohibited uranium enrichment activities, is in the process of constructing a heavy water reactor designed specifically to produce large quantities of plutonium usable for weapons and is seeking to produce polonium-210 which is used as a weapon initiator.

Iran failed to announce any of these activities as required by the non-proliferation treaty, and they go well beyond any conceivable, peaceful nuclear program. Iran has responded to these charges by threatening to end inspections and withdraw from the non-proliferation treaty.

My point is, Mr. Speaker, that we are facing a new challenge, somewhat unlike the challenge of the Cold War with the Soviet bloc, but every bit as challenging, every bit as dangerous.

The State Department continues to recognize Iran as the world's foremost State sponsor of terrorism. Iran's links to Hezbollah, Hamas, Palestinian Islamic Jihad, the Popular Front For the Liberation of Palestine, the al Aqsa Martyr's Brigade and the al Qaeda, has been directly implicated in the 1983 bombing of the U.S. marine barracks in Beirut, a series of bombings in 1986 in Paris, the 1992 bombing of the Israeli embassy in Buenos Aires and the 1996 Khobar Towers in Saudi Arabia.

In recent weeks, two Iranian diplomats assigned to the U.N. in New York were ejected for spying. The diplomats were said to be photographing sensitive sites.

Iran is clearly one of the most dangerous countries in the world and appears to be stepping up its efforts against a free Iraq. The West and the United States, we are working with allies to try to contain these threats. It cannot be just the United States.

IRAQ

Mr. Speaker, again realize that the U.N. is made up of some of these tyrant dictators. The U.N. is made up of individuals representing some of these countries with very selfish motivations.

When we look at the 13th and 14th resolution of trying to convince other nations to join with us in countering what was happening in Iraq with their

total disregard for the 13 resolutions, saying that there has to be inspectors, with Iraq kicking these inspectors out, it was countries like France and Germany and Russia that had deals with Saddam that were going to lose money if there was an invasion of Iraq. They were trying to actually lift the embargo on Iraq at that time because they could profit by it.

The chairman of sort of the counterpart for the Committee on International Relations from the Duma, the Soviet Union in Moscow, came before our Committee on International Relations, and he was talking about and mentioned that Iraq and Saddam Hussein owed Russia between \$9 and \$12 billion. One of us said, well, if the United States guaranteed that you would get that paid back, would that make a difference in how you would vote in the United Nations on the Iraq resolutions? He said, well, of course.

Here again, my point is that these countries are looking out for their self-interests, and if the United States is willing to spend its money, it is easy for some of these countries to stand back that might lose by going into Iraq, other countries that might lose by having to contribute finances at a time when their budgets are under the same kind of pressures ours are, and so I come back to how historians will look on our action after 9/11, going into Afghanistan and going into Iraq to try to counter the terrorist threat that is now facing the new free world.

I cannot help but criticize those individuals that try to play partisan politics to the extent of showing their exuberance in criticizing this administration for actions that most of that side of the aisle, certainly most of this side of the aisle, voted on when we voted to give the President the authority to militarily go into Iraq.

DELAYING NOVEMBER ELECTION

Mr. Speaker, there has been discussion, that I just want to comment on, about criticizing this administration for suggesting that we might delay the election. Every Republican I know in this Chamber and in the Senate have said no way are we going to postpone the election.

If there is any agreement that needs to be made in terms of potential terrorist disruption of the election, it is an agreement by the Republicans and the Democrats that we are going to have the election; that we are going to count the votes; and whatever the votes are is going to determine who is going to be the next President of the United States.

SOCIAL SECURITY

Mr. Speaker, I am going to talk a little bit about Social Security this evening, but also it is partisan politics and demagoguery that I would suggest has been the reason why we have not proceeded with a solution on Social Security. We have known Social Security is going bankrupt, and we have known that for the last 14 years.

In fact, I wrote my first Social Security bill when I was chairman of the

senate finance committee in the State of Michigan, and I brought it to Congress and I introduced it. I have introduced five Social Security bills, all of which have been scored by the Social Security Administration to keep Social Security solvent, and I have considered this one of my priorities in Congress because not solving this problem of keeping Social Security solvent and putting it off means that there is going to be much more drastic solutions that will have to be made in the future to keep Social Security solvent.

In terms of the demagoguery, it is easy to criticize anybody's suggestion on solving Social Security or Medicare or Medicaid, some of the overpromising we have done in those areas, because, for example, in Social Security, we have 80 percent of all of the retirees that are very heavily dependent on Social Security for their retirement income. So you can understand that it is very easy to frighten these people by saying, well, look, that Republican or this Republican wants to jeopardize your Social Security benefits.

□ 2300

And, boy, they want to privatize it; and the snake oil salesmen are going to lose it; and you will end up not having Social Security. Of course, I am paraphrasing, but you can understand that it is easy to scare seniors rather than coming together. And it has to be a coming together, Republicans and Democrats, to solve Social Security.

On this chart, Mr. Speaker, it is a pie chart of how we are spending money this year. As you see, the biggest piece of pie, the biggest, largest expenditure of the Federal Government, is Social Security, at 21 percent. The domestic discretionary programs represent 16 percent. We spend most of the year in our 12 appropriation bills, outside of defense, arguing about how we are going to spend that 16 percent of the total Federal spending.

Most of it is entitlement programs on automatic pilot. Even interest over here is essentially on automatic pilot. But I think it is important also to mention the dangers that are facing our kids and our grandkids in terms of increasing the debt of this country. Fourteen percent of the total Federal budget is used servicing the debt, or paying interest on the debt that we owe. That represents over \$300 billion a year, and this is at a time when interest rates are relatively low.

We saw Greenspan and the Fed raised interest rates a little bit a few weeks ago. Probably another two times, maybe three times the rest of this year there might be another quarter. Maybe one of these times, depending on inflation, they might go up as much as a half. But the fact is, interest rates are going up. That means this piece of the pie is going up simply to pay interest on the outstanding debt, which is now \$7 trillion.

And we are adding to that debt by our annual deficit spending. Now, defi-

cits mean how much we overspend in 1 year. Debt is the adding up or the sum of all those annual overspendings. And as I mention, that is now \$7 trillion. But we are increasing the debt by over \$500 billion a year.

How do you put that in perspective? I think about the fact that we are a 228-year-old country, and it took the first 200 years of this country to get up to the first \$500 billion of debt. Now we are going deeper into debt \$500 billion a year. For lack of a better word, it is unconscionable for Washington to be so egotistical that they think our problems today justify taking the money from our kids and our grandkids that they have not even earned yet. What I am saying is this huge burden of the debt is going to be placed on future generations.

And the debt is only part of it. Overpromising. There is no question a politician that goes home and promises new services, new benefits coming from government probably gets on television or on the front page of the paper. And politicians that take home the pork barrel projects, that are seen cutting the ribbon probably are more likely to get elected. So we have been overspending and overpromising.

The green eyeshade people, our economists, call the overpromising unfunded liabilities. Unfunded liabilities mean that we do not have enough money coming in to accommodate those promises. This chart shows how much we are going to have to take out of the general fund to accommodate Social Security and Medicare and Medicaid. And by 2020, it is going to take 28 percent of the general fund budget, added to our payroll tax, our 15.2 percent payroll tax, to accommodate the shortfall, or the shortage between what we have promised in these programs and the extra money needed to keep those promises. If you go up to 2030, it is going to take over 50 percent of the general fund budget.

Are we going to take 50 percent of the general fund budget? No. That means tax increases. Or, if we do not have the guts, if we do not have the intestinal fortitude in Congress and in the White House, it means maybe adding to borrowing, which is going to add to the burden of interest.

After I voted against the prescription drug bill, Tom Savings, one of the actuaries, came to my office and said, these are my calculations of the unfunded liability, of what it is going to take in these programs over and above the money coming in from the payroll tax. Medicare part A, which is mostly hospitals, is going to be almost \$22 trillion unfunded. Medicare Part B is going to be \$23 trillion unfunded. Medicare part D, the new drug program, adds \$16.6 trillion of unfunded liability. Social Security is \$12 trillion unfunded liability.

Again, that means that that \$73.5 trillion would have to be put into some kind of a savings account or investment account that is going to have a

return of at least inflation to accommodate the money that is needed over the next 75 years to pay for the benefits that have now been promised in those programs. I mean huge amounts of money, an almost inconceivable \$73.5 trillion, that we would have to come up with today. But our total Federal budget, back to that pie chart, our total Federal spending only comes to approximately \$2.4 trillion in 1 year. So total Federal spending is \$2.4 trillion in 1 year.

This is a quick snapshot of the problems with Social Security. A very short-term surplus. What happened with the Greenspan Commission in 1983, they reduced benefits and increased taxes. A huge jump in taxes. So the huge jump in taxes, they figured if that was invested in a proper way, it could accommodate a longer-term solvency. But their expectations did not culminate the way they thought it would. And the fact is that starting in 2017, we simply go into the red from there on out, and that is sort of representing the unfunded liability in that program.

I think it is important to briefly describe how Social Security works. Benefits are highly progressive based on earnings. That means that if you are a lower income, you get 90 percent back. Ninety percent of what your wages were you will get back in Social Security benefits for that every month. So if you had \$1,000 coming in for Social Security over a month's period, you would get \$900 back in Social Security benefits for that month.

At retirement, all of a worker's wages up to the tax ceiling are indexed to present value using wage inflation. Indexed to present value means that if a job as a farmer, a boot maker, or anything else paid X amount 20 years ago, then that is going to be what you would pay that profession now. As far as wage inflation, that would be what you are given and assumed. So that just because you worked for a low wage 20 years ago, it would be put on the books and added up and calculated to determine benefits based on what that job would be paying today.

□ 2310

The best 35 years of earnings are averaged. The annual benefit of those retiring in 2004 equals 90 percent of the earnings up to \$7,344, thirty-two percent of the earnings between the \$7,344 and the \$44,000 and then 15 percent of the earnings above \$44,000.

What I do in my Social Security bill, I add another so-called bend point of 5 percent which has the effect of saving money by reducing the increase in benefits for high-income retirees. And then early retirees receive an adjusted benefit so if you decide to retire at 62 or 63, it is going to be less than if you decide to retire at 65 or 66 or 67.

I put this on because so many people in the maybe 250 speeches I have given on Social Security complain about somebody abusing Social Security with

supplemental security income. And so I wanted to put this on my chart that SSI does not come out of the Social Security, it comes out of the general fund even though it is administered by the Social Security Administration.

We do a lot of talk about this word privatizing. Privatizing is a negative word. I, nor any other Member of this body or the Senate, has done anything except have a percentage of your wages go into a fund that is dedicated to your name. So government still controls it. What you invest in is limited to safe funds, so you do not have the option of saying, well, gee, this sounds like a really good deal so I'm going to invest in this new energy substitute. In my legislation, we limit investments to index bonds, index stocks, index cap funds.

It is interesting that when Franklin Roosevelt created the Social Security program over six decades ago, he wanted it to feature a private sector component to build retirement income. Actually when the Senate passed their Social Security bill in 1933, the Senate said these savings accounts are actually going to be owned by the worker but they can't take any money out till they retire. The House, and again this was after the Great Depression, said, well, we better have government handle all of these Social Security funds coming in and not really have any of the Social Security benefits in an individual's name. When they went to conference, the House won out and we have the program that we have today with the government taking all the money and if there is any surplus coming in from the FICA tax, from the payroll tax, then what Congress and the White House does is spend that surplus on other government programs. So for a start, let us get some real return on that extra investment from the surpluses coming in and let us not simply use it up by spending it on other programs. That is part, I think, of every bill that I have seen introduced.

The system is stretched to its limits. Seventy-eight million baby boomers begin retiring in 2008. Social Security spending exceeds tax revenues in 2017. Social Security trust funds go broke in 2037. But it is worse than that, because all the money is spent and there is only IOUs, that government owes this money back. If government follows the pattern that has been traditional for the last 50 years, then every time they have come short of money, they do a combination of reducing benefits and increasing taxes. When you consider that about 78 percent of American workers today pay more in the payroll tax than they do the income tax, I think it should be out of the question because it is significantly reducing the chances that workers can become wealthy if we continue to increase the tax on them like that.

