

Mr. WELDON of Pennsylvania. As the gentleman knows, as a Republican and a colleague, I supported the same position he did on NAFTA, which is opposition to NAFTA, because I felt that this administration would not impose the requirements on Mexico in terms of improving wage rates and labor conditions and tougher environmental laws. So in not doing that, our companies would, in fact, fly south to Mexico, which they have done.

But the interesting point that I want to tie in here is organized labor has been so quick to criticize Republicans on issues like NAFTA when, in fact, it was this administration who shoved NAFTA down our throats in the Congress.

And I want to raise one more point.

Mr. HUNTER. President Clinton pushed NAFTA.

Mr. WELDON of Pennsylvania. Absolutely.

Mr. HUNTER. He rammed it through.

Mr. WELDON of Pennsylvania. As he is doing with fast track this week.

I want to raise one more additional point before I leave and let my colleague finish his time. Unlike most of my Republican friends, I get strong support from organized labor, and I am proud of that. I come from a working class family and understand the needs of working class people. My friend, I think, probably has many similar votes. I do not know if he has the support I do, but I get a lot of support from labor.

I had a group of steelworkers in today asking me about what I was going to do on fast track. I asked them this question: Where has the AFL-CIO been on the one million union jobs that have been lost in this country because of this administration's cuts in defense and aerospace?

Now, we have heard Members get up and rale about the loss of decent paying wages and how critical that is. One million U.S. union jobs were lost in the past 6 years from cutbacks in defense and aerospace budgets. The AFL-CIO did not issue a peep. Union workers, steelworkers who were building the ships at Bath Iron Works, UAW workers who were building the C-17, people who were building the F/A-18-Cs and Ds, all of these cutbacks that have occurred across the country were with union plants. IBEW workers, UAW workers, steelworkers, Teamsters. Where was the AFL-CIO? Where was that on the rating card of rating Members of Congress on their votes? Why was no member of either party rated for not voting to provide the funding support to keep those union jobs in place?

And to all those union brothers and sisters out there who are today working at labor positions making one-half or one-third or one-fourth of what they used to make, I ask them, what did their union dues go for? Their union dues did not go to fight for those jobs they now do not have. One million of them are out of work today because

the only area we have cut in the Federal budget for the past 6 years has been the defense budget. The only area.

Sure, we can talk about decreasing the level of increase, and we call that a cut. And we all know that is not what we are talking about with defense. Defense is the only area of the budget that has sustained real cuts above the rate of inflation to gut the program itself. And that has resulted in one million American men and women who carry the union card who have lost their jobs.

When we cut the MilCon budget, the gentleman knows the requirements of the Federal Government, even though many on our side oppose it: Davis-Bacon. So who benefits or who loses when we cut the MilCon defense budget? All of those building trades: the steamfitters, the pipefitters, the brick layers. They are the ones who lose because we have cut back on MilCon construction projects, all of which must be done according to Davis-Bacon prevailing wage rates.

Where has the AFL-CIO been? It has been like this: With its fingers in its ears, its hands over its eyes, and its hands over its mouth. It has not spoken one word on behalf of the union members who are today out of work because of those cuts.

Mr. HUNTER. My friend makes a great point, and there is one other thing that we have done for every union worker and every nonunion worker in this country, and it was done by Presidents Reagan and Bush, and that is that we built a military that was strong enough.

Besides providing those millions of jobs, one million of which have been cut by the Clinton administration, but besides providing those jobs, we fielded a force, a military force, which, since 1991, has been cut roughly in half, but which was so strong in 1990 and 1991, that when we took on Saddam Hussein in the sands of the Middle East, even though we sent over, in my understanding, 40,000 body bags, that is where they put the bodies of the dead Americans after they have been killed in battle, we sent over 40,000 empty body bags, only a very few Americans came back in those bags because we were so strong that we won overwhelmingly without many casualties. If we had to fight that war today, having cut the Army from 18 to 10 divisions, our air power from 24 air wings to only 13, and our navy ships from 546 ships to about 333 ships, we could not win overwhelmingly. We would lose more Americans.

The gentleman knows how great it is when we go to a union picnic and we see, like during Desert Storm, all those bumper stickers saying, "I support our men in Desert Storm", "I support our troops," "I support our soldiers." The best service we can do for working men and women is to see to it that they come home, when they are of service age; that they come home alive, with all their faculties. And if they are re-

tired and they have a couple of kids out there, to see to it that their kids come home alive, with all their faculties. That is why we need a strong defense. I thank my friend for bringing that point up.

Mr. Speaker, let me just close on this pending fast track, and why I think it is a bad idea. I think we have established that trade deals are business deals. And if we look at the trade lobbyists and some of the proceedings that are now being investigated with respect to this administration, I do not think we can give them a clean bill of health and say that they were not unduly influenced by some bad elements. I think that is putting it charitably.

