

case involving an HMO, a managed care company, in my State of Illinois at the Carle Clinic. A woman called the Carle Clinic in Bloomington, IL, and reported she was having pains in her stomach. They said: We would like to examine you. Why don't you come in in 8 days.

Before she could go to the clinic her appendix burst, and she went through a terrible situation and a terrible recuperation in the hospital.

She came to learn that this plan, as so many other managed care plans, actually rewarded doctors financially if they showed more profit for the company as opposed to providing quality health care. The bottom line was making money. The bottom line said let the lady wait at home for 8 days and see if she still complains instead of bringing her into the office for an examination.

She sued them. She said: I thought I could trust you. I thought that was the bottom line when it comes to the health insurance company. The bottom line was profit, and it was made at my expense. I paid for it in a hospital stay.

The Supreme Court said: You cannot do anything about it. Congress passed legislation that said managed care companies can do that and you cannot sue them. Your right against these companies is extremely limited. That is a Federal decision.

That is a decision that should be changed. That is one Democrats have pushed for on Capitol Hill for years and the Republican leadership has blocked it. These insurance companies are making big dollars. They are big special interest groups. They are big players on the Washington political scene. They do not want anybody changing these rules. That is why they have resisted, and that is why we have done literally nothing in the Senate and the House to deal with these abuses.

Education: Can anyone think of anything in the 21st century more important than education in America? I cannot. We are going to have a debate in the near future on trade. It is a hot issue. There are many who believe globalization and free trade are part of America's future, part of the future of the world. To resist trade is to resist gravity: It is going to happen.

The question is, How will we respond to it? Many workers are concerned that if there is expanded trade, they might lose their jobs. Companies will take their plants and move them overseas, and folks who have good jobs today will not have them tomorrow. Shouldn't we as a nation acknowledge that, whether the jobs are lost to trade or technology? Shouldn't we be putting in place transition training and education so workers do not have to fear this inevitable change in the economy?

We are not hearing any suggestions on this from the Republican side. They do not believe there should be a Federal role when it comes to education and training. They talk about it being State and local. It has been histori-

cally, but we have had Federal leadership that has made a difference on these issues. We believe on the Democratic side we should continue to do that.

I will tell my colleagues about another related issue. We know from the best companies in America that the single biggest problem they have today is not estate taxes; it is not a tax burden under the code. The single biggest problem they have today is jobs they cannot fill with skilled workers.

I hear that in Illinois everywhere I go. I was in Itasca yesterday with the Chamber of Commerce. That is their concern as well. We have to acknowledge the fact there are good paying jobs unfilled in America because we do not have skilled workers to fill them.

What do we do about it? Wait for the market to create an answer? I hope we will do more. In 1957, when the Russians launched Sputnik and we were afraid we were going to lose the space race, this Congress responded and said: We will respond as a nation. We will create the National Defense Education Act. We are going to encourage young people to get a college education to be scientists, to be engineers, to compete with the Russians. We did it. It was an investment that paid off handsomely. We created an engine for growth in the American economy that not only made certain the private sector had the people they needed but also sent a man to the Moon and so many other achievements unparalleled in the history of the world.

Why are we not doing the same thing today? Why are we not acknowledging we need to make an investment at the Federal level to help pay for college education so kids have a chance to become tomorrow's scientists and engineers, leaders of the 21st century so we do not have to import computer experts from India and Pakistan?

The PRESIDING OFFICER (Mr. L. CHAFEE). The Senator's time has expired.

Mr. DURBIN. I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I am going to take 15 minutes of the time set aside for the Senator from Wyoming.

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

#### SOCIAL SECURITY

Mr. SANTORUM. Mr. President, I rise today to address the issue of Social Security. Last week I got up toward the end of our time and did not have a chance to talk about the issue, but I briefly mentioned my strong admiration and support for Gov. George W. Bush's courageous and bold proposal in offering to the American public an opportunity to meet the Social Security crisis head on and deal with it in a responsible way through investment as a way to try to bridge the gap that now exists in the Social Security system—

“the gap” meaning not enough money coming in to pay benefits down the road once the baby boom generation begins to retire.

I have been out for the past 4 years talking about this issue and have talked in front of every conceivable group you can imagine. Yesterday I was in Harrisburg, PA, talking to the State AARP about Social Security and the importance of having politicians face up to the issue and explain to the American public how we are going to fix the problem.

The problem is very simple. Right now, there are about 3.3 people working for every retiree on Social Security. Social Security is a pay-as-you-go system. So those 3.3 working people have to pay enough in Social Security tax to pay for the benefits to that 1 retiree.

Just to give you a comparison, back in 1950 we had 17 workers paying into the system for every 1 retiree. That is why, in 1950, we had a payroll tax of 2 percent on the first \$3,000 you earned, because there were 17 people paying and you could pay a relatively low rate of taxation to pay for the benefits. Now you pay 12.4 percent of every dollar you earn, up to, I believe it is, \$72,000.

So it is a dramatic increase in taxes that has occurred because we went from 17 workers to every 1 retiree to 3.3 workers to every 1 retiree. In the next 20 years, we will go from 3.3 workers to every 1 retiree, to around 2 workers or maybe even a little less than 2 workers to every 1 retiree.

It is pretty obvious what is going to have to happen. We are going to have to make a change in the system because the current flow of revenue from 3.3 workers to support 1 retiree will be dramatically reduced when you only have 2 workers. You cannot keep the current rate of taxation and support that 1 retiree.

So the question is, What do we do about it? Do we wait, knowing it is going to happen? Everybody who is going to be working 20 years from now has been born, and everybody who is going to retire in 20 years from now has been born. So we know what the demographics are going to look like. The question is, What are we going to do about it?

There are three things you can do to fix the Social Security problem and only three things. There are only three things you can do.

No. 1, you can do what we have done 20-some times in the past; that is, increase taxes, from what started out as 2 percent on the first \$3,000 to now 12.4 percent on up to \$70,000 of income. So you can increase taxes.

The second thing you can do is reduce benefits. We have done that in the past, too. We raised the retirement age. We adjusted some of the benefit numbers. You can reduce benefits.

How much would we have to do of either raising taxes or cutting benefits? According to the Social Security trustees, the actuaries there, we are looking at a payroll tax increase, if we wait 15

or 20 years—which is what some here at the national level, the Vice President, for example, and some on the other side of the aisle have suggested; that if we wait, everything is going to be fine, that there will be no problem for another 30 or 35 years. Just wait. What if we wait? If we wait 20 years to fix this problem, we are looking at a payroll tax increase of roughly 40 percent, going from 12.4 to about an 18- or 19-percent payroll tax for the next generation.

So if you are a politician today and you do not plan on being around 20 years from now, I guess the answer of waiting is a pretty good option: Put it on to the next group of politicians and the next generation of people, and let them pay those taxes. They may say: "As for me, I would rather just get elected and not make any tough decisions and not have to tell anybody about what pain is going to be in the future because under my watch there will not be any." That is the kind of leadership we do not need in America, in my opinion. But that is an option.

The first option is to increase taxes dramatically down the road. The second option is to cut benefits. By the year 2035, I think it is, Social Security taxes coming in will cover about 70 percent of what is needed to be paid out in benefits. So what does that tell you? We will have to cut benefits by about a third; that if we do not increase taxes, then we will have to cut benefits by a third. I suspect you will not find one vote in the Senate to do that today. And I do not believe you will find any votes in 20 years to do that. So that option is pretty much off the table, I suspect.

So those are the two options that are available, unless you take the third option. This is where Governor Bush has come out. I give him a lot of credit for doing so. The third option is investment, increase the rate of return on the money that is actually going into the system now to make up the shortfall in the long run. This is not a view that is a partisan viewpoint; this has broad bipartisan support in the Senate.

Many on the other side of the aisle believe in personal retirement accounts. Even more Members on the other side of the aisle and the President agree with investment where the Government actually takes the money and invests it.

So there are two kinds of investments. We can do it two different ways. The way I suggest and Governor Bush suggests is that every individual get a portion of their payroll tax to be put in a personal retirement account, which they own, they control, they invest, but they cannot touch until they retire. That is how I suggest the investment be done: The individual owning it, the individual investing it, the individual controlling it.

The President's suggestion, in two of his budgets in this current term of office, is that, yes, a portion of Social Security trust funds can be invested, but

the Government invests it. There would be no individual ownership. It would be Government ownership. The Government would invest a portion of the Social Security trust funds in stocks and corporate bonds. Why? The President pretty much gave the same speech I am giving where he said there are three options: You can increase taxes, cut benefits, or invest; and the President chose investment.

The President, in his budget, chose investment. But the investment he chose was the Government ownership of that investment. We choose investment and say the individual should own the investment, and the individual should benefit from the investment; that the Government should not "benefit" from the investment.

There are a whole host of reasons the Government should not own corporations or stocks. We already regulate corporations. We tax corporations. Now we have gotten in the business of suing corporations. We should not also own them. That is the Government owning the means of production. For those of you who have not been in your political science class recently, the Government comes right out of the books of Karl Marx. We do not need the Government of the United States owning corporations.

By the way, I think most Americans believe very strongly about that, that Government ownership of stocks and bonds is not something that is particularly desirable, but the idea of investment is desirable.

The biggest criticism I hear from the Vice President, and the critics of Governor Bush's idea, is that this is a "risky scheme." Contrast that with what their proposal is. Their proposal has, I would agree, less risk and more certainty. I would agree with that. There is less risk and more certainty. The certainty, though, is not a particularly desirable one. The certainty is we will have to raise taxes or cut benefits.

So you can argue that the Gore plan is less risky, is much more certain. We will have to raise taxes or we will have to cut benefits, or do a little of both. So in that respect there is certainty. But it is not certainty that I think the American public is looking for.

He suggested the Bush plan is risky because it involves investment. I did not hear that criticism of the President's plan to invest in the equities market. He did not criticize his own President's plan when he suggested that money from Social Security should be invested in the equities market. I guess some believe it is not risky if the Government invests it, but it is risky if you do. I am not too sure that holds a lot of water. Either investment in the market is risky or it is not risky.

Sure, obviously, there are risks in investment in the market. But every other retirement system in America is financed through investment. The people who are doing basically pretty well

in America have 401(k) plans and IRAs and Keogh plans and other plans where they take money that they are earning. Here in the Federal Government, Federal employees have a thrift savings plan, all of which is invested in stocks and bonds. And we use the miracle of compound interest, over time, to be able to then afford to pay the benefits for those retirees once they hit retirement. Every person who is doing pretty well in America has one of those plans at their disposal. It is the folks who are not doing so well who don't get a piece of the American pie. What the Vice President is saying is: For you folks who have these plans, that is OK; we think that is a good idea.

In fact, you will find the Vice President and others who are opposing personal retirement accounts for Social Security are at the same time encouraging people to go out and develop 401(k)s and invest and save for retirement; that it is a good idea. "So if you have your own money and you make enough money, we encourage you to invest it. But if you are low income and you can't put money aside, we don't want you to have a piece of this. We don't want you to have your own personal retirement account within Social Security. We are just going to reserve that for people who have enough money to do it on their own. We will allow you to participate in the growth of the American economy, in the increase in the markets and economy, in the dynamism of the American dream that is going on in our capital markets today. If you have money, you go ahead and participate, and we will encourage you. We will provide tax incentives for you to do that. But if you are lower income and you are making ends meet and all you have for your retirement is Social Security, sorry, we will not allow you. It is too risky for you to do this." How paternal; how discriminatory.

What we support is to give every working American a very small piece at first. Maybe in years to come it will be larger, but at first a very small piece of the American pie, 2 percent, 3 percent of every dollar they earn for low and middle-income people to be put in a personal retirement account for them to invest; so as America grows and prospers, they won't be sitting on the sideline watching the rich get richer while they do not prosper from the growth in America. That is cruel.

We have an opportunity to reach out to moderate and low-income individuals and allow them to participate in the American dream of ownership, of investment, of participating in the growth of America, not just their own growth with respect to their wages. I think it is a tremendous opportunity. It is the first and biggest chance to bridge what I see as one of the biggest problems facing America today, which is the growing gap between the rich and the poor in this country.

I will never forget back in 1992, then-candidate Clinton would talk about the

decade of greed of the 1980s, how the rich got richer and the poor didn't get it. "The 1980s, under Reagan, was the decade of greed." We don't hear President Clinton talking about that now. Does anybody ever wonder why he doesn't talk about that anymore? The reason he doesn't talk about it anymore is because during the 1990s, the rich got far richer than they did in the 1980s, and the poor didn't do that much better than they did in the 1980s. In fact, the gap between the rich and the poor widened more in the 1990s than it did in the 1980s. If the 1980s was the decade of greed, the 1990s, under the Clinton-Gore administration, was the decade of supergreed.

Why did that happen? It is pretty obvious why it happened. It happened because those who were wealthy, who owned and invested as the markets went up, as the value of assets went up, their income went up. Their wealth went up. If you are a worker who doesn't have wealth, doesn't have savings, doesn't have investment, then your wealth only goes up by the wage increase you get, which is 3 or 4 percent. So while the NASDAQ goes up or the Dow Jones goes up 10, 15, 20 percent or higher, your wages go up here at the bottom 2 or 3 percent, the gap grows.

One-third of all income in this country comes from investment. Yet the average person in America, someone right in the middle, has a total savings of \$1,385. Half of America or more is left behind.

What we want to do with personal retirement accounts for Social Security is say to those Americans: Welcome to the American economy; participate in the American dream of growth and ownership of investment. With that, we will not only fix Social Security, but we will begin to do something that is fundamental, which is to bridge the wealth gap in America.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, will the Chair advise the Senate with regard to the standing order?

The PRESIDING OFFICER. There are 4 minutes remaining in morning business.

#### SECURITY BREACH AT LOS ALAMOS

Mr. WARNER. Mr. President, America awakened in the last 24 hours to another very distressing disclosure of an alleged breach of security practices at the Los Alamos Laboratory, again relating to what is the greatest threat every hour, every minute of the day to this Nation; that is, from nuclear weapons. We are not here to prejudge any facts at the moment.

From the standing rules of the Senate, rule XXV, I read:

The Committee on the Armed Services has jurisdiction over national security aspects of nuclear energy.

Clearly, this problem falls within our domain. As chairman, in consultation

with the ranking member, we will move very swiftly. We will establish a hearing date as soon as we can to develop those facts that can be publicly disclosed and such facts as must remain classified. The Armed Services Committee has dealt with this issue for over a year. In the authorization last year, we had a hard fought debate on this floor about establishing a new entity within the Department of Energy. Indeed, we did it. It was signed into law, and it is ready to go.

Our committee also has jurisdiction over the nominees to head this new entity. I refer the Senate to item 1010 in Nominations, Gen. John H. Gordon, United States Air Force, to be Under Secretary for Nuclear Security, Department of Energy. That was May 24.

I am writing a letter to the majority leader today and, indeed, to the distinguished Democratic leader, asking that this nomination be brought up immediately. There are allegations that certain Senators think that the law that was passed last year has to be changed. That is a matter that can be brought up before the Senate at any time. But I do not think this Nation should sit 1 minute, 1 hour, 1 day longer on the nomination of this outstanding American, who has impeccable credentials, to take over this whole problem of security in the Department of Energy and is waiting to do so. Let us act on this nomination. I am certain the distinguished majority leader, in consultation with the Democratic leader, will move to see that this is done at the earliest opportunity. I hope it is done today.

I will advise the Senate later today with regard to the hearing of the Senate Armed Services Committee.

This is a matter of serious concern. At the hearing, we intend to call Secretary Richardson, General Habiger, who is the Chief of Security Operations, and Mr. Ed Curran, Chief of Counterintelligence. It may or may not be a counterintelligence matter. We don't want to prejudge the facts. But action is needed by this body, first on the nomination, and then to look into this situation. There is nothing that poses a greater threat to the United States of America, indeed, to our allies, than that from nuclear weapons.

It is ironic. This particular alleged security breach is basically in the same location of the previous incident involving Wen Ho Lee, as I understand it, probably the same floor, same corridor. We have testimony in the record, which I will add to the record, of the Secretary of Energy, who has appeared repeatedly before the committees of the Congress. This incident is clearly on Secretary Richardson's watch; let there be no mistake about that. He has repeatedly advised the Congress that he has put in place such regulations and other measures as to protect the United States, protect this Department from such alleged security breaches it faces this morning.

Mr. President, I am speaking after consultation, of course, with the ma-

majority leader's office and Senators DOMENICI and KYL, who have worked with me on this matter for some 18 months.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2001

The PRESIDING OFFICER. The Senate will now resume consideration of H.R. 4576, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 4576) making appropriations for the Department of Defense for the fiscal year ending September 30, 2001, and for other purposes.

Pending:

Boxer/Reid amendment No. 3308, to prohibit the use of funds for the preventative application of dangerous pesticides in areas owned or managed by the Department of Defense that may be used by children.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. REID. 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. REID. Mr. President, it is my understanding that the unanimous consent agreement that we are now operating under in the Senate means that I am next in order to offer an amendment.

Is that true?

The PRESIDING OFFICER. The Senator is to offer an amendment at 10:40.

Mr. REID. Mr. President, the amendment which I will offer shortly deals with a very unique situation. We certainly control the building of computers in the United States. We are the great superpower. We are also the superpower of computer development. But in spite of that fact, about 60 percent of the computers manufactured in the United States are sold overseas. Only 40 percent of the computers manufactured in this great country are sold internally.

The problem is there is now a provision requiring a 180-day review period to sell a computer, meaning that we are slowly but surely losing our ability to control the computer market. Why is that?

I ask unanimous consent to have printed in the RECORD a letter to me from the Information Technology Industry Council which represents generally the technology industry.

There being no objection, the letter was ordered to be printed in the RECORD, as follows: