

what they are supposed to take. These are tough calls for a lot of senior citizens.

When we take a look at the issue of prescription drugs, it is not just a question of whether a senior under Medicare would have accessibility to these drugs; it is a question of the price of these drugs. Consider this for a minute. The pharmaceutical companies are spending a lot of money—you see it everywhere you turn—advertising their industry and their product. They advertise their industry by saying: We put good research into new drugs and we find cures.

They are right. Thank goodness they do, and we want to encourage that.

Then they go on, of course, to advertise specific drugs.

Take this drug and you will be able to hop through a field of flowers without sneezing.

Take this drug and you will not be depressed.

Take this drug and it will deal with osteoarthritis.

Take this drug and it will deal with pulmonary seizures.

Take this little purple pill and go to our Web site and you'll feel better already.

Take this Viagra—

And so on and so on.

How much are these drug companies spending when it comes to advertising? They are spending two to three times as much as they do on research. They are spending more money on advertising their drugs than on research on finding new drugs.

To put it in comparison, do you remember Claritin, the drug for allergies? Schering-Plough spent more money in 1 year advertising for Claritin than Pepsi-Cola spent advertising Pepsi the same year; or Anheuser-Busch spent advertising Budweiser. Merck did the same thing with Vioxx.

So when the drug costs keep going up and up, it is reasonable for us to ask the question whether these companies are putting too much money into advertising and not putting enough into research; whether the costs are out of control.

I think it is something we have to address. We have to address the accessibility of drugs and their affordability as part of a prescription drug program. We certainly cannot go the route of the House Republicans of raiding Medicare in order to pay for a prescription drug program. That is what they have suggested.

These are challenges we face. They are challenges which we are going to have to live up to, to make certain we keep our contract with seniors and others who are counting on Social Security and Medicare to be there when they need it.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THOMAS. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

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

TAX RELIEF AND SPENDING

Mr. THOMAS. Mr. President, in the remaining minutes over which we have control, I wish to respond to a couple of things my friend from Illinois indicated.

One was his being very critical of tax relief and tax reduction. It seems to me in a time when one of the real issues before us is the economy, what could you be doing better to help the economy than to reduce taxes? I think that is why the President has pushed that. That is why more conservatives have pushed that. But to be critical of that when we are trying to do something with the economy seems to be a little out of context.

It also is difficult to wonder why the folks who are the big spenders here are worried about the deficit. We passed a bill that was almost \$85 billion more than the previous in agriculture. We did not have any concern about that. So we have people over here who think Government ought to be involved in everything and everyone's lives, and dollars ought to be spent for everything in terms of any program you can think of—and then to hear some concern about the deficit?

I point out, as we talk about problems, there are two sides to these issues and you have to take a little look at what it is you want. If you want a better economy, then you probably need to do something about having taxes be too high. If you don't want to spend so much, you probably ought to take a look at some of the spending bills that you are pushing.

There is a conflict here, but to get up on the floor and complain about reducing taxes yet wanting our economy to be stronger, to get up here and talk about a deficit and then be a great supporter of all the big spending bills—there is a certain conflict there and I think we ought to measure a little bit what we want in terms of what we do in the interim.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CORZINE. Madam President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. CLINTON). Without objection, it is so ordered.

Under the previous order, the time until 10:30 a.m. shall be under the control of the majority leader or his designee.

The Senator from New Jersey.

Mr. CORZINE. Thank you, Madam President.

SOCIAL SECURITY AND WOMEN

Mr. CORZINE. Madam President, this morning I rise to speak on perhaps the most important long-term domestic issue facing our Nation—the future health and security of our Social Security system. Today, I want to focus on proposals to privatize Social Security and the special threat privatization poses to women in America.

Last December, late on a Friday afternoon, before Christmas, President Bush's Social Security Commission released its recommendations for changes in the Social Security system. The Commission's report did not get much media coverage because of the timing of its release, and I think that was obviously by design, if you read the report.

The recommendations of the Bush Commission are dramatic and damaging, if implemented, for the future of all Social Security beneficiaries but particularly for women. They involve deep cuts in guaranteed Social Security benefits—cuts of 25 percent or so for those currently working and up to 45 percent for future workers. Undoubtedly, these proposals would force millions of Americans to delay their retirement so that they would have the ability to live their senior years with economic security.

Few members of the public actually have even heard of the Bush Commission, and they certainly have not talked or debated the recommendations. And fewer have any idea that the Commission is calling for drastic cuts in guaranteed benefits, the type that I outlined.

Americans need to know about these plans, and they need to consider them and debate them in a serious way, making sure they know the implications of taking these recommendations to fruition.

Unfortunately, so far, the administration says it wants to put off any discussion of these proposals until after the election. That is unfortunate and, frankly, it is wrong. We should be debating this issue openly and publicly before the American people, on the Senate floor and certainly before the voters in this November's elections.

To that end, I intend to continue to raise this subject and its implications for the American people as much as I can to make sure that the American people understand what the Bush Commission is recommending to the American public. This Senator thinks it is too important to be decided among closeted policy wonks and politicians in the dark of the night.

Today, I specifically want to raise those aspects of privatization that are damaging to women. I know this is an issue that is near and dear to the Presiding Officer.

Women have a reason to be especially concerned about privatization proposals because they would be among the biggest losers if Social Security is privatized and benefits are cut.

As Joan Bernstein, president of the organization known as OWL, notes in

her introductory letter to OWL's Mother's Day report, "Social Security Privatization: A False Promise for Women":

Social Security is a women's issue. I would go so far as to say that it is the retirement security issue for women today.

OWL notes that today women represent 58 percent of all Social Security recipients—slightly more than 50 percent. They represent 71 percent of beneficiaries aged 85 and over.

Without regular cost-of-living adjusted Social Security benefits, more than half of all older women would be living in poverty. Let me repeat—more than 50 percent. If you look at Hispanic women, it is about 68 percent. If you look at African-American women, it is 61 percent.

I note that Social Security is important not just to older women but also to children and nonretired adults who constitute one-third of current Social Security beneficiaries. These include many women and children who benefit from benefits resulting from the death or disability of a family member.

For a caregiving mother, cutting these benefits is unthinkable.

For these reasons, women have a special stake in Social Security, and their stake in protecting guaranteed benefits should be obvious given women's historic position—sometimes I think unfortunate historic position—in the economic system.

First, women earn less than men. There is a wage gap: on average, 73 cents on every dollar a man earns. Also, they are not compensated for the 12 years, on average, they spend on unpaid caregiving, whether for their children, parents, spouse, or other relatives. And when women work as caregivers, they are often in the economic system as part-time workers, so that their average pay is significantly lower.

The way Social Security is calculated, you look at 35 years of working level—the highest average—and women come up short. The average payout of Social Security benefits for women is about \$756 per year. For a man, it is just shy of \$1,000 a year.

All this pulls together as women often save less during their working lifetime and are less likely to be eligible for pensions as well. They are denied private pensions. If they do have private pensions, it is often generally less generous, the same way Social Security is less generous for women. In fact, average private pension benefits for women are only about half of those for men. And for most women, their Social Security benefits will also be lower because of those averaged lower earnings that I talked about. It works doubly—in the pension system and also in Social Security.

Finally, and most importantly, women tend to live longer than men—6 years longer on average. That makes Social Security especially critical for women, since the program, unlike private savings, protects against the risks

of outliving your savings and, certainly, ongoing rising inflation.

Privatizing Social Security would undercut many of the program's benefits for women, whether it is retirement security or the social insurance about which we spoke.

Taking trillions of dollars out of the Social Security trust fund will force a cut in these guaranteed benefits—25 percent or more, as I noted earlier, for current workers and 45 percent for those who enter the workforce later. That is unacceptable.

It will also undermine Social Security's role in the social insurance area, leaving women less protected against a variety of risks in our society.

I know many people around here are convinced that we need to cut Social Security benefits to make sure that Social Security meets its long-term financial objectives and its long-term financial needs to deal with those pressures. Most Americans do not believe that. I want you to know, I do not believe that. We can save Social Security without cutting it. The truth is, the American people are right. It is a matter of our priorities.

Consider these two figures: First, the long-term Social Security shortfall is \$3.7 trillion. It is about \$74 billion a year if you factor it out over the 75-year actuarial life we are talking about. The long-term cost of last year's tax cut is \$8.7 trillion over the same period. Remember, \$3.7 trillion to fix Social Security; \$8.7 trillion in our tax cuts. In other words, the tax cut will cost more than twice as much as the entire Social Security shortfall.

I don't get it. Where are our priorities? What is important? I hope my colleagues will remember that the next time someone says we have no choice but to cut benefits, that they will put that into the framework of what we need to be thinking about as we deal with fiscal policy in this country.

We certainly could, and should, consider—this is a personal view—postponing some of the remaining tax cuts to deal with Social Security's fiscal needs first. That is a priority. Social Security should come first.

Last week, as I said, I attended a press conference with the leaders of OWL, a grassroots membership organization that focuses on the needs of midlife and older women. OWL developed an excellent report called "Social Security Privatization: A False Promise for Women." I sent copies to every Senator's office, and I hope my colleagues will take a look at it. There are individual stories inside this excellent report. There are details about how the financial structure of Social Security works. It is a composite that pulls together an overview.

It makes in clear and compelling terms the case that privatizing Social Security would be extraordinarily bad for women. They do that on a personal level, they do it on an analytical level, and they do it in ways and terms that I believe the American people can understand.

That is the message all women and all Americans must understand and debate before the election. We need to understand what is going on with the Bush recommendations. We need to understand what will happen if we follow and implement those recommendations.

I believe we ought to be looking for ways of strengthening Social Security. We can deal with some of those from a fiscal policy standpoint, but we need to strengthen Social Security, not cut benefits. We need to deal with how we look at women's participation in the workforce and the calculation of their benefits.

We ought to be getting on with that debate now, before the elections. After all, I repeat, the future of Social Security is too important to be decided behind closed doors. This is an issue that affects all Americans—the financial security of all Americans, and particularly the financial security of women. Let's get on with that debate. Let's have that debate.

I ask unanimous consent that a copy of the executive summary of the OWL report be printed in the RECORD.

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

EXECUTIVE SUMMARY SOCIAL SECURITY AND WOMEN

The Social Security system is an embodiment of the long-standing American principle of social insurance, providing nearly universal coverage for workers and their families through a pooling of resources benefits, and risk.

One-third of the program's beneficiaries are not retirees but include children, widows, and people with disabilities. Social Security offers an unmatched set of insurance protections for workers and their families, providing protection against poverty in the event of death, disability or old age.

Women comprise the majority of Social Security beneficiaries, representing 58 percent of all Social Security recipients at age 65 and 71 percent of all recipients by age 85.

Accounting for more than 70 percent of older adults living in poverty, women are more vulnerable in retirement. During this time they most need the stability of a guaranteed source of income—the Social Security check. Without it, 52 percent of white women, 65 of African American women, and 61 percent of Latinas over the age 65 would be poor.

WOMEN'S REALITIES AND RETIREMENT CONSEQUENCES

For women, poverty in old age is often rooted in the realities that shaped their lives early on: the reality of the wage gap, the reality of caregiving, and the reality of flexible jobs that offer few benefits, especially pensions.

Almost 40 years after the Equal Pay Act was passed, women still earn only 73 percent of what men earn. You can't save what you don't earn.

Caregiving directly affects women's retirement security, as they often take more flexible, lower-wage jobs with few benefits or stop working altogether in order to provide unpaid caregiving services. In fact, women spend, on average, 12 years out of the workforce for family caregiving over the course of their lives.

Older women are less likely than older men to receive pension income (28 percent of 43

percent); when they do, the benefit is only about half the benefit men receive.

Women live an average of six years longer than men. Women's longer lifespans make them more vulnerable to the impact of inflation and to the risk that they will outlive their money.

THE GREAT SOLVENCY DEBATE

Social Security is a "pay-as-you-go" system. Current workers not only see the societal and family benefits of supporting our nation's vulnerable seniors, but also know that they are covered by the same set of social insurance protections.

Changing demographics mean that the system will eventually have to use trust fund dollars to cover out-going benefits. This situation was predicted and addressed by Congress in 1983, when it adjusted the system to build up the trust fund for the retirement of the baby boomers.

The trust fund consists of U.S. Treasury bonds, considered the safest investment vehicle available to individual or institutional investors worldwide.

Experts do have suggestions about how to plan for a potential financing shortfall. There are many proposals that preserve the integrity of the program while shoring it up for the future. These stand in stark contrast to private accounts, which would speed insolvency and destroy the social insurance compact that is Social Security.

Mr. CORZINE. I thank the Chair.

Madam President, I know this is an issue that is near and dear to your heart. It is an issue to which it is absolutely essential we pay attention and debate, that we get to a conclusion that supports America's women, making sure they have retirement security commensurate with the rest of Americans.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Madam President, first, I commend Senator CORZINE for the leadership role he is taking in trying to protect Social Security for all Americans. Today we are particularly focusing on the Social Security needs and concerns of women, but the effort is a much broader one. It is to protect Social Security from the recommendations of the President's Commission on Social Security which would lead to a lessening of the security, would make it less of a social instrument, and leave it more up to the whims of the stock market, which may or may not go up, which may or may not, therefore, lead to more funds in the hands of people who own private accounts but, overall, would make this Nation and its seniors and people who are about to become seniors, in their forties and fifties, a lot less secure.

A week ago a report was released by the National Older Women's League, or OWL, to commemorate Mother's Day. It was an appropriate day to release this report. The report shows the problems that would be created if the recommendations of that President's Commission were adopted. It is entitled "Social Security Privatization: A False Promise for Women." I encourage every Member of this body to read this report. It clearly demonstrates that the recommendations of the Presi-

dent's Social Security Commission are a bad deal for Americans and particularly bad for women.

Currently, women comprise 58 percent of Social Security beneficiaries over the age of 65 and 71 percent of those over the age of 85. Women depend on Social Security more than men, despite their increasing presence in today's workforce. Women earn less than men: 73 cents on every dollar a man earns.

These statistics indicate that changes to the Social Security system that result in reduced benefits will have a negative disparate impact on women.

The President's Commission is based on privatization plans that would divert Social Security payroll taxes into individually owned private accounts, shifting the system from shared risk and collective gain among workers to private accounts that would leave workers to sink or swim on their own.

This concept would have a particularly negative effect on women for several reasons. Private accounts ask women to bear more of a risk because of their increased dependency. Private accounts would undermine the social insurance nature of Social Security. Private accounts cost more to administer. Private accounts may speed up Social Security insolvency.

By most accounts, Social Security is the most dependable source of retirement security for a majority of women. Privatization takes that reliability and that dependability and gambles the financial future of women and all seniors on the volatility of the stock market. America's seniors, and in particular women, deserve better than that.

Women account for more than 70 percent of older Americans living in poverty. Without Social Security, 52 percent of white women, 65 percent of African-American women, and 61 percent of Hispanic women over the age of 65 would be poor. These alarming statistics and the OWL Mother's Day report are an eye-opening experience for all of us.

The President's Commission takes the fundamental principles of Social Security and abandons them for a market-driven scheme that is unreliable at best and discriminatory at worst. Social Security is an entitlement program based on the concept of social insurance. It is not supposed to be a gamble which pays benefits based on how the stock market did yesterday or last year or tomorrow or next year.

Women live an average of 6 years longer than men and, as a result, women are more likely to outlive the benefits of private accounts. In addition, older women are three times as likely to lose their spouse.

We should protect this program, we should make the changes we need to ensure its solvency, and we should not overhaul it or undermine its basic principles by eroding the social insurance components, as the President's Commission would have us do.

Yesterday on the Senate floor, Senator BINGAMAN commented that retirement security is a three-legged stool, with one leg representing Social Security, one leg representing pensions, and the final leg representing personal savings and investment. I could not agree more. We should not take the President's Commission recommendations and blur the lines between Social Security and private investments.

I commend the OWL report because it shows that the detrimental effect Social Security privatization would have on women is severe, it is important, and it is relevant. I hope every Member of this body will take the time to read this report, to reflect on its findings as we contemplate the recommendations for structural changes to the Social Security program.

I yield the floor, and I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. CORZINE. Madam President, will the Senator from Michigan entertain a question?

Mr. LEVIN. I will be happy to.

Mr. CORZINE. Did I hear the Senator indicate that roughly 51 percent of women would be in poverty if we did not have a Social Security system?

Mr. LEVIN. The figure I used was 52 percent of white women and a larger percentage of African-American and Hispanic women.

Mr. CORZINE. If I am not mistaken—maybe the Senator from Michigan can refresh my memory—with Social Security we have something less than 10 percent of Americans now living out of poverty. That is what the whole design of the program was, to provide a fundamental foundation—"social insurance" I think was the term the Senator used. Is that the way the Senator from Michigan understands both the number and the reality of how it has worked?

Mr. LEVIN. The Social Security system, along with Medicare, is probably the reason that only, as I understand the number, 1 out of 20, about 5 percent, of seniors live in poverty. My number may be a little low. But the point is that 20 percent of American children live in poverty, and yet approximately 5 percent of seniors live in poverty. It is shameful that 20 percent of Americans live in poverty, but one of the main reasons a smaller number of seniors live in poverty than our kids is Social Security and Medicare. The Senator from New Jersey is exactly right.

Mr. CORZINE. We have a lot to do, if at least my analysis and others of the Social Security benefit cuts that are implied by the privatization process are implemented, for women, obviously, but Americans broadly and, quite frankly, a number of children because Social Security is a program for disability, spouses, and children survivors as well.

I was interested to hear the Senator talk about transaction costs and privatization. I remember recently we had

a presentation by a Member of Congress at one of our briefings on Social Security. Did I recall hearing that there is a privatization scheme in Britain where 40 percent of the dollars that are allocated for savings in this privatized account go to transaction costs?

Mr. LEVIN. I think that was the number I heard. My memory is very similar to that. It is an astounding number that the people who recommend privatization don't even factor.

There are a lot of other things they don't factor, by the way; some of them are even more focused. They don't replace the money. They don't say how they will replace the money which would be lost to the Social Security system by people not contributing to it and supporting folks who are retired or near retirement. They never talk about that huge hole in the general fund that would be created. They don't talk about the uncertainty of private accounts as much as they should, the fact that the market over time may go up depending on what time period you look at, but not for everybody.

Even within that long window, there will be some losers. Maybe most people will win, but what about the losers? They don't talk about that as much as they should. The thing they never talk about are these administrative costs, these transaction costs which, as the Senator has pointed out, are apparently a very significant percentage of the money.

Mr. CORZINE. If the Senator from Michigan will give me the grace of making sure my arithmetic is right, if you add a 25-percent cut for people who are now working plus 40 percent in administrative costs, that 65 percent out of the total amount of benefits from Social Security seems to be a big chunk out of how one would have their retirement financed. Certainly it would go a long way to eroding the base of benefits that people have come to expect from Social Security.

Mr. LEVIN. It would, indeed. It makes that enticement of private accounts, when you analyze it, a lot more superficial. The reality is a lot more negative than that superficial glow of riches.

Mr. DAYTON. Will the Senator yield for another question?

Mr. LEVIN. Sure.

Mr. DAYTON. Contrary to what most people in this country probably believe, the Social Security Administration is extremely efficient, and, in fact, less than 1 percent of Social Security goes for administrative costs. The Senator cited some of the figures from the OWL report, which is an excellent document, about the disparities between men and women. I have seen the statistic that one-quarter of the retirees in America today don't receive any pension fund whatsoever.

My experience in Minnesota would be that probably 80 or 90 percent of those are women, particularly older women

who are widowed and often, with the older pensions, lose any benefit payments whatsoever once their husband dies. I wonder if the Senator from Michigan has had that same experience. Would the Senator say in Michigan that number applies?

Mr. LEVIN. It is a very large percentage. I don't have it directly in my mind, but it is a large percentage of people, particularly women, who rely exclusively on Social Security. We encourage people, of course, to have private savings, and some people have pensions. That three-legged stool Senator BINGAMAN talked about of Social Security and private pensions and private savings is a one-leg stool for a large percentage of our seniors and a larger percentage of women.

Mr. DAYTON. The Senator is absolutely right. That is exactly the dilemma, the predicament in which so many elderly women find themselves. There is only one leg to that stool. As the Senator from New Jersey pointed out, with the average Social Security payment for women being only \$750 a month, that is not much money on which to live. I think that creates part of the lure of the personal privatization which the Republican Commission has now come forward with, which, obviously, someone receiving that little amount of money would be tempted, enticed by something else. As the Senator pointed out very well, there is no reward without risk.

I wonder if the Senator—certainly the Senator from New Jersey who spent a career in financial pursuits—is aware of anywhere where there is that potential for reward in the private sector without commensurate risk.

Mr. LEVIN. There will be winners and losers. It turns Social Security into a social insecurity system.

Mr. DAYTON. I compliment the Senator from New Jersey in bringing this important report to the Senate. He is to be commended. It is a very important topic, as we look ahead to the future of Social Security.

Mr. LEVIN. One last word: I have met with the women who are active in the OWL commission. They are very keenly aware of the problems with the President's Commission and the uncertainties it would create for women in particular who are seniors. And I think the opposition to the President's Commission's findings is very strong and is growing.

Mr. CORZINE. Will the Senator from Michigan yield for a moment to say, I am very appreciative of the discussion you have had, the contributions the Senator from Minnesota made with regard to raising this issue so we can have a debate about it. This debate ought to be had before the election, not after the election. People ought to have to make a statement about how they feel about these recommendations since it has such an impact on Americans lives, particularly women in America. That is what the OWL report was about. I very much appreciate the

contributions my colleagues have made to this discussion.

Mr. LEVIN. One additional word: I hope we will actually not only consider the recommendations of the President's Commission but actually vote on them. We ought to put them to rest. There is a lot of concern in the country about those recommendations, that they would totally make the Social Security system much less secure. I think we ought to try to address the concerns by voting on those recommendations. I believe they will be voted down, as they should be, so that the people out there who are not only retired but in their forties and fifties, who rely on Social Security, want it to be there, don't want the uncertainty that will be created by the contributions being reduced—which is what would happen without any idea of where the replacement funds would come from—I think it would be healthy for the country not just to debate it but, if possible, before the election to vote up or down on those recommendations. I hope and believe that all of them will be rejected.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Time for morning business is closed.

ANDEAN TRADE PREFERENCE EXPANSION ACT—Resumed

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 3009, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 3009) to extend the Andean Trade Preference Act, to grant additional trade benefits under that Act, and for other purposes.

Pending:

Baucus/Grassley amendment No. 3401, in the nature of a substitute.

Baucus amendment No. 3405 (to amend No. 3401), to clarify the principal negotiating objectives of the United States with respect to foreign investment.

AMENDMENT NO. 3405

The PRESIDING OFFICER. Under the previous order, there will now be 10 minutes debate in relation to the pending Baucus amendment. Who yields time?

The Senator from Montana.

Mr. BAUCUS. Madam President, is there a time allotted?

The PRESIDING OFFICER. There will be 10 minutes debate in relation to the pending Baucus amendment.

Mr. BAUCUS. It is my understanding that the Senator from Massachusetts will have 5 minutes and the other 5 minutes will be allotted to Senator GRASSLEY and myself. I will take 2½ minutes of that.

I rise once again to urge my colleagues to support the amendment that I laid down yesterday on behalf on myself and Senators GRASSLEY and WYDEN.