deterrent force. We have an opportunity to work cooperatively to ensure that we are protected, both Russia and the United States, against emerging ballistic missile threats without undermining strategic deterrence.

The ABM Treaty needs to be changed to permit the deployment of defenses against limited ballistic missile threats and to allow the parties to utilize new defensive technologies. There should be no restrictions, for example, on the use of sensor capabilities such as the space-based infrared system and cooperative engagement capability. We should also be able to take advantage of new basing modes and advanced technologies such as the airborne laser.

The ABM Treaty must be interpreted to allow the parties to use the best technologies that are available in their own defense against rogue threats. The strategic deterrent of each nation can be preserved at the same time limited missile defenses are permitted and considered acceptable under the ABM Treaty.

Another Russian Foreign Ministry spokesman said last week:

> Russia does not see as acceptable such an ''adaptation'' of this treaty. Russia will not be a participant in destroying the ABM Treaty.

The Russian Government's contention that adapting the ABM Treaty to modern realities is akin to destroying it is unfortunate. In fact, the opposite is true. To refuse to adapt this treaty to the new realities is to guarantee its irrelevance.

One reality is the new ballistic missile threat. The other is that the United States is going to respond to this threat and protect itself by deploying a missile defense system. The sooner the Russians understand our commitment to defend ourselves, the more likely it is we can agree to sensible modifications of the ABM Treaty for our mutual benefit and safety.

The PRESIDING OFFICER. The Senator from Florida is recognized for 15 minutes.

Mr. GRAHAM. Mr. President, I ask unanimous consent for an additional 5 minutes in morning business.

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

SAVING THE SOCIAL SECURITY SURPLUS

Mr. GRAHAM. Mr. President, the beginning of this congressional session was filled with hope and promise. A strong economy and improvements in the Federal budget gave us a wonderful opportunity to make important investments in our Nation's future. A portion of these surpluses could be used to extend the solvency of the Social Security program. A portion of the surplus could be used to restore solvency to Medicare and to modernize its benefit structure to reflect current medical practices. A portion of the surplus could be used, as was urged in the full-page ad in the Washington Post of October 28, ''to use this opportunity to preserve our parks and open spaces forever.'' This could be accomplished by such things as fully funding the Land and Water Conservation Fund, and a portion of the surplus could be used to fund tax relief and economic stimulation.

Instead of devoting the surplus to these important matters, Congress is dribbling away the surplus with a combination of get-out-of-town spending and budgetary trickery. Our actions—emergency spending, scorekeeping adjustments, administrative directives—have one simple result: They are spending our surplus. Once current revenues are spent, the non-Social Security surplus will be spent and the Social Security surplus will be spent. If Congress continues on this gimmick-potholed path, we will be harshly judged by the American people for our shortsightedness.

On October 4 of this year, the Washington Post ran an article on the 10-year anniversary of the reunification of Germany. In that article, Wolfgang Schaeuble, the Christian Democratic leader and Chancellor Kohl's most trusted adviser, lamented the fact that Germans had avoided making the tough political choices 10 years ago that would have made their country stronger today. The spirit of reunification created an atmosphere for reform. The Germans could have used that spirit to make fundamental changes to their overly generous social contract that all acknowledged was unsustainable. They deferred, and the result was a tripling of the national debt in less than a decade.

We face the same choice today. Our positive economic outlook creates a similar potential for the United States. The budget surplus gives us the resources to convert a substantial part of that potential to reality.

At the beginning of the year, the Congressional Budget Office estimated we would have a non-Social Security surplus of $21 billion. What have we done in the last 10 months? The combination of excessive spending and the budget trickery designed to disguise even greater spending have placed the on-budget surplus in serious jeopardy and threatened to undermine the Social Security surplus. These actions—spend and then hide—have occurred in waves throughout 1999. As with our coastline, no single wave erodes our beaches. Rather, it is a succession of waves that erodes the sand. These spending waves have eroded our surplus, eroded our opportunities, eroded our vision of what could be accomplished.

In May of 1999, the Congress passed a supplemental appropriations bill which provided for $15 billion for everything from reconstruction aid for Central America and the Caribbean to farm loan assistance. Much of the May supplemental bill was designated as an emergency. No spending cuts or revenue increases were enacted to offset the emergency spending contained in that May 1999 supplemental appropriation. The consequence? A $15 billion reduction in the non-Social Security surplus.

The May supplemental appropriations lowered for 1999 the surplus by $4 billion. That was a significant number because without that additional $4 billion of unpaid-for spending, we would have actually ended 1999 with an on-budget surplus. But because of it, we have ended 1999 with an on-budget deficit of $1 billion.

The May supplemental will lower the current fiscal year 2000 on-budget surplus by $7 billion. It will lower the next fiscal year 2001 by $2 billion; 2002 by $1 billion; and 2003 by $1 billion.

By this action, we not only adversely affected the fiscal status of the year in which the action was taken but for 4 years into the future.

This chart shows we started with a $21 billion on-budget surplus; as a result of that portion of the supplemental appropriations which was applied to fiscal year 2000, we reduced it by $7 billion. So now we only have a $14 billion on-budget surplus.

The next wave hit in August of 1999, the Agriculture Appropriations Act: $8 billion of emergency spending, again, none of which was offset by reductions in spending elsewhere or increased revenues. So we have reduced the on-budget surplus by another $8 billion from $14 billion to $6 billion.

In October of 1999, the Defense appropriations bill included more than $7 billion in emergency spending, of which $5 billion reduces this year's on-budget surplus. So our $6 billion on-budget surplus is now down to $1 billion.

Also, in October of 1999, the Commerce-State-Justice appropriations bill designated $4.5 billion of spending for the emergency of the decadal census. More than $4 billion of that amount will come directly out of the 2000 on-budget surplus and, thus, as a result of that, we have exhausted our on-budget surplus, and we have reduced the Social Security surplus from $147 billion to $144 billion.

What have we done thus far? We have initiated a series of waves of unfunded spending which have gone through all of our regular revenue for the year 2000 and now have gone through all of the on-budget surplus and have eaten into the Social Security surplus by $3 billion.

That was not all. In addition to this spending, we have also had a series of accounting tricks. In the summer of 1999, to give the appearance of meeting the discretionary spending caps established as part of the Balanced Budget

Act of 1997, the Budget Committee directed the Congressional Budget Office to alter its estimates of spending included in several of the appropriations bills. These so-called scorekeeping adjustments which total $17 billion make it look as if we are spending less in the current year than is actually the case.

The Budget Committee justifies these directions by claiming they are more in line with those used by the Office of Management and Budget.

What is happening is we are cherry picking. For example, the Office of Management and Budget spending estimate for the year 2000 for the Department of Defense is lower than the Congressional Budget Office. Therefore, the Budget Committee says: Use the Office of Management and Budget. But guess what. When we turn to the energy and water appropriations bill where the reverse is true—that is where CBO's spending is lower than the Office of Management and Budget—they said: Use the Congressional Budget Office estimate.

It is a case of trickery: Pick the lowest estimate of spending and force that lower estimate to be the one used to assess whether or not we have eaten into the Social Security surplus. The analogy would be a business which used two sets of books. The difference is that the business man or woman who did that would go to jail.

No Halloween mask can hide our identities as we engage in these trick-or-treat charades. When these scorekeeping adjustments are added to the emergency spending listed previously, Congress will have spent the entire amount of its current revenue, the entire amount of its on-budget surplus, and will have spent at least $20 billion of Social Security surplus for fiscal year 2000.

The trickery does not end there. Another bit of trickery is directed at administrative action. In an effort to avoid paying for additional spending, congressional leaders have asked the administration to make changes in the Medicare rules allowing for higher reimbursement levels to Medicare health care providers. These payments, anticipated to be approximately $4.5 billion over the next 5 years, will not show up in any action taken by Congress, but they will certainly result in higher spending and smaller surpluses.

The analogy is to a family which sends a son or daughter to college and gives him or her a credit card to pay for college expenses. The credit card receipts may not be signed by the parents, but they are ultimately going to be responsible. At the day of reckoning, they will have to pay for them and reduce their bank account in so doing.

The threat to the on-budget and Social Security surpluses are not confined to the current fiscal year. There are other waves that have yet to hit the beach but are forming on the ocean's horizon.

As an example, we are proposing paybacks, additional reimbursement to Medicare providers for the current fiscal year of $1 billion; for the fiscal year 2001, $5 billion; and over the next 10 years, $15 billion. None of those are currently proposed to be offset by either spending reductions or revenue increases. In the House of Representatives, they are proposing to marry a minimum wage increase with tax cuts. Those tax cuts over 10 years will total $95 billion. They are not proposed to be offset by either spending cuts elsewhere or revenue increases.

Mr. President, $5 billion of the discretionary spending authorized in the last few months will not occur in the current fiscal year but, rather, have been pushed into 2001, and another $2 billion has even been pushed into the year 2002. The spending limits of fiscal years 2001 and 2002 are even more restrictive than this year's limit. The spending cap for 2000 was set in 1997 at $579 billion. We are probably going to spend in excess of $610 billion before this session concludes. We have blown through the spending cap for this year by some $31 billion.

The problem gets worse because in fiscal year 2001, we have set ourselves a spending limit of $575 billion, $35 billion below what we are spending this year. In the fiscal year 2002, the spending cap is $569 billion, another $6 billion below current year spending.

Given the fact that Congress cannot pass spending bills within this year's limit of $579 billion, it is wholly unrealistic to believe Congress will have even greater success with the significantly lower—$35 billion next year and $41 billion 2 years out—limits than we have today. Spending above those limits will further threaten the Social Security surplus.

In fiscal year 2000, we will spend all of the tax revenue we collect, we will spend all of the on-budget surplus, and we will dip into Social Security by about $20 billion. In the year 2001, we will spend all the revenue we collect, and at this rate, we have already spent all but $3 billion of the on-budget surplus.

Why is this recounting of the reality of our spendthrift year of 1999 important? Some say it does not matter if we spend the Social Security surplus; we have done it for 30 years, so why not 1 more year? Why stop the spend-and-borrow party today? Spending the Social Security surplus is stated to be good for the economy.

I argue just the opposite, that preserving the Social Security surplus is intricately linked to a strong American economy. Most economists agree that increasing national savings is important to maintaining a strong economy. Greater savings results in greater investment in plant and equipment, which creates jobs and raises productivity. Greater productivity translates into a higher standard of living. The surest way to increase national savings is to reduce the Federal debt.

The Finance Committee even has a subcommittee dedicated to this proposition. It has a subcommittee with the title, Long-Term Growth and Debt Reduction. We have denominated one of our very institutions to the proposition of the relationship between economic growth and debt reduction.

Alan Greenspan, the Chairman of the Federal Reserve Board, told the Senate Finance Committee earlier this year:

> Increasing our national saving is critical. The President's approach to Social Security reform supports a large unified budget surplus. This is a major step in the right direction in that it would ensure that the current rise in government's positive contribution to national saving is sustained.

I would say that quotation is even more relevant today, as we have just gotten the latest monthly report on the national personal savings rate and it is virtually at an all-time low. It is, in fact, the savings that are occurring at the national governmental level that are providing most of the savings which are available in our economy.

Reducing the Federal debt frees capital for use in the private sector. Lowering the public debt reduces the Federal Government's interest costs, freeing scarce resources for other important public investments.

The Office of Economic Policy reported in August that over the last 7 years, because of the greater fiscal discipline that has been practiced at the national level, we have saved for the American taxpayer $189 billion in interest costs—$189 billion which is now available for other constructive public uses, including financing tax relief for American taxpayers.

Reducing the Federal debt also has a positive effect on individual American families. When the Federal Government decreases its borrowing, it results in greater availability of capital for all other borrowers. The same Office of Economic Policy estimates that a typical American family with a $100,000 mortgage on their home will save about $2,000 a year in mortgage payments if interest rates are reduced 2 percent as a result of the Federal Government's more austere fiscal policy.

So saving the Social Security surplus is important in the economic life of our Nation and for individual American families today. It also will be a critical factor in the challenge we are going to be faced with in the next two decades as Social Security begins to meet the demands of the baby boom generation.

Demographic changes taking place in our country will dramatically alter the Social Security program. An aging post-World War II generation, declining birthrates among young- and middle-aged adult Americans, and increasing life expectancies will quickly deplete the assets which are currently accumulating in the Social Security trust fund.

By law, surpluses generated by Social Security may only be invested in U.S. Government or U.S. Government-backed securities. The Social Security surpluses being generated today were planned as part of the changes made to the program in 1977 and then in 1983. The surpluses were created for the express purpose of prefunding the retirement benefits of the baby boom generation. It is much like the biblical principle of saving during 7 good years to prepare for 7 lean years.

Mr. President, I ask unanimous consent for an additional 5 minutes to complete my remarks.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. GRAHAM. I thank the Chair and my colleagues.

Under current projections, these surpluses will reverse in the year 2014 when the baby boom generation begins to retire. Their demand for retirement benefits will outpace the revenue collected from payroll taxes after the year 2014. These shortfalls will require that the assets, the Federal Government's securities which have been accumulated by the Social Security trust fund, be redeemed.

In essence, the Social Security trust fund, with a large pile of several trillion dollars' worth of Federal securities, will now be going to the Federal Treasury and saying: We are going to turn these pieces of paper back to you, and we need the cash they represent in order to meet the current obligations to Social Security beneficiaries.

The most effective way to plan for the demands that will be created by the baby boomers' retirement is to utilize the current Social Security surpluses in a very thoughtful and prudent manner, in a manner to reduce that portion of the national debt which is held by the public.

Lowering our outstanding debt today will put the United States in a much stronger financial position should we need to borrow funds to redeem the U.S. Treasury securities currently held by the Social Security trust fund. The cash obtained from redeeming those assets will be used to pay benefits when the baby boom generation retires.

The Social Security surplus can lower the debt held by the public by $2 trillion if we do not waste it. That $2 trillion reduction in debt held by the public will serve as a critical cushion to meet our Social Security obligations.

In summary, we are about to lose a great opportunity to address the long-term fiscal challenges facing our country. Instead of preserving both the on-budget and the Social Security surpluses for uses in saving Social Security, Medicare, investing in America, or returning it to the taxpayers in the form of tax relief, Congress is frittering the money away.

We have spent the fiscal year 2000 on-budget surplus, and we have spent at least $20 billion of this year's Social Security surplus. The outlook for 2001 and 2002 is not any better. We should stop these actions now, pay for the spending we enact, and avoid the use of accounting gimmicks.

We stand at a unique point in history. Two months from now, we will move into a new century and, indeed, a new millennium. Instead of taking a ''get the appropriations bills done and get out of here approach,'' we should direct our sights to larger goals. We should be prepared to act boldly. We can seize upon this opportunity provided for us by a strong economy and an improved financial state of affairs and embark on a fiscal agenda that will pay rich dividends for decades to come.

Our predecessors, at the beginning of the 19th and 20th centuries, faced similar opportunities and challenges. Each chose the bold approach. The Louisiana Purchase in 1803 and the building of the Panama Canal in 1904 were emblematic of a proud, vigorous, bold new nation at the beginning of a new century. Although controversial in their day, the Louisiana Purchase and the building of the Panama Canal are examples of courageous endeavors that have stood the test of time.

The question facing this Congress is whether we will live up to the example of the 19th century and the 20th century as we commence the 21st century or whether we will squat in the narrow, visionless box built for parliamentary pygmies. Will we validate Proverbs 19:18, wherein it says: ''Where there is no vision, the people perish''?

Thank you, Mr. President.

Mr. WYDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, I ask unanimous consent to speak for up to 15 minutes as in morning business.

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

PRESCRIPTION DRUG COVERAGE FOR SENIORS

Mr. WYDEN. Mr. President, I have been coming to the floor over the last few days in an effort to win support for bipartisan legislation to secure prescription drug coverage for the Nation's older people. As part of that effort, I have been urging seniors, as this poster says, to send in copies of their prescription drug bills to each of us in the Senate in Washington, DC.

In addition to getting copies from seniors of their prescription drug bills, I am now hearing from seniors who are sending me copies of prescriptions they cannot afford to get filled. This is a prescription that was written for an older gentleman at home in Beaverton, OR. He is using 21 prescriptions at this point. He has already spent almost $1,700 this year on his prescriptions. Here we have three he cannot afford to get filled: Glucophage is a drug that one takes to deal with diabetes; Tagamet; Prilosec—three very common prescriptions older people in our country need and use. This is an example of what he sent me, prescriptions his doctor wrote out, and he can no longer afford to actually get them filled.

This is the kind of account I am hearing from seniors across the country. We have asked them to send in copies of their prescription drug bills. I have a whole sheaf of those, all kinds of bills we are receiving in that area. But now we are actually hearing from seniors and getting copies of their prescriptions their physicians are writing for them that they cannot even take to a drugstore and get filled.

In the last 24 hours, we in the Senate have been watching the news reports about the dueling press conferences involving prescriptions. There has been an awful lot of finger pointing one way or another. Frankly, each one of them has some reasonable points to make. What is so frustrating is that instead of these dueling press conferences and going back and forth, having all this finger pointing, the Senate ought to be working on bipartisan legislation.

There is one bipartisan bill now before the Senate. It is the Snowe-Wyden legislation. The Senator from Maine and I have teamed up over the last few months to put together a bipartisan bill to get prescription drugs covered for older people on Medicare. We have 54 Members of the Senate already on record as voting for a specific plan to fund this program. A majority of the Senate is now on record for a bipartisan proposal to pay for prescriptions.

Here we are, with the session only having a few more days to go, Senators—I am sure I am not the only one—getting copies from seniors of prescriptions that they cannot actually afford to have filled. We have asked them in recent days to send us copies of their prescription drug bills. They have been doing that. Now they are sending us copies of prescriptions they cannot afford to take to their neighborhood pharmacy and get covered.

It is so sad to see these dueling press conferences, and then we don't have a response, to have seniors telling us the sad and often tragic stories about how they can't afford to take their medicine. Their doctor tells them to take three pills. They don't do that. They start taking two. They start taking one. Eventually they get much sicker.

The Snowe-Wyden legislation is bipartisan. It uses marketplace forces.