I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GRAMS. 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 President, I ask unanimous consent that the order for the quorum call be rescinded.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. GRAMS. Mr. President, what is the business before the Senate?

The PRESIDING OFFICER. The motion to proceed on H.R. 10 is pending under cloture.

Mr. GRAMS. Mr. President, I ask unanimous consent that that be set aside and I be allowed to speak as in morning business for up to 40 minutes.

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

IMPROVING SOCIAL SECURITY

Mr. GRAMS. Mr. President, our Nation's Social Security system, forged in a much simpler time and patched and plugged over the years to keep it relevant, has been a godsend for millions of Americans over the program's 63-year history. It doesn't provide a life of luxury, but Social Security offers senior citizens a little bit of certainty during what is often a very tough time.

I have friends and family members who depend on that monthly check from Social Security, and I am grateful that it is there for them and would never do anything to take it away. But that is not to say we can't do something better, or we should not try to improve a system that will not be able to provide that certainty for retirees in the future.

As a product of the 1930s, it is clear that the Social Security system is a system that was best suited for yesterday, not tomorrow. Social Security's pay-as-you-go structure fails to meet the challenge of a sharp demographic change that is now underway in this country. With fewer and fewer workers supporting each retiree, the program is soon to go broke, or it will be too costly for our children and grandchildren to support, thus creating financial hardship for millions of baby boomers and leaving nothing for future generations. In the meantime, Social Security is shortchanging today's workers, denying them the opportunity to expand their personal wealth and control their own financial destinies.

The coming Social Security crisis is real, and it will shatter our economy and destroy the ability of our children to achieve the American dream. The question is, why? Because the only way to save the current system is to raise taxes by more than double, reduce benefits as much as one-third, while raising the age of eligibility to retire as high as 70 years old. These solutions are unacceptable for the workers of the future. If you offered this to somebody, why would they want to pay more, get less, and wait longer for retirement? To be honest with our families, we have no choice but to pursue real reform of Social Security. Mr. President, the sooner we act, the easier and less costly our choices will be and the more secure our children's future will be.

With a strong sense of responsibility, I rise today to introduce legislation that I believe will offer the best solution to avoiding the crisis ahead and preserving Social Security, while providing improved retirement security for every working American as we now approach the 21st century.

Mr. President, during the past six decades, whenever a Social Security crisis would arise, Washington's approach was to tinker with the system by either increasing the payroll tax or reducing benefits. When the tinkering was done, the politicians would slap themselves on the back and claim that Social Security will be solvent for another 50 to 75 years. That has happened more than 50 times—always at the expense of the American workers, who found themselves with higher taxes or lower benefits. But this is obviously the wrong approach. If it had worked before, we would not be where we are today.

Social Security, as you will remember, started off taking only one-half of 1 percent of your income. It is now at 13 percent. One-eighth of everything you make goes into a system that, right now, can't promise you that you are going to get the benefits that you expect.

Unlike any previous crisis, the magnitude of the current situation makes a traditional bailout impossible. Again, under an optimistic scenario, it would require a payroll tax increase of at least 50 percent or a one-third cut in benefits just to keep Social Security from bankruptcy. Under a more realistic ''high-cost'' projection, paying promised Social Security benefits would require the current 12.4 percent payroll tax to be more than doubled to 26 percent. If you include the additional tax to save Medicare, the total payroll tax would have to increase to an astonishing 46 percent, and even a tax hike that massive would be only a temporary fix. The total tax—income and payroll—could reach as high as nearly 80 percent for young Americans who enter the workforce today.

Payroll tax hikes at this rate will heavily burden working Americans who are already struggling to make ends meet. They will rob our children of their financial future, and demolish our economy.

Reducing benefits is not an acceptable solution. Low-income families are increasingly dependent on Social Security; in 1994, Social Security benefits accounted for 92% of the total income received by elderly Americans living alone, beneath the poverty line. A one-third benefit reduction will throw more elderly and disadvantaged Americans into poverty, and cast those already mired in poverty into further desperation. Again, those benefit cuts could be much deeper under more realistic scenarios.

We must abandon the traditional approach to fixing the Social Security system. We must expand our thinking—explore new opportunities to fundamentally change the way we think about Social Security—resolve the problems once and for all and offer the American people nothing less than peace of mind when they retire.

The best solution to avoiding the imminent crisis is to move from Social Security's pay-as-you-go system to a personalized retirement program that is fully funded and offers retirement security to every American. This is not a new idea. Sixty years ago, during debate in this chamber over creation of the Social Security system, Democratic Senator Bennett Clark proposed just such a plan. It passed the Congress overwhelmingly but was pulled out in conference with the promise it would be done the next year.

Again, back in the 1930's, Democratic Senator Bennett proposed a plan for personal accounts for retirement. It passed the Congress overwhelmingly but it was pulled out in conference again with the promise that it would be done the next year. That promise was never kept by the few who advocated a government-financed and run program. During each past crisis, similar proposals of personal retirement accounts have been discussed—yet never implemented.

Today, there are a number of plans that have been introduced by my colleagues from both aisles, favoring diverting anywhere from 1 to 4 percent of the Social Security payroll tax to set up a system of market-based personal retirement accounts. My colleagues are to be commended, Mr. President, and this is a move in the right direction.

However, if a market-based personal retirement system works so well, and is the right things to do as proven by countries like Britain, Chile, Australia and others, we should take full advantage of it by accelerating the wealth building for retirement security and expediting the transition from a PAYGO system to a fully funded system.

Mr. President, this is precisely the reason I am introducing my reform plan.

My legislation, the ''Personal Security and Wealth in Retirement Act,'' is based on six fundamental principles, principles that must guide Congress in any effort we undertake to ensure retirement security. The primary principle is to protect current and future beneficiaries, including disadvantaged and disabled adults or children, who choose to stay within the traditional Social Security system. The government must guarantee their benefits. There should be no change that reduces their benefits, and no retirement age increase.

Let me say that again: a guarantee of no change in benefits or age of retirement for those who wish to stay within the traditional Social Security system. We must do no less.

I emphasize this principle not so much because we want to gain the support of seniors, 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's our contractual duty to honor that commitment. It would be wrong to let current or future beneficiaries bear the burden of the government's failure to make the changes needed in a system that cannot handle the demographic changes that will begin to create huge cracks in our existing program.

The second principle my plan upholds is that Social Security reform must 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. And 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.

The third principle is to preserve a safety net for disadvantaged Americans, so no covered person is forced to live in poverty.

My fourth principle is that reform should make every American better off, and certainly no worse off, in their retirement than they are under the current system. It should enable workers to build personal retirement savings, improve the rate of return on their savings, increase capital ownership, and pass on their savings, as part of their estate, to their children.

The fifth principle is to replace the current pay-as-you-go financing scheme, in which today's workers support today's retirees, with a fully funded program.

In other words, one generation will pay for its own retirement and not rely on the second and third generation to pay for it. Social Security's pay-as-you-go feature is the program's fundamental flaw because it leaves the system vulnerable to changing demographics, thus creating enormous financial burdens for our children and grandchildren. Moving to a fully funded system will not only reduce inequality among generations, it will greatly increase our nation's savings and investment rates, and therefore prosperity.

The sixth principle is that any reform of the current system must not increase the tax burden of the American people. The taxpayers are already giving up an historic 40 percent in federal, state, and local taxes out of every paycheck they earn. Hiking taxes yet again in the name of fixing Social Security would be unfair and unjust to working Americans, and would only pave the way for additional, future tax increases.

Mr. President, with the above-mentioned principles as its foundation, the plan I bring before the Senate today is designed to achieve the goal of providing better and improved retirement benefits for all Americans. The proposal I will outline here is carefully designed to produce a highly appealing retirement option by maximizing the freedom and prosperity of working people. I have consulted seniors, farmers, small business owners, as well as large employers. I have made a number of revisions in accordance with their views.

Now, Mr. President, allow me to present the highlights of the plan and explain how it works.

The first component of the ''Personal Security and Wealth in Retirement Act'' upholds our primary principle by allowing people to remain in the current Social Security program if they so choose. In fact, my plan clearly stipulates that it is the right of workers to do so, and that they will be protected. The government will guarantee the promised benefits for those who elect to stay within the traditional system.

Many of the existing reform proposals include components to increase the retirement age to anywhere from 67 to 70, and/or mandate a reduction in promised benefits. The polls show that 75 percent of the American people oppose the age increase. That is hardly a surprise; the American people already work too hard. It is not fair to raise the retirement age and force them to extend their work careers. You cannot promise one thing and then do another.

Nor is it right to reduce their benefits. Such an irresponsible approach would serve only to throw more elderly Americans who increasingly depend on Social Security into poverty, and increase the hardship dramatically on those who are already suffering under poverty.

That is why my plan explicitly protects those who choose to stay within the current system against an age increase or benefit reduction of any kind—again, those who choose to stay within the current system are explicitly protected.

The key provision of my plan is to allow workers to set up a market-based, fully personalized retirement account, or PRA. Currently, workers and their employers pay a 12.4 percent FICA tax into the Old-Age/Survivor and Disability Insurance Trust Funds. Under my plan, we will allow workers to divert 10 percent out of their 12.4 percent FICA tax, within the covered earnings, into their PRAs and use the remaining 2.4 percent to finance transition costs. The responsibility for payment of taxes will be equally divided between employers and employees.

When the transition is complete, the 2.4 percent will be eliminated as tax relief, because under a market-based retirement system, a savings investment of 10 percent will itself provide a generous retirement.

In fact, with the 2.4 percent tax cut, workers would be paying 20 percent less into the fully funded system and they could still expect at least twice as much in benefits as they receive under Social Security. So our plan would actually cost less and it would provide more—much different from the current system.

Under this plan, workers would enjoy maximum freedom to control their funds and the resources for their own retirement security. Workers would have at least the freedom to design their own retirement plan, investing in stocks, equities, bonds, T-bills, or any combination of these or other approved financial instruments with approved investment firms and financial institutions. A worker could even have their funds placed in a traditional savings account, if they would choose.

There is no doubt that a market-based retirement system will generate much better returns than the traditional Social Security system we have today. Government data show that almost all workers in two-earner families receive real returns from their Social Security of approximately only 1 percent—a 1-percent or less return on their investments, with some actually receiving even negative returns. The return reaches 2 percent only for a family with two low-income working spouses. And these returns under Social Security will only diminish further in the future with benefit reductions and the raises in retirement age.

Compare that to the performance of the market where, over the 70-year period from 1926 to 1996, the average annual nominal return was 10.89 percent. And if you adjust that for inflation, that is still an average annual rate of return of 7.56 percent. So in over 70 years of the market there has been an average annual return of 7.56 percent. You couple that with Social Security now promising 1 percent or less in returns. It is much sounder, much better benefits for those under the new PRA system.

PRAs will put the power of compound interest to work in providing benefits for everyone, and under my plan the average annual benefits for two average-income, full-time working spouses could reach over $200,000. Compare that to $33,000 under today's Social Security. For one spouse earning an average income, the benefit could be $140,000. Meanwhile, you provide under Social Security only about $29,000. Low-income families also do better under my plan. The current Social Security program would provide $18,000 in annual benefits, but under this legislation their benefits could reach as high as $100,000.

Now, this isn't a fantasy; it can be achieved, and the proof can be found right here in America. Consider the employees of Galveston County, TX. They opted out of Social Security back in 1981 to set up a private retirement plan, an option on which the Federal Government long ago has shut the door. And here is what they have been able to achieve in Galveston County. 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. What a difference —$253 under Social Security and up to $150,000 in Galveston County, TX.

The disability benefit from Social Security is $1,280 per month, but in Galveston County, TX, for its employees, disability benefits are $2,749—more than double the disability benefits for their employees in Galveston County, TX, than under Social Security.

The maximum Social Security retirement benefit is $1,280 per month, but in Galveston County the average monthly retirement benefit for its employees is $4,790 a month—four times, nearly four times greater under the personal retirement plan than under Social Security—$1,280 per month under Social Security, and Galveston County, with their personal retirement accounts, $4,790 a month.

To their great credit, some in Washington have recognized the power of the markets. Their solution, however, has been to suggest we let the Federal Government invest the Social Security trust funds for the American people, or at least allow the Federal Government to invest a portion of it.

While appreciating the distance that my colleagues have come in reaching this point, I strongly believe that Government investment of the Social Security funds is dangerous and that it could seriously disrupt a market that is performing so well. Even Federal Reserve Chairman Greenspan agrees that this is an unworkable idea, and in a recent hearing of the Senate Banking Committee he said:

> No, I think it's very dangerous. . . I don't 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.

He also said:

> 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.

That was Chairman Greenspan.

Studies reveal that the current Social Security system discriminates against divorced women. If a woman gets married, stays home to care for her children, and divorces in less than 10 years, she doesn't get any benefits from Social Security. As a result, women in general receive lower benefits than men do. Poverty rates are twice as high among elderly women as among elderly men—13.6 percent versus 6.2 percent. Imagine supporting a retirement system that puts many of our parents into poverty—not security but into poverty.

My plan recognizes the need to have some form of protection built into the system to protect nonworking spouses as well, usually women, and especially in the event of divorce, and we propose to allow couples to treat the worker's retirement account as community property so divorced women would be able to share in the retirement benefits. Research shows that a 10-percent savings contribution rate would benefit women more than a partly personalized two-tiered system. And that is true even for poor women who move in and out of the job market.

Critics of a personalized fully funded retirement system often cite Social Security's survivor and disability benefits as a key reason to defend the status quo, but, of course, they often omit the many restrictions that go along with these benefits as well. The fully funded retirement system I am outlining could provide better disability benefits than the current Social Security system offers, and again I will refer back to Galveston County, TX, as a great example. Under my plan, for example, when a worker dies, his family would inherit all of the funds accumulated in his PRA. The savings would not disappear into the black hole of the Social Security trust fund.

The system would also provide, in addition to the retirement savings, a survivors benefit package. So imagine, Mr. President, right now—and I use my father as an example. When he died at the age of 61, there were no benefits at all from Social Security. So for the whole time that he paid into the system, he got $253 as a death benefit. But under our plan, all the money that he had accumulated in his personal retirement account would become a part of his estate tax free and go to his heirs—not to the Government but to the family. His heirs would benefit from his investment into his retirement account. Also, the system, as I said, would also provide, in addition to the retirement savings, a survivors benefit package.

Let me share a personal note here to prove that point. Under my legislation, retirement dollars stay right where they belong, and that is with the family that faithfully collected them, not with the Government. The Social Security disability insurance trust fund is most imperiled. Currently, workers pay 1.7 percent of their FICA tax for disability insurance. But the DI trust fund will be exhausted in the year 2019. GAO believes the program now to be outdated and that it doesn't reflect today's realities. So my plan requires that fund that manages the PRAs to use part of their annual contribution or yield to buy both life and disability insurance, supplementing their accumulated funds to at least match the promised Social Security survivors and disability benefits.

By requiring retirement funds to purchase life and disability insurance for workers, all workers in each individual fund would be treated as a common pool for underwriting purposes and the insurance would be purchased as a group policy; not by individual workers, but by the investment firms or financial institutions, thus avoiding insurance policy underwriting discrimination while providing the largest amount of benefits at the lowest possible costs.

Mr. President, another special feature in this plan is to allow PRAs to be established early on in life, before a child is even out of diapers. The idea is that when a child is born and given a Social Security number, his or her parents, even grandparents, should be able to put money into that child's retirement account and to allow compound interest to work. Mr. President, $1,000 deposited for a newborn could grow to nearly $200,000 by the time that child retires. That would not be a bad start. So, if you put $1,000 into his account when the child is born, by the time he or she would retire, that would add an additional $200,000 to that account. Not a bad start, and again it shows the power of compound interest.

In fact, when Albert Einstein was once asked what is the most powerful force on Earth, he answered without delay; he said, ''compound interest.''

To supply maximum flexibility and allow workers to tailor their insurance and retirement package according to their needs and financial ability, the Personal Security and Wealth in Retirement Act allows workers to invest up to 20 percent of after-tax income to make additional voluntary contributions to their PRAs. So those who want to look ahead and even maybe plan for an early retirement, they can put even more money away, up to 20 percent of their income. That way, funds will be accumulated faster, making early retirement possible. And, since this would be an after-tax contribution within the current income limit, it would not provide a tax shelter for the rich. I do not know about you, but I am hard-pressed to think of a better way to encourage savings, to allow workers to better control their retirement finances.

One of the key components and most important parts of my plan is to ensure that a safety net will be there at all times for disadvantaged and unfortunate individuals. This can be done without any Government guarantees of investments or overly strict regulation of investment options. Under this legislation, a safety net would be set up and would be involved with a guaranteed minimum level: 150 percent of the poverty level. When a worker retires, if his or her PRA fails to provide the minimum retirement benefits, and for whatever reason, the Government then would make up the difference. It would fill the glass to the top. The same applies to survivor and disability benefits. If a worker dies or becomes disabled and his or her PRA doesn't accumulate sufficient funds in order to provide the minimum survivor and disability benefits, the Government would match those shortfalls.

The simple safety net is necessary, and the minimum benefit would guarantee that no one, no one in our society would be left impoverished in retirement while still allowing workers to enjoy the freedom and prosperity achievable under a marketed-based retirement system.

Some of my colleagues may be concerned about the Government financing this type of subsidy. Since the likely performance of the personalized retirement system would be far better than today's, Government spending for this minimum benefit is likely to be quite modest. In fact, the reform overall would probably allow us to reduce Government income assistance spending by far more than we would spend subsidizing the minimum benefit.

Let me say that again. If this would work out and allow the Government to help subsidize the minimum benefit, to make sure no one retires into poverty—in fact retirement benefits would be 150 percent of poverty—that would reduce Government income assistance spending by far more than we would spend to subsidize the minimum benefit. Because workers would retire with far higher benefits through the personalized retirement system, they would need less Government assistance than they need today. So, again, there would be savings in the system that would help to pay for this subsidy.

Unlike all other existing proposals, workers under my legislation could retire at any time. So, again, unlike all the other existing plans that are out there, workers under my proposal could retire any time they choose and withdraw funds from their PRAs as long as the minimum retirement benefit could be guaranteed by the account. So what we are doing is giving control of not only the fund, but also the future plans of the retired individual. When he wants to retire, rather than the Government saying you have to retire at 65, under my plan you could retire at 55 if you had the money set aside to meet those minimum benefits. Or if you wanted to continue working, you could stop paying into the account and you could work until you are 75 and invest in other avenues or other financial instruments.

Once workers reach the minimum retirement benefit level they can continue to contribute to the PRAs, but they would not be required to do so. They could then choose to retire, continue working and invest that portion of income in other accounts, or they could just plain choose to spend their money as they wanted to. The rationale for this is simple. When workers accumulate enough funds for their retirement, they are no longer in danger of becoming a burden on society and they should therefore be allowed to retire at any age they choose without the Government telling them when.

Why should the Government tell you when you can retire or penalize those who choose to continue working or retire even earlier? Over time, early retirements will surely reduce the ratio of workers per beneficiaries. But because this is a fully funded system, demographic changes will have no effect—they will have no effect—on the solvency of the system. A generation would pay for its own retirement. It will not be held hostage to the next generation. And the word ''independence'' fits right here.

Under this plan, workers could use the accumulated funds upon retirement to buy an annuity paying promised benefits for the rest of the worker's life. Annuities would be structured to provide benefits not just over the worker's life, but also over the life of their spouse. Unlike today, widows would not have to live in poverty. The benefits would not be reduced when one or the other would die. Or the workers could make regular, periodic withdrawals or a lump sum withdrawal of the money not needed to buy the annuity to provide the minimum benefits.

The bottom line is that these withdrawal options would allow workers to basically sit down, to design their own retirement income so they will not be forced to buy an annuity when the market is temporarily down upon their retirement. And what is more, all the withdrawals will be tax free and smart retirement planning will help maximize the benefits.

One of the major criticisms of a market-based personal retirement account system is that it inherently is volatile, and again subject to the whims of investors, exposing a worker's retirement income to unnecessary risks. My plan has specifically addressed this concern by requiring the approved investment firms and financial institutions that would be there to manage personal retirement accounts to have insurance against any investment loss. By approximating the role of the FDIC, we ensure that every PRA would generate a minimum rate of return of at least 2.5 percent to provide no less than the minimum retirement benefits.

Regardless of the ups and downs of the markets, workers would still do better under this system than under the current Social Security system. So even under the minimum benefit of 2.5 percent minimum, that is still better than the current system of Social Security today paying 1 percent or even less. This is another safety net built into the plan to give the American people peace of mind when it comes to their retirement investment. Further, to reduce risks to a worker's PRA, my legislation also requires that rules, regulations and restrictions similar to those governing IRA's would apply to personal retirement accounts as well. PRA's must be properly structured and they must follow strict, sensible guidelines set forth by the independent Federal board that will be set up to oversee the system.

To choose qualified investment firms and financial institutions that will be there to manage the PRAs, the oversight board would be responsible for examining the credibility and ability of the companies and approve them as PRA managers accordingly.

As workers choose the new worker retirement system, this legislation requires the Government to issue also what we call recognition bonds. That is, to help compensate them for past taxes that they have already paid into Social Security so that you would not lose any money that you have already paid into the existing Social Security system. The bonds would be credited with real interest for workers over the age of 50. The bonds for workers below 50 and above 30 would be credited with an inflation adjustment. So since younger workers would benefit most from the reform, workers under the age of 30 would not get recognition bonds.

Another important element of the plan is to ensure that a worker's PRA remains his or her private property, and also that the holder has the right, as I have said before, to pass it on. So it becomes part of the estate for their family or heirs, not for the Government. When he or she dies, the remaining funds would be transferred to any person or persons designated by the holder. Their heirs would not pay any estate tax on the inheritance as well.

So, Mr. President, a major legitimate concern about PRAs is the transition cost. Obviously, this is the most difficult part of every PRA plan. Every PRA plan has had to struggle with this. Social Security, however, has accumulated to date over $20 trillion in unfunded liabilities. So, in other words, we have made promises—Congress, the Government—has made promises to Americans saying we are going to pay X amount of benefits to retirees. If you put that into dollars—we have underfunded; we have made promises but with no money to back it up yet—$20 trillion in unfunded liabilities.

The transition from the current system to a personal and fully funded retirement system will also be costly. However, my point is we should not focus too much on this issue at the expense of resolving the coming Social Security crisis because if we do not make the tough choices, the trust fund is going to go broke.

So we have $20 trillion in unfunded liabilities. The estimates are, to transition to a personal retirement account system would take maybe about $13 trillion.

We believe it is going to be a less costly, more secure future and providing better benefits if we step up to the plate and make the decisions we need to make. No matter how much we pay for the transition, it is still much cheaper to finance the transition than it is to watch Social Security go broke, because once our plan is fully solvent, Social Security will still be facing some of the biggest problems or even greater problems in funding.

Having said that, Mr. President, we should also be sensible about the transition costs. We shouldn't increase the overall tax burden or incur huge debt to finance the transition. Again, we shouldn't be out there increasing the overall tax burden. We shouldn't be out there building a huge debt to finance this transition. And since the unfunded liability is enormous, we need to find some innovative ways to help pay for them, not through tax hikes, not to burden Americans with more taxes, but to find innovative ways to help make the transition.

As you know, when a family faces financial trouble, every member of the family pitches in. It first cuts its spending, it won't go to the movies, or it might not eat out as often as it has and will delay purchasing big household items. The Government needs to take the same type of approach. A family, when it is facing a financial crisis, needs to pitch in and make financial sacrifices to make it through. The Government has to do the same thing.

My plan proposes to help cut Government spending to help finance the transition. We require capping mandatory Government spending by allowing only new spending for new beneficiaries who meet the same criteria for benefits under the law. This would prohibit the expansion of these programs during the transition, but it would still cover those entitled to the current benefits.

In addition, we propose a 5-percent across-the-board budget cut for every Federal agency, plus a 15-percent reduction in Government overhead.

Mr. President, in the long run, my plan will balance itself because as workers opt for the personalized retirement system, they will receive fewer benefits from the old Social Security system as a result. Again, remember the statement made by the President and many others, and that statement is: Save Social Security first. That takes money, not just good intentions; not slogans, but actual action.

Since the plan is designed to spread its transition costs across generations, the system will start off relatively slowly. It will grow over time and, therefore, offer other financial mechanisms that will be needed, particularly during the start-off period.

One of these mechanisms is to ask workers who opt out of the Social Security system to continue to pay, as I said before, the 2.4 percent of their FICA tax to help with the transition. Right now, we pay 12.4 percent of income into Social Security. Under this plan, 2.4 percent would go to transition costs. The other 10 percent would go into the individual retirement fund.

The plan also proposes using the majority of the general revenue budget surplus, again with the notion, ''Save Social Security first.'' If there is a surplus, the majority of our budget surplus should go to helping reduce the transition costs of Social Security.

To cover a portion of the transition deficit, we would sell the $700 billion in Government bonds that have accumulated in the Social Security trust fund. If we still fall short in financing the gap, my plan calls for issuing new Government bonds to the public in order to help raise money. This would be done over a period of time, and, again, this stretches the financing of the transition over generations, not one generation having to pay for the mistakes the system has made, but many generations will have to help cover the costs.

These bonds would not involve new Government debt. This is important—no new debt. We are not talking about issuing new bonds to create new debt but to, in other words, put into focus the $20 trillion in unfunded liability. What we are doing is saying we are now going to recognize that and put into place bonds that are going to help cover this. Again, this is not new debt but only explicit recognition of the implicit debt that the Government already owes through the unfunded liabilities of Social Security.

These are the promises that we have already made, and they need to be paid for. It is the cost of hanging on to this system too long, and it will cost even more if we wait.

Mr. President, the advocates of the status quo are using the recent stock market adjustment in an attempt to scare the American people away from a market-based retirement system. In my view, it is highly improper to use market cycles as the reason to deny exploring a viable solution to the coming Social Security crisis.

Historical data recognizes market cycles, and the long-term prospects for the stock market have always been bullish. William Shipman, one of the country's leading pension management experts, has studied the worst performances of the market. He finds that in the past 70 years—and this includes the period of the Great Depression—on only 10 occasions have stocks fallen by 18 percent in 1 quarter or 14 percent in 1 month or 8 percent in 1 day. Even if the market would drop 89 percent on the day that a worker entered retirement, that worker would still have more in their retirement account than they would have available under Social Security.

If you look at the numbers, Mr. President, again, even if the market would happen to drop 89 percent of its value in just 1 day, and it happened to be on the day the worker retired, the worker would still have more in their retirement account than they would have available under Social Security. That would be a worst-case scenario.

We know that better planning and looking ahead would mean the worker would lose very little, if any, no matter how the market cycle would go with good financial planning. So the scare tactics that many are using are just that, scare tactics in order to help support their current Social Security system. We need to give the American people the information they need so they can make a very educated choice. We don't need scare tactics from either side. We need just to lay out the information, show them the truth, and then allow Americans to help us make this change.

Let me repeat, even if the market dropped 89 percent on the day a worker entered retirement, that worker would still have more in their retirement account than they would have available under Social Security.

Mr. President, there are also many safeguards in this plan that a worker would not have to draw retirement money on that day, that there could be moneys taken out so he could wait a while or also do many things leading up to his retirement so he wouldn't have to worry what was going to happen on that last day. There are many choices and options to maximize retirement benefits, but many are going to use any fluctuations in the market to try to scare people. Again, we need to just give the American people the information they need to help them make the choice.

As you know, our entire economy is based on a capitalistic market. If the market drops at this rate, even Social Security won't be immune from any downturn. We will have to borrow against future workers to pay any benefits. A market-based retirement plan is a long-term investment, not short-term speculation, and that is a key distinction that I urge all my colleagues to acknowledge in considering this plan.

The market-based retirement plan is a long-term investment, not a short-term speculation. When you are in it for 40 years, you can ride out those cycles, but, again, over the last 70 years the market has paid 7.56 percent in interest, not the 1 percent or less than we now see in Social Security.

The entire debate over how to reform Social Security boils down to a few simple questions: Do you trust the Government to provide retirement security, or would you rather rely on yourself and would you rather have more control over your own resources? Do you want the Government to be your financial adviser? Is it necessarily true that what is good for Washington is good for you? I don't think so. To me and many Americans, the choice is very clear.

In conclusion, I turn to the words of President Franklin D. Roosevelt on June 8, 1934, and that is the day he proposed to Congress the establishment of the Federal Social Security system. He wrote this:

> This seeking for a greater measure of welfare and happiness does not indicate a change in values. It is rather a return to values lost in the course of our economic development and expansion.

Mr. President, 63 years later, after six decades of economic development and expansion that dwarf what the world had known in 1934, we began to stray from the values that helped found this great Nation. We have strayed from the words of President Franklin Roosevelt as he signed Social Security into law.

In 1998, Americans choose to turn, not to the Government to provide that ''greater measure of welfare and happiness,'' but to the individual, to ourselves; not to look to Washington, but to look to our families. The Government cannot be there to provide the ''greater measure of welfare and happiness.''

Mr. President, the Personal Security and Wealth in Retirement Act acknowledges that to achieve the fullest measure of security and individual liberty, the individual must be free from the inherent constraints of Government. It restores those values from which we have drifted, and it offers every American the opportunity to achieve real personal wealth—not with the Government telling you what you are going to get in retirement, not with the Government telling you you have to retire, not with the Government telling you what benefits that you are going to get—but America will be offered the opportunity to achieve real personal wealth and the dignity and the freedom and the security that it affords in retirement.

Thank you very much, Mr. President.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER (Mr. SESSIONS). The Senator from Minnesota.

MORNING BUSINESS

Mr. GRAMS. Mr. President, I ask unanimous consent that there now be a period of morning business with Senators permitted to speak for up to 5 minutes each.

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

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business Friday, October 2, 1998, the federal debt stood at $5,525,136,204,444.24 (Five trillion, five hundred twenty-five billion, one hundred thirty-six million, two hundred four thousand, four hundred forty-four dollars and twenty-four cents).

One year ago, October 2, 1997, the federal debt stood at $5,387,382,000,000 (Five trillion, three hundred eighty-seven billion, three hundred eighty-two million).

Twenty-five years ago, October 2, 1973, the federal debt stood at $461,744,000,000 (Four hundred sixty-one billion, seven hundred forty-four million) which reflects a debt increase of more than $5 trillion—$5,063,392,204,444.24 (Five trillion, sixty-three billion, three hundred ninety-two million, two hundred four thousand, four hundred forty-four dollars and twenty-four cents) during the past 25 years.

FOURTEEN LITTLE LEAGUERS—THE PRIDE OF ALL OF US

Mr. HELMS. Mr. President, when one pauses to ponder the implications of it all, 1998 has been a remarkable year in terms of there having been a sort of rebirth of (I still contend) America's great national pastime—baseball.

And as an old (very) former sports writer, I have never pretended that baseball has not always been my favorite sport. I like all of them, I hasten to say, but baseball is, to this good day, Number One with me.

So what, you may inquire, has made this year all that great? Let us begin by recounting the drama of Mark McGwire and Sammy Sosa, each of whom broke the 37-year-old home run record of Roger Maris—and then kept on breaking their own records.

I had meant, Mr. President, to pay my respects long ago to 14 very special youngsters from Greenville, North Carolina, who made hearts beat faster and faster as the team made their way to the national championship game of the Little League World Series.

Greenville is the hometown of a lot of good things and good people. East Carolina University is there, including its splendid medical school. It is a colorful city (56,000) which understands and practices the free enterprise system. And you better believe that everybody in the area around Greenville was proud of those 14 young Little Leaguers who made it to the championship game.

The young guys from Greenville lost that championship game to the team from Toms River, New Jersey, but they were winners big time just the same because they did win the consolation game with the excellent Canadian team. Look at it this way, Mr. President—the Little League team from Greenville ranks third in the world.

I have a hunch that they know that they are Number One in the hearts of all of us who watched them on television, night after night, cheering them on.

I should mention, by the way, that these comments were prompted by a fine young member of the Helms Senate Family, Josh Royster, who kept track of those fantastic youngsters from Greenville who made all of us proud.

Josh was impressed with the manner in which coaches and parents and countless other folks sacrificed to support their team. They traveled across the country for the better part of six weeks, rooting for the Greenville Fourteen. That's what morale and role modeling and love and good citizenship are all about. And then when the 14 young guys arrived home, Josh says that 2,000 people turned out to greet them and cheer them on.

A long time ago, when I was a lot younger than the Little Leaguers of 1998, Dad told me something that I have never forgotten: ''Son,'' he said, ''the Lord doesn't require you to win. He just expects you to try.''

Those 14 young guys did try and I suspect they won a lot more than they now realize. For one thing, there's a Senator up here who's hoping that Greenville's Little Leaguers will be in the championship game again next season. I am not alone in my feeling that those youngsters will be glad they did.

THE HONORABLE THOMAS J. HARRELSON'S JULY 1, 1998, ADDRESS TO NEW CITIZENS

Mr. HELMS. Mr. President, during the past weekend in going through a file folder, I ran across a letter somehow placed there inadvertently this past July just before my surgery to replace my worn-out 1921–Model knees with new 1998–Models.

The letter was from a longtime friend, Jim Lofton, well-known in Congress for his years as a highly respected assistant to the distinguished then-Congressman, Jim Broyhill, of North Carolina. (Jim subsequently served North Carolina's Governor Jim Martin who also had been a Congressman from North Carolina).

Jim Lofton, now president of the North Carolina Association of Financial Institutions, had written to share the text of an address by another distinguished North Carolinian, Thomas J. Harrelson, who on July 1 had delivered an inspiring address to an audience of several hundred people, including 41 new U.S. citizens whose naturalization occurred at the ceremony in Southport at which Mr. Harrelson spoke. Mr. Lofton decided, quite correctly, that I might want to share Tommy Harrelson's remarks at Southport by inserting the text into the CONGRESSIONAL RECORD.

Mr. President, with gratitude to Mr. Lofton and Mr. Harrelson, I ask unanimous consent that the text of Mr. Harrelson's address be printed in the RECORD.

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

ADDRESS BY THE HONORABLE THOMAS J. HARRELSON

It is a great honor for me to participate in this ceremony and share this moment with you, your family, and friends.

We are gathered here in this patriotic time in a setting very appropriate to the occasion. This site on which we are standing, Fort Johnston, was built between 1748 and 1754 and was burned to the ground in 1776 by the Patriots who were tired of royal rule. It was rebuilt around 1812 and figured in other efforts to secure our freedom and independence. After all, the Cape Fear river was the super highway of the pre-colonial and colonial era, bringing some of the early European settlers to our shores.

One can imagine the native Americans, who must have come here often for the bounty of the river and the ocean, seeing the strange vessels and the pale skinned passengers in foreign dress. How exciting and fearsome it must have been to them and to the early settlers to come to terms with learning to live side by side without the benefit of a common language or an understanding of each other's cultures.

Yet these early settlers were just the first of the immigrants who made the United States the powerful yet diverse country that it is. Just as this river and others like it roll relentlessly to the ocean, so a reverse stream of immigrants moved up these same rivers and streams to populate the early eastern seaboard settlements, and finally to take the expansion to our Pacific coast, and even to Alaska and Hawaii.

In that early time in our history, water travel was the quickest, and in some cases, the only mode of transportation; the expansion of knowledge was just beginning to speed up, and communications depended almost entirely on the same mode of transportation. Now, people have exceptional mobility, the body of knowledge is doubling at an