Insolvency is certain. We know how many people there are and when they will retire. We know that people will live longer in retirement. I chaired the

Social Security bipartisan task force. The medical futurists came in and predicted that within 25 years, anybody that wanted to live to be 100 years old would have that option and within 30 years with our new medical technology, with nanotechnology and what is happening in our research, anybody that had the money and wanted to live to be 120 years old would have that option. Already companies are coming in and saying we are paying retirees now, we are paying retirement benefits longer than they actually worked for us. You can see the predicament of the life span. That is the demography of the situation that now faces us in a sort of pay-as-you-go program where we depend on existing workers to pay their taxes in that immediately goes out to pay the benefits of existing retirees. As the birthrate goes down and as our medical technology allows people to live longer, it makes that kind of pay-as-you-go program unworkable. And so some changes have to be made. Almost every State now has made a transition from a fixed benefit to a fixed contribution type program. For the long run, we have got to move in that direction. Part of that movement is getting a real return on some of this money that American workers are sending in so that it can be their own individual account. A good persuasion is the fact that the Supreme Court now on two decisions has said that there is no connection between the taxes you pay in for Social Security and your entitlement to benefits. Taxes are just another tax bill, a tax on your payroll, and benefits are simply another benefit program and they are separate and there is no entitlement simply because you pay into Social Security all your life. It seems like that is a good argument, Madam Speaker, that says, look, let's have some of this in our open accounts so that if we die before we are eligible for Social Security it goes into our estate and it passes on to our heirs.

Here is sort of the picture of the demographic problem. In 1940, there were 28 workers paying in their Social Security taxes to accommodate every one retiree. By the year 2000, with people living longer and the birthrate going down, it got down to three people having to pay increased taxes when it is just the three people paying in to accommodate every retiree. Of course, all this time we are increasing our benefits for retirees. By 2025, the estimate is that there is only going to be two people working for every one retiree. Talking to the National Association of Manufacturers and some of the business groups, I have suggested that if they do not help in explaining the problems of Social Security, then we could be facing the kind of situation of being forced to pay higher and higher payroll taxes that would put our businesses at a competitive disadvantage.

Take a guess what the payroll tax equivalent is in France. It is over 50 percent. Over 50 percent of their payroll in France goes to accommodate

their senior programs. Germany just went over 40 percent. No wonder that they are complaining about their competitive disadvantage in terms of trying to compete with the rest of the world. It is so important that we move ahead trying to solve this problem now of insolvency rather than just simply looking the other way and putting it off because it does two things. It puts an extra burden on our kids and our grandkids and future generations. Secondly, it is going to be much more difficult to solve the longer we put off the solution. That is because of the little blip where we have surpluses coming in now and pretty soon we are going to have to reach into other funds to accommodate our promises on benefits.

Economic growth will not fix Social Security. I have heard some people say, actually from the other side of the aisle, look, if we can get a President that creates a strong economy. First of all, a President or this Congress does not create a strong economy. It is our system that we have in this country. It is a wonderful system that we devised back in our Constitution when we structured it so as to encourage hard work and effort.

□ 2320

So we have a Constitution and system in America that those that work hard, that save, that try and invest, that go to school and use that education, end up better off than those that do not.

Now we are sort of floundering a little bit in an ambition of some to divide the wealth, taking from the people that have made it and giving to the people that have not made it. So if a young couple decides, look, we are going to work double shifts so I can have more money and do better for my family, we not only tax them more, but we tax them at a higher rate.

So we have got to be very careful that we do not discourage the kind of policies that have made this country grow better and faster and stronger with a higher standard of living than any other country in the world by continuing to say if you are successful, we are just going to really hit you with larger taxes.

When the economy grows, workers pay more in taxes, but also will earn more in benefits when they retire. Growth makes the numbers look better now, but leaves a larger hole to fill later.

The administration uses some of these figures, and I have met with both President Clinton, who tried to move ahead with Social Security reform, and President Bush, who has tried to move ahead with Social Security reform.

But here is my guess: Whether it is Mr. KERRY or Mr. Bush, I think that it is very important that we move ahead with Social Security reform next year. The first year in a 4-year cycle for the President is the only real opportunity for a President to push for the kind of agreement between Democrats and Re-

publicans that is going to be able to solve the Social Security problem. If there is not bipartisan support for some way to solve the problem, then we are going to be faced with a future of reducing benefits.

Some people have suggested if government would keep their hands off the surplus and not spend it for other government programs, keep their hands off the money in the trust fund, that Social Security would be okay. I have this bar chart to show you the difference between what is needed and how much is in the trust fund.

The trust fund, or the IOUs, where there is no money there, is \$1.4 trillion. The unfunded liability, in other words, what is needed to go into a savings account that will earn interest at the rate of inflation, is \$12 trillion. So what is in the trust fund is not nearly enough to accommodate a solution for the problem. We have got to pay it back, and we will; but will we borrow money, or increase taxes to come up with that \$1.4 trillion to pay back?

The biggest risk is doing nothing at all. Social Security has a total unfunded liability of over \$12 trillion. The Social Security trust fund contains nothing but IOUs, and to keep paying promised Social Security benefits, the payroll tax will have to be increased by nearly 50 percent or benefits will have to be cut by 30 percent. A dire prediction, a real problem for seniors 20 years from now and for our kids and our grandkids that are going to have to put up with our overspending and our overpromising.

The real return to Social Security, this chart is supposed to show that Social Security is not a good investment. The real return on Social Security is less than 2 percent for most workers, and shows a negative return for some, compared to the 7 percent that the market has shown us over the last 100 years.

The first chart is minorities. If you are a black male, your average age of death is 62 and you end up with negative return on the money that goes into Social Security. It is interesting that back in 1934, in fact from 1934 up until the start of World War II, the average age of death in America was 62 years old. But benefits, even when we started, you could not draw Social Security benefits until you were 65. So if you die on average at 62, the program worked very well, because most people never collected any benefits.

The average return, again, is 1.7 percent. The tall blue graph on the right shows what the Wilshire 5000 index earned, and that was 11.86 percent after inflation, and that was for the last 10 years, including the last three down years.

This is how long you have got to live after you retire if you are going to break even on Social Security benefits. If you retire in 2005, you are going to have to live 23 years after you retire to break even on Social Security. As you see, in the earlier years, if you happen

to retire in 1980, you only have to live 4 years after you retire. That is because you paid much less in relation to what you are going to take out as we have reduced benefits and increased taxes.

This is the increased taxes. So every time we have gotten into problems we have said, well, let us increase the taxes on workers. In 1940, we raised it from 1 percent to 2 percent of the first \$3,000. In 1960 we raised it to 6 percent of the first \$4,800. In 1980, we raised it to 10.16 percent of the first \$26,000. In 2000, we raised it to 12.4 percent of the first \$76,200. In 2004, the rate did not go up, 12.4 percent for Social Security, but the base was increased to \$87,900. \$89,000 is now the base that we tax the 12.4 percent on for Social Security.

Madam Speaker, 78 percent of working families now pay more in payroll taxes than income taxes.

These are the six principles that I sent to the House and Senate Members suggesting maybe at least we can agree on some of the principles.

One, protect current and future beneficiaries.

Two, allow freedom of choice on whether you want to stay in the existing program or whether you want to go into a program where you would have some of the money dedicated to your own account that you own.

Preserve the safety net. In other words, I do not use all of the trust fund to make the transition into a program that starts putting money in these personal savings accounts.

Make Americans better off, not worse off.

Next I say investing, allowing some of the investment to go into mutual funds, index funds. That is the seed corn for our business and industry to do the research, to make the kind of improvements to increase their efficiency and competitive position within the world trade we are now facing.

Create a fully funded system.

And no tax increases.

Just briefly, I am going to finish up by going through the Social Security bill that I just introduced, and that is a bill that is sponsored by both Republicans and some Democrats. It is scored by the Social Security Administration to keep the program solvent. There is no increases in the retirement age, no changes in the COLA, the cost of living index, depending on inflation, where we increase benefits every year, and that there is no change in the benefits for seniors or near-term seniors. Solvency is achieved through higher returns from worker accounts and slowing the increase in benefits for the higher-income retirees.

The Social Security trust fund continues. Voluntary accounts would start at 2.5 percent of income and would reach 8 percent of income by 2075. So it is a gradual transition into a personal savings account, and it is important we do it gradually.

The other option we are looking at is you could issue bonds and make the

transition to start at a higher rate, such as 5 percent of your income would go into your personal retirement account quicker, but that means in effect borrowing more money to accommodate the transition costs.

Investments would be safe, widely diversified, and investment providers would be subject to government oversight. And the government would supplement the accounts of workers earning less than \$35,000 to ensure that they build up significant savings.

This was an idea that President Clinton had that said for the lower incomes, so that low income workers can retire more like millionaires, we need to add a little money, I think President Clinton called it a "golden savings account." But what I do in my legislation is say we are going to assume that everybody can at least have the 2.5 percent to start with, and then it goes up, of \$35,000, that goes in their personal retirement savings account to accumulate and to have the magic of compound interest.

□ 2330

And that is what it is all about.

Just as a footnote, Madam Speaker, I am still going to suggest to not depend on some kind of a magic solution. Every person under 50 years old; in fact, every person, should make a very strong, dedicated effort to start putting money aside for your retirement. Start figuring out what you are going to need. If you are going to end up living 40 years after you retire, how much money are you going to have to start putting aside. And the magic of compound interest and those figures, which maybe deserve a whole hour of briefing on encouraging savings, but let me just say that it is so important for everyone, for everybody from the age of 16 to the age of 60, to start setting aside as much as you can now and let the magic of compound interest help with the retirement benefits.

In conclusion, accounts are voluntary, and participants would receive benefits directly from the government along with their accounts. Government benefits would be offset based on the money deposited into their accounts, not on the money earned, and workers could expect to earn more from their account than from traditional Social Security. In fact, what we do in our bill is we guarantee an individual worker that decides that they want to go into the personally-owned account system, and that is optional, that they will get at least as much as they would from the fixed Social Security system that exists today. So we can guarantee that, since they only earn 1.7 percent on Social Security.

If anybody would like to review my charts, then they are on my website. If you go to one of the search engines and you type in "Congressman NICK SMITH," you can get to my website. You can get to these charts that display my particular proposal for solving Social Security and, again, this pro-

posal has been scored by the Social Security Administration to keep Social Security solvent. I have gone to the White House. The White House feels very strongly that it is important next year to start working aggressively to get some kind of a compromise between the Democrats and the Republicans in the House and in the Senate to move ahead with a solution for Social Security that is going to make sure that we keep this program solvent for the long run.

OMISSION FROM THE CONGRESSIONAL RECORD OF MONDAY, JULY 12, 2004, AT PAGE H5494

The CHAIRMAN: All time for general debate has expired.

Pursuant to the rule, the bill is considered read for amendment under the 5-minute rule.

The text of H.R. 4755 is as follows:

H.R. 4755

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Legislative Branch for the fiscal year ending September 30, 2005, and for other purposes, namely:

TITLE I—LEGISLATIVE BRANCH
APPROPRIATIONS
HOUSE OF REPRESENTATIVES
SALARIES AND EXPENSES

For salaries and expenses of the House of Representatives, \$1,044,281,000, as follows:

HOUSE LEADERSHIP OFFICES

For salaries and expenses, as authorized by law, \$18,678,000, including: Office of the Speaker, \$2,708,000, including \$25,000 for official expenses of the Speaker; Office of the Majority Floor Leader, \$2,027,000, including \$10,000 for official expenses of the Majority Leader; Office of the Minority Floor Leader, \$2,840,000, including \$10,000 for official expenses of the Minority Leader; Office of the Majority Whip, including the Chief Deputy Majority Whip, \$1,741,000, including \$5,000 for official expenses of the Majority Whip; Office of the Minority Whip, including the Chief Deputy Minority Whip, \$1,303,000, including \$5,000 for official expenses of the Minority Whip; Speaker's Office for Legislative Floor Activities, \$470,000; Republican Steering Committee, \$881,000; Republican Conference, \$1,500,000; Democratic Steering and Policy Committee, \$1,589,000; Democratic Caucus, \$792,000; nine minority employees, \$1,409,000; training and program development—majority, \$290,000; training and program development—minority, \$290,000; Cloakroom Personnel—majority, \$419,000; and Cloakroom Personnel—minority, \$419,000.

MEMBERS' REPRESENTATIONAL ALLOWANCES INCLUDING MEMBERS' CLERK HIRE, OFFICIAL EXPENSES OF MEMBERS, AND OFFICIAL MAIL

For Members' representational allowances, including Members' clerk hire, official expenses, and official mail, \$521,195,000.

COMMITTEE EMPLOYEES

STANDING COMMITTEES, SPECIAL AND SELECT

For salaries and expenses of standing committees, special and select, authorized by House resolutions, \$114,299,000: *Provided*, That such amount shall remain available for such salaries and expenses until December 31, 2006.

COMMITTEE ON APPROPRIATIONS

For salaries and expenses of the Committee on Appropriations, \$24,926,000, includ-

ing studies and examinations of executive agencies and temporary personal services for such committee, to be expended in accordance with section 202(b) of the Legislative Reorganization Act of 1946 and to be available for reimbursement to agencies for services performed: *Provided*, That such amount shall remain available for such salaries and expenses until December 31, 2006.

SALARIES, OFFICERS AND EMPLOYEES

For compensation and expenses of officers and employees, as authorized by law, \$160,133,000, including: for salaries and expenses of the Office of the Clerk, including not more than \$13,000, of which not more than \$10,000 is for the Family Room, for official representation and reception expenses, \$20,534,000; for salaries and expenses of the Office of the Sergeant at Arms, including the position of Superintendent of Garages, and including not more than \$3,000 for official representation and reception expenses, \$5,879,000; for salaries and expenses of the Office of the Chief Administrative Officer, \$116,034,000, of which \$7,500,000 shall remain available until expended; for salaries and expenses of the Office of the Inspector General, \$3,986,000; for salaries and expenses of the Office of Emergency Planning, Preparedness and Operations, \$1,000,000, to remain available until expended; for salaries and expenses of the Office of General Counsel, \$962,000; for the Office of the Chaplain, \$155,000; for salaries and expenses of the Office of the Parliamentarian, including the Parliamentarian and \$2,000 for preparing the Digest of Rules, \$1,673,000; for salaries and expenses of the Office of the Law Revision Counsel of the House, \$2,346,000; for salaries and expenses of the Office of the Legislative Counsel of the House, \$6,721,000; for salaries and expenses of the Office of Interparliamentary Affairs, \$687,000; and for other authorized employees, \$156,000.

ALLOWANCES AND EXPENSES

For allowances and expenses as authorized by House resolution or law, \$205,050,000, including: supplies, materials, administrative costs and Federal tort claims, \$4,350,000; official mail for committees, leadership offices, and administrative offices of the House, \$410,000; Government contributions for health, retirement, Social Security, and other applicable employee benefits, \$199,600,000; and miscellaneous items including purchase, exchange, maintenance, repair and operation of House motor vehicles, interparliamentary receptions, and gratuities to heirs of deceased employees of the House, \$690,000.

CHILD CARE CENTER

For salaries and expenses of the House of Representatives Child Care Center, such amounts as are deposited in the account established by section 312(d)(1) of the Legislative Branch Appropriations Act, 1992 (2 U.S.C. 2112), subject to the level specified in the budget of the Center, as submitted to the Committee on Appropriations of the House of Representatives.

ADMINISTRATIVE PROVISIONS

SEC. 101. (a) REQUIRING AMOUNTS REMAINING IN MEMBERS' REPRESENTATIONAL ALLOWANCES TO BE USED FOR DEFICIT REDUCTION OR TO REDUCE THE FEDERAL DEBT.—Notwithstanding any other provision of law, any amounts appropriated under this Act for "HOUSE OF REPRESENTATIVES—SALARIES AND EXPENSES—MEMBERS' REPRESENTATIONAL ALLOWANCES" shall be available only for fiscal year 2005. Any amount remaining after all payments are made under such allowances for fiscal year 2005 shall be deposited in the Treasury and used for deficit reduction (or, if there is no Federal budget deficit after all such payments have been made,