when they think there are going to be a lot of people here, when everybody will be here, because all week we will have a lack of attendance. People are flying all over the country attending BRAC hearings. That will be the way it is all week long.

I think we have to plow forward and try to get as much done as we can as soon as we can because we do have the Fourth of July festivities around the country starting as early as Saturday.

The PRESIDENT pro tempore. The majority leader.

Mr. FRIST. Mr. President, in part in response to the distinguished Democratic leader, the week right now, with just Wednesday, Thursday, Friday—we have a lot to do. He looked ahead to next month. Again, that is the short list. We have a possible flag amendment, we have a possible gun liability, so July—in addition to stem cells and the others he mentioned, in addition to the appropriations. I say all that because we have Members who, on Mondays and Fridays say, We are not going to be there.

This Friday, even though it is before a recess, we are going to be gone and we will have the opportunity to go back to our States and do all the things that are very important for us to do. But we need to keep plowing through, working Wednesday, Thursday, and Friday. I made it clear to my caucus if it is necessary we will be voting Friday. I don't want to give a time on Friday, but our colleagues right now in their minds say, well, it is Thursday, time to get out, we are on recess, and therefore we are not going to stick around.

I want to put our side on notice, and I hope the distinguished Democratic leader will do likewise, because we have the appropriations bills—and I think there are several, Energy and Water—legislative branch should not take much time, but we have a number of others that will. Homeland Security is probably going to take some time to do. I again encourage our colleagues to offer amendments today, let's finish this bill, and then move on to other business. Then also, Friday, if we can't finish our business, we are going to need to be voting on Friday.

The PRESIDENT pro tempore. The Senator from Rhode Island.

## PROGRESSIVE PRICE INDEXING

Mr. REED. Mr. President, I rise today to express my deep concern about the President's proposal to peg initial Social Security benefits to the growth in prices rather than wages, and the negative impact this so-called progressive price indexing scheme would have on future retirees.

The current method of calculating retirees' Social Security benefits was first put into place in 1979. Since then, the initial benefit level has risen with the growth in wages, ensuring that benefits reflect increases in living standards over time. Wages tend to grow faster than prices, so the effect of the President's proposed change would be a substantial reduction over time in initial benefit levels to people making more than $20,000 per year.

Two recent reports by the Democratic staff of the Joint Economic Committee indicate the extent of the benefit cuts that future retirees would face under the President's proposal. The first report, entitled ''What If President Bush's Plan For Cuts In Social Security Benefits Were Already In Place?'' finds that if a price indexing approach like President Bush's had gone into effect in 1979 instead of the current method, middle-class workers retiring this year would receive a benefit 9 percent smaller than they will get under current law.

This chart illustrates that for 65-year-olds, if we had adopted in 1979 this indexing proposal, they would be receiving roughly $1,400 less per year than they would under the current system. The current system replaces wages. It keeps up with a growing standard of living. It keeps seniors out of poverty and able to afford all their expenses. This chart illustrates the fact that these cuts would have been very real and very significant.

This second chart indicates that Social Security under the President's plan will replace a smaller percentage of wages because it would be tied to prices, not wages. This chart also shows that if in 1979 we had adopted progressive price indexing rather than wage indexing—for 65-year-olds, they would be receiving upon retirement 4 percent less than under current law, but for the 45-year-olds, the drop is significant. In effect, we are not keeping up with the cost of living. We are not keeping up with the standard of living. That is the essence of the President's proposal.

What we are seeing with this proposal is another way to cut benefit levels for seniors. It will affect, if it is put in place, not just the seniors who are retiring after that date, the 65-year-olds, but the whole generation of Americans who will follow.

Price indexing would also hit middle-income workers much harder than upper income workers because middle-income workers rely on Social Security for a much larger percentage of their retirement income than do upper income workers. While the highest earners retiring until 2045 would experience a bigger benefit cut, their total retirement income would fall by less.

This chart shows what would happen to a 25-year-old if the President's proposal had been adopted in 1979. For the medium earner, they would see a 26-percent reduction in Social Security benefits, but it would translate into a 17-percent reduction in their overall retirement income because they don't have many alternate sources to Social Security to rely on when they retire. Upper income workers would see a cut in benefits that is larger, but again their overall retirement income and benefits would be cut much less. So the impact really hits the medium worker if this scheme is advanced.

