

bonds between the "old-timers" are strong and newcomers can sometimes feel intimidated. Ultimately, I didn't take John Chafee's office, but I gladly accepted his friendship. When I last spoke to John, during a short conversation in this Chamber late last week, he talked about his son, Lincoln, and the possibility that son would replace father in the Senate. I think he took great pride in the thought of his family carrying on his tradition of public service.

I was moved by the words of John Chafee's staff in a statement they collectively issued on Monday. It said, in part: "His sense of public spirit was infectious, and we have all learned a great deal from him. But more important than any lesson in civics is the example he set for all of us about how to conduct our lives: listen to both sides; do what's right; always look for the good in people; and, even if you don't prevail, be of good cheer."

Mr. President, John was a tireless advocate for his constituents, a man who sought agreement in the often-acrimonious atmosphere of Washington, a man who brought meaning to the idea of giving one's word and standing by one's principles. And he was consistently of good cheer. I was proud to serve with him, and proud to consider him a friend.

Ms. MIKULSKI. Mr. President, I rise today to celebrate the life and legacy of a dear friend and colleague, Senator John Chafee.

I was deeply saddened yesterday to hear of Senator Chafee's passing. The Chafee family lost a dear husband, father and grandfather. My thoughts and prayers go out to Virginia, his children, and his grandchildren. The Senate lost one of our most principled and reasoned colleagues. Senator Chafee will be greatly missed here. The people of Rhode Island, whose needs and concerns guided his actions on a daily basis, lost an admired Senator. His impact will be felt in Rhode Island for generations to come. Our country lost a tireless leader who consistently fought for what he believed in, and for that, I am deeply saddened.

Senator Chafee was the kind of Senator that this country needs. In times of increasing partisanship, John Chafee always reached across the aisle to form alliances, to build compromises, to get things done. He let principles, not politics, be his guide. And that enabled him to be an unbending bridge between both sides that we have so desperately needed.

Senator Chafee's politics was the kind of politics this country needs. He inspired voters on both sides of the party line with his honest, independent politics. Senator Chafee always believed that persistent honesty and unshakeable integrity were the cornerstones of public life. His was always the quiet voice of reason.

And Senator Chafee was the kind of person this country needs. John Chafee devoted his life to public service—as a

Marine, as a State legislator and minority leader in the Rhode Island House, as Governor of Rhode Island, as Secretary of the Navy, and as a United States Senator. He and his wife Virginia raised a beautiful family, and instilled in them the values of public service and integrity. I am proud to have worked with such a distinguished man.

We will always celebrate, and never forget, the work that was born of his public service, his commitment to his family, and his commitment to his principles. Senator Chafee's work here in the Senate has had a tremendous impact on our nation. He leaves a remarkable legacy.

We will always celebrate Senator Chafee's leadership on the Clean Air Act. We will always celebrate his fight to strengthen the Safe Drinking Water Act. We will always celebrate his hard work in authoring the Superfund program. The air we breathe and the water we drink is cleaner and safer because of his landmark efforts.

We will always remember his unwavering advocacy for a woman's right to chose. We will always remember his fight to enact the Family and Medical Leave bill. We will always remember his important work to curb gun violence in America. Our families are stronger, our constitutional rights have been protected, and our streets are safer because of his steadfast devotion to these causes.

In these ways and more, Mr. President, we will always remember and celebrate his quiet strength, his unwavering commitment to the people of his state, and to his own principles. Senator Chafee has had an indelible impact on our policy and our polities, on our culture and our country. And for that, we will always be grateful.

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 having come and gone, the Senate will stand in recess until the hour of 2:15 p.m.

Thereupon, at 12:46 p.m., the Senate recessed until 2:14 p.m., whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HAGEL).

AFRICAN GROWTH AND OPPORTUNITY ACT—MOTION TO PROCEED—Continued

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I understand the Senator from Montana wishes to speak. I know there are a number of other Senators who wish to speak on the Social Security issue.

Mr. President, what is the regular order? Do we have an hour?

The PRESIDING OFFICER. The Senate is on the motion to proceed under cloture to H.R. 434.

Mr. GREGG. Mr. President, I ask unanimous consent that I be given 15 minutes as in morning business.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Reserving the right to object, my understanding is there is no time constraint. We are on the motion to proceed; is that correct?

Mr. GREGG. There is an hour.

The PRESIDING OFFICER. Each Senator is limited to no more than 1 hour.

Mr. BAUCUS. Asking further clarification, is that on the motion to proceed?

The PRESIDING OFFICER. On the motion to proceed.

Mr. BAUCUS. Mr. President, I ask unanimous consent that following the Senator from New Hampshire, I be allowed to speak for 20 minutes as in morning business.

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

The Senator from New Hampshire.

SOCIAL SECURITY

Mr. GREGG. Mr. President, I rise today to express my concern about the President's latest Social Security proposal as outlined in his recent radio address. I hope Congress will resolve to oppose this proposal unless it can be significantly modified, and it does not appear the President wants to modify it.

I am greatly disappointed with the decision by the President to bring forward this proposal. I had hoped to work with the President in a bipartisan manner to resolve the Social Security issue. There are a number of us in the Senate who are willing to go forward in a bipartisan manner on this issue. For example, Senator KERREY, Senator BREAUX, Senator GRASSLEY, and I have introduced a comprehensive Social Security reform bill. I have been pleased with this bipartisan effort, at least in the Senate, but I have been extremely disappointed by the White House's continued partisan approach toward the Social Security problem and especially their most recent proposal, which is, to say the least, a sham proposal. My goal today is to make absolutely clear for my colleagues just why this proposal does not work.

This is not an easy task because it is a complicated and confusing issue, but it is something that must be done. Regrettably, I think the complicated and confusing nature of the proposal was intentionally created in that concept so the people would not understand it, so it would be confusing, and so that, therefore, by glossing over it with terms such as "saving Social Security," they could attempt to hide the underlying documents and energy of it, which is to basically undermine Social Security.

Thus, it is vitally important that we all understand exactly what is at stake. So I am going to go back to basics and try to simplify this as much as I can.

In its simplest terms, the Social Security system has enough money to

pay benefits today but does not have enough money to pay the projected benefits in the future, beginning in the year 2014. That is the entire problem.

What will we do in the year 2014 under the current law? We will have to raise additional money through the income tax, through the general revenues of the Federal Government. The gap between benefits promised and the Social Security taxes will get bigger and bigger every year. It will be \$200 billion annually by the year 2020 and \$666 billion annually by the year 2030. Under the current law, we will simply keep raising revenues every year until the Federal Government has paid everything it owes to the Social Security system in the year 2034.

When we reach that point, we declare insolvency, the Government of the United States, and the benefits would have to be cut, and Social Security would basically go into a tailspin. These funding gaps are so large, it would be unfair to a future generation to wait until that time and do the drastic cuts in benefits or radical increases in taxes which would occur in order to pay for the system. That is why so many of us have been calling for a comprehensive reform, a reform that will begin now, when we have time to work on the system and to make it work.

What has the President proposed? The President has proposed that as part of any lockbox legislation we accompany the lockbox with a provision that will transfer interest payments to the Social Security system. It is vital that my colleagues understand two things: This proposal would do nothing, absolutely nothing, to fund the future Social Security benefit; in fact, it would undermine the Social Security system by giving the false assurance of improvement. Secondly, this proposal would formally commit tens of trillions of dollars in new income taxes, simply through some accounting sleight of hand. That means that future generations, our children, our grandchildren, would get a tax increase as a result of this President's proposal which would run into the trillions of dollars.

To understand why, let me first show my colleagues this quote from the President's budget of last year. It was tucked away on page 337 in the analytical perspective section. Some budget analyst must have experienced an attack of truth in budgeting and included the language. It is definitive.

Trust Fund balances are available to finance future benefit payments and other trust fund expenditures—but only in a book-keeping sense . . . They do not consist of real economic assets that can be drawn down in the future to fund benefits. Instead, they are claims on the Treasury that, when redeemed, will have to be financed by raising taxes, borrowing from the public, or reducing benefits or other expenditures. The existence of large trust fund balances, therefore, does not, by itself, have any impact on the Government's ability to pay benefits.

That last sentence is the clearest explanation of what the problem is. No

matter how large the trust fund stated number is, it does nothing to pay down the benefits, if there are not assets to back it up which can be drawn on without raising taxes.

I hope every Member of Congress understands this. I hope the American people understand it. If we use our power to artificially inflate the balance of the trust, it does not do the beneficiaries one bit of good. If we decree that it is a \$1 trillion or a \$10 trillion or even a nothing number in the trust fund, it has exactly the same financial impact. It has no impact on the outyear benefit structure. So the President's proposal to credit the trust fund with the interest savings will have no impact at all on the structure of the system and the liability which the American taxpayer will have to pay to support the system in the outyears.

