Act. We will always celebrate his hard work in authoring the Superfund program. The air we breathe and the water we drink is cleaner and safer because of his landmark efforts.

We will always remember his unwavering advocacy for a woman's right to chose. We will always remember his fight to enact the Family and Medical Leave bill. We will always remember his important work to curb gun violence in America. Our families are stronger, our constitutional rights have been protected, and our streets are safer because of his steadfast devotion to these causes.

In these ways and more, Mr. President, we will always remember and celebrate his quiet strength, his unwavering commitment to the people of his state, and to his own principles. Senator Chafee has had an indelible impact on our policy and our politics, on our culture and our country. And for that, we will always be grateful.

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 having come and gone, the Senate will stand in recess until the hour of 2:15 p.m.

Thereupon, at 12:46 p.m., the Senate recessed until 2:14 p.m., whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HAGEL).

AFRICAN GROWTH AND OPPORTUNITY ACT—MOTION TO PROCEED—Continued

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I understand the Senator from Montana wishes to speak. I know there are a number of other Senators who wish to speak on the Social Security issue.

Mr. President, what is the regular order? Do we have an hour?

The PRESIDING OFFICER. The Senate is on the motion to proceed under cloture to H.R. 434.

Mr. GREGG. Mr. President, I ask unanimous consent that I be given 15 minutes as in morning business.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Reserving the right to object, my understanding is there is no time constraint. We are on the motion to proceed; is that correct?

Mr. GREGG. There is an hour.

The PRESIDING OFFICER. Each Senator is limited to no more than 1 hour.

Mr. BAUCUS. Asking further clarification, is that on the motion to proceed?

The PRESIDING OFFICER. On the motion to proceed.

Mr. BAUCUS. Mr. President, I ask unanimous consent that following the Senator from New Hampshire, I be allowed to speak for 20 minutes as in morning business.

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

The Senator from New Hampshire.

SOCIAL SECURITY

Mr. GREGG. Mr. President, I rise today to express my concern about the President's latest Social Security proposal as outlined in his recent radio address. I hope Congress will resolve to oppose this proposal unless it can be significantly modified, and it does not appear the President wants to modify it.

I am greatly disappointed with the decision by the President to bring forward this proposal. I had hoped to work with the President in a bipartisan manner to resolve the Social Security issue. There are a number of us in the Senate who are willing to go forward in a bipartisan manner on this issue. For example, Senator KERREY, Senator BREAUX, Senator GRASSLEY, and I have introduced a comprehensive Social Security reform bill. I have been pleased with this bipartisan effort, at least in the Senate, but I have been extremely disappointed by the White House's continued partisan approach toward the Social Security problem and especially their most recent proposal, which is, to say the least, a sham proposal. My goal today is to make absolutely clear for my colleagues just why this proposal does not work.

This is not an easy task because it is a complicated and confusing issue, but it is something that must be done. Regrettably, I think the complicated and confusing nature of the proposal was intentionally created in that concept so the people would not understand it, so it would be confusing, and so that, therefore, by glossing over it with terms such as ''saving Social Security,'' they could attempt to hide the underlying documents and energy of it, which is to basically undermine Social Security.

Thus, it is vitally important that we all understand exactly what is at stake. So I am going to go back to basics and try to simplify this as much as I can.

In its simplest terms, the Social Security system has enough money to pay benefits today but does not have enough money to pay the projected benefits in the future, beginning in the year 2014. That is the entire problem.

What will we do in the year 2014 under the current law? We will have to raise additional money through the income tax, through the general revenues of the Federal Government. The gap between benefits promised and the Social Security taxes will get bigger and bigger every year. It will be $200 billion annually by the year 2020 and $666 billion annually by the year 2030. Under the current law, we will simply keep raising revenues every year until the Federal Government has paid everything it owes to the Social Security system in the year 2034.

When we reach that point, we declare insolvency, the Government of the United States, and the benefits would have to be cut, and Social Security would basically go into a tailspin. These funding gaps are so large, it would be unfair to a future generation to wait until that time and do the drastic cuts in benefits or radical increases in taxes which would occur in order to pay for the system. That is why so many of us have been calling for a comprehensive reform, a reform that will begin now, when we have time to work on the system and to make it work.

What has the President proposed? The President has proposed that as part of any lockbox legislation we accompany the lockbox with a provision that will transfer interest payments to the Social Security system. It is vital that my colleagues understand two things: This proposal would do nothing, absolutely nothing, to fund the future Social Security benefit; in fact, it would undermine the Social Security system by giving the false assurance of improvement. Secondly, this proposal would formally commit tens of trillions of dollars in new income taxes, simply through some accounting sleight of hand. That means that future generations, our children, our grandchildren, would get a tax increase as a result of this President's proposal which would run into the trillions of dollars.

To understand why, let me first show my colleagues this quote from the President's budget of last year. It was tucked away on page 337 in the analytical perspective section. Some budget analyst must have experienced an attack of truth in budgeting and included the language. It is definitive.

> Trust Fund balances are available to finance future benefit payments and other trust fund expenditures—but only in a bookkeeping sense . . . They do not consist of real economic assets that can be drawn down in the future to fund benefits. Instead, they are claims on the Treasury that, when redeemed, will have to be financed by raising taxes, borrowing from the public, or reducing benefits or other expenditures. The existence of large trust fund balances, therefore, does not, by itself, have any impact on the Government's ability to pay benefits.

That last sentence is the clearest explanation of what the problem is. No matter how large the trust fund stated number is, it does nothing to pay down the benefits, if there are not assets to back it up which can be drawn on without raising taxes.

I hope every Member of Congress understands this. I hope the American people understand it. If we use our power to artificially inflate the balance of the trust, it does not do the beneficiaries one bit of good. If we decree that it is a $1 trillion or a $10 trillion or even a nothing number in the trust fund, it has exactly the same financial impact. It has no impact on the outyear benefit structure. So the President's proposal to credit the trust fund with the interest savings will have no impact at all on the structure of the system and the liability which the American taxpayer will have to pay to support the system in the outyears.

What it would do, however, is give a false impression that we have taken some substantive action. And that, of course, is the goal of this President—politics over substance. We already have a problem of understanding. Already the Social Security system's problems are papered over by the declaration of actuarial solvency through the year 2034. This disguises the fact that the real problem for us and for the next generation begins in the year 2014. What the President is effectively saying is that we should now paper over the problem even further, that we should wait until the year 2050.

Earlier this year, the Comptroller of the United States, David Walker, testified before the Senate Finance Committee. He was speaking about the President's proposal of earlier this year, but his comments are equally valid regarding the most recent proposal he has put forward. He said:

> . . . it is important to note that the President's proposal does not alter the projected cash-flow imbalances in the Social Security program. Benefit costs and revenues currently associated with the program will not be affected by even one cent.

In other words, the proposal the President is putting forward has absolutely no impact on the ability to pay the benefits that are going to be required to be paid to maintain the Social Security system in the outyears.

Moreover, he went on to say: 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 interest of the Nation. It would be tragic, indeed, if this proposal masked the urgency of the Social Security solvency problem and served to delay the much-needed action.

In other words, even though this proposal would not do anything for Social Security, it would make the representation to the public that we had. This would become a license for irresponsibility. It would break the faith of the Social Security beneficiaries by representing that the problem had been solved for another 50 years, even though we have taken absolutely no real action.

Here is a chart that shows the workings of the Social Security system in a simplified form and represents the problems we confront. On the left of the chart, we can see the projections under the current law. On the right-hand side of the chart, we can see projections under the President's proposal. There is absolutely no difference. The President's proposal has no effect on the problems of the system. Current law problems which caused the system to go into insolvency are going to exist in the same form if we follow the President's proposal.

The numbers are startling. We term it insolvent in the year 2040 because the cost is so high. Under the President's proposal, it is a $1.1 trillion increase in the year 2040 on the taxpayers of America, which, in my opinion, represents an insolvency event, if we follow the President's proposal.

What is the President's argument? He is arguing that his program provides for additional reduction in public debt and that we can justify these additional income tax liabilities by the fact that the public debt has been reduced and debt service has also been reduced. But, once again, the reality is different from the claim. If you study the Social Security actuary's memo in the President's plan written last Saturday, October 23, you would find the following information. I hope the press will pick up on this. Transfers are not contingent on actual amounts of reductions of debt held by the public. Transfers are assumed to be as indicated, regardless of the effect on the budget balances.

Now, it may well be the President will yet propose a way to require that only a reduction in public debt will trigger the transfers he has suggested, but that is not what his current proposal says. His current proposal only issues this new debt and these new liabilities and does not make them in any way contingent upon public debt being reduced. This is not a plan to reduce public debt. It is a plan to issue new debt. It creates new income tax obligations, regardless of what happens with the overall budget balance. It has nothing to do with straightening out the Social Security system by reducing public debt. It is simply an increase in income tax obligations as a result of an increase in debt obligations of the Federal Government.

One other point: The President believes it is appropriate to reward Social Security by giving it the interest savings from the reduced public debt. Current law already credits Social Security with interest, as if we had saved the surplus, whether we do or do not. This is current law. What the President is proposing is that we give a second round of transfers to the Social Security system. We are already crediting Social Security with interest saved. That is what produced the finding that the system is sound until the year 2034.

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.

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