There is a second report the Democratic staff of the Joint Economic Committee has done, entitled ''How President Bush's Social Security Proposals Would Affect Late Baby Boomers.'' There has been a lot of talk about how the President's proposal would not affect those 55 and above, but there is a whole large group of Americans—ages 40 to 45, sometimes called the late baby boomers—who would be significantly impaired by the proposal.

This chart shows the impact on benefits for today's 40-year-olds, those who are at the beginning of this late baby boom period. Under current law, they could expect retirement—these are medium-income earners, making $36,600 in 2005—they could expect annual benefits of $17,000. The President's plan cuts it to $15,450 if his benefit indexing plan alone is adopted.

With private accounts, it is further reduced to $12,470, if you adopt a very safe Treasury security investment approach—which, again, for the 40 and 45-year-olds, just 20 years or so from retirement, is probably the best, safest approach—you would still get less money than the current law benefit. The impact of progressive indexing, even with the private accounts, would be to reduce the benefits middle-income workers would receive.

Over all, this whole approach is one that will reduce benefits for middle Americans. It is one that, if it had been placed in effect in 1979, we would already see significant cuts in benefits to our seniors. I don't think there is any senior out there complaining they are receiving too much in their Social Security check. If this approach was adopted in 1979, they would be receiving on the order of 10 percent less, and their financial constraints would be even more severe.

There is another aspect to this whole issue of pension benefits and Social Security. In the past 25 years, there has been a major shift away from traditional defined benefit plans to defined contribution plans. This chart shows the late baby boomers are already assuming more of the risk in investing their own retirement assets than older generations. This line of the chart represents all pension plans, which this line shows defined benefit plans that essentially have been flat over many years, going back to 1980, to 1998, and beyond. The third line of the chart we see is the rise of defined contribution plans.

Most plans are offered to newer workers as they come into the workforce. These younger workers are assuming more of the risk of their retirement. They are assuming it under the defined contribution plans. As a result, they do not have the certainty that older generations of Americans had. They had the certainty of two defined benefit plans—one from their factory

workplace, office place, their private defined benefit plan; and the second, of course, is from Social Security.

As we consider cutting benefits from the defined benefit plans, we are putting additional pressure on young Americans and middle-aged Americans who now see most of their assets tied up in defined contribution plans. The middle-income workers, the middle-aged workers of today, and the younger workers of today will face a future with less certainty and less security than other generations have enjoyed. That is another strong argument against using a progressive index to cut the one defined benefit plan most Americans can still count on—Social Security.

In addition, the President's price indexing proposal does not close the 75-year gap between promised Social Security benefits and the taxes expected to be paid into the system. It falls short by about 25 percent. Adding on private accounts would worsen Social Security solvency and increase the Federal debt enormously. If price indexed benefits were combined with private accounts, future generations would face the double burden of large cuts in their guaranteed Social Security benefits and paying down a much higher debt.

We all want to work with President Bush to promote a system of Social Security that is solvent, that will encourage savings throughout the United States. But we have to find a plan that works, that does not penalize, particularly, the middle-income Americans.

We have to also address not just the issue of Social Security but the issue of private pensions. We are seeing tremendous pressure on our private pension plans. When you have huge companies such as United Airlines trying to eliminate their pension obligations through the Pension Benefit Guaranty Corporation, that is a wakeup call. Twenty years ago, no one thought when they got a job at United they would have to worry about their pension. That would be the last thing on their minds. Today, United workers and many workers in many other fields worry desperately about their private pensions. We have to pay attention to that. I argue that is probably a more pressing problem than the solvency issues of Social Security.

We hope to work with the President to devise a system to ensure the solvency of Social Security but a system that does not unduly penalize working middle-class Americans. I hope we can do that. From my perspective, it is incumbent, of course, that we move away from the issue of private accounts that certainly makes the system less solvent and does not provide sufficient benefits, particularly for Americans 40 years and older, and that we move to looking at other issues. I hope we can do that. Our commitment should be to ensure we have a Social Security system that works for all Americans and provides that true sense of security: People can count on it, it will be there, and it will be sufficient to support them when they are old.

I yield the floor.

The PRESIDING OFFICER (Mr. VITTER). The Senator from Illinois is recognized.

Mr. DURBIN. Mr. President, how much time is remaining in morning business?

The PRESIDING OFFICER. There is approximately 19 minutes remaining.

## PRESIDENT BUSH'S SPEECH

Mr. DURBIN. Last night, President Bush stood in front of the soldiers of the 82nd Airborne and the members of the Special Forces and gave an important speech. Thankfully, he did not profess the unfounded optimism of Vice President CHENEY, who recently declared that the Iraqi insurgency was in ''its last throes.'' Nor did he express the pessimistic view of Secretary of Defense Donald Rumsfeld, who said this last Sunday that this insurgency had an expected life of 5 to 12 years, adding he hoped the American troops could come home long before that.

In fact, Mr. Bush did not use the word ''insurgency,'' although that is what is raging in Iraq. That insurgency is partially fueled and financed from outside groups. Those who come to Iraq to fight in this insurgency come from Saudi Arabia, Syria, and many other places. There is also a domestic war within Iraq against Americans and against many other Iraqis.

President Bush did not use the word ''insurgency,'' but he did make at least six references to September 11. He said that he was drawing on the lessons of September 11. Well, on September 12, 2001, the day after the tragedy of September 11, virtually the whole world stood with the United States. One of the most important lessons I would draw from September 11 is that we can't afford to waste the support of friends and allies.

President Bush says he will not set a timetable. I understand that. I recognize the danger of posting a date and announcing that on that specific day, America will leave. But the fact is, the Iraqi people have their own timetable which they established. By August 15 of this year, they are charged with drawing up a constitution. By next February, they are to have adopted that constitution. These are clear deadlines, clear benchmarks. We do not need a timetable for withdrawal, but America needs a strategy for success with clear benchmarks.

The President announced nothing new last night. He repeated what he said before about the ultimate goal in Iraq of establishing democracy and bringing our troops home. He did not give any sign that he sees a need to change course.

In Iraq, 1,744 American soldiers have died in combat. Almost 13,000 have been grievously wounded. The insurgency continues. Insurgents are now using more sophisticated roadside bombs that can even pierce our armored vehicles. Our troops have done everything we have asked of them, but for each insurgent they kill, another seems to spring up, either from the cities and towns of Iraq or slipping across the porous border. For every IED that our soldiers detect and destroy, another one seems to be planted in its place, sometimes within hours.

There is an estimate that in Iraq today, unguarded, there are some 800,000 tons of ammunition and armament. It is a free market, a flea market, a bazaar of deadly weapons for insurgents and those who would use them against our troops. That is what our brave men and women are up against.

The streets are not safe for our troops. The streets are not safe for Iraqis. Without security, it is unlikely the Iraqis have much faith in a new government.

Unemployment levels in Iraq are as high as 50 percent. Without jobs, the Iraqis wonder what their future will be. More of the same is not good enough.

Our soldiers are doing everything right, everything that we ask of them. They are learning and adapting to the situation on the ground. Their Commander in Chief needs to do the same. We need benchmarks that will measure progress in security, reconstruction, governance, and international savings. And we need to ask ourselves, What do we do next if the benchmarks are not met?

Yesterday, a letter was sent by Senator CARL LEVIN and Senator SUSAN COLLINS to the President urging him to include in the speech an accountability of the Iraqi Government, saying that they must hold to their deadlines, they must understand that this is serious and that we are not going to stay there indefinitely. A New York Times editorial recently stated, ''If the war is going according to plan, someone needs to rethink the plan.'' I believe they are right.

Finally, we also need to take better care of our soldiers when they come home. We are going to have an amendment in a few moments offered by Senator PATTY MURRAY of Washington. Make no mistake, she has been our leader in the Senate when it comes to funding for the Veterans' Administration. Time and again in the Committee on the Budget, with the budget resolution and with the supplemental appropriations, she has made the argument that there wasn't enough money in the VA to take care of our returning soldiers and veterans from other wars. She has been ignored, rejected, and criticized for standing up and saying the obvious—that we have a debt to our soldiers and our veterans.

Last week, Senator MURRAY was vindicated. The Veterans' Administration announced they made a gross miscalculation and were at least $1 billion short in the money they need right now to provide quality health care to our soldiers and veterans.