

New York Stock Exchange. Clark Long and his two sons are probably wondering how they missed out on all the benefits of these huge agribusinesses that are talked about in these stories.

The fact is, we have payment limitations in our farm policy already. We accepted them as a part of the compromise we struck in the 2002 farm bill, a bill that was debated for 2 years and should be viewed as a contract between the Federal Government and the hard-working farm families of this country, their lenders, and others they do business with all the way up and down Main Street, the entire communities that depend on these hard-working farm families that produce the food and fiber for this world.

The bottom line is, changing payment limitations midway through the deal has the real potential to put Arkansas farm families and other farm families across the South and in other places in a terrible spot.

In closing, despite the President's willingness to listen to the critics on the New York Times editorial board and break his contract with America's farmers, I still believe in farmers and farming communities. I still believe in those people who get up at 4:30 every morning to go out and work that farm, to make sure I and the rest of America can enjoy the safest, most abundant and affordable food supply in the world.

Per capita, we pay less for our food than anybody else out there. Is that not worth something to us in this Nation, to recognize the diversity across our great land, and understand that those who farm in different regions of the country and farm different crops have to use different economies of scale in order to compete in a global marketplace?

I want the farming communities in Arkansas to know exactly where my loyalty lies. It lies with them. I will stick with the rock-solid values and hard work of those farm families across Arkansas and other areas of our Nation. And I will never forget it, even after I am reelected. I encourage the President to relook at what he has done to the viability of many of these farm families across the Nation.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. ALLARD. Mr. President, I understand now we are on the Republican time.

The PRESIDING OFFICER. That is correct.

SOCIAL SECURITY

Mr. ALLARD. Mr. President, I want to take a moment to talk about Social Security and the challenges that face this Congress in order to save Social Security for future generations.

When Franklin Delano Roosevelt signed the Social Security Act into law, the United States of America was a very different place than it is now. By looking at this chart, which shows

an example of a family in 1935 and an example of a family in the year 2005, you can see that a lot has changed.

Now, I ask my colleagues to keep this picture in mind, taken 70 years ago, as we go through the debate on how to save Social Security.

A lot has changed since 1935. Social Security was a great deal for the Government in 1935. Workers would pay the Government a portion of every paycheck. The Government would keep these funds and could use them to pay other Government liabilities. It was unlikely that many of the beneficiaries would reach retirement age.

From the employees' standpoint, in 1935, Social Security was a big gamble. Employees would be required to participate in the program, contributing a percentage of their income for their entire adult working life. This program would be a retirement safety net, but would only yield a small percentage rate of return.

The employee could not access it or use it for any other reason. If they happened to die prior to receiving the benefits, their family could not inherit the account. And even if they were diagnosed with an expensive terminal illness, they could not draw on the Social Security account to cover the costs.

Times have changed in ways far beyond the hair style, the fashion, and the entertainment that is reflected on this chart. Demographics have radically shifted, necessitating that we update and modernize the system to save Social Security for the 21st century.

Life expectancy has changed dramatically over the past 70 years. In 1935 the average person lived to be 63 versus 77 years of age in 2004. This difference becomes even more dramatic when we look at the differences between men as compared to women. Looking through the Social Security lens in 1935, this was excellent for the system's financial stability. Men paid into the system but because of life expectancy generally did not live long enough to receive benefits. While women generally lived longer than men, in 1935 the few women who did participate in the workforce still did not generally receive many benefits based on life expectancy.

As this next chart shows, an American who turns 65 can expect to live longer now than they did in the past.

Instead of living an additional decade, seniors can now expect to live about 17 more years. In 2040, when Social Security is nearly bankrupt, senior citizens can expect to live even more additional years. For example, a woman who turns 65 in that year is expected to live another 21 years. Without permanent reform, this woman will not be able to depend on Social Security for her retirement. We need to update and modernize the system to save Social Security so she can have that security for the remaining years of her life.

This chart further shows how elderly Americans are rapidly becoming a large

percentage of the country. As Americans are living longer, they are increasing in number and rapidly becoming a larger percentage of the population. For example, in 1950, less than 10 percent of Americans were age 65 and older. Within a decade, seniors will make up 15 percent of the population, and in 25 years, seniors will comprise more than 20 percent of the population. We can expect that percentage to continue to grow.

In 1935, when the Social Security system was created, the Government did not need to prepare for the possibility of a depleted system. Seniors made up a very small percentage of the population because most people who were owed benefits simply never reached retirement age. As seniors become a larger portion of our population, we need to update and modernize the system to save Social Security for the 21st century.

Workforce distribution, as you can imagine, has also changed dramatically over the past 70 years. One of the more remarkable characteristics in the past century was the increase of women in the workplace. In 1935, approximately 24 percent of women worked outside the home and generally in a very limited number of professions, such as nursing and teaching or domestic service. Today, slightly less than 60 percent of women work outside the home in a variety of professions. Women make up 46.5 percent of the workforce today versus approximately 23 percent in 1935.

In 1935, when women did not usually work outside the home, they also did not pay into the Social Security system as men did. Even though there are now more people paying into the system as they retire, there will be a greater number of people drawing on the system a longer period of time.

As it was structured in 1935, the Social Security system was not designed to support elderly people for a long retirement such as we enjoy today. As female workforce participants continue to retire and draw benefits, we need to update and modernize the system in order to save Social Security for the 21st century.

As we all know, Social Security is a pay-as-you-go system, meaning current retiree benefits are paid with existing employee payroll taxes. As times change, the payroll tax rate has been increased a number of times in an effort to keep up with the demographic changes. Referring to this next chart, you can see that payroll taxes have increased dramatically over the past 70 years. They were a lot less when the Social Security system was enacted. Workers were taxed only 2 percent, and that was only on the first \$3,000 of their income; whereas today workers are taxed 12.4 percent, and on the first \$90,000 of income for Social Security. Americans pay a significant amount of their money toward Social Security. This amount is still not enough to compensate for an aging population

that may spend more than 15 or 20 years in retirement drawing benefits from a system that was never designed to support them for that length of time.

Unless we plan to continue the payroll tax hikes of the past, which is not a prospect I would support, we need to update and modernize the system to save Social Security for the 21st century.

As I mentioned, Social Security is a pay-as-you-go system, with current workers paying taxes to support current benefits for retirees. This means there must be enough workers paying taxes to provide for retirees. The ratio of workers to retirees has been steadily declining, and this is possibly the most telling comparison showing the need for reform.

As this next chart shows, in 1945, there were 42 workers paying taxes for every single person receiving benefits. In 2005, 3.3 workers pay for each beneficiary, and soon there will be two workers paying for every single person receiving benefits.

As the baby boomers retire, the workforce cannot support the aging population. Since we have such a large number of retired citizens, the Social Security system will be depleted in the not so distant future. We need to update and modernize the system to save Social Security for the 21st century.

Realities have changed in many different ways since Social Security was created in 1935. People live longer. Seniors make up a larger percentage of the population. Women make up more of the workforce, and the worker-to-beneficiary ratio is falling. Unless Congress faces up to these realities, the long-term outlook for Social Security is very bleak.

In conclusion, let me point to my last chart, which shows that in 2018, Social Security costs will permanently exceed revenues, as the lines cross at this point. My colleagues on the other side of the aisle would like us to believe that doing nothing is the best course of action. I happen to believe differently. I stress to my colleagues that the cost of doing nothing is a serious detriment to the Social Security system for future generations. Time is running out. This problem will not go away. This Congress, this year, we must update and modernize the system to save Social Security for the 21st century.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina.

SOCIAL SECURITY'S CHALLENGE

Mr. DEMINT. Mr. President, I rise to discuss Social Security and to say how honored I am to serve along with the President, who has shown his willingness to confront very difficult issues to help build a better future for America.

President Bush has clearly laid out that we have a challenge with our Social Security system, but he has also

made it clear that he believes Social Security is a promise we must keep. Social Security was started to make sure that no American retiree, no senior citizen lived in poverty. It has been successful in accomplishing that. This is a promise we need to make sure is part of any changes in Social Security.

We know that change is frightening for all of us, particularly senior citizens. I know in my own family, as my relatives have gotten older, the less change the better for them. And we need to make sure of any changes in their financial security, that we reassure them that we are not taking anything away that will put them at risk. Unfortunately, as we discuss needed changes in Social Security, some have taken advantage of this to frighten our seniors. What I would like to discuss briefly this morning is what retirees and workers in this country need to know about the changes that President Bush is discussing.

One thing is important to make clear: The changes in Social Security that we are discussing today and that the President is discussing as he travels around the country will not affect anyone over 55. Anyone born before 1950 does not have to give these changes a second thought. Nothing about their retirement income will be affected. It is secure. In fact, the legislation we are discussing will, for the first time, guarantee that we won't change their benefits. It is important for everyone to know, particularly those over 55, that as the program is structured today, this Senate, this Congress, this President could change it at any time. In fact, many people who say there is no problem with the system and that these things could be corrected with small adjustments, unfortunately, when you ask them what these adjustments are, they are always small benefit cuts and tax increases, as we have done over 30 times in the past.

The President is talking about making sure that this doesn't happen again for anyone over 55. But what folks below 55 need to know—my children and, hopefully, someday my grandchildren—is that we are actually going to give them a better deal than they have now with Social Security because by the time my children retire, the current program will begin to cut their benefits dramatically.

It is important for American workers today to know that the average American family contributes over \$5,000 a year in Social Security taxes. That is a lot of money for families who have very little money to save. Unfortunately, we are not saving one penny of what today's workers are putting into Social Security.

When I say that to folks back home, they generally smile at me like I am not telling them the truth: You mean we are putting over \$5,000 a year in Social Security and you are not saving one penny of that?

I say: That is exactly true, unfortunately.

This is a very risky situation for people who are working today and contributing a lot of money. And folks who are talking about making small adjustments to fix Social Security for their future are actually asking them to pay more into Social Security in return for a smaller benefit in the future.

Fortunately, our President does not think this is a good deal. The plan that the President is discussing—and actually some variations that a lot of us have been working on—needs to make sure that any changes in the Social Security system are actually a better deal for poor and middle-income workers. I know one plan we have worked on is actually constructed in a way that the less people make, the bigger percentage of their Social Security taxes goes into their account. This gives younger and lower income workers the chance to accumulate as much money as they need to have a more secure retirement, with a better retirement income.

These plans also give people real ownership. I have heard folks say that the President's ideas take money out of Social Security and put it in the stock market. That is not true. I don't know if folks are confused or just don't have the facts straight, but what we are talking about with the President's changes is for the first time actually saving the money that people are putting in Social Security. And we are talking about, as a government, putting more money into Social Security than is now coming in through payroll taxes. So actually we are adding dollars to the Social Security system, making it stronger and more secure in the future. Younger workers will have the chance, as they work and grow toward retirement, to accumulate a savings account. And the exciting thing for us in the Congress is recognizing that many Americans now have no savings. They own very little. They can't benefit from the growth in our economy. And while a part of America owns things and it grows and earns interest, so many Americans don't have that opportunity.

What the President has put before the American people is the opportunity for every American worker to become a saver and an investor and to do it in a way that secures their retirement much more than it is secure today and protects their income. I believe that any changes in Social Security using personal accounts should guarantee low and middle-income workers a level of income so that there is no risk to them as they look at changes in the future.

We know, as we have looked at the program, that the opportunity for low-income workers is actually to get a larger income in retirement than they have been promised today. But we need to make sure, answering the critics of these changes, that we assure workers that there will be no benefit cuts, particularly for low and middle-income workers. And that assurance can be built into a plan.