Let me review the numbers specifically. In accounting for the amount of money that the U.N. is owed, there is a regular budget assessment of approximately $300 million. This is included in the $1.7 billion, which I presume they got from the U.N., or they could not have gotten to that number. However, that $300 million is not owed. We paid that money on a 9-month delay. We have always paid it on a 9-month delay because of the budgeting process of the Federal Government. So you can reduce that number by the $300 million figure because that money will be paid on October 1, as it always is.

Second, the Times must have been counting as a U.N. assessment the peacekeeping moneys of $500 million. Well, the $500 million is the amount we have allocated for peacekeeping in our budgets for the benefit of the U.N. But that $500 million has not yet been called upon by the U.N. In fact, of that $500 million, we have received requests for approximately $300 million. We have not received requests for the full $500 million. We have received requests for about $300 million. We have paid—of that $300 million requested—approximately $55 million. The balance is in issue, but it is being worked out. So that number is inaccurate, and you can reduce that $1.7 billion by at least $200 million that we have not received a request for, and the $55 million we have paid and, in my opinion, by significant other numbers also.

Third, the Times must have been counting the $926 million which is an arrearage payment. The arrearage issue was settled last year. It had been delayed for 3 years because of the Mexico City language, which did not need to be delayed. But the administration put such a hard line on obscure language dealing with Mexico City Planned Parenthood that they ended up tying up the arrears that we as the Senate were willing to pay. We appropriated that money every year, by the way. There was an agreement reached between ourselves and the State Department and the White House, known as the Helms-Biden agreement, which said we would pay that money. So that money is in the pipeline to be paid, subject to the U.N. meeting certain conditions. That is not in issue.

So when you take all the numbers, there is no $1.7 billion at issue. Actually, it is closer to $100 million than $1.7 billion. So the exaggeration in the story was inaccurate. It reflects, I think, shoddy journalism.

Secondly, the story implied that my position was basically an isolationist position and that I am opposing peacekeeping everywhere in the world.

No, I am not. In fact, we have approved peacekeeping in my committee in a number of areas. We have approved peacekeeping in the Golan Heights for $4 million, Lebanon for $15 million, Cyprus for $3 million, Georgia for over $3 million, in Tajikistan for $2 million, and the Yugoslavia and Rwanda War Crime Tribunal for $22 million. The list goes on and on.

So we have approved a significant amount of peacekeeping dollars for a variety of different missions that have been undertaken by the U.N. However, the problem I have is that in Sierra Leone, what we ended up doing was endorsing a policy that brought into power parties who had committed rape, murder, and atrocities against the people of Sierra Leone. And instead of having these people brought to justice under the War Crimes Tribunal, as they should have been, what we have done is endorsed these people in the Lome Accord and said they should be brought into the Government. That policy makes no sense.

We are seeing a deterioration of that policy by what is happening to the peacekeepers in Sierra Leone today. Instead of taking weapons from the rebels who are basically killing people arbitrarily and, as part of the policy, hacking limbs off of people—instead of taking their weapons, the U.N. has given up more weapons than it has taken in Sierra Leone.

Right now, we still have actually hundreds of U.N. peacekeepers who have been taken hostage over there. Why? Because the policy being pursued in Sierra Leone was misdirected from the start. We should not have been making peace. We should not have been bringing into the Government people who acted in such a barbaric way toward their own people. We should have been taking a harder line. We should have been sending in U.N. peacekeepers—in Sierra Leone honoraria we may not want to—people who had the capacity and the equipment to defend themselves, and had the portfolio and the directions so they could defend themselves and use force.

Unfortunately, we didn't send those types of troops in there—or the U.N. didn't. America is complicit in this. American taxpayers have to ask themselves, why are we spending this money? Why would we want to spend money to support, encourage, and endorse people who are essentially criminals and moving those criminals into the Government of Sierra Leone and giving them the authority to act? Well, that was my reason for putting a hold, as we call it, on this. It was actually a denial of the funds for Sierra Leone.

It appears, having said that, I guess, that suddenly people have awakened and are saying, hey, maybe that is right. In fact, as of yesterday, the State Department changed its position as to the rebel leader over there. Instead of him being a conciliatory, positive force for the basis on which they might base the peace accord over there, this person—or people—should be brought before an international tribunal when they have committed crimes against humanity, which this individual clearly has. Maybe there is a shift of attitude occurring within the State Department. I hope there is because that would move us down the road towards resolving this issue. But the representation that the committee I chair, and in which the ranking member, Senator HOLLINGS, participates in very aggressively, has in some way opposed peacekeeping is inaccurate. The numbers used in the article are inaccurate. The fact is, we have raised legitimate concerns to protect the taxpayers of this country, which is our job. I believe we are doing it effectively.

I yield the floor.

The ACTING PRESIDENT pro tempore. Under the previous order, time until 10:05 a.m. is under the control of the Senator from Minnesota.

Mr. GRAMS. Thank you very much, Mr. President. I understand Senator THOMAS is to control the time from 10 a.m. until 10:30 a.m. He will not be to the floor right away. I ask unanimous consent to have 15 minutes of additional time from Senator THOMAS' time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SOCIAL SECURITY REFORM

Mr. GRAMS. Thank you very much. Mr. President, I have a lot to go through in a very short period of time. But I wanted to come to the floor this morning to make a few remarks on a vitally important issue facing our Nation, which is how we are going to strengthen and save Social Security.

But, first, I would like to commend George W. Bush for bringing Social Security reform to the forefront by proposing to allow workers to invest a portion of their Social Security payroll taxes in personal retirement accounts. I believe this is the best solution to the fast approaching insolvency of Social Security.

Governor Bush's vision of courage and leadership is greatly appreciated by all of us who are concerned about saving this Nation's retirement programs, including the Senator from Pennsylvania, who is in the chair this morning, who has also worked very hard and tirelessly to find a way to save Social Security in the future.

In contrast to the efforts by Governor Bush to explore solutions to fix our retirement system, his opponent, Vice President AL GORE, offers no workable plan and only politicizes the issue. He accuses Governor Bush of being too willing to take risks with the nation's retirement program. He also believes that younger workers should not be allowed to invest some of their payroll taxes because they would not be capable of managing their own investments.

Besides the usual scare tactics, Vice President GORE has taken the same approach as President Clinton in dealing with Social Security problems—basically, they refuse to make hard choices and use double counting and other budget gimmicks to mask the threat to Social Security.

Under current law, Social Security will begin running a deficit by 2015.

The Clinton/Gore proposal would not extend this date by a single year.

They simply put more IOUs in the Social Security trust fund which will significantly increase the national debt, and then claim they have saved Social Security.

But their numbers simply do not add up. Between 2015 and 2036, the government will have to come up with $11.3 trillion from general revenues to make up the annual shortfall in the Social Security system. This is nearly three times the amount the government will save from paying down the publicly held debt during that period.

Worse still, the Clinton/Gore plan does not trust the American people to manage their own money, and they instead propose government investment of Americans' Social Security surplus—this despite Vice President GORE's recent denial that their plan called for the government to invest payroll taxes in the stock market. ''We didn't really propose it. We talked about the idea,'' he said.

Vice President GORE obviously has a short memory. He forgot their government investment proposal was included in their budgets for FY 1999, FY 2000 and FY 2001.

I remember that when the Clinton administration first proposed the government investment scheme, I asked Federal Reserve Chairman Alan Greenspan whether we should allow the government to invest the Social Security Trust Funds in the markets, and whether or not this was the right approach. Here are his exact words:

> 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. . . .
>
> I am fearful that we are taking on a position here, at least in conjecture, that has very far-reaching, potential danger 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.

Mr. President, Chairman Greenspan 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.

Mr. President, we should never venture out onto what Chairman Greenspan calls ''a slippery slope of extraordinary magnitude.'' We must move from a pay-as-you-go system to a fully funded retirement system, which he supports. This is the only way to save Social Security.

The recently released annual report of the Social Security Trust Fund's Board of Trustees shows it is even more urgent for us to find a solution to Social Security's approaching insolvency. The report shows some short-term improvement but continued long-term deterioration. The inflation-adjusted cumulative deficit between 2015 and 2075 is not projected to be $21.6 trillion, up nearly 7 percent from last year's projection. If the economy takes a turn for the worse, or if the demographic assumptions are too optimistic, the Trust Fund could go bankrupt much sooner.

Clearly, Vice President GORE is just plain wrong about Social Security, about government investment, and the ability of working Americans to manage their own money. His use of scare tactics dodges the real issue: that we must solve the insolvency problem. Americans' retirement should be above politics, and we should have an honest debate on the best way to avoid the fast approaching Social Security crisis, and to ensure retirement security for all Americans.

Mr. President, to achieve this goal, we must understand how we got here, what problems we are facing and what options we have to save our retirement system. Now, Mr. President, let us take a look back in time to see what we can learn and also what I believe is the best plan to achieve retirement security.

Clearly, Vice President AL GORE is just plain wrong about Social Security, and I am glad that he and Governor Bush have framed the debate in what we are going to be talking about as far as Social Security over the next 5 months of a very important campaign and into the 107th Congress.

I have been doing a series of town meetings in Minnesota, trying to outline the problems that we find with Social Security. Social Security has done the job we have asked it to do over the last 65 years; that is, to provide minimum retirement benefits to millions of Americans. But a public Social Security system was even questioned by Franklin Roosevelt back in 1935. He thought at one time during part of the debate that we should have included a private retirement account as part of the options. He even said when the Social Security program was created that he wanted the feature of a private sector component to build retirement income. It was not included. In fact, it was taken out in conference after being approved here on this Senate floor with the promise that a private investment concept would be brought back the next year to be debated as part of the Social Security program. That never happened. It was one of the first big lies dealing with Social Security.

Why are we having problems today? Social Security is now a system being stretched to its limits. Seventy-eight million baby boomers will begin retiring in the year 2008. Social Security spending will exceed tax revenues by the year 2015. In other words, the surpluses we hear about today will not exist past 2015. In fact, at that time the system will be bringing in less money than the demand will be for those benefits, and the Social Security trust funds would go broke in 2037; that is, if we could turn the IOUs between now and the year 2015 into cash and be able to use them to supplement the system. Without it, the American taxpayer is going to be asked as early as 2015 to begin paying higher taxes to redeem those IOUs which exist today with the pay-as-you-go system.

Why are we in trouble? Why is it being stretched to the limit?

In 1940, there were about 100 workers for every person on retirement. You remember the old Ponzi system, the pyramid scheme, where you had a lot of people at the bottom and you could support a few at the top. That is the way the system was. It worked then because of the pyramid style of 100 workers and 1 retiree. Today there are about three workers for every retiree. By the year 2050, there will be about two workers for every retiree.

So you can see the strain that we are going to put on the system. But what is the system? That system is going to be your children, your grandchildren, and your great-grandchildren. They are going to be put under a tremendous financial strain in order to support an outdated system.

As I mentioned, right now we are in a surplus mode. But by the year 2015, we are going to begin accumulating deficits, and this is going to continue on a very downward pattern over the next 70 years. This is what we are going to accumulate. The Government is coming up short with more than a $20 trillion shortfall between the year 2015 and the year 2070. That means these are the benefits the Government has promised to pay and this is what we are going to come up with, and we will be short of revenues from the current FICA tax or withholding tax in order to pay these benefits.

From where is this $20 trillion-plus going to come? As I said, it will come from paying back the IOUs that have already gone out. It is the American taxpayer who is going to see tax increases of at least twentyfold in order to do this.

My plan, which is a totally funded retirement system, is going to cost—our estimate—at least $13 trillion, and it is going to take a little bit shorter curve in over to attain by the year 2050. We need to solve this problem, and we will be in the black in a system that will pay for itself by the year 2015. But if you look at the current system, in the year 2070, it is $20 trillion in debt, and it is heading downhill at an ever increasing rate.

I am going through these a little fast because we don't have a lot of time this morning. But I will try to get in all of this information.

The biggest risk we have facing Social Security today is doing nothing at all.

Again, this is the way Vice President AL GORE has framed the debate. Let's do nothing. Let's just put our arms around this. Let's put a Band-Aid over the real problem dealing with Social Security or our retirement future. Let's put a Band-Aid over it and do nothing, despite the fact there is over $20 trillion in unfunded liabilities.

The Social Security trust fund is nothing but IOUs. If this is how the system will remain solvent, I say why not write an IOU to yourself? Make it for $1 million; put it in your checking account. How many banks will allow you to write a check? Not one, until you redeem the IOU.

To pay promised Social Security benefits, the payroll tax paid today, which is one-eighth of everything taxpayers make, will have to be increased by at least 50 percent or benefits will have to be reduced. We are leaving our kids and grandchildren a future of paying more for retirement, getting less, and they are talking of raising the retirement age further. Is that the kind of system we want to leave our children? I don't think so.

Payroll taxes keep rising. Today, in the year 2000, 15.4 percent of your income is deducted in FICA taxes to pay for Social Security and Medicare. By the year 2030, that will be about 23 percent, according to low estimates; it will be about 28 percent according to even higher projections. Somewhere in between there is what we are going to see our children paying in FICA taxes. If they are paying nearly 30 percent in FICA taxes, and thrown on top of that is an average of 28-percent Federal taxes, we are now up to 48 percent. My home State of Minnesota has an 8½ percent State tax, so now we are 57 percent. Add in your sales tax, estate tax, property taxes, and everything, and our children are going to be paying taxes that could be in the range of 65 to 70 percent of their income. Again, is this the future we want to leave our children?

Diminishing returns of Social Security is another problem. Right now, Social Security is paying less than a 2 percent return. If someone retired in 1950 or 1960, they got back all the money paid into Social Security within 18 months. Today's workers are getting back less than 2 percent on their investment. Many of the minority groups in our society are now getting a negative return. In other words, they are supporting Social Security with their dollars because they are receiving less because of life expectancy. For those today under 50 years old, when they retire they will actually receive a zero return or less, a negative return. I don't know how many people will stand in front of a window to invest their money when they are promising to pay you 2 percent and, in the future, less than 0 percent on the investment. I don't think many people want to do that.

I compare this with the market return over the last 75 years. The markets have paid back better than 7 percent real return. This is after inflation adjusted. And this is 75 years, including the crash of 1929, the Great Depression and everything else. The markets have been a better source of revenue than what we can expect from Social Security in the future.

There is no Social Security account with your name on it. I know a lot of people think: I have paid into Social Security all my working life; surely, there has to be an account in Washington in my name.

There is not. There is not an account in your name. There is not one dollar set aside for your retirement. It is a pay-as-you-go system. All one can hope is when retiring there are people working yet so we can take money from their check and give it to you as a benefit in retirement. The money we collected the first of May will go out in benefits at the end of May. It is a pay-as-you-go system. No investments, no cash, no accumulation of wealth, no assets—nothing for your retirement, just the hope there will be workers.

When they talk about solvency and Social Security until 2037, because of the IOUs, the President has actually had to put into his budget certain words so he is legally correct in dealing with the IOUs. The statement begins ''These [trust fund]''—and the Senator from South Carolina, Mr. HOLLINGS, says there is no ''trust'' and there is no ''funds'' in trust funds.

These [trust fund] balances are available to finance future benefit payments and other trust fund expenditures—but only in a bookkeeping sense. They are claims on the Treasury, that, when redeemed, will have to be financed by raising taxes, borrowing from the public, or reducing benefits or other expenditures.

In their own budget, they had to very clearly spell out that the IOUs we are talking about in the Social Security trust fund are nothing but paper.

The Social Security lockbox is very important. The moneys we are taking in now, the surplus in Social Security, needs to be locked away. We need to save the Social Security trust fund dollars for Social Security and keep Washington's big spenders from using trust fund dollars for other Government functions. I introduced a Grams Social Security lockbox concept that takes care of this.

The Grams lockbox offers a double lock on Social Security. It triggers an automatic reduction in all Government discretionary spending, including Congressional Members' pay, if any of the Social Security surplus is spent, returning it to the Social Security trust fund. In other words, in Washington, we are always at ''best guess'' estimates. We have an estimate on what our revenues will be, we have a best guess on estimates on what spending will be. My lockbox says we have promised not to take one dime from Social Security. If the estimates are off, even if only off a million dollars, all other spending would be reduced so Social Security would not pay one dime.

Right now, any deficit spending has to come out of the surplus, and that is out of Social Security funds. If we are honest about not taking a dime out of Social Security, we should do that.

My plan, the six principles for saving Social Security, protects current and future beneficiaries. Anyone on Social Security today or planning on retiring and staying with this system—that is your option—we guarantee protection of future benefits. That is a guarantee we have to make. Seniors today and those who want to retire should not be afraid of allowing their children or grandchildren to have options. We guarantee your benefits today. This is an agreement I believe the Government has made with you. Taxpayers have said: I will pay into the system, and I expect a retirement benefit in return. That is the agreement. I think we need to make sure that happens.

Allow freedom of choice—your kids, your grandchildren to have the chance to have a private retirement account.

Preserve the safety nets for disability and survivor benefits as the system today. Make sure that is included.

Make Americans better off, not worse. My plan says you cannot retire with less than 150 percent of poverty. That is your income. Today, nearly 20 percent of Americans retire into poverty because Social Security is so low. The majority of those are women. Social Security is a system that discriminates against women.

Create a fully funded system. And no tax increases in the future.

The Grams plan, the Personal Security and Wealth in Retirement Act I introduced in September last year, and in the 105th Congress, my staff says, is the third rail of politics. Members cannot talk about retirement or Social Security or they will never get reelected. I thought it was so important we had to talk about it I said then it would become an important issue of this Presidential campaign. As I mentioned earlier, Governor Bush and Vice President AL GORE have now framed this debate and it will be an important part of the elections in 2000.

Right now, 12.4 percent of workers' income goes into Social Security, one-eighth of everything they make. My plan says you can take 10 percent of your income and put that into a personal retirement account. That would be managed by Government-approved private investment companies. Safe and sound. We hear the scare tactics; we will invest your money and lose it. Some do better than others. They say you are too dumb to manage your own money. You don't know how to save for your future.

Our plan says we have faith in you. Under Government-approved guidelines as those used in your IRAs and the FDIC account at your banks, provisions are made for safety. These plans are the same. Your retirement would be safe, sound, and secure. The only difference is it would accumulate and grow much faster, and taxpayers receive much better returns than Social Security.

For those who say: I have paid into Social Security for so long, first, if your wage is $30,000, under Social Security today, $3,720 is put into the Social Security account. Under my plan, $3,000 goes into your account. A passbook shows assets of $3,000 plus interest at the end of the first year. The other $720 is part of our financing plan, to make sure there are benefits for those who stay in Social Security. The $720 goes into that system. Hopefully, that would be absolved in 20 years and would then be a tax cut. Ten percent of your salary would go into your account to begin to grow assets for you and your family.

If you make an average of $36,000 a year, after your lifetime of work, $1,280 a month is your maximum benefit from Social Security. Take 10 percent, put it into an average return market account, and your retirement would be $6,514 a month, a much better return for your retirement than the $1,280. These are average returns, nothing spectacular, as we have seen in the markets as of late. Based on an income of $36,000—we have heard of everything from taking just 2 percent of the 12.4, maybe taking 6 percent or about half of the Social Security. My plan would put it all into private accounts, and these are what we could expect as the differences.

After 20 years at 2 percent, you would only have $33,000 in a separate account. Under our plan, you would have, after 20 years, $168,000. But after a lifetime at an average income of $36,000, if you could take 10 percent of your wages and put it into a personal retirement account, you would have, not $171,000 but $855,000 cash money in an account for you and your family for your retirement benefits and part of your estate as well. That is for a single worker.

An average family in the United States right now has an income of about $58,500. If we could take these same scenarios, after a lifetime of work, under 2 percent, you would set aside an additional $278,000 for your retirement—better than Social Security, granted, because this will be a supplement to that. But if you could put 10 percent away, you would have nearly $1.4 million put away for your retirement—$1.4 million put away for your retirement. That is after 40 years at 10 percent, with an average salary of $58,000 a year: $1.4 million on which you can retire.

We look at Galveston County, TX. When Social Security was implemented in 1936, one part of the law said if you were a public worker and had a private retirement account, you did not have to go into Social Security. We have something like 5 million Americans who are public employees today who have their own private retirement accounts and are not in Social Security. Galveston County, TX, was one of those. They just entered in 1980, by the way, because an administrator found a loophole in the law. Of course, that was closed after Galveston County got out.

But this is a comparison between Social Security and what Galveston County pays. They are very conservative, investing only in annuities, not necessarily in the market. This is what they paid:

Social Security death benefit? My father passed away at 61 and received zero from Social Security, except for a $253 death benefit after a lifetime of work, investing in Social Security—$253. In Galveston County: A minimum death benefit of $7,500.

Disability benefits under Social Security—maximum $1,280; for Galveston it is now $2,800 dollars.

In retirement benefits per month: Social Security, $1,280 maximum; in Galveston, $4,790—much better returns.

One lady's husband was 42; she was 44. He passed away suddenly from a heart attack. All she could say was, "Thank God that some wise men privatized Social Security here. If I had had regular Social Security, I'd be broke." She would have been in poverty with her three children. After her husband died, Wendy Colehill was able to use her death benefit check of $126,000 to pay for his funeral and enter college. Under Social Security, she would have received $255. So she got a death benefit of $126,000 plus a survivors benefit to which Social Security never would have come close. She said, "Thank God for Galveston."

In San Diego, a 30-year-old employee who earns a salary of $30,000 for 35 years, contributing—in San Diego they only contribute 6 percent, not 12.4—6 percent, so they pay less than half into their retirement system than you do—would receive about $3,000 a month in their retirement compared to $1,077 under Social Security. They pay in less than half and get three times more.

The difference between San Diego's system of PRAs and Social Security is more than three times better under their private plan. Even those who oppose PRAs—and there are many in this Senate who say, as Vice President GORE says, you just cannot handle your own retirement—agree that the system in San Diego is better.

This is a letter written from Senators BARBARA BOXER, DIANNE FEINSTEIN, and TED KENNEDY, among others, to President Clinton. Under the President's plan for privatizing any part of Social Security, he wanted to take all these employees and bring them into Social Security. Take Galveston County, San Diego, take all of them, and they would have had to become part of Social Security. But Senators BOXER, FEINSTEIN, and KENNEDY, among others, wrote to the President and said:

> Millions of our constituents will receive higher retirement benefits from their current public pensions than they would under Social Security.

So they said leave San Diego alone.

My question is, If Social Security is so much better, why don't the residents of San Diego, or the workers, get to enjoy that? But if private retirement accounts are better, why don't you and I get to enjoy the same thing as these three Senators speak of for San Diego?

The United States trails other countries in saving its retirement system. For nearly 19 years Chile offered PRAs; 95 percent have opted into the system, and their average return last year was 11.3 percent. They have had much higher than that, but last year it averaged 11.3 percent. Among other countries that are going to private retirement accounts—and I am talking totally private retirement accounts—are Australia, Britain, Switzerland, and there are 11 others. Thirty countries today are considering doing that.

We like to think we are ahead of the game on a lot of things here in the United States, which we are in most cases, but when it comes to Social Security, we are behind the curve of what other countries are doing.

British workers chose PRAs with 10-percent returns. The question is, Who could blame them? Two out of three British workers are now enrolled in the second-tier; that is, private parts of their social security system. They chose to enroll in PRAs. British workers have enjoyed a 10-percent return on their pension investments over the last 5 years—a 10-percent return. I said our numbers are based on a conservative 7 percent. The pool of PRAs in Britain exceeds nearly $1.4 trillion today. That is how much they have accumulated in that account. That is larger than the entire economy of Britain, and it is larger than the private pensions of all other European countries combined. This is what the British workers have set away for their retirement.

Say you are 45 year old. You say: I have worked 20 years; I paid into the system; How am I going to let that go?

A lot of young people who are 45 say: If you just let me out of the system, you can keep everything I paid in. But we said, again, it is a contract with the Government.

We need to have a recognition bond. This is a sample. But if you have paid in $47,000 or $91,000, we should recognize that in a bond—put that into your private account as seed money and pay you interest on it, due and payable when you reach the age of 65. If you choose to remain within the current system, the Government will guarantee your benefits—again, part of that contract. If you stay with Social Security, we are going to guarantee your benefits. If you are on retirement today, we are going to guarantee those benefits, preserve the safety net so no American will be retiring into poverty.

Again, the poverty level today is $8,240 a year. That means in the United States, you would have to retire with at least $12,400 a year. This is again for a single individual. But you would not retire into poverty—providing safety and soundness. Again, they say this is risky. This is not risky. We have similar rules that apply to IRAs, and they would apply to the PRAs. A Federal Personal Retirement Investment

Board, an independent agency, will oversee the PRAs. Investment companies that manage it would have to have an insurance plan to have survivors benefits, disability benefits, and also a floor that says you would never get less than 2.5 percent of your investment that year. By the way, you choose the company with which you want to put your money. If it is better somewhere else, you can move your money.

Chile has 16 companies that do this with a population of under 20 million people. In our country, we would probably have 100 firms. Just look at the numbers of mutual funds you can choose from today.

You also decide when to retire. This is an important part. Under the current system, the Government tells you how much you are going to pay into the system; the Government tells you when you are going to retire; you have no choice, and the Government tells you what you are going to get as a benefit. They determine everything. You have nothing to say about it. You are being led along like sheep into this system.

Ours says when you reach this 150 percent of poverty, if you can buy an annuity that will pay you the rest of your life at that, you can stop paying into the system. You can retire at that time. I don't care if you are 40 years old. Once you have met that requirement, you can get out of this system. You will no longer be considered a ward of the State; you will have enough to provide for your retirement. Some choices: In divorce cases, PRAs are treated as community property. Upon death, a PRA benefit will go to the heirs without estate taxes.

Think, if you had that $1.4 million in your account when you die—not like my father who got $253, but whatever you had accumulated in your account, up to $1.4 million or more, that would be your money that would go to your heirs without estate taxes, without capital gains. Workers could arrange PRAs for nonworking children. They could put $1,000 in their account, and when they reached the age of 65, it would be $250,000.

There will be no new taxes for this system. Retirement income would be there for everybody, whether you stayed within Social Security or chose to build a personal retirement account. In Minnesota, workers can decide when to retire and which options work best for them. With PRA, average returns would be at least three to five times better.

This is the system. I hope when we continue these debates, and when people hear these scare tactics, remember, that is all they are, rhetoric and scare tactics. We can develop a system that will be safe, sound, and will preserve better retirement benefits than we have today.

We should have that chance for our children, just as other countries. When hearing this debate, set aside the rhetoric and scare tactics and look at the numbers. I hope we can continue this debate because this is a very important part of America's future.

I yield the floor.

The PRESIDING OFFICER (Mr. CRAPO). The time of the Senator has expired. The Senator from Maine.

Ms. COLLINS. Mr. President, I ask unanimous consent that I be permitted to proceed under the time reserved for the Senator from Wyoming, Mr. THOMAS.

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

Ms. COLLINS. I thank the Chair.

(The remarks of Ms. COLLINS pertaining to the introduction of S. 2605 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Ms. COLLINS. I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mrs. BOXER. Point of order: Is the Democratic side supposed to take over at 10:30?

The PRESIDING OFFICER. At 10:30, that is correct. There remains about 3 minutes.

PERSONAL RETIREMENT ACCOUNTS

Mr. SANTORUM. Mr. President, I wish to briefly continue the discussion started by Senator GRAMS from Minnesota. I commend him for his fine work on the issue of Social Security and moving forward on personal retirement accounts.

I also commend Gov. George W. Bush for his bold and, I think, prescient decision to move forward on the issue of personal retirement accounts for Social Security. This is the kind of leadership this country is looking for, someone who is going to tell the truth to the country, let them know what the decisions to be made are with the most important social program in this country, Social Security.

The Governor laid out very clearly the options before us: We can either raise taxes, we can cut benefits, or one can invest some of the current Social Security revenue stream into stocks and bonds. He came out and said: I am for investment. That is the way we are going to solve this problem and create opportunities for every working American, with every working American sharing a piece of the American dream, the free spirit of America.

I commend him for that, thank him for his leadership, and look forward to talking about this issue over the next several months to move this issue forward for America.

The PRESIDING OFFICER. The Senator's time has expired.

All the time of the Senator from Wyoming has expired.

The Senator from California.

SOCIAL SECURITY

Mrs. BOXER. Mr. President, it is interesting that Senator GRAMS and Senator SANTORUM came to the floor to praise Governor Bush's Social Security plan. I come here to express my deep alarm over this plan and to place into the RECORD the reasons I believe it is very dangerous to the future of this country, to our senior citizens, and to those who really depend on Social Security for themselves or for their aging parents.

I think the first question to ask is, What is Social Security? Why is it called security?

I used to be a stockbroker. I can tell you that I have seen the smiles when the market goes up, and I have seen the tears when the market goes down. At the time I was a broker, there was a very traumatic period in our history. It was the tragic assassination of our great President John Kennedy. I will never forget, the market was just crashing that day. It went down so much that there was a halt in the trading. Anyone who retired that day, and had an annuity plan, would have been in the deepest trouble.

I believe in investments in the stock market. I believe in investments in the bond market. I think it is very important that we let our people know Social Security is not meant to be your full retirement. What it is meant to be—and what it has worked so well as—is a basic foundation, a safety net, not guesswork but a basic return you can expect every month with a check you will get which will meet your basic needs.

Let me describe it this way: You have a house. It is very modest, but it is good. It has a roof. It protects you. It is a place where you can be comfortable, warm. It works for you.

Maybe you want to add a room to that house. That is wonderful. That is an amenity. That is something additional you could use—a family room, an extra bedroom. But you do not mess with the foundation of the house. You keep that a solid house—that Social Security. Anyone who challenges this idea is making a huge mistake. I will explain why.

You do not have to go that far to look at the ultimate result if we just said: People can just have individual accounts and forget Social Security. Because we know that happened in Texas. I will show you what happened in Texas when three counties left Social Security and went into the market and said to their people: We will allow you to deal with your accounts. This isn't theoretical; it has actually happened in Texas. Let me tell you about the Texas example where every single family lost out.

It was the same idea Governor Bush has. He started off talking about 2 percent of your Social Security being diverted. As I understand it, last week he said he could foresee a time when everybody has private accounts—100 percent. We know what happened in this experiment. The source here is the U.S. General Accounting Office, February 1999.