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 the proposal does not present Social Security reform but, rather, it represents a different means to finance the current program.

It is not Social Security reform and will not save Social Security. 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 interests of the Nation. In other words, whether it is designed to have the effect of convincing people we are doing something that we are not, that we don't have to address the problem for a while, when, in fact, we are not taken care of, thereby makes the problem worse when we finally do get around to instituting some responsible reforms.

I don't know if I can say it any better than the Comptroller. What the President is proposing is to add more debt to the Social Security trust fund, more paper IOUs that one day will have to be redeemed. What is different about these paper IOUs is that they do not represent excess FICA taxes—money collected for the specific purpose of financing the Social Security Program. For the first time, the President is proposing to inject general revenue dollars into the trust fund, based on a calculation of interest savings we will realize as a result of paying down the debt.

There are several problems with this. One, as the Comptroller General pointed out, adding more IOUs to the trust fund may give the impression on paper of extended solvency but it does not change by one minute the day on which the cash-flow problem comes home to roost; that is, the day on which payroll taxes will not be sufficient to cover benefit payments and we will have to begin redeeming the IOUs in the trust fund.

In the absence of real reform, as I said, there are only three ways to redeem the IOUs. Rather than taking steps to reduce the program's unfunded liability, the President's proposal makes us more reliant on the unhappy choices of raising taxes or cutting benefits. Rather than acknowledging that we will have to either raise payroll taxes, adjust benefits, or find a way to enable people to earn a higher return on FICA taxes, the President makes the program more dependent on future infusions of general revenues from the Treasury—income taxes from young workers that will come into the system later on. That will only exacerbate the trend I discussed earlier in which an ever-increasing portion of the overall Federal budget is being dedicated to entitlement programs for the elderly.

Everyone believes Social Security is a vitally important program, and everyone is committed to making sure that it is there for current seniors and future generations to rely upon. I am not sure we are all committed to the proposition that 100 percent of the Federal budget should be dedicated to Social Security and Medicare. In fact, I am pretty sure most believe the Federal Government has other responsibilities as well, such as national defense, national parks, infrastructure, and schools. That is the direction in which we are headed and the President's proposal gets us there more quickly.

The second problem with transferring general revenues into the Social Security trust fund, as David Walker pointed out, is that will, in all likelihood, diminish the momentum for real reform. If we continue to avoid real reform, we only have to look at countries in western Europe to catch the glimpse of the problems we face: Pension benefits that are on average 1½ to 2 times as generous as our Social Security; astronomical payroll taxes to fund the benefits; 40 percent in France; 42 percent in Germany; 39 percent in Italy, on top of other taxes imposed by the government, and an average unemployment rate across European Union countries that will be double that of the United States this year, 9.1 versus 4.3.

According to a recent series in the Washington Post, it simply costs companies too much to create jobs in Europe. In Germany, the textile industry, for example, payroll taxes and fringe benefits add 70 percent to the average salary. These countries have promised more than they can afford, just as we have.

We need to have a debate about structural reform of our Social Security Program. It needs to be a bipartisan debate. We need to have real options on the table, not gimmicks designed to give one party political advantage over the other. I hope the President will agree to work toward that goal, but until he does I hope we do not fall into the trap of instituting something that makes the situation worse. That is what this proposal will do.

I yield the floor.

Mr. KERREY. Mr. President, let me thank President Clinton for provoking debate about Social Security and what we ought to be doing to extend the solvency of the program. I don't support the proposal he has made, but I suspect there are many people in this body who don't support the proposal that I have made either. At least the President has put on the table an idea, and it is an idea that enables us, if we take a bit of time, to see what is wrong with the funding of this program and why there is an urgent need to fix it.

First, what the President does is exactly what I just heard the Senator from Tennessee say; what the President would do through his proposal is give beneficiaries who are alive between 2035 and 2050—beneficiaries who are, today, between the ages of 30 and 45—an additional $20 trillion claim on the income taxes of future working Americans. That is how the President's proposal would be funded.

Under current law, we will need $6 trillion worth of income taxes to pay beneficiaries between 2014 and 2034—this is above and beyond the revenue beneficiaries can claim from the 12.4% payroll tax on all working Americans. Today, there are 44 million beneficiaries: 39 million are old-age beneficiaries, 6.5 million are disabled, and 7 million are survivors. These beneficiaries receive the proceeds of a 12.4-percent payroll tax on the wages of most working Americans.

I suspect most Members of Congress didn't realize that back in 1983 we made a change in the law to assess a payroll tax that was larger than needed to pay the bills. Since then, those extra payroll tax dollars have been spent on other things. Between 2014 and 2034, we will have to pay back those borrowed Social Security payroll tax dollars with interest—and we will do so by either increasing income taxes, cutting other spending, or increasing our national debt. This year, for example, we will take in about $513 billion in revenue into the program—but we only need about $387 billion to cover expenditures. My guess is most Members of Congress didn't realize that the Treasury can only use these excess payroll tax dollars to buy special-issue Treasury bonds. Eventually, the Treasury has to reconvert those bond assets to cash—and it does so by using income tax dollars. Starting in 2014, Treasury will have to use income taxes and corporate income taxes to convert each and every single one of those bonds into cash that they will then use to pay beneficiaries—about $6 trillion worth.

If that does not bother you that we have to use an additional $6 trillion to pay benefits between 2014 and 2034—money that could have been spent on important discretionary spending programs, then you probably like the President's proposal. If you want the Social Security program to become more and more a program that uses both payroll taxes in addition to individual and corporate income taxes, you probably like the President's proposal. The President's proposal allows you to avoid making the difficult choices necessary in reforming Social Security, such as either explicitly raising the payroll tax—and I haven't heard anybody actually support that, although some have supported increasing the wage base—or making benefit adjustments out in the future; or a third way, which the Senator from Tennessee and I and half a dozen others in this body have chosen to do, is to use a combination of benefit adjustments out in the future, holding harmless everybody currently over the age of 62, and establishing retirement savings accounts—designed in a progressive way. Our plan ensures that women and low income individuals will receive significantly larger benefits. That is the purpose of these savings accounts—to help all working Americans build wealth for themselves. Privatization is just an attempt to give, especially that lower-wage individual, more than just the promise of a transfer payment coming from Social Security taxes. Our goal is to make individuals less dependent on the government for their financial security at retirement.

One of the most difficult and important things to understand in the Social Security debate is this idea of solvency. Solvency is an accountant's term. There are 270 million Americans today—nearly all of whom will be beneficiaries of the Social Security program at some point during their lifetimes. More than 44 million are eligible today. That means there are 230 million beneficiaries who will be eligible at some point in the future. That is the way to think about solvency—we have to make the program solvent for all retirees current and future. The idea is to keep the promise for every eventual beneficiary, whether you are 20 years old or 70 years old. Right now we cannot keep the promise to all 270 million Americans. There are approximately 145 million working Americans under the age of 45 to whom we cannot keep the promise of paying benefits. According to the Social Security Administration, these 145 million Americans will experience somewhere between a 25- and a 33-percent cut in benefits at some point during their retirement.

So when we talk about solvency, it is a real human issue. There are 145 million Americans today to whom we are not going to be able to keep the promise we made back in the 1930s. That is why a large percentage of young people say they don't believe Social Security will be there. They are partly right—Social Security will be there, but in a much smaller form as a consequence of Congress simply not having enough revenue in the system to be able to cover the bills.

What the President says is that he doesn't want to propose a payroll tax increase, or benefit reductions. He doesn't want to support the idea of individual wealth accounts. What he wants to do is give the Social Security beneficiaries out in the future a larger claim than they would have under current law on income taxes—on the wages of future working Americans.

I believe we made a mistake in 1983; that diverting $6 trillion of individual and corporate income taxes into the Social Security program makes our tight discretionary budget problem even worse. The President's plan exacerbates this problem by saying what we should give an additional $20 trillion in income tax dollars to extend the solvency of the trust for another 20 years.

I will reiterate what I said at the beginning. I still appreciate the President's contribution to the debate. He has provoked, for a short period of time at least, a real debate about what we are going to do to solve the problem of Social Security insolvency. I disagree with one element of his proposal because I think it takes a necessity and converts it into a virtue. I do hope, at least for a short period of time, we will discuss and debate Social Security reform. I hope we can discuss in a constructive fashion, what we are going to do to reform the program—rather than just talk about needing to fix Social Security. We need to discuss what we are going to do to finally change the law to keep the promise to all 270 million American beneficiaries.

The PRESIDING OFFICER (Mr. CRAPO). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I ask consent I be permitted to speak for up to 10 minutes.

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

Mr. DOMENICI. Mr. President, I did not come to the floor to speak exclusively on the issue of Social Security and the President's proposal. But before my good friend from Nebraska leaves, I wish to make a couple of comments. Then I would like to share with the Senate some very optimistic information with reference to our fiscal house and how well we are doing in terms of growth of government.

I suggest Republicans did a good job when they came up with the idea of locking up these Social Security trust funds so they wouldn't be spent. Frankly, even as short a time ago as last year, nobody thought we could quickly come upon a year when we would not spend a bit of the Social Security trust fund money in paying for our Government and would even have some left over to start a pay-down of Social Security. But in the year just passed, that actually happened. Things changed so much for the positive that last year we did not touch Social Security trust fund money and we accumulated $1 billion in surplus on budget, and it has nowhere to go except to pay down the debt—which helps with Social Security.

Frankly, I do not quite understand why, in the waning moments of this year, over the weekend in his weekly radio address, the President came up with a new idea about Social Security. I speculate maybe the idea of the lockbox and not spending any Social Security money was beginning to take hold and, of course, his new proposal takes 15 years, not 10 years, to get his job done that he perceives to be in the interests of Social Security solvency.

I remind everyone, if in fact the President has a way, with no new taxes, which none of us want, no benefit changes, no increases in what each particular citizen of the United States who puts money through the payroll account—they don't have any share of the profits and the increases that come, either from Wall Street or from investing in debt—somehow the Wizard of Oz came upon us and all of a sudden we can do this by just investing IOUs. As my friend from Texas said, you just take them as a piece of paper, walk them across the street, put them in a cabinet, and say: We have given them to the Social Security trust fund.

The President has one better. At a point in time way out there somewhere he is going to say: That is not the only thing I am doing. I am going to credit the Social Security account for the interest that was saved on the national debt by us putting those IOUs in that box.

Over the weekend I had a chance to discuss this. I look forward to seeing some details. I cannot believe what I am hearing. But I nicknamed this proposal and I think it is so. I think it is the ''Godzilla'' of all gimmicks. That is the way I would classify it, for those who are wondering about gimmicks.

I am not going to talk much more about that. But I will say to the President, if you have a little time left before you leave, and if you would like to fix Social Security, then engage in a bipartisan way, with Senators on both sides of the aisle, who would like to do something that would help make Social Security a better investment for the millions of Americans who are having this money taken out of their payroll and put in an account that yields them little or nothing.

If you had sitting in front of you a group of 22-year-olds, 25-year-olds, just starting out their work years in the American marketplace, and you said to them: For all of you, what is one of the worst investments you could make, in terms of putting money away until you are 65 and then drawing on it? anybody looking at it would have to say it is the Social Security system.

It is one of the worst investments you could make because you do not get anything on your investment. Sooner or later, somebody is going to come into the Presidency—if this President would like to do it, he ought to change his mind again and come to the party—and say we have to make that a better investment. By making a better investment, you enhance the value of the trust fund and thus make it more solvent over time.

Republicans invented the Social Security lockbox; Democratic Senators oppose it. Republicans support locking away every penny of the Social Security surplus—we have made that clear repeatedly to the President. In fact, we came up with the idea of the Social Security lockbox and have tried to pass legislation in the Senate on at least five occasions. This lockbox would stop the President and Congress from spending any of the Social Security surplus. Unfortunately, Democratic Senators have filibustered the lockbox.

The President wants to spend Social Security Surpluses. Congress has nearly completed action on all 13 appropriations bills, and we will do it without touching Social Security. But the President and his staff are demanding that we spend more on scores of government programs, including foreign aid, but they have yet to provide any credible proposals as offsets. Republicans and many Democrats have made it clear that we will not raise taxes to support the President's spending programs. If the President persists in demanding new spending without specifying a credible offset, I can only conclude that he wants to tap Social Security for his programs.

The President's proposal for Social Security solvency is the ''Godzilla'' of gimmicks. The President proposes no changes whatsoever in the structure of Social Security, and yet he wants the American people to believe he has made ''tough choices'' to save the program. It is simply not credible. In fact, for all the talk about gimmicks, it seems to me that this is the ''Godzilla' of gimmicks—a $34 trillion gimmick. The President's plan is nothing more than paper transfers from the general fund of government to Social Security, amounting to a cumulative $34 trillion in new IOUs in Social Security between now and 2050. At some point, when Social Security needs those IOUs to pay benefits, a future President and a future Congress will have to raise taxes to meet those obligations. So, in effect, this proposal is a $34 trillion tax increase on America's future.

There is bipartisan opposition to this gimmick in the Senate, including Senators BREAUX, KERREY, and ROBB, all of whom are on the Finance Committee with jurisdiction over Social Security.

Let me read some quotes from the experts:

David Walker, Comptroller General GAO, in testimony before Senate Budget Committee, February 1999:

> [President Clinton's Social Security proposal] does not come close to ''saving Social Security''.
>
> Under the President's proposal, the changes to the Social Security program will be more perceived than real: although the trust funds will appear to have more resources as a result of the proposal, nothing about the program has changed.

Federal Reserve Chairman Alan Greenspan, in Q&A before Senate Banking Committee, July 1999, when asked if he supported using general revenues to shore up Social Security—which is the basis of the President's SS IOU scheme—the Chairman said this:

> I would very much prefer that we did not move in the direction of general revenues because in effect, once you do that, then you've opened up the system completely and the issue of what SS taxes are becomes utterly irrelevant. And I'm not terribly certain that serves our budgetary processes in a manner which I think is appropriate.

Federal Reserve Board Member Edward Gramlich and Chairman of the 1994–1995 Social Security Advisory Council, in testimony before Senate Finance Committee, February 1999:

> During the deliberations of the 1994–1996 Social Security Advisory Commission, we considered whether general revenues should be used to help shore up the Social Security program. This idea was unanimously rejected for a number of reasons . . . there are serious drawbacks to relaxing SS' long-run budget constraint through general revenue transfers.

The Concord Coalition, in a press release, September 27, 1999:

> . . . we do not agree that [the President's] plan to credit Social Security with new Treasury IOUs representing interest savings from presumed debt reduction does anything to save the program . . . All it does is simply paper over Social Security's looming shortfalls.

Gene Steuerle, senior fellow, Urban Institute, in testimony before Senate Finance Committee, February 1999:

> My own assessment is an additional transfer from the government's left hand (Treasury) to its right hand (Social Security) . . . tends to mask too much. The simple fact is that future taxpayers must cover the cost of the interest and principal on any gift of bonds from Treasury to Social Security.

The President could have had a legacy if he had shown leadership. The President spent most of 1998 telling the country he would show true leadership on Social Security. If he had proposed real reform, many in Congress were ready to work with him. Unfortunately, he chose this non-reform, dooming his chances of any real legacy in Social Security.

Mr. GRAMM. Will the Senator entertain a question or two about Social Security?

Mr. DOMENICI. Absolutely. Surely.

Mr. GRAMM. We are, obviously, all aware Senator DOMENICI has been chairman of the Budget Committee longer than anyone has ever been, or ever will be again, under our new rules. We know he, of all people, knows how the budget works.

If you wanted to write a proposal and implement it in the future, after its potential impact on anything we are doing now would be zero, given our budget rules about things that affect taxes and entitlements, when would you let it go into effect?

Mr. DOMENICI. You have to tell me.

Mr. GRAMM. I will tell you. Under our current rules, we budget on entitlement and taxes for 10 years; right?

Mr. DOMENICI. That is correct.

Mr. GRAMM. So that anything we do today that has any effect prior to 2011 has an impact on our current budget.

Mr. DOMENICI. That is correct.

Mr. GRAMM. When do you think the President starts this godzilla of all phony proposals?

Mr. DOMENICI. 2015.

Mr. GRAMM. Exactly. Actually, he begins on 2011 and then changes the formula on 2015. The first point is that one indication it is phony is that he does not start it until enough time has elapsed that it will have no impact on anything we are doing now.

Mr. DOMENICI. The reason I did not understand the Senator's question is that sometimes we use 5 years. The President came along early this year for the first time in history and used 15 years. Thus, we said 15 is too long; let's do 10. But I am not sure where we are going to be on a permanent basis because we are looking at this to see what makes sense. I think what the Senator just said is absolutely right.

Mr. GRAMM. Let me pose another question. I have a memorandum to the chief actuary at the Social Security Administration which analyzes the President's proposal. I will read one part of a paragraph that analyzes the point the Senator from New Mexico outlined, and that is, the President is saying that in the future, long after it could have any impact on the amount of money we are spending now, we should pay the Social Security Administration for the interest savings we are accruing in the budget from using Social Security surpluses to pay down the debt.

When the Social Security Administration in their memorandum of October 23 analyzed that, they concluded the following:

> Calculation of the assets in the combined trust funds on September 30 of the year 2011 through 2015 would treat all amounts transferred as if—

''As if''—

> they had been invested in special obligations of the United States. This provision is not likely to have any effect under enactment of this bill alone because the managing trustee of the Social Security trust funds is not authorized to invest any asset of the fund in stock, corporate bonds under either current law or this proposal.

Mr. DOMENICI. Right.

Mr. GRAMM. In essence, the Social Security Administration says the proposal acts as if there is a transfer that can be invested, but since it cannot be invested, what you are doing is simply giving Social Security more meaningless IOUs, and the net result is no impact on anything.

When the President said in his State of the Union Address now 3 years ago, ''Save Social Security first,'' we never heard a program as to how we were going to save it. When he said last year, ''Save it now,'' we had all of these meetings and all of these proposals, and the President ultimately proposed nothing.

Now what we are seeing, sadly, is another gimmick where we do not do anything until the year 2011, and then it is simply a meaningless IOU where the Government owes Social Security but no money is available to pay for it other than if we raise taxes or cut Social Security benefits or cut another program in the future.

I thank the Senator for yielding. If there has ever been a fraudulent proposal, this is it. The tragedy is, the President had an opportunity to lead on this. There were Democrats and Republicans willing to follow him, and he did not do it.

Mr. DOMENICI. I thank the Senator.

I want to take a few minutes and look at this simple chart. We have been engaged for many years—in this Senator's case, 26 years—in talking about getting the expenditures of our Government down so we do not continue to incur huge deficits that force our children in the future to pay for our bills. We got to the point where that was something being spread across this land and everybody understood it. They said: Let's stop spending more than we take in.

Have we succeeded? Are we really doing something about how big Government was growing, and have we taken it by the horns and said we are going to do something about it or not?

This is a simple bar graph which shows in 1970–1975, the combined growth in Government for all of the entitlements—military and discretionary spending—was almost 11 percent. In

1975–1980, it was up even from that. It grew 12.2 percent. From 1980–1985, looking at this chart that has it in detail, all spending grew at 10 percent. From 1985–1990, all spending grew at 5.8 percent. It kept coming down.

Guess what it is for the last 5 years, I say to my friend from Tennessee. The combined growth of Government—entitlements, domestic and military—is now down to an annual spending of 2.8 percent, and that is made up of defense spending at 1 percent growth and nondefense discretionary at 1.4 percent annually.

I know we get into arguments on the floor and those who are worried about spending try to outdo each other as to how much we are going to save and make arguments of every single proposal that comes along in terms of cutting more—let's take some out of this program. All of those are good ideas. We are governed by a majority, so eventually whatever ideas you have, you have to get at least 51 votes.

Success in terms of getting Government down in size so we can live with it and do not have to incur significant deficits every year has occurred most significantly in the last 5 years. I remind everyone, throughout all these other years, we have had either a Republican President and both Houses Democrat, a Democrat President with both Houses Democrat, or a Republican President with one House Republican. And guess which combination has been most effective in getting spending down. It is when the Congress has Republicans in the House and Senate.

For 5½ years, we have had the lowest growth in Government at every level since 1970. It is pretty revealing. I share with anybody who wants to go through it—and we can talk more about how it has happened—but when people think the Congress did not do much, we were not big players in getting us a balanced budget, I submit this is a pretty big part of it. If those went back up to the levels that were here 15, 20 years ago, we would sure be looking around wondering, are we ever going to stop spending Social Security money to pay for the expenses of our ordinary Government?

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. I thank the Chair.

Mr. President, I am going to address the Senate on the issue of the Caribbean Basin Initiative and the related parts of that package. But I appreciated being in the Chamber for these last few minutes to hear some of the discussion on Social Security and budgetary items.

I say with regard to Social Security—and I do not sit on a major committee dealing with the Social Security issue—all I know is, in the last few weeks, the Congressional Budget Office reported that while there may be a lockbox, apparently only one side has the keys to it because some $18 billion has already been dipped into in order to pay for spending in the present budget.

While we have a lockbox, apparently only a handful of people have the keys to be able to dip into it when it becomes necessary to find funding. I hope, as well, we can find common ground solutions to the Social Security issue. As the Senator from Nebraska has pointed out, the long-term interests of all Americans depend upon our ability to make sure we have a trust fund that is sound and in good shape.

I also recall a few years ago when there were proposals to amend the Constitution of the United States to require a balanced budget. The advocates of that proposal, of course, included that Social Security be calculated in reaching a balanced budget. There were those who argued that you couldn't do that because Social Security ought not to be used for that purpose. But those who were the authors of the constitutional amendment to balance the budget are some of the same ones today who argue on the lockbox. It wasn't a lockbox when we were talking about balancing the budget with a constitutional amendment. It is today. Nonetheless, I hope we can come up with some answers to this for the long-term.

AFRICAN GROWTH AND OPPORTUNITY ACT—MOTION TO PROCEED—Continued

Mr. DODD. Mr. President, I want to address the issue of the Caribbean Basin Initiative and the African Growth and Opportunity Act which is pending before the Senate. The package of incentives the Senate is considering this week includes the African Growth and Opportunity Act, the United States-Caribbean Basin Trade Enhancement Act, and the reauthorization of the Generalized System of Preferences and Trade Adjustment Assistance. Those are the four pieces of the proposal before us.

The Trade Adjustment Assistance dates back to 1962, when we decided to provide assistance to men and women in this country who had been adversely affected as a result of trade policies and who lost jobs. Trade adjustment allows for those individuals and companies that may be adversely affected to get some help. It has been a good law for almost 40 years, and I am confident this piece of the package is one all of our colleagues will support.

The matter dealing with the Generalized System of Preferences, the GSP, is also pretty routine, and one that we need to have enacted. I am, again, confident that this provision will also enjoy broad-based support.

The two pieces that are provoking the debate have to deal with the enhancement of the Caribbean Basin Initiative and the Africa Growth and Opportunity Act.

I will spend a couple minutes talking about both of those provisions. I support them. I think they are important pieces of legislation that are going to accrue to the benefit of our country. I know there are those who are going to argue that somehow this is going to cause great damage to certain workers in the country. I don't believe it to be the case. In fact, I argue that if we were to defeat the Caribbean Basin Initiative and the Africa Growth provisions, that they will actually accrue to the detriment of workers.

These are two important provisions which are going to enhance job opportunities in this country and are not going to harm people. I notice the presence of the distinguished Senator from Delaware, chairman of the Finance Committee. I commend him and his colleagues on the Finance Committee for dealing as expeditiously as they did with this trade package. This is the only piece of trade legislation I am aware of that we will deal with in this session of this Congress. I am hopeful that a good, strong majority of our colleagues will support these two provisions on the Caribbean Basin Initiative and the Africa Growth and Opportunity Act.

First, let me share some factual information so people can put this whole effort into context. Today, the Caribbean countries and the Central American nations comprise about 1.9 percent of all of the imports that come into the United States, 1.9 percent total. Of the 48 countries in sub-Saharan Africa that will be affected by this legislation if it is adopted, more than 700 million people who are the poorest in the world, live in these 48 countries. These countries make up .86 percent of 1 percent of textile and apparel imports to the United States. So between the 48 countries and more than 700 million people in the sub-Saharan Africa region and the 24 countries that make up the Caribbean Basin and the Central American nations, we are talking about something around 2.75 percent of imports that come into the United States.

We are talking about millions of people who live in these nations. We have a provision that would allow for the duty-free import of products that come out of these two parts of the world. But it isn't just duty free. It doesn't mean anything they produce automatically comes to this country. In this provision, there is a very important clause regarding textiles, which is the source of most of the argument, I think. The distinguished Senator from Delaware can correct me if I am wrong, but I think the textile provisions are probably provoking the most debate. In the textile provisions, we say that the fabric and the thread that is used to assemble the product in the 48 countries in Sub-Saharan Africa and the 24 countries in the Caribbean, that fabric and that thread must be made in the United States. You can then assemble the product in these other countries and it will come into the United States.

Why is that important? Today, we have a massive amount of imports that come into this country from the Pacific Rim, Asian countries. There is no