What it would do, however, is give a false impression that we have taken some substantive action. And that, of course, is the goal of this President—politics over substance. We already have a problem of understanding. Already the Social Security system's problems are papered over by the declaration of actuarial solvency through the year 2034. This disguises the fact that the real problem for us and for the next generation begins in the year 2014. What the President is effectively saying is that we should now paper over the problem even further, that we should wait until the year 2050.

Earlier this year, the Comptroller of the United States, David Walker, testified before the Senate Finance Committee. He was speaking about the President's proposal of earlier this year, but his comments are equally valid regarding the most recent proposal he has put forward. He said:

... it is important to note that the President's proposal does not alter the projected cash-flow imbalances in the Social Security program. Benefit costs and revenues currently associated with the program will not be affected by even one cent.

In other words, the proposal the President is putting forward has absolutely no impact on the ability to pay the benefits that are going to be required to be paid to maintain the Social Security system in the outyears.

Moreover, he went on to say: One of the risks of the proposal is that the additional years of financing may very well diminish the urgency to achieve meaningful changes in the program. That would not be in the overall best interest of the Nation. It would be tragic, indeed, if this proposal masked the urgency of the Social Security solvency problem and served to delay the much-needed action.

In other words, even though this proposal would not do anything for Social Security, it would make the representation to the public that we had. This would become a license for irresponsibility. It would break the faith of the Social Security beneficiaries by representing that the problem had been solved for another 50 years, even

though we have taken absolutely no real action.

Here is a chart that shows the workings of the Social Security system in a simplified form and represents the problems we confront. On the left of the chart, we can see the projections under the current law. On the right-hand side of the chart, we can see projections under the President's proposal. There is absolutely no difference. The President's proposal has no effect on the problems of the system. Current law problems which caused the system to go into insolvency are going to exist in the same form if we follow the President's proposal.

The numbers are startling. We term it insolvent in the year 2040 because the cost is so high. Under the President's proposal, it is a \$1.1 trillion increase in the year 2040 on the taxpayers of America, which, in my opinion, represents an insolvency event, if we follow the President's proposal.

What is the President's argument? He is arguing that his program provides for additional reduction in public debt and that we can justify these additional income tax liabilities by the fact that the public debt has been reduced and debt service has also been reduced. But, once again, the reality is different from the claim. If you study the Social Security actuary's memo in the President's plan written last Saturday, October 23, you would find the following information. I hope the press will pick up on this. Transfers are not contingent on actual amounts of reductions of debt held by the public. Transfers are assumed to be as indicated, regardless of the effect on the budget balances.

Now, it may well be the President will yet propose a way to require that only a reduction in public debt will trigger the transfers he has suggested, but that is not what his current proposal says. His current proposal only issues this new debt and these new liabilities and does not make them in any way contingent upon public debt being reduced. This is not a plan to reduce public debt. It is a plan to issue new debt. It creates new income tax obligations, regardless of what happens with the overall budget balance. It has nothing to do with straightening out the Social Security system by reducing public debt. It is simply an increase in income tax obligations as a result of an increase in debt obligations of the Federal Government.

One other point: The President believes it is appropriate to reward Social Security by giving it the interest savings from the reduced public debt. Current law already credits Social Security with interest, as if we had saved the surplus, whether we do or do not. This is current law. What the President is proposing is that we give a second round of transfers to the Social Security system. We are already crediting Social Security with interest saved. That is what produced the finding that the system is sound until the year 2034.

The President is simply proposing that we arbitrarily issue a second round of credit, not justified or contingent upon anything happening in public debt reduction, and increase the income tax obligations to the program. Remember, again, all the taxes the President is talking about pouring into this program as a result of this accounting process gimmickry are income taxes; they are not payroll taxes.

So we are shifting the burden, under the President's proposal, of the Social Security system from being a payroll tax system to being an income tax system, from going to a system where the people who receive the benefit under the retirement process and pay for it during their working lives are now receiving a benefit from the general revenue fund and the income tax fund versus the payroll tax fund. That is a huge change in the basic philosophy of the way we have supported the Social Security system. The President does this with his proposal, which is to create a new accounting mechanism.

So the practical effect of the President's proposal is to do absolutely nothing in the way of resolving the fundamental problems that confront Social Security. The practical effect of the President's proposal is to create an accounting gimmick that makes you feel as if you have done something. The practical effect of the President's proposal is to undermine the momentum for fundamental, fair, effective Social Security reform in exchange for a political statement that may get you through the next election but which is going to create major crises for the system in the outyears.

The President's proposal fails any form of accounting test. The President's proposal fails any form of a reasonable review. The President's proposal, most importantly, fails the next generation and the generation behind it because what it does is transfer onto their backs, for the sake of a political statement today, a tax burden that will amount to trillions of dollars. It is an action that is absolutely inappropriate and which I hope this Congress and the American people will reject.

I yield the floor.

PRIVILEGE OF THE FLOOR

Mr. BAUCUS. Mr. President, I ask unanimous consent that Peter Washburn, a fellow with the Environment and Public Works Committee, be allowed floor privileges during the introduction of the Good Samaritan legislation.

The PRESIDING OFFICER. Without objection it is so ordered.

The PRESIDING OFFICER. Under the previous order, the Senator from Montana is recognized.

(The remarks of Mr. BAUCUS pertaining to the introduction of S. 1787 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. Mr. President, I ask unanimous consent to be recognized to speak for up to 15 minutes as if in morning business.

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

SOCIAL SECURITY

Mr. THOMPSON. Mr. President, I want to address the subject of Social Security, as my colleague from New Hampshire has so eloquently addressed a few minutes ago. It is a matter about which we are all concerned. We all agree that something is going to have to be done about it because the numbers simply don't work. We all know that the money needed to pay to more and more retirees is not going to be sufficient because we are not going to have a sufficient number of people paying into the trust fund. We are going to have more and more retirees and fewer and fewer workers in the future. The numbers simply are not going to add up.

We all recognize that a day of reckoning is coming, and many of us have been struggling to try to decide what to do about it. It seems as if there are really only three choices.

One is to raise taxes. We pay for Social Security with Social Security taxes, FICA taxes. We could raise them astronomically on future workers.

The second is to cut benefits, which, of course, nobody wants to do.

The third choice is to have some kind of fundamental restructuring and reform. I think more and more people have concluded that is what has to happen.

A lot of people, including myself, think we have to have some system whereby the worker can invest some of that money in those FICA taxes for something that will have a much greater return than they are getting today.

We were hoping that before the President left office, there would be some leadership from the President in making some of the hard choices we all know are going to have to be made. Any one of those choices I have just described is not an easy political choice to make. It will never be made unless we get some leadership from the President, at which point I think a lot of people will fall in line.

We have, on a bipartisan basis in the Senate, already been trying to work toward that end. Frankly, I don't think the political risks are as great as a lot of people think. I think we should tell the people the truth and do something, go ahead and do it. There is not a lot of risk to that. Most people believe otherwise. But we will have to have Presidential leadership under any circumstances.

The President has come forth with a plan which does not really do those three things I mentioned before in terms of the alternatives, but he seeks to basically put the problem off to another day. It is a good strategy in a year before an election because it

avoids the problem while pretending to solve it. But it certainly doesn't do anything to solve it.

I think we can reach agreement on that with a pretty wide consensus on a bipartisan basis in this body because too many Democrats and Republicans have been working together and concluding that the approach that has recently been suggested by the President is something that just won't work.

Here is the basic situation. Right now, mandatory spending programs such as Social Security and Medicare consume two-thirds of our Federal budget. In 1980, it was 53 percent; 1990, 63 percent; today, 66.5 percent. By 2030, if no changes are made, mandatory spending, including Social Security and Medicare, will eat up 100 percent of Federal revenue.

We know we cannot go down that route forever. At the same time, we are facing a demographic time bomb that will place unprecedented new burdens on the Federal budget. The number of Americans over the age of 65 will more than double between now and 2030. Also, during the same period, the working age of Americans will only increase by 25 percent. This means there will be fewer people paying into the system to support many more beneficiaries. Most everyone, myself included, argues that more people living longer is not a bad problem to have. But it will place tremendous strain on the Social Security Program and on our Federal budget, neither of which is particularly well equipped to deal with it.

I cannot agree with the President when he said in his radio address that his proposal to transfer general revenue credits—getting away from the FICA self-financing system that we have now, but dipping into general revenue credits, coming in from income taxes because we have a surplus now, that to transfer these credits into the Social Security trust fund is "the first big step toward truly saving Social Security."

Let me first point out the general revenues the President wants to transfer to Social Security come from the very same projected budget surplus he said we could not count on for tax cuts. Now he is using those same uncertain surpluses to so-called save Social Security. The President cannot have it both ways.

I will quote from testimony of David Walker, Comptroller General, testifying before the Finance Committee in February. The Senator from New Hampshire quoted Mr. Walker saying "this does not represent a Social Security reform plan." I will not quote all of his statement at this point, but an additional statement he made was that "the changes to the Social Security Program will thus be more perceived than real," talking essentially the same as the President's plan. Although the trust funds will appear to have more resources as a result of the proposal, in reality nothing about this program is changed. He concluded that