of one more time getting emergency funding out there without any deliberation as to how. I thought this meant we were, on the part of the authorization committee, Senator LUGAR's committee, going to have hearings and an opportunity for Senators and people from the countryside to talk about the best way to get this assistance out to the countryside to help the people most in need.

It looks to me, again, that we may be making an end run around that process, and that is a mistake. I speak out for the hearings. I speak out for deliberations. I speak out for doing something about the price crisis other than every year just getting money out to people. Most of the producers in the country would far rather get a decent price. That is a whole other discussion and debate which I hope we will have.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GREGG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. GREGG. Mr. President, what is the regular order?

The PRESIDING OFFICER. The time between 2 and 3 o'clock shall be under the control of Senator THOMAS from Wyoming, or his designee.

Mr. GREGG. I ask unanimous consent to proceed as if in morning business for 15 minutes.

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

SOCIAL SECURITY

Mr. GREGG. Mr. President, today Gov. George W. Bush set forth some ideas addressing the issue of Social Security. It is my understanding that the Vice President is also going to discuss this issue today, although he has, before today, made a number of comments in this area.

I have spent a considerable amount of my time over the last 7 years I have served in the Senate working on the issue of Social Security, working on it in a bipartisan manner, trying to develop a coalition in this Senate to move toward resolution of what I consider to be one of the most significant public policy matters we have confronting us.

Let me define the problem so we understand what we are working with and what the concerns are. Today, the Social Security system is running a very aggressive surplus. In other words, it is taking in more money than it is paying out. The Social Security system is on a dollar in/dollar out basis. In other words, there is no asset value that is placed somewhere. There are not a set of dollars saved to pay your Social Security benefit. The dollar raised today pays the benefit that is incurred today. The younger worker who is paying Social Security taxes today is paying for the older worker who is retired today.

We have the baby boom generation working today at its maximum earning capacity, and because we have a larger younger generation than the generation that is retired, we are now running a surplus. In other words, more money is being taken in to pay for the benefits than is being spent on the benefits. That extra money is being borrowed by the Federal Government. It is being used basically to operate the day-to-day activities of the Federal Government. In exchange for that, a note is given back to the Social Security trust fund.

Alternatively, the money is being used to buy down the debt of the Federal Government—the public debt in many instances—and that money is then basically returned to the marketplace in the form of proceeds going into the capital markets because we no longer have the Federal Government borrowing those moneys from the capital markets but, rather, the money is no longer needed by the Federal Government and, therefore, the capital markets are free to create more activity for a stronger capital market.

The problem is, the baby boom generation today is generating the huge surplus in Social Security funds and is going to start retiring in the year 2008. When that generation starts to retire, the demographics of the situation change radically. The Social Security system was always perceived as a pyramid. It was always believed there would be a larger working generation than the retired generation. The retired generation at the top of the pyramid would be smaller and the working generation at the bottom of the pyramid would be larger.

Because the postwar baby boom generation is so large, it is that unique generation that has changed this country in every decade and forced the country to build all sorts of elementary schools in the 1950s and created the disruption to a large degree in the 1960s. It has gone through the pipeline and has changed the system in every generational phase. When that generation retires, we go from a pyramid to almost a rectangle. Instead of having 3.5 people working for every one person retired by the year 2015, we only have two people working for every one person retired. The system comes under a huge strain. The benefits don't change—or there is no plan to change them—and therefore all the folks who are retired have to be supported by a younger generation, which is a smaller generation, but they have to support them again with the tax dollars earned by that generation.

As we look into the future—and we don't have to look very far; it begins in 2008—we see as we head into the second decade of this new century, the next generation, our children and their children are going to be subjected to a huge cost, a huge tax increase, in order to support the retirement of the baby boom generation. This escalates rather dramatically through the year 2045.

There are Members who think something should be done, that we should not pass this huge burden on to the next generation; that we, as a baby boom generation, have an obligation to get ourselves and our Nation ready for the retirement of our generation.

As I said, we worked across the aisle for the last few years to try to develop policies to address this problem. Dramatic progress has been made. There are at least four or five major initiatives in this Senate today which legitimately address the issue of making the Social Security system solvent for 100 years. One of them happens to be one which I worked on with Senator BREAUX, Senator KERREY, Senator THOMPSON, Senator THOMAS, Senator GRASSLEY, and Senator ROBB. It is bipartisan and crosses philosophical spectrums.

Our proposal, as scored by the Congressional Budget Office and by the Social Security actuaries, makes the system solvent for the next 100 years. It does it without any tax increase of any significance.

In order to accomplish this type of a change, we have to have comprehensive reform. We cannot do it piecemeal; we have to do the whole system. We can't just simply pick out one point in the system and try to change that and expect to address the system so it becomes solvent, so we do not put a huge burden onto our children's backs in new taxes, or additional tax increases.

We have tried to draw into this debate, to get this process moving, the White House and the President, but we have had singularly little luck in doing that. Regrettably, although this administration has occasionally talked about Social Security reform, and the President in his State of the Union even said this would be one of his primary goals in his waning years in office, it has done virtually nothing and, in fact, has put out proposals that would dramatically cause the situation to deteriorate, especially for the younger generation, in the form of major tax increases.

Today, Governor Bush has put forth a proposal. Regrettably, the response by Vice President GORE, up until today—and I suspect he will not change his tune today—and the response of the White House, has been to essentially take the old time school approach of attacking it in the most demagogic terms, saying the proposal is going to end Social Security; it is going to put at risk recipients who are presently benefiting from Social Security, and that it is a proposal which undermines this critical national program of Social Security.

The Vice President has used terms such as ''risky'' to describe it. He has used terms such as ''inappropriate.'' He has used terms—''smug,'' I think is one term, and other terms which try to demonize the proposal in a way that is not constructive. So let's look at the proposal because I think it is important to think about this. What Governor Bush has suggested is this.

First, we recognize anybody who is on the Social Security system today, or about to go on the Social Security system soon, should have their benefits locked in place and the structure of the system maintained exactly as they receive it; there should not be any change at all for those folks. So any senior citizen today or anybody who is about to go on the system, anybody 55 years or older, I believe, has no concern here. Essentially the proposal says you will be held harmless. Nothing is going to impact your way of life as it relates to Social Security. Yet it is very obvious the Vice President is trying to scare senior citizens and is saying the proposals coming from Governor Bush will in some way affect their benefit structure when Governor Bush is saying specifically it will not.

Second, Governor Bush suggested we set up a bipartisan commission to take a look at this, a proposal that has been put forth by Senator MOYNIHAN and Senator KERREY and Senator MCCAIN, I think. It is not a bad idea because this needs to be done in a bipartisan way, and we have worked very hard on the bipartisan process in this Senate, so that makes sense.

Third, the Governor suggested we take a look at what is known as personal savings accounts. This is an idea whose time has come, in my opinion. Why? First, let's talk about what personal savings accounts are in the context of Social Security reform.

There are three ways you can address Social Security and make it solvent, only three ways. One, you can raise taxes. That is the Clinton-Gore proposal. In fact, under the Gore-Clinton proposal, there will have to be a tax increase each year going forward on working Americans in order to support retired Americans. That goes up and goes up, I think, until it is $1 trillion around 2035. That is their proposal: Raise taxes on Americans in the outyears. Just do not tell Americans that is what is going to happen to them.

The way they do not tell you is they say we are going to use the interest on the Social Security to pay down the debt, which is occurring today because we are returning a surplus; we are going to use that interest to extend the life of the trust fund. That is a paper game, the bottom line of which is a tax increase that hits $1 trillion by the year 2035. Why is that?

Just to make an aside for the moment, so people understand what the Vice President is proposing: There are no assets in the Social Security trust fund other than Government bonds. What do Government bonds do? Government bonds are a claim on the taxpayers of America to be paid. It is an IOU from the taxpayers to the trust fund. It says we, the taxpayers of America, owe you this money. When you need this money, when that baby boom generation retires, then we, the taxpayers, of America will pay it.

Who is ''we''? We are the younger generation. The ''we'' in that sentence is my children and their children, your children and grandchildren who will be working then. They will get stuck with the IOUs that Vice President GORE wants to stick them with, with his little gamesmanship of transferring interest, which is purely a paper transaction, creating absolutely no assets in the trust fund. All it does is create an IOU which has to be paid by the younger generation. These kids sitting right here as pages are going to pay that IOU.

It means their taxes on Social Security will not be 12 percent of their payroll; it will be somewhere in the vicinity of 18 percent of their payroll. As I said, it will amount to about a $1 trillion tax increase on working Americans by the year 2035. That is the Vice President's proposal: Raise taxes but do not tell anybody it is coming. Use this little euphemism: We are going to transfer the savings on interest over to the trust fund, which means we are going to create a massive tax burden on the next generation in the outyears in order to pay for the benefits of this generation of which I am part, the baby boom generation. But do not tell anybody about that. Just use the term, ''We are going to transfer the savings from interest.'' ''We are going to transfer the savings from interest on Social Security'' sounds good—do that by paying down the Social Security funds, and that savings means we will extend the life of the trust fund.

That means nothing. It simply means we are going to end up increasing taxes and having more IOUs our younger generation has to pay. So that is the first way you can do it; you can raise taxes—the Vice President's proposal.

The second way you can address the issue is to reduce benefits. There is not much incentive for reducing benefits in our society. People do not like that idea in a democracy. In fact, the Vice President not only is not going to reduce benefits; he is already suggesting we increase benefits. The only specific proposals he has made on Social Security is we raise benefits in two different accounts. It happens to be both those proposals to raise benefits make some sense, but they have to be done in the context of the entire structure. There has to be some tradeoff. If you are going to raise those benefits, there has to be some adjustment in the other benefit side or else you significantly increase the liability to the trust fund, which means once again you raise the taxes on the next generation to pay for those benefits, that younger generation. So he has raised benefits. That is not the way to solve it.

The third way he can address it—remember, you can address it by raising taxes on the younger generation that is earning the benefits for the older generation that is receiving the benefits, or the third way is you can prefund the liability. That is what personal savings accounts do, prefund the liability. By prefunding the liability, we mean you actually create an asset which is owned, actually physically owned by the person who is going to retire, which is not a debt instrument of the Federal Government. It is not an IOU that has to be paid for out of taxes, necessarily. It can be stocks or bonds—some of the bonds could be U.S. Government bonds—but it would be an asset owned by the individual. What does that do?

Today, if you are in the Social Security system and you happen to die, unfortunately, before you reach retirement age—say you die and you are 59 years old and you do not have a spouse or any children. Everything you paid into the Social Security system is lost. You paid in for years and years and years and your estate does not get anything from it. It is gone; it just dissipates into the system. Somebody else benefits from all those taxes you paid. You have no asset value.

Even if you have a spouse and you die before you retire at 62 or 65, or even if you die soon after that, the benefits that spouse gets as a result of your death, as a result of your Social Security payment, is really minimal—very, very small—compared to the amount of taxes you actually paid in to Social Security. So there is nothing physically there that you own. You have an obligation from the Federal Government to support you at a certain level after you retire, but you have no asset value.

What a personal account does is it allows you to take a small portion of the taxes you are paying in to Social Security—and it is a very small portion. Under the plan that we have, it is 2 percent. Of the 12.4 percent of taxes you presently pay in Social Security, you would get to put 2 percent of those taxes into some sort of savings vehicle which you would own. You would physically own it. It might be stocks; it might be bonds, but you would physically own it. It could not be placed in those vehicles and then be speculated with; it would follow the course of what we call the thrift savings vehicle. That vehicle would require the Social Security trustees to basically set up the investment vehicles in which you could invest.

One would be limited in how one could invest that money. They could not speculate with it. They would have to put it into basically large mutual funds which would be approved by and would be under the fiduciary control of the Social Security trustees.

Mr. President, I note it is 3 o'clock. I ask unanimous consent to proceed for another 4 minutes.

Mr. BURNS. I have no objection.

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

Mr. GREGG. Mr. President, a person would have this asset called a personal account which they would have to invest in three, four, five, or six different funds set up under the auspices of the Social Security Administration. The asset would be owned by that person. If they were to die at 45 or 59 or even 66, their estate would receive the asset held in that account and it would go to their wife, husband, children, or to whomever they wanted it to go.

Equally important, the rate of return on personal accounts would dramatically exceed what one gets under the Social Security system today. A person who is today beginning in the workplace, who is about 22 or 25 years old, is going to pay more, if they are an African American, into the trust funds than they will ever receive from the trust funds. In other words, they get zero rate of return.

If one happens to be a typical, average American, their rate of return in the Social Security trust funds, if they are in their twenties today, is about 1.4 percent. If they are in their thirties, it might get up to 2 percent. If they are in their forties, it might reach 2.5 percent—might. It is a terrible rate of return under the Social Security system. People are paying all these taxes and getting virtually nothing in return.

Under a personal account—remember, it is only a small percentage of one's Social Security tax which is going to be invested in this personal account—one will own the asset; plus, the average rate of return over any 20-year period, including the Depression, of investment in the stock market exceeds 5 percent. Since I am talking about a 20-year period, not a 4-month period or a 5-month period or a 1-year period or 3-year period, one can be pretty sure the rate of return on the personal account is going to be at least twice the rate of return on the taxes that person is paying into the Social Security fund generally.

That is called prefunding liability. In other words, we are going to give a person the opportunity as a citizen, especially a younger citizen—people over 55 are not going to be affected by this at all—to actually own an asset and have that asset grow at a rate that is at least twice the rate of their investment in Social Security. Then when they retire, that asset will be physically there to benefit them in their retirement. The liability that is owed to that person by the Federal Government will have actually been prefunded. There are many ways we can talk about that, but it gets into some complexities I do not have time for now.

Essentially, what it means is that the younger generation, instead of having to pay a huge tax increase to support retirement, is going to actually be creating assets which give them, when they retire, a rate of return which will be significantly or at least as good as what they would get under Social Security without having to pay all these new taxes. It is a way of keeping the system solvent and, at the same time, maintaining a benefit structure that is reasonable and, at the same time, not dramatically increasing taxes.

What we have is a pretty simple debate, in real terms, between the Vice President and Governor Bush. The Vice President does not want to tell people the younger generation is going to get hit with a huge burden of new taxes under his plan, and he does not want to tell us how he is going to address the Social Security system and reform it in the outyears. Governor Bush, on the other hand, is willing to step forward and put some interesting and innovative ideas on the table to address one of the most critical issues that will face our country over the next 30 or 40 years.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. GREGG. Mr. President, I appreciate the courtesy of the Senator from Montana. I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

MILITARY CONSTRUCTION APPROPRIATIONS ACT, 2001

The PRESIDING OFFICER. The Senate will now resume consideration of S. 2521, which the clerk will report by title.

The assistant legislative clerk read as follows:

A bill (S. 2521) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2001, and for other purposes.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BURNS. Mr. President, I am reluctant to proceed on this bill, although I think we will hold it. My ranking member, Senator MURRAY from Washington, will not be back in town until 5 o'clock this afternoon. This was the weekend her son was married in Seattle. She is returning from her State. I have no comments to make. If Senators want to make comments on the bill, they are free to do so. In the meantime, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MCCAIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. MCCAIN. Mr. President, I appreciate the opportunity to address the Senate once again on the subject of military construction projects added to an appropriations bill that were not requested by the Department of Defense. This bill contains almost $900 million in unrequested military construction projects.

What makes this bill even more offensive than most pork-laden military construction bills is the fact that, while the Senate is willing to act swiftly to approve these pork-barrel projects, we have failed to act to end the disgraceful situation of more than 12,000 military families forced to use food stamps to make ends meet. For the second year in a row, Congress is on the verge of spending hundreds of millions of dollars for purely parochial reasons, while rejecting a proposal that would cost just $6 million per year to take care of those military families most in need.

I am appalled at the extraordinary and inexplicable resistance I have encountered to enacting legislation to get these brave young men and women and their families off food stamps. I am ashamed that the Senate would put hometown construction projects ahead of desperately needed relief for our most junior enlisted personnel.

I appreciate the Senate's unanimous expression of support during consideration of the budget resolution for additional funding for food stamp relief in the defense budget, and I hope my colleagues will reiterate that support when I offer an amendment to the defense authorization bill to end the food stamp Army once and for all.

Every year, I come to the Senate floor for the express purpose of highlighting programs and projects added to spending bills for primarily parochial reasons. While I recognize that many of the projects added to this bill may be worthwhile, the process by which they were selected violates at least one, if not several, of the criteria set out several years ago to limit just this sort of wasteful spending.

I will address the Kosovo language included in this bill at another time. Suffice to say for now that this language, grounded though it may be in an understandable frustration with the Administration and our allies' handling of that contingency, represents foreign policy making by Congress at its worst. This language, certain to prompt a veto of the bill, constitutes a highly questionable approach to solving the problem of burden-sharing and