Secondly, I think they just are not smart enough or good enough to make good deals. After 4 years of making deals with China, we have now a trade deficit with Communist China that is over \$40 billion a year. So we have lost in trade with China. The merchandise trading lost this year was a loss to the United States, according to our own statistics from the Clinton administration, of over \$240 billion.

So the first rule is, if we have a guy who is a businessman who always loses money, we do not trust him with all our money. That is pretty simple. That is a very basic thing. We have, unfortunately, Mr. Speaker, folks in the Clinton administration who are losers, proven losers with respect to making trade deals, and we should not entrust all of this power to them. So not this President and not this time.

Mr. Speaker, I will be back with the gentleman from Pennsylvania (Mr. WELDON) and other members of the Committee on National Security to talk a little bit more about the need to rebuild national defense over the next several weeks.

SOCIAL SECURITY AND THE REPUBLICAN TAX PROPOSALS

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

Mr. PALLONE. Mr. Speaker, tonight I have a number of my colleagues, Democratic colleagues, who would join me this evening to talk about the issue of Social Security in the context of the tax proposals that the Republicans plan to bring to the House floor tomorrow as well as Saturday of this week.

Mr. Speaker, the Republicans, in my opinion, are moving full steam ahead with this plan to raid the budget surplus to pay for tax cuts instead of putting that money where it rightly belongs, and that is into Social Security. Make no mistake about it, Mr. Speaker, the Republican tax bill is a direct assault on Social Security. The budget surplus that the Republicans want to use to pay for their tax cuts that they are going to be putting before this House tomorrow or Saturday do not

exist. There is no budget surplus. The only portion of the Federal budget that is in surplus is the Social Security Trust Fund. In fact, without Social Security, the Federal budget would still be in a deficit this year.

According to the Congressional Budget Office, Social Security will take in a \$101 billion surplus this year. But CBO also projects the total surplus for the Federal budget this year to be \$8 billion. If we do the math, Mr. Speaker, we find that without the surplus in the Social Security Trust Fund, the total Federal budget would have a \$93 billion deficit in 1998.

□ 1945

The story is the same if we project the numbers out even further. The CBO projects that without the Social Security surplus, the Federal Government would run a \$137 billion deficit over the next five years. Over the next 10 years, CBO projects a \$1.6 trillion deficit for both the Social Security trust fund and the total Federal budget. In other words, every single penny of surplus the Federal Government is expected to take in over the next 10 years will come from the Social Security trust fund. Because the Federal Government borrows from the Social Security trust fund to pay for other government programs, by the year 2008 the general fund of the Treasury will owe Social Security \$2.52 trillion. I do not want to just keep going into these numbers, I would like to yield some time to some of my colleagues this evening, but I want to say that when I talk to my constituents back in the district, regardless of these numbers, they understand the reality. They understand, particularly the senior citizens amongst my constituents, that we have been borrowing from the Social Security trust fund now for a number of years and that that money has to be paid back at some time in the future. So it is very deceptive, I would say, on the part of the Republican leadership to propose a tax cut bill knowing full well that this has to come from the Social Security trust.

I would like to yield some time to some of my colleagues this evening to talk about this. Democrats as a party have joined with President Clinton in pointing out from day one this year, the President actually mentioned it in his State of the Union address back last January, that it is imperative that we do what we can this year, if not now in future Congresses, to correct the problems that we will face with Social Security 10, 20, 30 years from now, because there will not be enough money in the trust fund to pay for that generation of baby boomers that will become 65, that will be senior citizens at the time. And so all we are really saying as Democrats is the time is now to think about what we are doing here. We just got into a situation where we have some extra money being generated from general revenues because the economy is good and we passed this

Balanced Budget Act last year, let us not now before we have time to think about it just go hog wild, in effect, and start spending money on a tax cut which essentially is just coming from the Social Security trust fund.

I yield to my colleague the gentleman from Maryland who has been making this point many times to me over the last few weeks.

Mr. WYNN. I thank the gentleman from New Jersey for yielding and I thank him for his leadership on this issue. I am pleased to join with him tonight in talking about the issue of tax cuts, phony tax cuts, and the more important issue of saving Social Security. There is a difference in this evening's debate. The Republicans are here with an election-year gimmick, election-year candy which basically says to the American people, "I know what you want and I'm going to give you a tax cut." We take a longer term view on the Democratic side. We believe that the most responsible thing we can do is not give an election-year gimmick but, rather, to protect and save Social Security first, to look forward 20 years when we really need to address the problem of an insolvent Social Security system and say, "Let's plan now for that day." The way we plan now for that day is quite simply by saving all the money in this projected surplus and putting it toward Social Security and not toward some kind of election-year tax break gimmick.

Let us talk about taxes for a minute because I think there is a certain mythology that has been perpetrated by the Republicans with respect to why we need these tax cuts. One of the first things we will hear will be a phrase that reads something like this: Taxes are a crushing drain on the American economy. The fact of the matter is, Mr. Speaker, that that is not true. The economy is doing very well. There is no crushing drain. There is no overwhelming burden on our economy. Our economy is today the best it has been in 30 years. We have low unemployment. More people are working. We have low and stable interest rates. We have increased business starts. We have fewer bankruptcies. So where is this crushing burden that my colleagues on the other side of the aisle want to talk about? It does not exist. It is a myth. It is a part of their election-year rationale to suggest that they have got the solution for the American public. There is no crushing drain or overwhelming burden on the American taxpayer. They say, "Oh, yes, there is."

Item number 2, they will tell you that the tax rates are too high on the average American. That, too, is a myth. It is not true. The tax rates for the average American family with two children are the lowest they have been since 1978. Tax rates for even the folks in the highest brackets are lower than they have been since the 1960s and the 1970s. So when Republicans run down to the well and start talking about the tax rate on the American citizen is too

great and somehow government's hand is in their pocket, they are not telling you the truth. What we have given you with the balanced budget and a healthy economy is tax rates that are in fact lower than they have been in many, many years.

Third, they will say, well, what about as a percentage of gross domestic product? The Republicans will try to suggest to you that tax revenues as a percentage of gross domestic product is the highest that it has ever been. Well, yes, tax revenues are high. Why? Because more people are working and more people are paying taxes. So that is not a problem. That is a by-product of a healthy economy. People are working. They pay more taxes. It is not a drain. It is a positive by-product. There is a second by-product that is the result of this healthy economy that impacts on the tax revenue and, that is, millionaires. Yes, millionaires. Our economy has generated numerous millionaires as a result of the stock market. When they take their profits out, they pay capital gains tax. Those capital gains tax from the millionaires go toward the general fund and increase our tax revenues. So we have a healthy revenue picture but it is not because there is an overwhelming or disproportionate burden. It is because people are paying more taxes because they are earning more money, or in the case of the millionaires, they are making more profits. So we see that this mythology that has been developed around the notion of we need massive tax cuts to save this country simply is not true.

Now let us look at the Democrats' proposal. We say that the most significant issue in American politics today is saving Social Security. We know there is a day coming when the baby boom generation will become eligible for Social Security and when that day comes if we do not make some adjustments, we will be facing an insolvent Social Security system in the year 2020. By the year 2030, we will not be able to make our payments on time. That is the problem that we as public officials ought to be dealing with, not some tax gimmick because it is election year but a serious consideration of how we can address the Social Security problem.

Now, this administration, led by President Clinton, has said very simply this. What we ought to do is take any surplus that we get and put it aside to save Social Security, so that it will help us address this insolvency problem when it arrives. We will have to do other things: We will have to have a commission, we will have to come up with hard recommendations but certainly we need to start putting some of this money aside. But the thing we have to keep in mind is we do not even have the money yet. We do not have the surplus yet. It is a projected surplus. Some people say, "Let's wait at least until the black ink dries before we start spending it." We should not start spending. We should not start

giving it away. We should start saving it. That is what the Democrats are proposing. It is long-range thinking. It is thinking that will protect our community, our young people in years to come. I think that this is the way we ought to go. I think this is the sound public policy. That is why when we take up this debate over the weekend we are going to say, no, save Social Security first, then talk about tax cuts after we have a serious proposal to save Social Security.

The gentleman from New Jersey has done a wonderful job leading this issue. I thank him for allowing me to have a few moments this evening.

Mr. PALLONE. I want to thank the gentleman for his input into this. One of the things that the gentleman pointed out which I think is so important is the projections that we are working with now are basically assuming a good economy, or an economy that grows at the rate that we have now, and in fact if the economy slowed down, the problems that he pointed out and the Democrats have been pointing out in terms of the amount of money that is available in Social Security are aggravated considerably.

I will just briefly mention again some of these statistics from the Congressional Budget Office. According to the Congressional Budget Office if the economy were to fall into a recession like the one in 1990 and 1991, the budget would be in deficit within one year. My colleagues on the Committee on Ways and Means, and we are going to have the gentleman from Washington (Mr. McDERMOTT) next talk to us, but on the Committee on Ways and Means they pointed out that if the recession began in 1999, the \$79 billion budget surplus projected for the year 2000 would turn into a \$38 billion deficit and the \$86 billion surplus in 2001 would become a deficit of \$53 billion. So the assault on Social Security that the Republicans are proposing this year would widen these deficits by as much as \$18 billion a year. Of course we hope the economy is going to continue to be good and we are going to do whatever we can to make sure that it is, but the problems that the gentleman from Maryland pointed out become aggravated if we do not continue to have an economy that is this good, and frankly the economy has not been this good for most of the last 10 or 20 years. So it is another reason why we have got to be very careful about what we do.

I yield to the gentleman who is on the Committee on Ways and Means and has been very knowledgeable and thoughtful about this whole proposal.

Mr. McDERMOTT. I thank the gentleman for bringing this issue to the floor tonight. I think the reason I was willing to come down here and talk about this is that tomorrow and the next day the American public is going to be treated to a con game that you might see at a county fair, the pea and the three walnut shells, they move it around, you are not quite sure where it

is. I would like to talk about what actually is happening.

There will be two bills that will be brought to the floor. One of them will be the so-called protection of Social Security bill, and the other one will be a tax bill. Now, it is my belief, and I think the figures show, that we do not have the money to give a tax break unless we use money that comes from Social Security.

Now, I put this chart up here. This is the column for the next five years. You can see that the projected, and, remember, this is projected on the basis of the way our economy is going. Now, if you think the economy for the next five years is going to continue to go up and no problems, this is what it looks like, because that is the projection that comes out of the Congressional Budget Office that there will be a surplus over the next five years all told of \$657 billion. A lot of money. Now, that is all the extra money that is raised from Social Security. Understand that Social Security, when you pay your FICA taxes, we pay in each year more money than we actually pay out in benefits to old people. So we are building a surplus for the time when we get to the baby boomers in 2010. Next year we will collect \$657 billion more Social Security money than we need to pay our debts. That is the check to your mother, your father, my mom is 89, my father is 93, they get their check. We are going to have \$657 billion over the next five years more than we actually need to pay those checks. What are we going to do with it? That is what the debate is about.

Now, part of it, \$137 billion, has to go to reduce the deficit. We are still borrowing all over the world, and the only way to get rid of that is to pay that off, to pay off that \$137 billion in deficit. That leaves \$520 billion of Social Security money not spent. Now, tomorrow we will hear people come out here and say, "Well, we'll save 90 percent of it and we'll use just 10 percent of it for a little tiny tax break."

Let me show you what happens over the next five years. Over the next five years, we collect more than \$1 trillion, \$1.27 trillion more in the Social Security fund than we need to pay. So you say, "Gee, that's a lot of money. We ought to be able to give some of that back." Remember, it is for the Social Security of people who are going to get to 65 in 2010, the baby boomers.

Now, at that point, in that second five-year period, we would put \$859 billion of it, that is how much that actually goes into Social Security and we would have a surplus of \$168 billion. If you add those two, the next 10 years together, we are going to raise \$1.5 trillion more than we need for Social Security. But we owe \$1.516, that is \$1.5 trillion—I have to get my trillions right—we have to put that much in Social Security, and the actual surplus is \$31 billion at the end of 10 years. Now, I defy anybody to believe that you can project where we are going to be in the

year 2008 and know that we are going to have \$31 billion.

What we are going to hear tomorrow is people saying, "Well, look, we've got all this surplus, let's spend some of it now and we know it will come in, we don't have to worry." This is exactly the kind of thinking that the Republicans beat up on the Democrats ever since I came to Congress. They said, "You're balancing the budget by borrowing from Social Security and putting it into the budget. You are not being honest. You are borrowing from Social Security and you are balancing the budget, you're not raising taxes, you're just hiding from people the fact that you're spending more than you're taking in and you're stealing out of Social Security to pay for it."

□ 2000

They yelled at us for 10 years. Now suddenly we have some extra money, and it is like they forgot what they have been saying around here for 10 years that I have been here, and they say:

Well, we have some extra money; let us give it back.

The problem with that is that it is based on assumptions that the economy is going to keep going.

Now you all have seen what happened in the stock market. Nobody can look at the stock market over the last month or so and say to yourself I can project what it is going to be like 10 years from now.

I come from Seattle, and one-third of our economy is based on international trade in this country. Seattle is very heavily dependent on that, so I know what is going on in the port of Seattle, which is the second largest port on the west coast. That port has an increase of 34 percent imports, and the exports have dropped by 32 percent.

So what is happening from all over Asia is that boats come in loaded with stuff and go back empty because the Asians are not buying from us. All those little businesses in Seattle that were exporting chemicals, and they were doing all kinds of business, they are dying on the vine all over the place right now, and the same number of ships are coming in and out, but it is only one-way trade.

People wonder why the farmers got problems in this country. I live in a place in Seattle where I can see the elevators right down on the waterfront. We have got the deepest water port on the whole west coast. They come in there, and they used to put out 40 boats a month. This last 2 months they put out 2 boats. That means we are not exporting grain from Minnesota and North Dakota and South Dakota and Nebraska and Kansas. All these farmers are out there wondering why is the price of wheat the lowest it has been in God knows how many years. It is because there is no market.

And the Congressional Budget Office is making these predictions without taking into account what is actually

happening in Asia. We will not get another revenue estimate until July 1, next year.

Now my view, to believe that we are going to have this kind of money, takes a lot of belief. You have got to believe in the Tooth Fairy, and Santa Claus and the Easter Bunny to actually believe that this is a realistic view for the next 10 years.

But the Republicans want to give money back and say we are not going to take care of what we owe Social Security.

We have borrowed from the Social Security \$520 billion. In the next 5 years we are going to keep borrowing, and if we do not put it in there, we are simply not going to have a Social Security system for our kids. My son, who is 30 years old, said to me, Dad, I really do not think there is going to be Social Security when I get to be 65. If we do tomorrow what is planned by the Republicans, there will not be.

Mr. Speaker, the President was absolutely right when he said it right here in this room, right at that podium. He said we are going to save Social Security first. Then, after that is done, after the security of our children is taken care of, then we can talk about tax breaks.

Now you will also hear some interesting things. I want to show just what this really looks like, another way for you to look at it. Again here is the amount of money that we are going to have. We are going to have about \$650 billion, and 137 billion of it is going to go to pay for taxes. That is the current law and the democratic plan. We will pay off the budget deficit first in the next 5 years. Then we have \$520 billion to go into the trust fund in anticipation of 2010 when the baby boomers hit the system.

The Republican plan tomorrow says, well, I mean we do not have to save all of this. Why do we not just give away \$90 billion in a tax break? This is their 90-10 business. They will say we are saving 90 percent of it and we are only spending 10 percent of it, so what is the harm?

Well, if I were sitting out there 30, 35, 40 years old and wondering about whether I could count on Social Security when I was 65, I would say: No, put it in the reserve and do not spend it.

Now the Democrats will offer a bill tomorrow that says we want to take this surplus and put it in the Federal Reserve so that the Congress cannot spend it, the New York bank and the Federal Reserve system, and it can only be spent if we are going to default on some of our debts on our securities. Otherwise it stays there to deal with the future of Social Security.

Now one of the things you will hear out here tomorrow that will also be confusing is people will say, well, Democrats are not for tax breaks, Democrats just want a lot of money, and they want to spend it all the time. That is not true. Many Democrats voted for tax cuts last year. Why? Be-

cause they were paid for. They were not using the Social Security surplus.

The first thing that will happen tomorrow, and for people watching this it is going to be difficult to really understand; when we pass the rule, we will pass a rule on the floor here on how this whole process is going to be argued out here, but buried in that rule are provisions that overlook all the rules of balancing the budget that was so important last year. This year they come out on the floor, and right here they are going to waive those rules; say, oh, those are from last year, they are not for this year, because they will create a deficit by giving a tax break, and they are simply waiving all the balanced budget stuff that they are going to go around in this campaign and say we balanced the budget. If they do this, they will have done it by ripping up the rule book and saying that was for last year, now we can just spend whatever we want and we do not have to account for it.

They will also say Democrats have offered some of these. I offered on the Committee on Ways and Means the tax plan. I offered the family, the part of the tax plan that gives the marriage tax penalty, wipes some of it out. I offered it twice in 1997. The entire Republican Caucus on the Committee on Ways and Means voted no. They did not want to do it last year. They were giving money to people at the top of the income scale. They did not want to do anything about people at the bottom. So I offered this marriage tax penalty last year. On two occasions it was turned down.

I also offered that you could deduct the money that you spent to buy your own health insurance if you were a self-employed person. Small businessman or woman buys their own health insurance; they cannot deduct it. The Boeing Corporation in my city or Microsoft or Weyerhaeuser or any of the big companies, they deduct it all. But if you are a small business person, you cannot deduct it all, and I said that is not fair; why do we not let the small businessman do that? So I offered that last year, but it was paid for. This proposal that you will see tomorrow is not paid for unless you are willing to use money raised through the Social Security tax.

Now the reason we set that tax up, you go back to 1935. Franklin Delano Roosevelt wanted us all to begin preparing for our old age, and he set up these accounts. You know, your number is a 9 digit number, and you have been putting money into that account in expectation that some day you will get to be 65 and draw it out. And we have been operating on that basis now for about 60 years, and many people say that we are going to have a big problem in 2010 because of the baby boomers, a whole bunch of people born immediately after the Second World War come onto Social Security, and we have to save now so that we are ready to pay their benefits in 2010. You can

wait. You can say, well, let us not worry about that, that is tomorrow; you know, who knows what will happen? We know how many people there are and how many people that are going to have to have benefits in 2010.

Now some people say the Social Security system is broken, that it is hopeless, it is all done. It is not. That is a myth that some Members would like to say because they want to change this from a government-guaranteed system to give everybody their own individual account. Sounds like a good idea until you look at the stock market over the last month. When you look at that, you say to yourself what if I had put my money in the stock market to retire on and I made the wrong choice?

Tonight I was watching television, and they have a stock fund in the market that last night they had a whole bunch of the big bankers got together and came up with something like \$400 million to save one of those mutual funds that everybody is running to put their money in. Now, if we take away the government guarantee, we leave a lot of people in real trouble. In this country today there are 5 million widows living on \$8,000 a year. They are counting on this; \$8,000 a year is not high living. That is just making it. And if we do not take care of this, we are going to have to reduce the benefits in 2010. If we take care of it, we can continue the benefits going out as they have for the last 60 years. But that is why it is important that we start saving now.

People call me a liberal, but I am very conservative about looking down the road and seeing an enormous problem and knowing that we have to start saving for it now. If we do not, it will be our children who will get the short end of the deal, and for people of my generation and the people who are on this floor to not think about your kids is criminal in my view because what you are saying to them is you work all your life paying for my Social Security, and then when you get there, there is nothing there. That is not the way we ought to do it, and we ought to save the money.

The President, as I said before, was absolutely right, and I think the gentleman's bringing this to the floor is giving us a opportunity to discuss this and lets people understand what is he going to happen tomorrow. They are going to hear a lot of flimflam. Tomorrow they will pass a bill saying we are saving 90 percent of Social Security, and the next day they will say: and we are giving you a tax break. And they are never going to tell you that that tax break came out of the Social Security. They are going to try every way possible to say that there is no problem. But you cannot have a \$90 billion tax break tomorrow without taking it from Social Security, and my view is we ought to think to the future.

So, we will raise these same issues again tomorrow, but I think that it is

crucial that people begin to think long term. Sometimes in the Congress we think like one election to the next election, and that is what is going on tomorrow. They are thinking about November 3; can I give people a tax break so on November 3 they will think I am a great person and vote for me? Some of us are going to vote no, not because we do not want to give tax breaks, but because it is not fair and it is not right and we have to think long term.

So thanks for giving me the opportunity to talk about it.

□ 2015

Mr. PALLONE. I want to thank my colleague from Washington. The gentleman really articulates well what we face tomorrow. If I could just develop a couple points you make, because I think they are so important.

First of all, there is no question that this debate over the next two days is totally political and being done by the Republican leadership because they are looking for votes in the November election, because we already know that it is very unlikely that the Senate would even take up this legislation, and the President, of course, has vowed to veto the legislation. So we are not even talking about anything that could possibly happen or be signed into law in time before the Congress adjourns. So the whole debate on the Republican side is totally partisan, totally oriented towards the November election in an effort to garner votes.

The other thing that my colleague from Washington pointed out that I think is so important is that the money that has been generated by the Social Security surplus has been generated because we know that the baby-boom generation a few years from now is going to be very large and there are going to be a lot more seniors that need Social Security benefits.

I believe it was maybe 20 years ago in the seventies that the Congress and the President signed legislation that actually increased the tax, the FICA tax on Social Security, with the anticipation that the baby-boomers would pay this higher level, generate a surplus, and that that money would pay for their benefits because there would be so many more of them in 2010 or 2020.

What happens if that money is not there because it has been borrowed and spent on tax cuts or other things? Well, what happens is that either there will have to be another tax increase, which future generations will have to pay, which is very unfair to them, or, alternatively, they would have to cut back on the benefits.

We have already heard talk about cutting back on the COLA for Social Security, raising the age, and those are the consequences or likely consequences of this irresponsible Republican policy, that ultimately in the future we might have to raise taxes that people pay or their earnings amount in order to pay for Social Security, or cut

back on the benefits. So it is a very irresponsible, totally political proposal that we are going to be seeing the next two days.

I would now like to yield to my colleague from Arkansas, who has worked with me on our Health Care Task Force. We put together the proposal, the Patients' Bill of Rights to reform HMOs, and the Kids Health Care Initiative that has been very successful last year, and he has been speaking out on the Social Security issue quite a bit for the last few weeks. I yield to the gentleman.

Mr. BERRY. I appreciate my colleague from New Jersey yielding me. I, too, have enjoyed working with him on a number of issues, particularly health care, and also on this particular issue of Social Security.

Mr. Speaker, I rise today to talk about a program that everyone in America has a vested interest in, and, of course, that is the Social Security system.

But I want to make it perfectly clear: I favor cutting taxes, but I do not favor robbing my children and my grandchildren's future to do it. Right now millions of working Americans are paying into the Social Security system and are counting on it for when they retire.

No one should have to worry that one day Social Security will not be there for them. That is an obligation that our government undertook a long time ago, and we should honor this obligation. I think that is one thing that troubles me a great deal, is the apparent willingness of the majority party here now to disregard the obligations that we have committed ourselves and our government to in the past. I think it is also noteworthy here that when Social Security was enacted, not one Republican voted for it.

In many ways, the Social Security trust fund operates much like a personal bank account. If an individual deposits more than he or she spends, the surplus is reflected as a positive balance in that account. Just as a positive balance sheet for a personal account represents an obligation by the bank to the individual holding the account, a positive balance in the Social Security trust fund represents an obligation of the United States Treasury to that fund. In other words, you put that money in the trust fund as you are working, and, when you need it, when you retire, it is owed to you.

While current retirees have nothing to worry about because Social Security will be there for them, when they need it, the Social Security system will face undeniable problems in the future. The problems need to be addressed now—that is, unless some of the people in this Congress would fulfill a lifelong dream, and that would be to do away with Social Security, and heaven forbid that that would be allowed to happen.

I am a farmer. I have been interested or associated with agriculture all of my life. Farming is a very volatile

business; you have good years and bad years. When you have good years, you pay off your debt, you invest in the necessary infrastructure to be successful, and then you put some back for the future.

I think that is what we need to do with the government's so-called surplus, and certainly what we need to do with the Social Security trust fund. This year, the Social Security trust fund will collect \$100 billion more in payroll taxes and interest than it pays out to the beneficiaries. However, by 2010, when 76 million baby-boomers begin to retire, the Social Security system's cash flow surplus will begin to decline. By the year 2032, the payroll taxes will only generate approximately 75 percent of the revenues needed to pay for the benefits of those current retirees. In other words, the trust fund will not have the money to pay out to all those who have retired.

The problems with the Social Security program are due to demographics, which include the baby-boom generation, declining birth rates and increasing life expectancies. As a whole, we are creating an older society. The number of people 65 and older is predicted to rise by 75 percent by the year 2025, whereas the number of workers whose payroll taxes finance the Social Security benefits of retirees is projected to grow only by 15 percent.

Social Security is financed by payroll and self-employment taxes on a pay-as-you-go basis, meaning that today's workers are paying for the benefits of today's retirees. The revenue from Social Security payroll taxes is deposited in the U.S. Treasury. The programs, benefits and administrative expenses are paid out of the Treasury. If Social Security's income exceeds the amount it pays out, as it does currently, then the surplus is credited to the trust fund in the form of U.S. securities.

Mr. Speaker, I have come to the floor many times over the last few weeks to talk about Social Security because I am concerned for my children and my grandchildren. Some in Congress have suggested recently that we raid the Social Security trust fund to pay for tax cuts. Some have said that we can pay for these tax cuts because this year we have a budget surplus.

I, like everyone, am for tax cuts, as I have already said, but not on the backs of our children and grandchildren. This surplus simply does not exist. This surplus is the Social Security trust fund.

The Concord Coalition agrees with me. They say over the next 5 years the Congressional Budget Office projects a cumulative budget deficit of \$137 billion without dipping into the Social Security trust fund. Obviously, \$137 billion in deficit cannot be used to offset \$80 billion in tax cuts or anything else.

From this year, through the end of 2008, the Congressional Budget Office predicts a cumulative surplus of \$1.6 trillion. Over the same period, the surplus in the Social Security system is

also projected to be \$1.6 trillion. In other words, all of the projected budget surplus over the next 11 years is attributable to the Social Security trust fund, which should be off-budget.

By dipping into this so-called surplus, we are dipping into our children's and grandchildren's future. We are taking the money that would have been paid to them by the trust fund and we are saying we will fix it later, we will pay it back, we will do the right thing, maybe. We don't care about the future. We care about how it looks today and how it is going to look on November 3rd.

Is this how we should treat the people of this country? I do not think so. I cannot return to Arkansas and look the thousands of retired Arkansans in the first Congressional District in the eye and say, "I am sorry, I just wasn't thinking about what would happen down the line. I was thinking of today."

As I have said, we should cut taxes, but we should not rob the Social Security trust fund to do it. There are millions of people who depend on their monthly Social Security check as a necessary source to supplement their retirement income. Thousands of retired seniors in my district and across the country rely on Social Security as their only source of income. The Social Security System is the most successful government program ever created. All of the Members of this body should stop to think about how important the program is to each one of us, to our children and our grandchildren. We need to save the so-called surplus to be sure that the Social Security System is solvent.

Members of Congress have a responsibility to not only worry about today, but to worry about tomorrow. We must ensure that Social Security will continue to provide the benefits promised to those who have paid into the system. We must save Social Security. Our children and grandchildren deserve to know that Social Security will be there for them when they need it, and we must not rob the Social Security trust fund.

Mr. PALLONE. Mr. Speaker, again I want to thank my colleague from Arkansas. I think that what the point the gentleman makes very effectively is that our position, the Democratic position, is essentially the fiscally conservative position. Our colleague from Washington State (Mr. McDERMOTT) was making the point that for so many years the Republicans and the leadership on the other side of the aisle kept making the point about how we should not be going further into debt, and now here we are essentially arguing what is the fiscally sound thing to do to save for the future to make sure the money is there, and we are getting opposition from them. So it is amazing to see how, I guess, the ideologies change somewhat.

But I know the gentleman has always stood on the side of fiscal conserv-

atism, and this is obviously a manifestation of that. I am proud to be with the gentleman saying the same thing, because I think it is so important if we are going to have this money available for Social Security in the future.

Mr. Speaker, I just wanted to point out again what the Democrats are proposing. The Democrats have a proposal to save Social Security first, and our proposal would require by law that the entire amount of the Social Security surplus in each fiscal year be transferred to the Federal Reserve Bank of New York to be held in trust for Social Security. If we pass this bill today or tomorrow or Saturday, the President would sign it immediately. It is that simple. But, unfortunately, the Republicans have decided to make this a political issue, and there is no question in my mind about what they are doing.

First of all, the President has stated unambiguously that if the Republicans send him a bill that pays for tax cuts with the Social Security surplus, that he will veto it. So we are not against a tax cut. The Democratic proposal would essentially have the same tax cuts. What the President has been saying, and he just reaffirmed it last week, is that we have been waiting so long, 29 years, for a balanced budget, and it is a mistake for us to basically when we see the ink, so-to-speak, turn from red to black and watch it dry for a minute or two before we get carried away. He is just saying let us not squander the surplus on tax cuts before we save Social Security.

Today the Democrats had a rally in front of the Capitol. Vice President GORE was there with a number of Democratic House Members and Senators. Vice President GORE reiterated this point today when he said that we are not going to basically rip up the Balanced Budget Act. We care about the Balanced Budget Act and we want to make sure that we save Social Security and do not just rip up this Balanced Budget Act by passing this tax cut.

I think that it is important to know that many of the tax cuts included in the Republican bill were proposed and sponsored by Democrats. This is what my colleague from Washington was saying. The marriage penalty relief, the \$500 child credit and the Hope Scholarship, expanding the deduction of health insurance for the self-employed, these proposals were actually rejected by the Republicans when they were offered by Democrats at the committee level.

So it is not that the Republicans really are pushing these proposals, because they have had ample opportunity to do it before. The point is that now, just a few weeks before the election, they are suggesting that this be done, but their intention really is not to have it passed here and go to the Senate and be signed by the President. They know that none of that is going to happen in the next few weeks.

The main thing that Democrats are saying tonight and will be saying over

the next few days is that we have to have some fiscal discipline. We can show seniors and future generations that Congress will be responsible with the money the American people have entrusted us to manage for their retirement years. What we are saying is that the Republicans should abandon this ill-conceived proposal to undermine Social Security and spare itself the futile exercise of passing a bill that is speeding basically down a road to nowhere.

I can assure my colleagues on the other side of the aisle that if they drop this proposal and really move on to a legislative agenda that has some meaning, addressing HMO reform, addressing environmental and education concerns, the things that the American people want to see addressed, we could actually accomplish something here, rather than wasting our time with this tax proposal, which basically has no chance of passing and only jeopardizes Social Security.

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WHO DO YOU TRUST? WHO DO YOU BELIEVE?

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

Mr. THUNE. Mr. Speaker, I have been listening with interest this past hour to a number of my colleagues on the other side of the aisle, and it always amazes me to get a glimpse into the mind of a liberal because they really think that it is their money. On the other hand, we think that it is the American people's money.

We listen to them talk about the reasons why we cannot lower taxes on hard-working Americans, on farmers and ranchers and small businesspeople and families, and we are at a loss sometimes as to how possibly they could have arrived at this point in time.

As I listened, there were a number of things that were mentioned. For example, the fact that the economy is performing so well right now; we certainly do not need to lower taxes. It occurred to me as I was listening to that, we think about what makes the economy perform well. Low interest rates. Low inflation. Low taxes. And we look at where we were just a few years ago before the Republicans took control of the Congress and started to get wasteful government spending under control and started to look at ways to systematically lower the tax burden on people in this country and stimulating growth in this economy and stimulating investment and generating additional tax revenues.

As a point of fact, back in 1994 before the Republicans took control of the Congress, we looked as far as the eye could see and we saw deficits 10 years into the future, \$3 trillion in deficits