National Islamic Front regime in Khartoum to veto the delivery of humanitarian relief to the south. That just doesn't make sense.

Most of the aid flowing to southern Sudan is through non-governmental organizations (NGOs) participating in a United Nations relief program, Operation Lifeline Sudan (OLS). While traveling through east Africa in December, I had the opportunity to visit the OLS Southern Sector headquarters and see firsthand the efforts of the NGOs. These NGOs are on the ground, along with UNICEF, mounting a heroic effort to distribute aid to these starving people. And I know that many of them share my frustration with the UN's political agreement with the government of Sudan which allows Khartoum to have the final say in the distribution of aid to the south. This has resulted in the starvation of citizens and soldiers alike when Khartoum decides it is advantageous to halt the delivering of aid.

For the past few years, Khartoum has restricted flights during the planting season so that aid organizations cannot deliver the seeds and tools necessary to help the people of southern Sudan feed themselves. This year Khartoum went a step further. Khartoum didn't just restrict flights. It banned relief flights in the Bahr el Ghazal region. It should be no surprise that another poor harvest is predicted in the Fall. According to the UN World Food Program, 2.6 million people in Southern Sudan are in imminent peril of starvation. Quite frankly, until we can find a way to deliver seeds and tools to southern Sudan during planting season, I see this cycle of famine continuing indefinitely. This is a warfare tactic of cowards.

The flight ban wasn't the only problem that OLS had in delivering aid effectively. When the flight ban was lifted and aid could once again be provided, OLS faced another barrier put in its way by Khartoum. OLS was forced to wait for Khartoum's permission to add four Ilyushin cargo planes to the handful of C–130s that deliver relief supplies to southern Sudan. Any agreement by the United Nations which permits Khartoum a veto over the number of relief planes as well as when and where they can fly is fatally flawed. The President should aggressively seek to change the terms of this agreement which restricts the ability of Operation Lifeline Sudan to distribute aid effectively to southern Sudan.

As chairman of the International Operations subcommittee, I have to say I hold little hope that the United Nations will take any significant steps in this direction. That leaves, of course, the option of unilateral action by the United States to bypass Khartoum's veto. Currently, U.S. AID funnels aid to Sudan almost exclusively through OLS-affiliated groups. That must change if we are to have any chance to effectively combat the use of starvation as a tactic of war. The United States government shouldn't just cooperate with these non-OLS groups when Khartoum institutes restrictions on the delivery of aid—as we did during the Bahr El Ghazal flight ban. The United States should actively assist and develop relief distribution networks outside of Operation Lifeline Sudan's umbrella which are not subject to the whims of Khartoum. If we don't, yet another planting season will pass without seeds being sown, and hundreds of thousands of more people will starve.

SOLUTIONS TO THE SOCIAL SECURITY CRISIS

Mr. GRAMS. Mr. President, during the past few weeks, I have made a series of remarks on the Senate floor concerning Social Security. I discussed the history of Social Security, the program's looming crisis, the old-age insurance reform efforts taken by other nations, and the financial gender and race gaps created by the current Social Security system.

Today, I will sum up the major points I have made so far and then move on to speak about possible solutions to Social Security's problems, and the principles of reform we must uphold as we move forward.

The concept of ''social security'' originated in Europe in the 1880s. It was devised supposedly to correct the problems created by laissez faire capitalism, to avoid a Marxist-led revolution. Social Security was not an American experience. In fact, a very small group of intellectuals promoted and designed the Social Security program in this country. Congress hastily passed the Social Security Act less than seven months following its introduction in 1935. The public never got the chance to participate in the debate.

At the time, many Members of Congress from both sides of the aisle raised serious questions about the program. Unfortunately, many of their prophecies have become reality today. Senator Bennett Clark, a Democrat from Missouri, recognized the non-competitive nature of Social Security and offered an amendment to allow companies with private pensions to opt out of the public program. Workers would be given the freedom to choose either the federal Social Security program or a private pension plan offered by their employers.

The Clark amendment received popular support in the Senate, but was dropped from the conference report with the promise it would be reconsidered immediately the following year. It was not—that promise was broken, the first of many broken promises that plague us today.

In the 60 years following its creation, despite continued questions and criticism, the Social Security system has grown dramatically in size and scope. As more beneficiaries and more programs are added, Congress has raised the payroll tax 51 times.

In 1964, Ronald Reagan was among the first to suggest investing Social Security funds in the market. But no one took his advice seriously.

Then, in 1977 and 1983, Social Security ran into major crises, and Congress had no choice but to pass Social Security rescue packages that significantly increased taxes. Washington promised that Social Security would remain solvent for another 75 years. Today, another Social Security crisis is imminent. Unlike the previous two crises, however, the coming crisis will have a profound and devastating impact on our national economy, our society, and our culture.

The Social Security program's $20 trillion—that is a large number—$20 trillion—in unfunded liabilities have created an economic time bomb that threatens to shatter our economy. Beginning in 2008, 74 million baby-boomers will become eligible for retirement and the system will begin to collapse.

The problem begins with the fact that the current Social Security system is a ''pay-as-you-go'' entitlement program. The money a worker pays in today is used to support today's retirees—there are no individual accounts waiting for future retirees to dip into. This was not a problem in 1941, when there were 100 workers to support every beneficiary. It is a tremendous problem in 1998, when only two workers support each beneficiary.

These factors all lead to the conclusion that the Social Security Trust Fund will go broke by 2032 if we continue on our present course. If the economy takes a turn for the worse, or if the demographic assumptions are too optimistic, the Trust Fund could go bankrupt even earlier. Without real reform, the Congressional Budget Office and the General Accounting Office estimate the debt held by the public will consume up to 200 percent of our national income within the next 40–50 years.

A national debt at this level would shatter our economy—and shatter our children's hopes of obtaining the American dream.

Mr. President, retirement security programs worldwide, not just here in the United States, will face a serious challenge in the 21st Century due to a massive demographic shift that is now underway. The World Bank recently warned that, across the globe, ''old-age systems are in serious financial trouble and are not sustainable in their present form.''

While Congress has yet to focus on this problem, many other countries have moved far ahead of us in taking steps to reform their old-age retirement systems. Some of these international efforts are extremely successful. Chile and Great Britain are excellent examples.

Back in the late 1970s, after Chile realized that its publicly financed, pay-as-you-go retirement system would go broke, it replaced it with a system of

personalized Pension Savings Accounts. Nearly two decades later, pensions in Chile are between 50 to 100 percent higher than they were under the old government system. Real wages have increased, personal savings rates have nearly tripled, and the economy has grown at a rate nearly double what it had prior to the change.

When facing bankruptcy in the early 1980s, the United Kingdom reformed its system to allow individuals to choose the option of a new, self-financing private pension plan. The success of the English system has been overwhelming. Today, nearly 73 percent of the workforce participates in private plans, with a total pool worth more than $1 trillion. The United Kingdom will pay off its national debt by 2030, about the same time experts estimate our Social Security Trust Fund will go bankrupt.

Mr. President, we can learn a great deal from our global neighbors. As we pursue reform, we must also address the issue of why the current Social Security system puts women and minorities at a greater financial risk and disadvantage than other retirees face today. For women and minorities, average income remains low. This means they have less money available to save for their retirements. Therefore, a growing number of women and minorities are becoming increasingly dependent upon their Social Security checks. Today, the average female retiree earns approximately $621 per month, compared to her male counterpart at $810 per month. But marriage alone does not always improve a woman's situation. In fact, 64 percent of all elderly women living in poverty are widows. This is because when a spouse dies, the widow's benefits are reduced by up to one-half.

Race also continues to be an important factor in determining the level of retirement security for some Americans. As Social Security approaches bankruptcy and the rate of return diminishes, Hispanic and African-Americans will be forced to bear a disproportionate share of the financial burden.

In an economic model prepared by the Heritage Foundation, a hypothetical Hispanic community of 50,000 lost $12.8 billion in 1997 dollars over what it could have earned had they invested their Social Security funds in a conservative portfolio. The findings within the African-American community are similarly troubling. Like single Hispanic males, single African-American males have a lower life expectancy and are especially disadvantaged by the current Social Security system. A low-income, African-American male born after 1959 can expect to receive less than 88 cents back on every dollar he contributes to the Social Security trust fund.

Mr. President, Congress and the public itself have begun to focus on the inequities of the current system, with an eye toward the rapidly approaching crisis. To date, a number of Social Security reform proposals have been introduced by Members of Congress of both parties, by think tanks, and by individuals in the private sector. This is very encouraging. It appears to me there are wrong and right approaches to reforming the Social Security system. The wrong approaches are to tinker with the current system by either increasing the payroll tax or reducing benefits, or letting the government invest Social Security Trust Funds for the American people. Mr. President, let me take a few moments to discuss why.

There are two points to consider in whether the federal government itself should invest the Social Security Trust Funds in the equity markets. The positive aspect of this approach, in my view, is that the authors of this proposal have admitted the insolvency of Social Security and have recognized the power of the markets to generate a better rate of return, and therefore improved benefits for retirees. The negative side is that direct federal involvement in the markets has the potential to do great harm.

In the last week's Humphrey-Hawkins hearing, I asked Federal Reserve Chairman Alan Greenspan whether we should allow the government to invest the Social Security Trust Funds in the markets, and if this is right direction to go. Here are his exact words:

> No, I think it is very dangerous. . . I do not know of any way that you can essentially insulate government decision-makers from having access to what will amount to very large investments in American private industry. . . I am fearful that we are taking on a position here, at least in conjecture, that has very far-reaching, potential dangers for a free American economy and a free American society. It is a wholly different phenomenon of having private investment in the market, where individuals own the stock and vote the claims on management, (from) having government (doing so).
>
> I know there are those who believe it can be insulated from the political process, they go a long way to try to do that. I have been around long enough to realize that that is just not credible and not possible. Somewhere along the line, that breach will be broken.

Perhaps no one in the country is more knowledgeable about the American economy than Chairman Greenspan. He was among the first to raise the issue of Social Security's unfunded liabilities and warned Congress a few years ago about the consequences if we fail to fix Social Security. Chairman Greenspan has been consistent in his position. But last week was the first time he spoke so clearly, forcefully, and persuasively against the idea of letting the government invest the Social Security Trust Funds. Mr. President, we should never venture out onto what Chairman Greenspan called ''a slippery slope of extraordinary magnitude.

We hear some argue that Social Security is not in crisis, it is not broken, and all we need to do is make a few ''minor adjustments,'' such as raising the payroll tax by 2.2 percent. History has already proved that this approach will not work.

If we were to adopt this plan, the tax hike would cost roughly $75 billion in fiscal year 1998, which is the equivalent of a 10 percent increase in everyone's personal income taxes. Such an increase would not only represent an impossible hardship for America's already overtaxed, hard-working families, but it would not fix Social Security either.

This 2.2 percent figure is based only on what is called actuarial balance, not operating balance. This calculation itself is problematic because actuarial balance counts accumulated surpluses, which are nothing but IOUs that can only be redeemed by raising taxes or borrowing from the public. Even if Congress adopted the 2.2 percent solution, Social Security would still face large and steadily growing deficits starting in 2020.

When I asked Chairman Greenspan about this proposal, he told me that increasing taxes will not create the savings, the investment, nor the production of real assets required for retirees, because: First, it is the same failed remedy we have turned to repeatedly, and second, it does not change a pay-as-you-go system to a fully funded one. The right approach, according to Chairman Greenspan, is to allow private retirement accounts which he believes will ''far more readily move toward full funding'' of the system. He believes a fully funded system will provide the savings and investment, and thus increased productivity, needed for retirement security. I fully agree with him.

You don't have to go far to find empirical evidence supporting this approach. Employees of Galveston County, Texas opted out of Social Security in 1981 to set up a private retirement plan. Let me offer some comparisons. Under Social Security, the death benefit is only $253 while under the Galveston plan, the average death benefit is $75,000 and the maximum benefit can reach $150,000. Disability benefits under Social Security are $1,280 per month, compared with $2,749 for Galveston employees. The maximum Social Security retirement benefit is $1,280 per month, while the average retirement benefit for Galveston employees is $4,790 per month.

Mr. President, it is obvious which plan is superior.

Those who argue passionately for preserving Social Security's status quo insist that personal retirement accounts are too risky and too expensive to operate. This is not true. Any investment involves risk, but in my view, Social Security is even riskier than other long-term market investments. Social Security has already had two crises in the last two decades. The coming crisis will wipe out a worker's entire lifetime of Social Security investments. With today's well regulated and matured markets, risk can be managed to the minimum for long-term investment. In addition, workers do not necessarily have to invest in stocks. In fact, they can invest in low-risk bonds,

and even Treasury bills, and still do better than Social Security.

Actual fees and administrative costs for existing investments in the markets are generally well below 1 percent. With much higher yields, a market-based system still results in much better benefits than are realized under Social Security.

Supporters of the status quo also argue that a personalized retirement security system will hurt lower-income workers. Again, this is untrue. Under the Galveston plan, a 25-year-old worker, making $20,000 a year and retiring at age 65, will receive $2,740 in retirement benefits per month. That's more than three times greater than Social Security's $800 per month benefit.

A personalized retirement system is the best retirement system for today's and tomorrow's American workers because, not only will it make Social Security solvent, it will produce maximum retirement benefits and a sustainable economy. In fact, I believe this is the only solution to the Social Security crisis. We should move in this direction as soon as possible, and we should allow workers to use as much of their payroll tax as possible to set up their personal retirement accounts. There are existing proposals to allow workers to set aside two, three, or four percent of the payroll tax for their personal retirement accounts. These are all well-analyzed proposals, and each has its own merits. We should take a close look at them.

However, if a personalized retirement system will generate the best outcome, why do not we allow workers to put all their payroll taxes into the new system? That would allow workers to accumulate more savings, enjoy higher returns, generate additional benefits for their retirement in a shorter time, and pass the savings on to their children. By so doing, we can shift to a fully funded retirement system much more quickly. This will have an enormous, positive impact on our savings and investment, and our economy—while providing the retirement security we have pledged to deliver. I soon will offer legislation to achieve this goal.

Clearly we have no choice but to pursue real reform of Social Security. What remain are the difficult questions of how we should proceed, which principles should guide us, and which options offer Americans the best opportunities for retirement security.

In my view, the primary principle in reforming Social Security is to protect current and future beneficiaries who choose to stay within the traditional Social Security system. The government must guarantee their benefits. Any change that reduces their benefits, or adversely affects those Americans, is not acceptable. Let me repeat: it is not acceptable if any reform results in a reduction of benefits, or harms in any way those Americans who are depending—or who want to depend—upon Social Security.

I emphasize this principle not so much because we want to gain the support of seniors—although their support is essential to the success of our efforts—nor to neutralize their opposition to Social Security reform, but because of the sacred covenant the federal government has entered into with the American people to provide their retirement benefits. It is our contractual duty to honor that commitment. It would be wrong to let current or future beneficiaries bear the burden of the government's mistakes in creating a poorly-designed program and failing to foresee demographic changes.

The second principle we must uphold is to give the American people freedom of choice in pursuing retirement security. The purpose of Social Security is to provide a basic level of benefits for everyone in case of misfortune. So if social insurance is a safety net to catch those who fall, it does not make sense to penalize those who are quite able to stand on their own two feet. Freedom is the cornerstone on which this nation is built—taking away freedom will lower the standard of living we enjoy today. Allowing workers to control their own funds and resources for retirement will strengthen our constitutional democracy and put individuals in charge of their own savings.

The third principle is to preserve a safety net for unlucky or disadvantaged Americans, so that no covered person is forced to live in poverty. Today's Social Security program has 44 million beneficiaries: we must ensure that the safety net will continue to be there for them. But we must also separate the retirement function from the welfare function and make them transparent, so that we can better manage and improve old-age retirement programs and welfare programs.

The fourth principle is that reform should provide better or improved retirement security for American workers than is currently available. We can do that by enabling them to build personal retirement savings, improve the rate of return on their savings, increase capital ownership, and pass their savings on to their children.

More and more people are relying on Social Security as their only source of retirement income. As that number grows, however, the rate of return for Social Security contributions is diminishing.

And so it is becoming ever more difficult to juggle the increased dependency on Social Security with the expectations for a decent retirement. Any reform of the current system must meet this challenge and provide better benefits for every American, regardless of their income, than are available under the current system.

The fifth principle should be to replace the current pay-as-you-go system with a fully funded program. The fundamental flaw of the Social Security system is the PAYGO finance mechanism, which has been very vulnerable to changing demographics, and hardly remains actuarially balanced.

It has created enormous financial burdens for our children and grandchildren. Moving to a fully funded system will not only reduce inequality among generations, it will also greatly increase our nation's savings and investment rates, and therefore prosperity.

The sixth principle is that any reform of the current system should not increase the tax burden of the American people. The taxpayers are already paying an historic 40 percent in federal, state and local taxes out of every paycheck they earn.

Although Congress has increased payroll taxes more than 51 times in the past 63 years, Social Security still faces a crisis. Hiking taxes yet again to fix Social Security would be unfair and unjust to working Americans, and would only pave the way for additional, future tax increases.

We must neither increase taxes to tinker with the current system, nor to finance a transition from a PAYGO system to one that is prefunded. Instead, we should look for a more innovative and more appropriate way to finance reform, such as reducing government spending and selling government assets, to achieve the goal.

Although the degree to which the various reform proposals being discussed meet the core principles I have outlined varies greatly, the fact that we are openly debating this subject at all is heartening.

In conclusion, Mr. President, the looming Social Security crisis is real. The threat to our economy is devastating. The best solution to avoiding this imminent crisis is to move from Social Security's PAYGO-based system to a personalized retirement program that is fully funded and offers each American the security they seek—and deserve—in their retirement years.

Congress has the power to create this brighter future for all. Congress has the responsibility to act before the coming danger is irreversible. All Congress needs now is courage.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. D'AMATO. I thank the chair.

(The remarks of Mr. D'AMATO pertaining to the introduction of S. 2419 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

PROGRESS TOWARD A MORE EFFECTIVE RCRA

Mr. LOTT. Mr. President, I rise today to acknowledge and commend the Members and staff of the Environment and Public Works Committee for their tireless work towards producing a targeted RCRA reform bill this Congress.

Mr. President, what the Committee has undertaken is no easy task. Although the bill we are crafting only deals with a narrow part of the Resource Conservation and Recovery Act, the drafting process has been a difficult and long road. RCRA is the most complex and technical environmental statute in existence, and to fix a piece of it,