

need to raise the retirement age once again. We did this in 1983, providing a gradual ascent to age 67 by 2027. This will one day need to rise by similar small steps to, say, 70 at mid-century. But consider; we estimate that persons who retire at age 70 in the year 2060 will on average live another 17 years. Surely a goodly spell. And note that the majority of today's beneficiaries retire before reaching 65. Benefits are lower, but the option is there and most persons take it. (It would be well for the now freestanding Social Security Administration to do some survey research to sort out the different reasons folk take this option.)

Third. We should tax benefits in the same way other retirement payments are taxed. We began partial taxation in 1983.

Fourth. We would increase the maximum computation period over time from 35 to 38 years, and by stages increase the OASDI contribution and benefit base to \$99,900.

Now to a thrift savings plan. The payroll tax began in 1935 at 1 percent for employee and employer. It rose by degrees until in 1977 it was set at a combined rate of 12.4 percent, scheduled to take place in 2011. However, a combination of miscalculation, the Consumer Price Index, and misfortune, a sharp inflation owing to oil price increases, led to a sudden crisis. In 1982 the revered Robert J. Myers judged that under the existing law "the OASDI trust fund will very likely be unable to pay benefits on time beginning in July, 1983." A Presidential Commission was created, and in the end it succeeded. Deficit was avoided. But the date that the maximum rate of 12.4 percent to kick in was advanced to 1990. Hence the current surplus.

We argue, however, that with the adjustments I have outlined, the earlier 10.4 percent payroll tax will provide present retirement benefits for the required 75-year period.

This is crucial. We must absolutely guarantee that the present benefit structure will continue in place before we start devising a thrift savings component. To do otherwise is to invite the most shrill protests of raiding a sacred trust for the benefit of Wall Street, and so on.

However, we can do both. And oughtn't we? At this point in time our income tax system is remarkably progressive. The top 5 percent of taxpayers pay 53.8 percent of income tax. The bottom 50 percent pay 4.2 percent. But Social Security is paid on the first dollar of income however low that income might be.

We could, of course, repeal the 1977 increase. It would mean some money in people's pockets, but not so much as you'd notice.

Or we could start thrift savings accounts for the work force at large, much along the lines of the Federal government program begun in the 1980s. An add on, not a "carve out." Employees would choose among a number of plans, from government securities to market funds, and switch about from time to time. It is not unreasonable to forecast that such funds would double every ten years; making for a sizable portfolio after, say, forty years. A third to half a million dollars. As much a twice that for two-earner families.

An argument up front for doing this is that it would immediately affect the Personal Savings Rate which literally vanished in the 1990s. In 1980 annual personal saving as a percent of disposable personal income was 10.2 percent. By 1990, 7.8 percent. By 2000, -0.1 percent. Last February -1.3 percent.

I don't claim to understand this, but surely it needs attention. And I assume a national thrift savings plan would help.

Why, then, has our proposal been so little welcomed in, well, the Democratic Party and organizations with similar political and social perspectives? A possible partial explanation is that in the early 1970s conservative economists began talking up the so-called "Chilean model" in which all social insurance funds are invested in private securities. Not a good idea, I would think. But an idea withal. And we need ideas.

I would hope we could be spared a left-right imbroglio here. The risk, as Kenneth S. Apfel, the first Commissioner, 1997-2001, of the newly freestanding Social Security Administration, has recently written that if we do we will end up in a "stand off." Which is to say we will do nothing, until there is nothing to be done. The system goes into deficit and becomes politicized beyond recognition.

Apfel makes four proposals. First, those "on the left side of the political spectrum" have to give up the notion that "future Social Security benefits can never be reduced even modestly." Our bill would have done that modestly. (Although a C.P.I. correction only reduces the rate of growth.) Second, he continues, those on the left must need to give up the stand "That mandatory retirement savings proposals are out of the question." That I fear is now doctrine of the old cadre of Social Security administrators. But why persons on the left would oppose providing workers with a measure of wealth would seem a mystery. (But, alas, may not be.) Respected economists such as Martin Feldstein have proposed investment accounts as an extension of what is already going on with the various private retirement savings plans already in place and widely in practice.

As for the "right," Apfel argues that first they must give up the notion "That private savings accounts should be carved out of Social Security benefits." He means that money be diverted from providing the existing benefit schedule. To which I surely agree. To say again, we propose an add on, not a carve out. Secondly, he contends the right must give up the notion "That future Social Security revenues should never be increased even modestly." Again, agreed.

As for the current surplus in the funds, Apfel is more adventurous than I might be, or my colleague, David Podoff. President Clinton briefly mentioned the idea of investing some of the surplus in private equities. I suspect that would have been Apfel's idea, and he holds to it. Keep in mind that between now and 2015 we will accumulate a surplus of near \$5 trillion. If it is not invested outside government, it will be spent on other things. And so a respectful hearing is in order, withal I would be cautious. We have learned to manage private and public pension funds without interfering with markets. But direct Federal investment poses temptation. Or invites blunder.

But what really are the prospects of such a transformation in our Social Security system? I know we could do it, for we have done. In the early 1980s we were on the edge of insolvency. A bipartisan Presidential Commission was stalemated, but solutions were worked out in a final two weeks of intense, albeit secret negotiations. In his account of the events, *Artful Work*, Paul Light cites my observation at the time: "Only by defining the problem as manageable, can you manage it." It may also be worth noting, as recorded in an article in the current issue of *Foreign Affairs*, Germany, France, Spain, and Italy are evidently going to have to move from pay-as-you-go state pension systems to investment in securities.

The 2000 election campaign may have seen a breakthrough. The Republican candidate called for a thrift savings component. Let it be clear that there was no mention, has been no mention, of the preconditions I set forth earlier. Still. The Democratic candidate dismissed the idea as "risky." And more. William Galston, a professor of government associated with Democratic politics later observed, with professorial candor, "He [Governor Bush] touched the third rail of politics. We turned on the juice. Nothing happened." Indeed polling during the campaign showed voters approved the program by fair to considerable margins. And so in his first address to a Joint Session of Congress, now President Bush called for a thrift savings component to Social Security that would provide "access to wealth and independence" for all. Again, no mention of the unpleasant preliminaries. Even so, let it be recorded that the 21st century began with an avowedly conservative president espousing perhaps the most progressive social insurance measure since the New Deal. Come to think, though, Theodore Roosevelt might have liked it. Even those early 20th century British conservatives who called for a "property owning democracy."

We are not to expect that anything like this will happen soon. But it is scarcely too soon to get serious about the subject.

In a typically concise article in *The Wall Street Journal* of April 26, Albert R. Hunt described "An Electorate Up for Grabs." Looking at recent polls he finds "The bottom line: Neither party commands a comfortable majority." He cites Robert Teeter: "Right now . . . neither side has the makings of a governing coalition." Then James A. Johnson, a Democratic counsel, who concludes: "If both realize that, it'll drive them to bipartisan solutions."

Could that be a Thrift Savings Component for Social Security?

COMMENDING BOSTON MEDICAL CENTER AND DR. BARRY ZUCKERMAN FOR THEIR ADVOCACY ON BEHALF OF POOR CHILDREN

Mr. KENNEDY. Mr. President, for the past 8 years, the Boston Medical Center has had a unique program in place to give legal help to disadvantaged children and their families. Under the leadership of Dr. Barry Zuckerman, the hospital's chief of pediatrics, the Family Advocacy Program was established to fight the legal and administrative problems that doctors often face when trying to improve children's health in ways that "pills and surgery cannot." Dr. Zuckerman believes that we must impact the whole child. As he puts it, "you can't separate out a child's organ functions from the rest of his body and the context of his environment." That is why at Boston Medical Center, the hospital that treats more poor people than any other in Massachusetts, Dr. Zuckerman and fellow pediatricians decided to get their own lawyers to advocate on behalf of these poor children and families.

The three lawyers in the program do what they can to pressure negligent landlords to improve living conditions,

help families apply for food stamps, pressure insurance companies to pay for baby formula and other things to help prevent child illness. Recently, the New York Times did a story on the program, recognizing the good it has done for the disadvantaged families of Massachusetts. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, May 16, 2001]

BOSTON MEDICAL CENTER TURNS TO LAWYERS
FOR A CURE

(By Carey Goldberg)

BOSTON, May 15—A doctor gets very tired of this kind of thing: sending a child with asthma home to an apartment full of roaches and mold; telling the parents of an anemic toddler to buy more and healthier food when they clearly do not have a cent; seeing babies who live in unheated apartments come in again and again with lung ailments.

At Boston Medical Center, the hospital that treats more poor people than any other in Massachusetts, pediatricians got so tired of it that they decided to try a radical solution: getting their own lawyers.

That is, a staff of three lawyers, right in the hospital—and on “walk-in Mondays,” right in the pediatrics clinic—now fights the legal and administrative battles that the doctors deem necessary to improve children’s health in ways that pills and surgery cannot. The program, which goes far beyond the social work that hospitals customarily provide, is all but unique nationwide, but doctors here say they hope it becomes a model.

“We’re trying to think out of the box,” said Dr. Barry Zuckerman, the hospital’s chief of pediatrics. “I want an impact on the whole child, since you can’t separate out a child’s organ functions from the rest of his body and the context of his environment.”

That means that the lawyers of the Family Advocacy Program at the hospitals do things like pressuring recalcitrant landlords, helping families apply for food stamps and persuading insurance companies to pay for baby formula. With more than 300 referrals a year, they cannot go to court much, but they can help poor families navigate the administrative byways. And they can help doctors make phone calls or write letters to get their small patients what they need.

Among other things, “we help doctors put things in legalese,” said Ellen Lawton, a staff lawyer and project director. “They don’t teach that in medical school.”

That helps the doctors, and the doctors help the lawyers through the medical heft they can throw behind a legal or administrative request.

When a doctor writes a letter about a child’s need for, say, special education classes or a mold-free apartment, “it’s not as confrontational,” Ms. Lawton said. “It’s like, ‘This is what the kids need for their health,’ and who’s going to argue with that?”

The Boston Medical Center lawyers knew of just one other full-fledged program like theirs, a new one in Hartford run at Connecticut Children’s Medical Center, in partnership with the Center for Children’s Advocacy at the University of Connecticut Law School. There, said the advocacy center’s director, Martha Stone, “it took a while for medical personnel to exactly understand the

concept of the medical-legal partnership project, because lawyers make people nervous.”

“So,” Ms. Stone said, “they had to overcome the bias that we were in there looking at malpractice issues. We were in there doing poverty issues which would affect health outcomes. So it’s taken a lot of education on the part of the lawyer to have the medical staff understand.”

At Boston Medical Center, where the Family Advocacy Program has run since 1993, the program is well accepted by now but is still exploring ways to help poor families and looking for ways to expand. The walk-in lawyers’ hours began just this winter, for example, and have found plenty of takers.

One recent Monday, the mother of a diabetic girl stopped in to see Pamela C. Tames, a staff lawyer, about an administrative hearing scheduled for the next day on whether her daughter should qualify for federal disability money. The girl’s diabetes was still poorly regulated, said the mother, who would not let her name be used, and she frequently had to miss school and stay in bed when her blood-sugar levels went bad. The mother, who is on welfare, had no lawyer of her own and had been denied requests for disability.

“They say being diabetic is not a disability,” she said, “I think it is a disability if a mother has to stay at home and come get the child from school if the child constantly gets sick.”

She came to the law clinic, the mother said, “because I need to know how to represent my case.”

Ms. Tames told her how, beginning with the suggestion that she get an extension from the judge so she could present her case better.

In many ways, the lawyers at the medical center act as typical legal services lawyers, but they describe various forms of synergy with the doctors they help. For one thing, doctors, they say, have become more willing to ask patients questions like, “Do you have enough food?” now that they have lawyers who can help if the answer is no.

Before, Ms. Lawton said, “they didn’t want to screen for something they could do nothing about.”

The Family Advocacy Program said its director, Jean Zotter, is meant to work as preventive medicine; it can catch problems early because patients’ families are more likely to confide troubles to doctors than to agency bureaucrats, and to trust the information they receive in a clinic, she said.

“Traditional medicine can treat the effects of poverty,” Ms. Zotter said, “but this is a program that hopes to intervene so that poverty won’t have the effects it has on children’s health.”

The greatest challenge for would-be imitators of the program, its lawyers say, is probably getting financing for such a hybrid organism. The Boston program costs about \$175,000 a year; it is paid for mainly by city money for welfare-to-work transitions, because it helps many families trying to cross that bridge. The Connecticut program, which has one staff lawyer, got a three-year, \$260,000 grant from the Hartford Foundation for Public Giving.

But Dr. Zuckerman has been known to unleash national phenomena before. He founded Reach Out and Read, a program beloved of the Clinton and Bush White Houses alike, which makes books a part of pediatric care. It gives children a new book at each checkup and has spread to hundreds of pediatric clinics around the country.

“I don’t see what I’m doing with these non-traditional programs as just add-ons,” Dr. Zuckerman said. “What I’m trying to do is change pediatric care so it can have more of an impact.”

RETIREMENT OF COMMANDER
THOMAS K. RICHEY, UNITED
STATES COAST GUARD

Mr. KERRY. Mr. President, I rise today to offer my congratulations to a fine Coast Guard officer, Commander Thomas K. Richey, who is retiring this month after more than 20 years of dedicated service to this country. Commander Richey served as a Legislative Fellow in my personal office from 1996 to 1998. During that time he was responsible for maritime, transportation and environmental issues that fell under the jurisdiction of the Senate Commerce, Science, and Transportation Committee. In 1998 he accompanied me to Kyoto, Japan during the negotiations of the Kyoto Protocol for controlling greenhouse gases.

Throughout his long and distinguished career Commander Richey has demonstrated superb managerial and leadership skills. Tom has served in a variety of demanding billets including Operations Officer of Coast Guard Group Mobile, Alabama, Commanding Officer of Coast Guard Station Atlantic City, New Jersey and Deputy Program Manager for acquisition of Cutter and station boats. Along the way Tom has been awarded five Coast Guard Commendation Medals with Operational Distinguishing Device and one Coast Guard Achievement Medal with the “O” device and numerous other team and unit commendations.

When Tom left my personal office in 1998 he became the Commandant’s Liaison to the United States Senate. This is a top billet reserved for only the finest the service has to offer. His performance in both my personal office and the Senate has been outstanding. As many of my colleagues know, Tom was always quick to respond to any of our questions or concerns and was an invaluable tool in helping us respond to our constituents whenever a Coast Guard issue arose. I am grateful for having had the opportunity to work so closely with Tom.

I offer again my congratulations to Commander Richey and his lovely wife Maureen who reside in Maryland with their two children Patricia and Tommy. I expect great things of this outstanding officer in the future. Mr. President, I yield the balance of my time to my colleagues, Senators BREAUX and DEWINE who wish to express their appreciation as well to Commander Richey for his dedicated service to this country.

Mr. BREAUX. I am honored to join today Senator KERRY on the occasion of Commander Thomas Richey’s retirement from the United States Coast Guard.