

my mom and dad back in Murdo, SD, and those nearing retirement age, can be assured that their benefits are safe and sound. The same cannot be said for my two daughters and the rest of their generation.

The explanation of why this is happening is not that difficult to understand. In 1950, there were 16 workers for every retiree. Today, there are only three workers for every retiree. Soon there will be only two workers for every one retiree. Our Nation is aging and, as more and more Americans leave the workforce for retirement, there are fewer and fewer workers paying into the system. The current system is unsustainable given the changing demographics of this country.

Some may ask, When will we start to see the effects from these changes? The Social Security trustees have told us that beginning in 2018, Social Security will begin paying out more in benefits than it is taking in. This means that we will need to start raising taxes, cutting spending, or reducing benefits in just 13 years to cover the promises that have been made to our retirees. In 2042 the system will no longer be able to pay full benefits without major restructuring.

Some will say those dates sound like they are a long ways off, but as the Vice President recently put it, some might be inclined to "kick the can further down the road," leaving the problem for another President and another Congress to fix. Thirteen years is not that far away. Believe me, if you have children you know how quickly those first 12 years can go by, and all of a sudden you have a teenager. It happened to me twice with my two daughters. So the problems with Social Security are not going away, and the longer we wait, the more expensive the solution will be and the more painful to the American taxpayer.

The Social Security trustees have told us that if we wait to solve this problem, we are facing a \$10.4 trillion shortfall. Experts agree that if we work on solving the problem today, that cost will be closer to \$1 trillion—\$1 trillion today, \$10 trillion later.

My teenage daughters—and I daresay most Americans—can understand the dimensions of that problem. It is our duty to fix this problem now.

Possible solutions are numerous. Many include personal retirement accounts which would create a nest egg for younger generations. These voluntary accounts would allow younger workers to save some of their payroll taxes in a personal account for their retirement. In fact, they would most likely be fashioned like the Thrift Savings Plan that is available to Federal employees. With personal retirement accounts, our children and grandchildren will be able to get more out of the Social Security system when they retire. In addition, they will have something to pass on to their children.

No matter how the solution is fashioned, current retirees and those nearing retirement do not have to worry about their benefits. They have put their time in, and their benefits will be there for them, no matter what happens.

I have laid out the stakes here today, and it is clear that they could not be much higher. I call on members of both parties to be open to the ideas that are put on the table. Refrain from playing on the fears that often surround this issue. And for those of you who worry about political danger in discussing this issue, know that I am standing here today before you as a Senator who has been on the receiving end of many of those accusations and attacks—the key words being, I am still standing here as a Senator today. I believe we can do more than send and receive political attacks on this issue. We can work together to find a strong bipartisan solution.

As those of us here in Washington begin to debate the issue of Social Security reform, I ask that we think not about our next election but in fact about the next generation—our children and our grandchildren. The same goes for seniors. I ask that they fight the temptation to be concerned about their next Social Security check, because it is going to be there, no matter what. Instead, I ask that they also think about our children and our grandchildren. Their future is what this debate is all about. I for one intend to fight to make it a better future. I hope my colleagues in this Chamber will join me.

I yield the floor.

The PRESIDENT pro tempore. The Senator from Kentucky.

Mr. McCONNELL. Mr. President, I congratulate the new Senator from South Dakota on his initial speech in the Senate. I say to him that he could not have picked a more important topic than saving Social Security for our children. I had the pleasure to be here and listen to his speech. I have had an opportunity to get to know the Senator from South Dakota over the last few years.

I want to say again on behalf of all of our colleagues, welcome to the Senate, and congratulations on an outstanding speech.

Mr. THUNE. I thank the distinguished whip for his kind remarks.

The PRESIDENT pro tempore. The Senator from Utah.

SOCIAL SECURITY

Mr. BENNETT. Mr. President, this morning's paper has in it once again, as we often get here in Washington, a poll. It seems everything we do is focused on polls and what the people think. This poll is on the question of whether there is a crisis in Social Security. Frankly, the numbers are con-

fusing, because it depends on the definition. If the question is whether there is a problem, there is a majority who say there is a problem; there is a smaller percentage that say there is a crisis, and so on. It gets very confusing.

I would like to speak today in answer to the fundamental question posed by the poll, and do what I can to shed some light on the question of what condition Social Security is in.

I am not a newcomer to this. We have held hearings in the Joint Economic Committee, while I have been chairman, examining this question. We have a body of institutional knowledge that we have put together now over the past year and a half. I want to pose and I hope answer three fundamental questions here today that can be the basis for the debate on Social Security.

Those questions are: No. 1, is there a problem? No. 2, if so, how big is it? No. 3, when will it hit?

With those three questions in mind, let us go forward. Individuals come to me and ask these questions through the lens of their individual situation. Is there a problem with Social Security? They are really asking, Is there a problem for me in Social Security? The answer to that question is a question: When were you born?

Stop and think for a minute of your own birth date, and then address the question, Is Social Security going to be a problem for me? If you were born in the 1930s, as I was, or if you were born in the 1940s, as my wife was, or if you were born in the 1950s, as my nieces and nephews were, the answer is no, there is not a problem for you with respect to Social Security. Your benefits will be paid. They will be paid at the full level the law requires. You do not have a problem with Social Security.

If you were born in the 1960s, as my children were, the question of whether you have a problem depends on how long you will live. If you were born in the 1960s and you live into your eighties, chances are in the last few years of your life the Social Security benefits are going to be cut quite dramatically. If you manage to die before you get to age 80, then you won't have a problem.

If you were born in the 1970s, it is almost certain you will have a problem. And if you were born in the 1980s, it is guaranteed that the Social Security benefits will have to be cut before you reach retirement age.

For these young pages sitting here, it is very clear that if we don't start to do something now, you will be penalized for your youth. The Social Security benefits will be seriously curtailed for you.

Let us review some history to put some flesh on the bones as to whether there is a problem. Think of Social Security in these terms: It is a little like a lottery. A lottery works this way: A lot of people pay in, and only some people get paid out. So it produces winners

and losers. With Social Security, a lot of people pay in, and not all of them get money out.

Here are the statistics which demonstrate what has been happening to this lottery. In the 1940s, 54 percent of the workers who paid into the system lived long enough to be winners. This is the ideal political situation, because the losers were dead. They were not in a position to protest that they had paid in and had gotten nothing out. Fifty-four percent in 1940 of the men—and in 1940 our workforce and retiree population was almost entirely male—got money out of the lottery and the other 46 percent who had paid in got nothing, but they weren't complaining because they were dead.

But then the women started to join the workforce, and now women make up as high a percentage of the workforce as men, and the age kept going up. Today, 72 percent of the men who paid into the lottery are eligible for benefits, and 83 percent of the women who paid into the lottery are eligible for benefits. Whereas it was 54 percent who were winners in 1940, it is now 80 percent who are winners, and the number keeps going up.

There is another factor. This shows how many people get into the winner side who are going to be drawing money from Social Security. How long did they stay there? In 1940, once a man got to retirement age, he would stay there on the average for 12 years. Women—there were fewer of them who were in the program—lived for 14.7 years. But the numbers kept going up. Today, a man will be in the program for 15 years, and a woman for nearly 20. The average time people draw out their Social Security benefits has gone up from 12 to 18—a 50-percent increase.

You have many more people who get into the program by virtue of living beyond the age of 65, and then once they are in the program they stay longer.

What is the obvious result of this kind of change in demographics? Let us see what has happened to the pool of people paying in.

In 1945, there were 42 people paying in for every one person drawing out. That is true because the program was still new enough that there were not enough people old enough to take advantage of it. That came down dramatically, as you would expect it would, as more and more retirees came on. In the 1950s, 5 years later, the number was down to 17. Now it is down to 3, and the projections are that it will go down to 2. You cannot have that kind of a lottery where only two people are paying in for every person who is drawing out, while the people who are drawing out are growing as a percentage of the whole program.

How do we deal with this? How have we dealt with this historically over this period? This is how we have dealt with it. Take the 50-year period from

1945 to 1995, and this is the list of tax rates that have been applied to Social Security. For 50 years of time, we have run into one of these demographic problems. We have solved it by raising the tax rate.

I would like to demonstrate what Franklin Roosevelt and Congress in 1936 promised the American people on this issue of tax rates. This is the photograph of the brochure that was distributed to every recipient of Social Security in 1936. "Security In Your Old Age, Social Security Board, Washington, DC."

Here is the quote from that pamphlet that was distributed to every Social Security beneficiary. "Beginning in 1949, twelve years from now, you and your employer will each pay 3 cents on each dollar you earn up to \$3,000 a year. That is the most you will ever pay."

If ever there was a promise the Government made that the Government broke, that is the promise.

Let us go back to the previous chart that shows the history.

This is the 3 percent that was promised in the 1930s; this is the 12.4 percent we are paying 50 years later. That is a 300-percent increase in tax rate. That is not 300 percent in dollars. That is a 300 percent increase in the rate to keep up with the demographic situation we have seen.

I asked three questions: Is there a problem? How big is it? When will it hit?

I have cited the history. Now it is time to get prospective and talk about what is coming.

All of the demographic statistics I have quoted are shown here on this chart. It starts in 1950, and here is where we are now. This is the percentage of Americans who are 65 or older. It has been going up. Yet, it leveled off starting around 1990, and stayed stable; even went down a little. But starting in 2008, something is going to happen. I stress the 2008, because a lot of the accountants have ignored that year, and said, No, the crisis is in 2018, or 2042, or 2042 isn't right, it's 2052.

Here are the demographic realities of what we are facing. Starting in 2008, this line is going to start up dramatically and steeply, and over the period of the next 30 years the percentage of Americans who are 65 and older will double.

When will it hit? It will start to hit in 2008. That is not a long way off. That is within the term for which I was just elected—the 6-year term that the people of Utah gave to me—that this problem is going to start to hit us. We have to deal with it or 30 years from now we are going to end up with a population twice the percentage of the level it is now and no solution.

Let's look at what the Social Security Administration says this will do. This is the chart of current benefits, current law. Here is the revenue line;

here is the cost line. How do we fill in the hole of the cost line that is much higher than the revenue line? This hole by itself is \$1.5 trillion. Where is that \$1.5 trillion going to come from to pay the benefits? It will have to come from either increased tax revenues or increased borrowing to the public. Or it will have to come from some kind of increased rate of return on the money coming in down here. Those are the only three ways to deal with it.

We should understand, once again, the pressure will start in 2008. It will be gradual but it will build. And over the next 30 years, it will overwhelm us if we do not either raise the taxes, cut the benefits, or increase the rate of return.

The proposals of what to do about this range across a wide spectrum of ideas. The President has focused on an idea that he thinks will raise the rate of return on the income coming in. Others have focused on taxes. That is, indeed, how we have handled this for the last 50 years. We have always raised taxes. Some have said we have to begin to adjust the benefits. All of these proposals should be on the table. All of these proposals should be discussed in perfectly good faith. I am willing to discuss anything.

As I said at the outset, we have a history now in the committee that I have chaired of examining these issues. We believe we understand the realities of the past and the challenges and opportunities of the future. We are willing to discuss with anyone any of these proposals and responsibilities.

Remember, there is a problem. It is at the very least a \$1.5 trillion problem. It is going to start to hit us in 2008. Surely we in this Chamber can in good faith recognize these facts and deal with them in a spirit of cooperation, reach out to the White House and try to find a solution so these pages will not, in fact, be penalized for their youth and find themselves in a situation where they do not get the benefits their grandparents and others received. They will be paying into the system. They will not get the benefits the others have received unless we lock arms, cooperate, and produce a solution.

My focus today has been to review the history of where the problem has been and review the prospective demographic realities we face. At some future time I will outline some of the solutions my committee has discovered might very well work as we try to find a way to deal with this very real problem.

I yield the floor.

The PRESIDING OFFICER (Ms. MURKOWSKI). The next 30 minutes is under the control of the Democratic leader or his designee.

The Senator from Illinois.

SOCIAL SECURITY

Mr. DURBIN. Madam President, first I salute my colleague from Utah. I