

Present law	Reduction of 1% effective December—		Reduction of 0.5% effective December—	
	1995	1996	1995	1996
Change in actuarial balance over next 75 years (percent)	1.44	1.41	0.74	0.73
Actuarial balance (percent) ..	-2.17	-0.74	-0.76	-1.43
Year of exhaustion	2030	2049	2048	2036
First year in which outgo exceeds tax income	2013	2018	2018	2015
Maximum trust fund ratio (percent)	269	408	397	332
Year Maximum ratio is reached	2011	2015	2015	2014

HARRY C. BALLANTYNE,
Chief Actuary.

SOCIAL SECURITY TRUST FUNDS

Mr. CONRAD. Mr. President, earlier today Senator DOMENICI inserted in the RECORD a column by Charles Krauthammer that displays a fundamental misunderstanding of the operation of the Social Security trust funds and attacks my position on this issue. I ask unanimous consent that the response written by Senator DORGAN and me, which ran in the Washington Post on March 16, 1995, to correct the many factual and logical errors in Mr. Krauthammer's argument, also be published at an appropriate place in the RECORD.

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

[From the Washington Post, Mar. 16, 1995]

UNFAIR LOOTING

(By Byron L. Dorgan and Kent Conrad)

Charles Krauthammer's uninformed defense of an indefensible practice ["Social Security Trust Fund Whopper," oped, March 10] demonstrates that it is possible to be a celebrated pundit yet know nothing of the subject about which one is writing.

In attacking us for our position on the balanced-budget amendment, Krauthammer misses the mark by a country mile on two very important points. First, he insists incorrectly that "Social Security is a pay-as-you-go system" that "produces a cash surplus" because "so many boomers are working today." Second, he ignores the fact that Social Security revenues were never meant to pay for expenses incurred in the federal operating budget. Missing both fundamental points undermines the credibility of Krauthammer's conclusions.

Here are the facts:

First, Social Security is not a pay-as-you-go system. If it were, Social Security benefits would exactly equal taxes, and there would be no surpluses. But there are. This year alone Social Security is running a \$69 billion surplus.

Apparently, Krauthammer completely missed the 1983 Social Security Reform Act, which removed the system from a pay-as-you-go basis. In 1983 Congress recognized that in order to prepare for the future retirement needs of the baby boom generation, we should raise more money from payroll taxes now than is needed for current Social Security benefits. We did that because when the baby boomers retire, there will not be enough working Americans to cover Social Security benefits on a pay-as-you-go basis. We will need accumulated surpluses to pay these benefits.

Second, Social Security revenue is collected from the paychecks of working men and women in the form of a dedicated Social Security tax, deposited in a trust fund and

invested in government securities. This regressive, burdensome tax (almost 73 percent of Americans who pay taxes pay more in social insurance taxes than in income taxes) isn't like other taxes. It has a specific use—retirement—as part of the contract this nation made 60 years ago with working Americans.

Because this tax is dedicated solely for working Americans' future retirement, it shouldn't be used either for balancing the operating budget or masking the size of the budget deficit. Krauthammer not only irresponsibly condones the use of the Social Security surpluses to do these things, he thinks we should enshrine this procedure in our Constitution.

He apparently does so because he doesn't understand the difference between balancing an operating budget and using dishonest accounting gimmicks to hide operating losses. To illustrate the difference and how it works to loot the Social Security trust funds, let's use an example a little closer to home for Krauthammer.

Assume that Krauthammer is paid a lucrative salary by The Washington Post, which puts part of the salary into a company retirement plan. Then let's assume The Washington Post comes upon hard times and starts losing money each year.

Here's where honesty matters. The Post has two choices. It could face up to its problems and move to balance its budget. Or it could follow Krauthammer's prescription and disguise its shortfall by raiding the employees' retirement fund to make it appear that the operating budget is balanced. Of course, the retirement fund would have nothing but IOUs in it when it comes time for Krauthammer to retire. At that point, even Krauthammer might recognize the fallacy of looting trust funds to pay operating expenses.

Absurd? Sure. But the flawed Republican balanced-budget amendment plan would in the same way keep on looting Social Security trust funds to balance the federal operating budget. Instead, we should take the honest course and begin the work now to bring our federal operating budget into balance without raiding the Social Security trust funds.

Contrary to Krauthammer's assertion, the only fraudulent point about this issue was his uninformed column.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, morning business is now closed.

JERUSALEM EMBASSY RELOCATION IMPLEMENTATION ACT OF 1995

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of Senate bill 1322, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1322) to provide for the relocation of the United States Embassy in Israel to Jerusalem, and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. KYL. Mr. President, I am one of the original cosponsors of this legislation and would like to begin the discus-

sion of the legislation until the majority leader and the chairman of the Senate Foreign Relations Committee have an opportunity to come to the floor and make their opening statements in support of S. 1322.

This is historic legislation. It is important legislation, for a variety of reasons that affect everyone in this body and, frankly, most of the people in this country. It is a strong statement of foreign policy implications. It is a strong statement in support of our longstanding relationship with the State of Israel.

I want to begin by describing briefly what the legislation would do and what the rationale for the legislation is. The bill begins by making a series of findings which report on the history of the status of Jerusalem, leading up to some conclusions of policy by the U.S. Government. Let me state those conclusions of policy first.

The bill provides that:

It is the policy of the United States that—
Jerusalem should remain an undivided city in which the rights of every ethnic religious group are protected;

Jerusalem should be recognized as the capital of the State of Israel; and

the United States Embassy in Israel should be relocated to Jerusalem no later than May 31, 1999.

The bill then goes on to provide a mechanism for the President to establish, to relocate the U.S. Embassy in Jerusalem, and that that process would be completed by May 31, 1999. The bill originally provided for a beginning date in 1996, but out of deference to concerns expressed by the State Department and the President and others, that particular provision was taken out of the bill, primarily because, of course, the key is the date that the Embassy is opened, not the date that we begin construction on a new Embassy or the conversion of the existing consulate into a new Embassy.

Let me now turn to the findings that are stated in this legislation and then discuss a little bit of the history of this particular matter:

Each sovereign nation, under international law and custom, may designate its own capital.

And that is the first finding that we make.

Since 1950, the city of Jerusalem has been the capital of the State of Israel.

The second finding.

[It is] the seat of Israel's President, Parliament, and Supreme Court, and the site of numerous government ministries and social and cultural institutions.

That is our third finding.

In No. 4 we make the point that:

The city of Jerusalem is the spiritual center of Judaism, and is also considered a holy city by the members of other religious faiths.

(5) From 1948–1967, Jerusalem was a divided city and Israeli citizens of all faiths as well as Jewish citizens of all states were denied access to holy sites in the area controlled [then] by Jordan.

The sixth finding of this legislation is that: