

that we need to do more, but to just say the Senate should not act on this suggestion, this is a modest first step. It is not a suggestion for comprehensive reform at this time. We need more information. We need to do more work to decide on the details of a comprehensive, workable policy than is on the books now and administered by our Commerce Department.

So, but for the provisions of the amendment offered by the Senator that I have suggested caused me some concern, I would like to be able to support the amendment so that we could then go on and vote to approve the amendment as amended, but I cannot do that at this point. I hope the Senate will not agree to the amendment.

I know under the announcement that was made earlier today on behalf of the majority leader, there will be no votes on amendments today. They will be set aside and we will come to them later. So there will not be a vote today. Knowing that there will not be, I will not push the issue any further, except to suggest to the Senate that this is an issue that ought to be debated, considered carefully, and we ought to vote for this amendment that I have offered with the cosponsorship of Senator DURBIN.

Incidentally, I asked the other day, after we had described the amendment, that Senator ABRAHAM be added as a cosponsor. I have now been asked to seek unanimous consent that Senator LUGAR be added as a cosponsor. I make that request at this time, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. THURMOND. Mr. President, I ask unanimous consent that Janice Nielsen, a legislative fellow with Senator CRAIG's office, be granted floor privileges during debate on S. 936, the Defense Authorization Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAMS. Mr. President, I want to say I appreciate the remarks of my colleague from Mississippi, Senator COCHRAN. We hope to be able to work with him over the weekend and hope to come to an agreement and compromise with him by next week. Like he said, hopefully we can vote on this at that time.

I yield the floor.

Mr. THURMOND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call.

Mr. GRAMM. Mr. President, I ask unanimous consent that we may move from this quorum call into morning business for 20 minutes.

The PRESIDING OFFICER. Is there objection to calling off the quorum?

Mr. LEVIN. I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will continue to call the roll.

The bill clerk continued the call of the roll.

Mr. GRAMM. Mr. President, making two separate requests, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. FRIST). Without objection, it is so ordered.

Mr. GRAMM. Mr. President, I ask unanimous consent that I can proceed for 20 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. INHOFE. Will the Senator yield for a unanimous-consent request?

Mr. LEVIN. Reserving the right to object, would the Senator add to that, that following morning business that we go back into an automatic quorum call?

Mr. GRAMM. Mr. President, I ask unanimous consent that following my speech, if it ever begins, that we go back into the quorum call, and I also ask unanimous consent that, without losing the floor, I might yield to Senator INHOFE so that he might get a staff member on the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR—S. 936

Mr. INHOFE. Mr. President, I ask unanimous consent that Jeff Severs be given floor privileges for the DOD bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAMM. Mr. President, with all this folderol, I hope they are not conspiring against me or against Texas. If so, maybe we are in trouble.

SAVING MEDICARE

Mr. GRAMM. Mr. President, I come to the floor today to talk about a very difficult subject that for the next couple years is going to be very unpopular. In the long history of the country it is one of the most important subjects that we have ever debated—and that is trying to save Medicare.

I want to talk about what we did in the Finance Committee. We reported a bill that will be on the floor by the middle of next week. I want to explain to people exactly what we did and exactly why we did it. I want to talk about why it is important to the future of the country and why it is critically important to 38 million people who depend on Medicare. It is something that we have to do, and it was a courageous action taken by the committee. However, it will be a great blot on the courage and leadership of this Congress if we let this effort, started in the Finance Committee this week, die on the floor of the U.S. Senate or in the Congress.

First of all, Mr. President, let me remind people that we have a terrible problem in Medicare. Medicare will be insolvent in 3 years. There are a lot of things I may do in my political career that I do not want to do, but there is

one thing I am never going to do. I am never going to call up my 83-year-old mother and say, "Well, mama, Medicare went broke today. It went broke today because nobody had the courage to do something about it. I knew it was going broke, but I didn't want to tell anybody because I thought somebody might criticize me for trying to do something about it. So I just stood by thinking, 'Well, when it goes broke in 3 years, maybe something magical will happen, and maybe nobody will blame me.'" I am never going to make that telephone call.

I am proud to say that we took two steps in the Finance Committee this week that will go a long way. If we continue to show the courage that we showed in committee on the floor of the Senate, then I will never have to call my mother and tell her Medicare went broke, and she will never be without the benefits that she has become accustomed to and that she needs.

And let me outline the two things we did.

First of all, as my colleagues will remember, we had a crisis in Social Security in 1983. We set up a commission which was almost unable to agree on what to do about putting Social Security back in the black. We were on the verge halting Social Security checks. However, one of the reforms which arose from the process resulted from a recognition that Americans are healthier, and are living longer.

So as part of that Social Security solvency package, those of us who were in Congress at the time swallowed hard and voted to raise the retirement age from 65 to 67 over a 24-year period.

I remind my colleagues that when Social Security started, the average American lifespan was less than the eligibility age for Social Security. So the Social Security system protected people who lived longer than the average.

Obviously, thank goodness, the average lifespan of Americans has grown dramatically since 1935. So we now have in law where beginning in the year 2003 through the year 2027, we are going to very gradually raise the retirement age from 65 to 67. That was part of a program to keep Social Security solvent.

It was heavy lifting at the time. Medicare was still in the black, and nobody wanted to make the lifting any heavier.

Now we are reaching a point where this phase-in for Social Security is going to start in the year 2003. So the Finance Committee, in what I believe was a courageous vote, voted to begin phasing up the eligibility age for Medicare in the same way as Social Security. That is the first significant change we made. I think there is something historic about that change which goes beyond it being the most dramatic change we have ever made in Medicare's history to keep the program solvent.

The second dramatic thing about this reform is that we did not do it to save

money. We did not do it to fund tax cuts. We did not do it to balance the budget. We do not even count the savings that come from it in our budget. Every penny we save goes into the hospital insurance trust fund to protect benefits.

Let me say to our colleagues who might be listening to this speech, with Medicare within 3 years of going broke, with Medicare within 7 years of having a \$100 billion deficit per year, with a projected deficit in Medicare over the next 10 years of \$1.6 trillion—counting both part A spending and part B spending—it is an absolute certainty that we will ultimately conform the eligibility age for Medicare with the retirement age under Social Security. That is a certainty. That is going to happen.

But if we wait 2 or 3 more years before doing so, we are not going to have time for people to plan for the future. One of the cruelest things we could do is to wait and delay and let a crisis occur so that we find ourselves forced to change the eligibility age for those who had planned to retire in a year or 2 or 3.

If we make this change now, people will have several years to adjust to an increase in the retirement age. The changes that will occur will occur very slowly over the next 24 years.

The impact of this provision on the solvency of the Medicare hospital insurance trust fund is dramatic. It will reduce the projected deficit in the Medicare trust fund by about 10 percent in and of itself, by the year 2025.

The second change that we made is an equally dramatic change and recognizes that there are two parts to Medicare. We all pay 2.9 percent of our wages in payroll taxes during our working lives in order to qualify for coverage under the Medicare Hospital Insurance Program.

There is a voluntary part of Medicare that nobody pays for in payroll taxes, but that is funded by a payment that people make in a part B premium.

Mr. President, there are two types of Medicare benefits. One type is the trust fund that we pay for during our working lives. We pay 2.9 percent of wages into that trust fund. That pays primarily for hospital care. Coverage for physician services is a separate system for which you do not start paying until you retire. When it was set up in 1965, the idea was for retirees to pay 50 percent of program costs in premiums, while taxpayers would pay the other 50 percent. Over the years that retiree payment has fallen to 25 percent of Medicare.

Currently, there is a deductible of \$100 which people have to pay before Medicare part B, the voluntary part of Medicare, kicks in. Under the second reform adopted by the Finance Committee, as income rises from \$50,000 to \$100,000 for an individual—or from \$75,000 to \$125,000 as a couple—very high-income retirees—that deductible would phase up from \$100 to an amount equal to the full taxpayer subsidy of this vol-

untary health insurance program. That would make the deductible about \$1,700 a year for very high-income retirees.

Now, those are the two changes we have made. As was true with the retirement age phase-in, none of the savings that come from having a higher deductible for very high-income retirees goes to the deficit. None of it goes to fund tax cuts. None of it is even counted in the budget. Every penny of the savings goes to protect the trust fund.

Now, why do we need to do this? I read in the newspaper this morning where one of our colleagues said it is hogwash to say we have to make these kind of changes to save Medicare. Well, let me explain why we are going to have to make some dramatic changes and we are going to have to make them quickly if we are going to save Medicare. The two changes that we made in the Finance Committee will not save Medicare by themselves. They are major steps forward. They are the only real reforms we have made since 1965.

I am sure when we debate this next week people will say, but we have savings in the budget. Well, we assume we are cutting payments to hospitals and providers. We have done that about a dozen times. It has never saved any money because they find a way to get around it. Then our biggest savings is that we take the fastest growing part of Medicare, home health care, out of the trust fund and put it in general revenue. Then we say, well, we have helped save the trust fund. So the only two real permanent reforms that have a long-term impact are the two reforms which we are not counting as part of the budget. We do have another major long-term change in Medicare by giving our seniors more choices.

Let me, very briefly, go through the problems in Medicare. First, Medicare expenses are exploding. They are growing at over twice the cost of medicine in the private sector. We have a program that by and large was designed in 1965 based on an old Blue Cross-Blue Shield policy that is no longer available. Medicare is a system that has tremendous inefficiencies and has grown faster than any other major program in the Federal budget. We started off paying for Medicare with a 0.7-percent payroll tax on the first \$6,600 of income earned. We are now paying 2.9 percent of every \$1 they earn, and still Medicare will be broke in 3 years. So our first problem is exploding costs.

The second problem is a time bomb we know as the baby boomer generation. I want to ask people to look at this chart because this explains what is going to happen and why there is nothing conjectural about it. It is not somebody merely claiming that the sky is going to fall; the sky is already falling.

Currently, in 1997, we are at the point where all the babies born in 1932 are retiring. 1932 was not a banner year for having children in America. We were in the middle of a depression. The birth rate was very low—one of the lowest birth rates in American history. So for

the next few years, as depression era babies retire, we are going to have relatively few people who are retiring. These should be great years in terms of solvency for Medicare. However, these are the years where Medicare is going broke.

But notice what happens, beginning during the war and then immediately after the war we had an explosion in the birth rate in America. Fourteen million men came home from the war. They had defeated Nazism. America was the dominant power on Earth. People had new confidence in the future, and they made the greatest investment you can have in the future—they had babies, millions of them. Most Members of Congress were either in the sort of pre-baby-boomer generation during the war or they were in the generation right after the war. There was a huge explosion in the birth rate.

When we created Medicare in 1965, we were looking at this huge avalanche of young people coming into the labor market. In 1965 we had about four times as many people turn 19 as we had had 2 years before. It looked as if this tidal wave of people would never end. Actually, had Congress gone down to the Census Bureau in 1965 and asked if this baby boom would ever end, they would have discovered that it already had. But when we wrote Medicare with this huge number of people coming to the labor market, they made a decision not to fund it. They opted for a pay-as-you-go system where young workers would pay into the system without building up trust funds to pay for the benefits. This baby boomer generation turned out to be a godsend for programs like Medicare.

But now we come to the problem. This chart shows the projected increases in the population 65 and over. If you look at this chart, we are down here now where only 200,000 people are going to turn 65 this year, but within 14 years 1.6 million people will turn 65 and that number will not change for 20 years. We are going to go from 5.9 workers per retiree on the day Medicare started—we are down now to 3.9 and we are headed to 2.2—2.2 workers for every retiree in America.

The financial impact of that is absolutely cataclysmic. If we do not act, the young people who are sitting down here as pages are going to have to pay a payroll tax three times the current level. We are going to have an average tax rate in America—average tax rate in America—of about 50 cents out of every dollar. America is not going to be America when you have that kind of tax burden.

Now, this is a problem we must address. We know it is coming. We can fix it. We can preserve benefits. We can make the system better. But we are going to have to be courageous in order to do it, and we are going to have to make some tough decisions.

Here is what the financial status of Medicare looks like. As you can see, we are in the last years of its solvency. We

are looking at an explosion in the cumulative deficit of Medicare because we guaranteed two generations of Americans medical coverage during retirement, and nobody ever set aside any money to pay for it. Now the baby boomer generation is headed into retirement, they want these benefits, and there is no money to pay for them. That is the crisis.

Let me give an idea of how big this is. If we reform Medicare right now, and change the system by improving efficiency, thereby bringing the cost of Medicare down to the general inflation rates, even under the best of circumstances, to pay off this debt to baby boomers, we would have to borrow \$2.6 trillion. If we wait 10 years, it goes up to \$3.9 trillion. If we wait 20 years, it goes up to \$6.1 trillion. Now, the whole debt of the country today is less than \$6.1 trillion. So this is a crisis. This is a crisis that is happening right now.

We have made two changes in the Finance Committee which produce savings that are dedicated, every penny, to strengthening the hospital insurance trust fund. One is raising the eligibility age for Medicare as we have done for the retirement age under Social Security. I can guarantee you that is going to have to happen sooner or later. Within 10 years we are going to vote to do it. If we wait 10 years, we will have Americans who literally are on the verge of retiring who are going to find out they cannot retire. That is not fair, and it is not right. If we do it today, we will catch the political heat today but people will have 30 years to adjust to working 2 years longer. So it will be unpopular in the short run, we will be criticized for it in the short run, but within 10 years when people fully understand this, they are going to be very grateful that we did it, and it will be the right thing to do.

Second, asking very high-income people in a voluntary program to pay more of the cost of providing that benefit is not unreasonable. Nobody is required to participate in part B Medicare. No one pays a penny in the part B Medicare during their working life. It is a voluntary program. I have been stunned when listening to the criticism of this that somehow there is something wrong with asking people who have income of \$100,000 a year in retirement to pay a \$1,700 deductible for the best medical care policy that money can buy. I do not think that is unreasonable.

Let me tell you something. We are going to have to do it. But do we have to wait until our seniors are scared to death because they are not sure Medicare is going to be in place next month? Do we have to wait until the wolf is at the door, until the house is on fire, to make a tough decision? Can't we make the decision while there is time to adjust to it so that we can prevent the system from going broke? Does it have to go broke for us to have the courage to do something that we know has to be done?

So, we are going to be debating these things next week, and we will have Members of the Senate standing up and saying we are breaching an agreement by asking people with \$100,000 a year income to pay \$1,700 for a voluntary health insurance program.

We are going to have a lot of people say the world is going to come to an end because we are asking people to pay more if they can to save a system that is critical. I am ready to debate it. I don't know if we can save these reforms. But we are going to be awfully embarrassed some day if we don't.

I yield the floor.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

The Senate continued with the consideration of the bill.

Mr. THURMOND. Mr. President, what is the pending business?

AMENDMENT NO. 422

The PRESIDING OFFICER. The pending business is the Grams substitute for the Cochran amendment.

Mr. THURMOND. Mr. President, I consider this a matter of national security and, therefore, I support the efforts of the Senator from Mississippi to require export licenses for computers—in short, supercomputers to tier 3 countries, such as Russia, China, India, and Pakistan.

For several years, both the Strategic Subcommittee and the Acquisition and Technology Subcommittee, chaired by the Senator from New Hampshire, Senator SMITH, have conducted hearings on the administration's export policies on dual-use technologies with military applications. The concerns expressed by Senators COCHRAN and DURBIN is one of the issues which Senator SMITH was concerned about, and which he explored during his hearings.

The export of the high-performance computers to countries of concern could have a significant and potentially detrimental impact on United States and allied security interests.

The alleged export of the high-performance computers to Russia and China recently causes me great concern. The computers are more capable than any computer known to have been in use in those countries. The export of these computers was accomplished without export licenses. Evidently, the Russian Government told the companies that sold the computers that they would be used for modeling of Earth water pollution. However, subsequent to the sale, officials from the Russian Ministry of Atomic Energy stated that the computers would be used to maintain its nuclear weapons stockpile, to confirm the reliability of its nuclear arsenal, and to ensure the proper working order of the nuclear stockpile under the Comprehensive Test Ban Treaty.

Mr. President, according to U.S. export policy, the sale of high-powered computers that would directly or indirectly support nuclear weapons activities is prohibited.

Mr. President, I believe the Senator's amendment to require a license to export high-powered supercomputers with a 2,000 million theoretical operation range is appropriate.

I ask unanimous consent that I be added as an original cosponsor of the amendment offered by the Senator from Mississippi.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I ask unanimous consent that the Grams and Cochran amendments be temporarily set aside and it be in order for Senator COVERDELL to offer an amendment No. 423 to the bill on behalf of himself and Senators INHOFE and CLELAND.

I further ask that following 2 minutes for explanation by Senator COVERDELL, the amendment be set aside, and further, that the call for regular order with respect to the Inhofe-Coverdell amendment only be in order after the concurrence of the chairman and ranking member and Senators from the following States: Georgia, Utah, Oklahoma, California, and Texas.

Mr. LEVIN. No objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

AMENDMENT NO. 423

(Purpose: To define depot-level maintenance and repair, to limit contracting for depot-level maintenance and repair at installations approved for closure or realignment in 1995, and to modify authorities and requirements relating to the performance of core logistics functions)

Mr. COVERDELL. Mr. President, I call up amendment 423.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Georgia (Mr. COVERDELL), for himself, Mr. INHOFE and Mr. CLELAND, proposes an amendment numbered 423.

Mr. COVERDELL. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of subtitle B of title III, add the following:

SEC. . DEFINITION OF DEPOT-LEVEL MAINTENANCE AND REPAIR.

(a) DEPOT-LEVEL MAINTENANCE AND REPAIR DEFINED.—Chapter 146 of title 10, United States Code, is amended by inserting before section 2461 the following new section: