

as the Social Security system approaches insolvency and the rate of return on these workers' investments declines, Hispanics will be forced to bear a disproportionate share of that growing financial burden. The Census Bureau estimates that by the year 2050, Hispanics will make up nearly 25 percent of the work force, compared with only 11 percent last year. This will come at the same time tax rates, if the system stays the same, will need to be increased to cover the bankrupt trust fund. Some have estimated that the tax rate increase would have to be nearly 40 percent by then to cover benefit expenses—40 percent first for Social Security expenses. Such a tax burden promises to severely hamper the ability of young Hispanics to save for themselves.

But what do all those numbers mean? The Heritage Foundation did a model of a Hispanic community. They assumed 50,000 people lived there—all families of four made up of dual-income 30-year olds with two kids. By forcing these families to throw their payroll taxes into the Social Security system, the analysts estimated the community, as a whole, lost \$12.8 billion in 1997 dollars over what it could have earned had they invested in a conservative portfolio. This small minority community, in effect, lost nearly half—this is just this small community—lost nearly half what the federal government spends on food stamps or education for this entire Nation!

But if an Hispanic couple from that community were able to take the dollars they would be required to pay into the current Social Security system and instead invest them in a portfolio, the outcome would have been remarkably different. Under the current system, the couple could expect about \$420,000 in exchange for a lifetime of contributions. But with a conservative portfolio comprised of 50 percent U.S. Treasury Bonds and 50 percent blue chip equities, that same couple could nearly double their benefit to \$767,000 in today's dollars. Treasury Bonds alone would yield over \$100,000 more in benefits. That means this family would have enough to convert their benefit to an annuity paying out exactly what Social Security promised and still have more than \$200,000 left over for any expenses—long-term health care or even just passing along to their children—something impossible under today's Social Security system.

The findings within the African-American community are similarly stunning. Like single Hispanic males, single African-American males have a lower life expectancy and are especially disadvantaged by the current Social Security system. Although the system aims to transfer funds to low-income individuals, these minorities are particularly hard hit.

According to the Heritage Foundation, a low-income, African-American male born after 1959 can expect to receive less than 88 cents back on every

dollar he contributes to the Social Security trust fund. This translates into a lifetime cash loss of some \$13,377—a loss these individuals can hardly afford. Not a gain on their investment, but an actual loss on their investment. If we allowed that same male to invest his Social Security taxes in T-bonds, he would receive a post-tax increase in his lifetime income of nearly \$80,000.

African-American women are similarly disadvantaged by the current system. Enabling a 21-year-old single mother to invest her payroll taxes into low-risk/low-yield government bonds, rather than the Social Security system, would more than double her rate of return. That means this woman could expect to get back \$93,000 more, after taxes, than she would under the current system. And with a little risk, the numbers could even more than double.

Mr. President, many solutions have been proposed to stave off the impending Social Security trust fund crisis: raising retirement ages, increasing payroll taxes, decreasing benefits—the list goes on. But we cannot forget that those choices will only exacerbate a problem that is already becoming progressively worse. Such proposals put at greatest risk those the system was aimed to help the most.

When our Founding Fathers created this great Nation, they declared each American had the right to life, liberty, and the pursuit of happiness. If we continue on our present track with the current Social Security system, we are truly undermining those principles. Sentencing women and minorities to a retirement life of poverty is unfair. The threat of raising payroll taxes by nearly 40 percent to fund a bankrupt retirement system threatens to steal away our children's liberty. And turning our backs on the reforms we have the power to undertake—reforms that will truly revive our ailing system—steals away every American's right to pursue happiness. Mr. President, rather than scaring women and minorities away from the options we have before us, let us give them the freedom that comes with personal retirement choices, the peace of mind that retirement security provides, and the ability to lead a better life in retirement than the one they are being promised today.

#### CREDIT UNION MEMBERSHIP ACCESS ACT

Mr. GRAMS. Mr. President, I want to talk a little bit, as I mentioned earlier, on an amendment offered by Senator SHELBY dealing with the CRA.

I take a few moments today to rise in support of the amendment offered by the Senator from Alabama and urge my colleagues to support it as well.

Senator SHELBY's leadership on this issue is well-established and he should be commended for his perseverance, even in the face of fierce opposition by some of his colleagues and the Clinton administration.

Mr. President, this amendment is a simple and appropriate step to removing an inappropriate and unnecessary burden from our Nation's small banks and thrifts. The amendment exempts small banks and thrifts, under \$250 million in assets, from the grasp of the Community Reinvestment Act, or CRA.

I am sure that some of my colleagues may come to the floor and argue that the Federal banking regulators have taken steps to remove the burdens from banks, and thus, this amendment is unnecessary. Although I commend the regulators for easing the burden of CRA, this contention does justify the appropriateness of the underlying argument that government-mandated credit allocation is inappropriate. As we have seen most recently in Asia, when the government mandates that the private markets allocate their resources in set ways—capital in this case—the results can be disastrous.

I think there are three arguments which must be considered regarding Senator SHELBY's amendment.

The first is, What was the justification for enactment of CRA in the first place? The Community Reinvestment Act was enacted in 1977 in response to rumors of redlining in the banking industry. The debate at that time shows that supporters felt there were three factors justifying enactment, and they are: first, that banks enjoy a semi-exclusive franchise—due in part to interstate banking restrictions and activity restrictions on competitors such as thrifts and credit unions; two, that the government limits competition within the banking sector by limiting interstate banking and limiting the activities of competitors such as credit unions and thrifts; and, third, that the Government restricts the cost of money to banks through interest rate caps on savings accounts and a prohibition on paying interest on demand deposits. If these three points, as the record shows, truly were the justification for imposing CRA on banks, the authors would certainly have to reconsider their action in light of the current environment facing banks.

Banks no longer enjoy the limited competition they did in 1977. The Reigel-Neal Interstate Banking and Branching Efficiency Act of 1994 opened the doors to interstate banking, thus providing competition not only among banks within a state but with banks across the country as well. Also, the bill we are considering today will throw open the doors of competition to another set of competitors—credit unions—which will be able to add any group of individuals they choose, limited only by its size. Also, these two examples I have just explained do not take into account all of the non-bank financial services which have evolved and expanded since 1977—including money market accounts, mutual funds, and deposit-like insurance products.

Banks also no longer enjoy protection against set costs which had been

imposed through interest rate controls. The 1980 Depository Institutions De-regulation and Monetary Control Act of 1980 appropriately removed these price controls which inhibited competi-tion.

The second argument which must be considered when we discuss the Shelby amendment is the claim that the amendment will exempt 88% of the banks from coverage under the CRA. Although this percentage seems stag-gering—and may sway someone who feels that CRA is okay in some in-stances—a closer look reveals that op-ponents of the amendment are using sleight of hand to give the impression that this amendment will have a deep-er impact than it truly will. Although it may be true that 88% of banks are exempted, in terms of the number that really counts—that is, assets—the im-pact that this exemption will have is overstated. That is because less than 12% of bank assets are exempted.

The approximately 8,100 banks ex-empted have \$593 billion in assets, but that accounts for only 11.7% of bank assets in this country. These assets are only one-half-of-one percent, or \$3 bil-lion, more than the combined assets of the soon-to-be-completed Bank of America—NationsBank merger. In other words, one bank in the country will soon have close to the same num-ber of assets as the 8,100 banks which would be exempted under this amend-ment. When you realize that the over-all impact of this amendment on the CRA is so small, you must question why it is being contested with such vigor.

The third contention which must be contemplated in considering this amendment is whether it will have a negative impact on preventing dis-crimination. To listen to the critics of the amendment, one would believe that the amendment gives banks a “get out of jail free” card when it comes to dis-crimination.

However, you must understand that this amendment in no way restricts the enforcement of the Fair Housing Act, the Equal Credit Opportunity Act, or the Home Mortgage Disclosure Act. These acts, designed to prevent dis-crimination, will remain unfettered in deterring inappropriate practices of fi-nancial institutions. The amendment in no way weakens laws designed to protect individuals; instead, it removes the inappropriate policy of dictating where banks must operate.

Mr. President, I realize that some in the credit union movement are con-cerned that adoption of the Shelby amendment may endanger swift enact-ment of this legislation. However, after contemplating the points raised, I do not understand how the President could consider vetoing a bill based on this appropriate and narrow relief and I do not understand how any of my col-leagues can argue the doom and gloom scenarios they are painting about this amendment.

So, again, Senator SHELBY should be commended for his leadership and his

amendment should be adopted, insisted on in conference, and signed into law by the President.

#### GOVERNMENT SHUTDOWN PREVENTION ACT

Mr. GRAMS. Mr. President, I rise today to express my deep disappoint-ment and frustration about the Sen-ate's inaction to consider and pass the Government Shutdown Act.

Mr. President, this week I sought to offer S. 547, the Government Shutdown Prevention Act, as an amendment to the Legislative Branch Appropriations. This amendment, originally sponsored by Senator MCCAIN, would create an automatic procedure for a CR at the end of each fiscal year. The essence of the amendment is that we cannot and will not allow a Government shutdown, we will not allow disruption of the services we rely on from the Govern-ment, and we will simplify and facili-tate the process of passing a continu-ing resolution.

What issue is more relevant to the legislative branch than acting respon-sibly to keep the Government in busi-ness? This amendment would have ended the annual battle we have each year on what is included in a CR and at what level of spending. It would end the last-minute mischief of adding new pork and new spending into a CR be-cause everybody wants to avoid a shut-down. So you are blackmailed into doing something you do not want to do.

Unfortunately, I was unable to offer this amendment due to germaneness concerns and lack of leadership sup-port.

In May of 1997, during the debate on the Supplemental Appropriation bill—this was covering the flood disasters that occurred in Minnesota and the Dakotas of that year, and others around the country—Senators MCCAIN and HUTCHISON offered this amendment, but later withdrew it based on a commit-ment made by both Senate majority and minority leaders that the Govern-ment Shutdown Prevention Act would be allowed to be considered as a sepa-rate measure in the near future. The leaders specifically promised a full de-bate on the legislation with one rel-evant amendment for each leader.

Mr. President, I would remind my colleagues of the word of the Minority Leader at a news conference he held back on June 11, 1997. I am quoting here from a transcript of the news con-ference:

Senator ROD GRAMS sent a letter to all leadership yesterday which offers a very sim-ple, yet I think extraordinarily acceptable solution: strip out the legislation that is the source of the controversy.

So back again to why the President vetoed the emergency supplemental, it was because of this very part.

The minority leader went on to say:

Have an up or down vote on the census, have an up or down vote on the CR, have an up or down vote on the disaster bill. I cannot think of anything more simple than that. I

think it is the right thing to do. I have indi-cated to Senator LOTT this morning that I think it is the right thing to do.

In a news conference the following day, the Minority Leader repeated his support again:

We would be willing to set a time certain for each of the pieces of legislation, very short time limits for debate ended. I think it is an excellent proposal, and I am hopeful that that is ultimately what we agree to.

Mr. President, that was indeed what we ultimately agreed to.

It has been over a year now since that debate ended. The Senate never had an opportunity to consider this as a separate measure, so I have chosen to again raise this as a non-controversial measure that will force the Congress to act responsibly to avoid a government shutdown, and also for those who made those promises to live up to their word.

During last year's debate, some of my colleagues argued that since a budget agreement was reached between the White House and Congress, there was no need for this amendment any-more. I argued at the time that the budget agreement made the amend-ment even more crucial for a respon-sible government. And here we are again, with just a few weeks left in this session to consider 10 appropriations bills and all 13 conference reports.

My major concerns were, and still are, that the many economic assump-tions and spending priorities within the budget agreement make our budget and appropriation process uncertain. The current budget disagreements have again clearly proved my point.

Mr. President, as you know, during this year's budget debate, some mem-bers are calling for more spending for their favorite programs. Others, like myself, prefer larger tax cuts and larg-er spending reductions. As a result, the House and the Senate have approved a budget resolution with significantly different tax and spending priorities. Those differences have prevented us from completing the budget resolution conference report, which is long over-due in accordance with our budgetary rules. It is possible that Congress may not be able to produce a budget this year at all, or finish the regular appro-priations legislation before the fiscal year ends on September 30 of 1998.

What would this mean, Mr. Presi-dent? This means the American people will have once again been held hostage to a government shutdown simply be-cause Congress and the White House, or the House and the Senate, do not agree on tax cuts and spending priorities, or seek to slow down the appropriations process by offering controversial or non-germane amendments.

In 1995, we witnessed the longest fed-eral government shutdown in history, which caused financial damages and in-convenience to millions of Americans simply because of disagreements be-tween the Congress and the President in our budget process.

That was a very costly shutdown. The shutdown disrupted the lives of