

## REPORT OF THE SOCIAL SECURITY TRUSTEES

Mr. KERREY. Mr. President, I have, as well as the Senator from Wyoming, come to the floor to comment on the Social Security trustees' report, which is one more piece of evidence that this Congress needs to act sooner rather than later to change our entitlement programs, specifically our retirement programs and our health care programs. The longer we wait, the more likely it is that we will face very, very difficult choices and it will unfairly punish people for our delay. While it is not a crisis in 1995, that should not be justification for our not taking action as, unfortunately, is often the case.

One additional point, Mr. President. I believe the trustees' report itself makes a very strong case for changing the law so that we have a different kind of trustee relationship. Four of the six trustees are members of the executive branch, the administration. And while I trust each one of them, I do not believe they have the kind of independence that the American people need in order to have a recommendation upon which we can act.

They say in their recommendation there is no real urgency; let us wait until the clock ticks a little further.

I believe an independent board is needed, Mr. President. Otherwise, the American people are not going to acquire the sense of urgency to act. As a consequence, this Congress may be encouraged to delay longer than is wise.

I thank the distinguished Senator from Wyoming for yielding time.

The PRESIDING OFFICER. The Senator from Wyoming has 8 minutes remaining.

## TRUSTEES' REPORT ON SOCIAL SECURITY, DISABILITY AND MEDICARE TRUST FUNDS

Mr. SIMPSON. Mr. President, I cannot tell you how much I enjoy working with the Senator from Nebraska. He and I are going to involve ourselves in a bipartisan effort as a form of a national wake-up call. After the recess is concluded, we will introduce a series of bills which will deal with the real hard stuff in America, which is Social Security, Medicare, Medicaid, and Federal retirement. I cannot tell you how much I enjoy and respect and admire the Senator from Nebraska.

I have some remarks to make about Social Security. But in my limited time, and listening to the previous debate, I cannot help but reflect, as I listened to the rather dramatic presentation of how, apparently, I gather, Republicans love to be cruel to children and to veterans and to old people, how absurd and bizarre that is. That is the most stupefying type of debate to listen to.

It will really be interesting to see how everyone handles the tough votes, the ones that really count, when we try to do something which will assure the

future for veterans and the children and the old people; and that is to do something with the entitlement programs which are sucking it all up.

We here do not even vote on 68 percent of the Federal budget—no, that just goes out the door to people, regardless of their net worth or their income. Absolutely absurd.

All we are trying to do, at least in our party, is to slow the growth of the programs. There is not a "cut" in a carload here. We are not "cutting" anything. We are trying to slow the growth of programs. If the American people cannot understand that, well, get the other party back in power and start spending it up, because that is exactly where we are.

Let us look at that school lunch caper over there in the House. Do you know what they really did? They took a program going up 5.4 percent a year and said, "Let's let it go up only 4.5 percent a year and let the States handle it with flexibility and less administrative costs," which was then reported to the public as breaking catsup bottles over children's heads, and the prospect of swollen-bellied children in little school districts all over America starving to death. That is bosh; absolutely stupefying drivel.

So every one of these programs is going up, and we are trying to say, "slow the growth."

And try this one, because you will want to be ready for it when we do something to Medicare. And, brothers and sisters, we will do something to Medicare because it is going up 10.5 percent per year regardless of what we do. Then you can watch what happens when we do not allow it to go up 10.5 percent. We are going to let it go up probably 5 percent. The headline will be: "Congress slashes Medicare 50 percent." Be ready for that one.

When a 5-percent increase is described as a 50-percent cut, and it is believed the American people deserve exactly what they are going to get.

I keep hearing about Head Start. Guess what? Why not use the correct figures? Head Start is mentioned every single day as some kind of thing the Republicans love to chop on.

Well, here are the correct figures and they come from Democrats and Republicans alike in this body. In fiscal year 1990, \$1.6 billion; in fiscal year 1996, \$3.9 billion. So from fiscal year 1990 through fiscal year 1996, Head Start has more than doubled. It has had more than a 140-percent increase, and everybody knows it. If they do not, they are going to get exactly what they deserve.

It comes from a bent of being stupid about what is really happening in America.

The recent trustees' report on Social Security is another classic example of stupefying logic. We are now told that, instead of going broke in the year 2029, it will go broke in the year 2031. Is that not thrilling? Nearly the same numbers as last year; certain disaster. The facts all speak for themselves.

The trustees say Social Security will start running deficits in 2015 and go broke in 2031. Disability insurance is already running deficits and it will go broke in the year 2016. The Medicare trust fund will start running deficits in 1996, and will go broke in the year 2002. But have stout heart, because last year, it was to go broke in the year 2001. So this is cheerful news. It will now go broke in the year 2002. That is like a cancer patient being told, "You lucky fellow, you are going to have 6 months to live instead of 5."

The trustees go on to use phrases like "extremely unfavorable" and "severely out of financial balance" when talking about the Medicare trust fund. And the trustees urge that all these reforms be undertaken sooner rather than later.

So that is where we are. Doomsday dates, just about the same, using intermediate assumptions—not the best assumptions, not the worst—but the best "in between" estimate of what the future holds. And we know that they assume that the Consumer Price Index will hover between 3 and 4 percent until the year 2002 and will never go above 4 for the year 2070.

Yet one uptick in the Consumer Price Index of one-half of 1 percent will cost the Government about 7 billion bucks annually for Social Security alone. And if we were to see another few years of high inflation, as in the late seventies and early eighties when the CPI hit 13.4 percent, Mr. President, I say to my colleagues, only 1 year of that type of increase would cost the Government more than 126 billion bucks—1 year.

In light of this report, it is well to reflect on the real, honest-to-God reasons for exploding Federal spending. I know the AARP, the American Association of Retired People, hates to hear this, but it is time they do. That group is the 33 million people paying 8 bucks a year dues to do it. They are bound together by a common love of airline discounts and auto discounts and pharmacy discounts and all the rest. Here is what they do not want you to hear:

The growth of these programs is what is creating the true hazard in America. They have consistently argued that other than health care, entitlements are not growing faster than the rest of the GDP. That is simply wrong—it is a misapplication of fact—it is actually a lie. According to the trustees themselves, Social Security costs would grow from 4.2 of GDP in 1995 to 5.1 by 2020, and more than 5.7 by the year 2045. That is a 40-percent increase relative to the current share of GDP.

I hope when we listen to the debate and when the organs of the AARP and other senior groups begin to rap on us, that we remember that these nonprofit organizations have myriad and lucrative activities in which they engage. We will have them before the subcommittee, of which I chair, to tell us

of their prowess in the fundraising arena.

So here we go. By the year 2045, the trustees' report shows that more than 14 percent of the GDP will go into Social Security and Medicare programs alone. And get this one: In the year 2030, there will have to be a 30 percent payroll tax to pay for Social Security. Oh, yes, you can get there; yes, you can; you can do it with more payroll tax; you can get there that way to pay for Social Security and Medicare.

And we here have done all this to ourselves. The President did not do it. President Clinton did not do it. President Bush did not do it. We did it. We have done it ourselves. We have served as pack horses to drag money back to our States, and we have done a magnificent job for 50 years. Just look at our record. The more you drag home, the more you get reelected. Now the people are waking up from a long slumber. Rip Van Winkle could not have matched it.

I plan to work hard with my good friend, BOB KERREY, to introduce legislation to shore up the Social Security and Medicare trust funds in order that it will not be in the cards to leave our children and grandchildren with the burden of paying payroll tax rates of 30 percent and beyond in all the years to come.

You can run but you cannot hide on this one. The tough votes will be coming, and it will be very interesting to see who casts them. My hunch is the people who give us the business about this and this and this item, which is really peanuts in the great scheme, will not cast the tough votes when they know we full well have to have those votes to stop runaway systems that we do not even vote on, which are up now to 68 percent of the entire national budget.

I earnestly hope that we will have a good bipartisan effort to resolve it. I thank the Chair.

The PRESIDING OFFICER. The Senator from North Dakota has 22 minutes remaining.

#### WRONGHEADED PUBLIC POLICY DECISIONS

Mr. DORGAN. Mr. President, the discussion in Washington this week, and I suppose next week, and around the country during the Easter break will be the first 100 days. What do we make of the first 100 days in the change of majority status in the Congress, Republicans replacing Democrats as the majority party in the 1992 elections?

I said yesterday, and let me remind people again today, the score in 1992—in a democracy, those who win by one vote are still called winners—the score in 1992 at the end of the election process was the Republicans 20 percent, Democrats 19 percent and 61 percent of those eligible to vote said, "Count me out, I won't even participate." So with a 20 to 19 victory, the Republicans have claimed a mandate for their ideas, and

a mandate for something called the Contract With America.

The Contract With America contains a number of ideas that are interesting, provocative, in some cases radical, in my judgment. Some of the ideas in the Contract With America are ideas that I embrace, that I have voted for and have supported. Some of the ideas are ideas that the majority party, who now brings them to the floor, filibustered in the previous Congress and prevented coming for a vote because they felt apparently they will not support them and now they apparently do and even put them in a contract.

By whatever device they come to the floor of the Senate, a good idea is a good idea no matter who proposes it. A number of them have passed.

Unfunded mandates has passed the Senate and gone to the President. The Congressional Accountability Act has passed the Senate. The line-item veto has passed the Senate. A 45-day legislative veto, which makes good sense, on the subject of regulations and rules has passed the Senate. I voted for all of those issues, and I think they make good sense.

But the Contract With America is a mixture of good and bad. The fact is, some of the ideas in the Contract With America reinforce the stereotypical notions of what the majority party has always been about, and that is to keep their comfortable friends comfortable, even at the expense of those who in this country are struggling to make it.

I would like to talk just a few minutes about some of those items in the contract that we have had to fight and that we even now try to fight and reject because we think they are wrong-headed public policy decisions for this country.

One hundred years from now—not 100 days—but 100 years from now, you can look back and evaluate what this society decided was important by evaluating what it invested its money in, what did it spend money on, especially in the public sector, what did it invest in. That is the way to look back 100 years and determine what people felt was important, what people valued and treasured. Was it education? Was it defense? Was it the environment? Was it public safety? Fighting crime? You can evaluate what people felt was important at that point in their lives by what they spent their money on.

And so you can look at the Federal budget and look at the initiatives brought to the floor of the Senate and the House to increase here and cut over there and determine what do they view as valuable, what do they view as the most important investments.

The Contract With America, in the other body, had a debate recently by the majority party pushing the contract provision that said to the Defense Department, "We want to add \$600 million to your budget."

The Secretary of Defense said, "We don't want it, we don't need it, we're not asking for it."

The Republicans over in the House of Representatives said, "It doesn't matter to us, we want to increase the Defense Department budget by \$600 million. That is our priority. We don't care if you don't want it, don't need it or don't ask for it. We want to stick more money in the pockets of the Defense Department."

How are we going to get it? "We are going to pay for it," they said. "We simply will cut spending on job training for disadvantaged youth and we will cut spending on money that is needed to invest in schools that are in disrepair in low-income neighborhoods."

So they cut those accounts that would help poor kids in this country and said, "Let's use the money to stick it into the pockets of the Pentagon," at a time when the Pentagon and the Secretary of Defense, Mr. Perry, 50 feet from this floor in a meeting said, "We don't want it, we didn't ask for it, we don't need it." But the Contract With America folks said, "It's our priority, it's what we believe in, so we're going to shove money in your direction."

Then they come out on the floor of the Senate and the House and stand up and crow about what big deficit cutters they are, how they dislike public spending, how much they want to cut the budget deficit, how everybody else are the big spenders but they are the frugal folks. Right. They are the folks who are trying to stuff money in the pockets of the Defense Department that the Defense Department says they do not want.

How do they get it? It takes it from poor kids. Now, that says something about values. That says something about priorities, I think.

Now, do we oppose that? Of course we do. Some Members stand up and say we do not think that is the right way to legislate. We do not think we ought to give a Federal agency more money than it needs. If the head of the agency says we do not need or want this money, do Members think the legislature ought to be throwing money? I do not.

Now, we have a number of things in the Contract With America that represent, in my judgment, wrong-headed priorities. I think we are duty-bound to create the debate on these subjects. That is what a democratic system is.

When we disagree, bring all the ideas here and have the competition for ideas, and strong aggressive public debate. Respectful, but strong public debate and see where the votes are.

We had a case in the House of Representatives under the contract where the notion is that all Federal rules and regulations are essentially bad and we should dump them. They did not quite say it that way, but this is pretty much what they meant.

I think there is a general understanding that rules and regulations in many areas have gone too far and have strangled initiative, and have been created by bureaucrats who do not understand