

Journal, and elsewhere on exactly who is paying how much money to whom.

It is absolutely unbelievable the way in which these Wall Street interests have hijacked this debate. It is time for those of us who want to protect this system to stand up and begin to speak out and fight back against these very radical efforts to privatize a social insurance program that has been such a huge success, not just for senior citizens, but for our parents and our grandparents.

I think it would be a tragedy if we stood by and let the trust funds be squandered by Wall Street—and squandered on Wall Street. In Chile, where they privatized Social Security in 1981, an estimated 19 percent of worker contributions gets skimmed off the top by pension companies. That's 19 percent skimmed off the top by the middlemen.

Social Security in our country, by contrast, has administrative costs of less than 1 percent with no fees, no commissions. One percent administrative costs, no fees, no commissions, not going to the big Wall Street interests. And now we have these efforts to privatize the system and turn over a large part of the surplus to Wall Street? Unbelievable.

Champions of privatization like to brag about higher returns on the stock market as compared to Social Security. I think those claims are exaggerated. But even if they were true, you don't need individual accounts managed by Wall Street campaign contributors to capture the higher yields. You would get the same average returns if Social Security did the investing itself. And that way, seniors would still be guaranteed a monthly benefit indexed for inflation.

I'm not saying we should do that, necessarily. Stock markets go down as well as up. With all the financial turmoil in Asia and Russia right now, we might want to think twice about betting the future of the trust funds on go-go emerging markets. But whatever we do, we should insist that the trust fund money not be siphoned off to Wall Street middlemen.

I want to say that again to my colleagues. We might want to think twice about betting the future of the trust funds on go-go emerging markets. But whatever we do, we should insist that this trust fund money not be siphoned off to the Wall Street middlemen, which is actually what the privatization proposals do.

Our immediate focus should be on fixing the problem at hand—a projected shortfall in the trust funds 34 years in the future. We should not be diverting resources to half-baked schemes that would only make the problem worse.

We should not let Wall Street campaign contributors push through a "reform plan" that would only give them a slice of the trust funds. Privatization is a phony solution to a phony crisis.

Social Security has been phenomenally successful for over a half a century—60 years. It ensures millions of

Americans against disability, death of a spouse, and destitution in their old age. Compared to private retirement plans, it is a very good deal. And it is the most successful antipoverty program America has ever devised.

It is simple. You reach the age of 62 or 65, you get older, you are no longer working, your earnings decline. There was a time when probably half of the poverty population in our country were the elderly. That was a national disgrace. That is no longer the case. This is a very successful program.

While all of us should be saving more, the fact is that there will always be millions and millions of Americans who depend solely on Social Security for their retirement security. In fact, as fewer and fewer Americans have employer-provided pensions and as businesses are rapidly shifting from defined benefit plans to defined contribution, we need Social Security now more than ever. This is no time to end "Social Security as we know it."

We now have proposals, privatization schemes, to "end Social Security as we know it." That is what this is all about. I am amazed that we have not had more discussion about how to modify and support Social Security as opposed to the privatization schemes that dismantle Social Security.

I will give some of my colleagues credit. They have been able to take, 34 years in the future, a potential shortfall and reduce it to an agenda that dismantles the Social Security system as we know it.

We need to have a major discussion and debate over this. In the coming weeks and months, I plan to be talking at great length about how we can correct the projected shortfall 34 years from now without ending Social Security as we know it. Right now, friends of Social Security are generating a number of proposals that do not amount to radical surgery. Those ideas deserve to be heard. Advocates for the privatization plan favored by Wall Street should not have a monopoly over this debate. If we have a fully informed discussion and all options are really on the table, I am very confident that the American people will support a progressive solution that does not end Social Security as we know it.

I yield the floor.

NATIONAL TOBACCO POLICY AND YOUTH SMOKING REDUCTION ACT

The Senate continued with the consideration of the bill.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The distinguished Senator from Texas is recognized.

Mr. GRAMM. Mr. President, I ask unanimous consent that the bill remain in the status quo until 1 p.m. today.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. GRAMM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

SAVING THE E-RATE

Mr. DASCHLE. Mr. President, I have been concerned over the last few days to hear growing attacks against the so-called e-rate—the program Congress created just 2 years ago to help schools, libraries and hospitals connect to the information superhighway.

I am concerned because of the timing of these attacks. Only last month, the Senate approved a bill increasing immigration quotas for highly skilled workers from other countries. Why? Because there are not enough American workers with the technological skills to meet the needs of our economy. If that is not an acknowledgment that we need to do a better job of teaching technological skills in this country, frankly, I don't know what is. I supported raising the quotas for skilled workers, but that was a one-shot emergency response to a crisis.

By the year 2000, 60 percent of all jobs in our country will require technological skills that only a fraction of Americans now have. In the longrun, the only way we can keep America's economy growing is by giving our own workers the skills to compete and win in a high-skills economy. That is why the sudden course of criticism of the e-rate is so alarming.

Today, only 27 percent of the classrooms in America are connected to the Internet. In poor communities, rural and urban, only 14 percent of classrooms are linked to the Internet. If we don't take the opportunity now to address this problem, we simply will not have enough skilled workers to retain America's position as the world's strongest economy. We will also consign our children to two very different futures, separate and unequal.

It seems like every week we hear more and more talk about the year 2000 problem. What about the "year 2010 problem"?

That is when—if we do nothing—children who are in kindergarten now will be graduating from high school without the technological skills they need to get a decent job or get a good college education. We simply can't allow that to happen. We can't do that to our economy, and we can't do that to our kids.

Congress understood that two years ago. That's why we created, on a strong bipartisan basis, the e-rate program as part of the Telecommunications Act of 1996.

The e-rate program gives crucial discounts to schools and libraries to establish or upgrade Internet connections. The steepest discounts going to

the neediest communities. All commercially available telecommunications services are eligible for discounts.

Across the country, 30,000 schools and libraries have already applied for help from the e-rate program to establish or upgrade Internet connections.

In my own state of South Dakota, 280 schools have already applied.

Educational technology is critical in rural states like ours, Mr. President. Through teleconferencing and other kinds of long-distance learning, students in South Dakota can take all kinds of classes they never would have had the chance to take.

If we pull the plug on the e-rate, we will slam the doors to countless educational opportunities—not just in South Dakota, but all across America.

The United States is the most prosperous nation on earth. We are currently enjoying incredible economic growth. It is a travesty to say we can't afford to give our children access to the tools they need to share in this economic miracle.

Yet, if we kill the e-rate program—as some would clearly like—that is exactly what we will be saying to children in poor rural and urban communities.

How have we reached this sad state?

In a nutshell, some telecommunications companies are not playing straight with the American public. They are trying to use schoolchildren as an excuse for costs they themselves choose to pass on to consumers.

Mr. President, the big long-distance companies have reaped a \$3 billion windfall in the last 18 months.

That is \$3 billion!

That's how much long-distance carriers saved in reduced access charges they paid to local telephone companies in the past year and a half. Because of the direct actions of the FCC, these companies have received more than enough money to pay for the entire e-rate program.

Over that same period, they have been asked to collect only \$625 million for the e-rate.

But the long-distance carriers want to retain the \$3 billion in savings and insist consumers should pay for connections for schools and libraries.

They would have us believe that the e-rate is driving up the cost of long-distance phone service.

They say they intend to add a new line-item to their customers' bills telling them just that.

The strategy is clear: Opponents know they can't attack the e-rate on its merits—because Americans care deeply about their children's education.

So they call the e-rate a new tax—and hope people get so mad about another tax that they demand an end to it.

The problem with their rhetoric is: it's not true.

The FCC is not requiring long-distance phone carriers to line-item the costs of the e-rate program on to their

customers. The carriers made that decision themselves.

In addition, only a small part of the amount the carriers want to include in that line item actually goes to schools and libraries.

Most of it is used to provide phone service to rural America and other hard-to-reach customers. This is not a new responsibility. Phone companies have had that legal obligation for 60 years. It's called "universal service."

In 1996, Congress expanded universal service to include schools and libraries. We should keep our word—and keep the e-rate program.

That's why I have asked the Chairman of the FCC, Bill Kennard, to require strong truth-in-billing standards for long-distance companies. Those that choose to place line-item charges on their phone bills should also tell their customers about savings they have reaped from reduced access charges. We should not allow these companies to mislead their customers by charging for certain costs without disclosing savings they gain from other governmental actions.

This issue has sparked an important debate in Congress and the FCC about the future of universal service. The FCC's top priority must now be to secure the long-term viability of the high-cost fund as well as the e-rate.

Learning how to use the basic tools of modern communications is not a luxury for our children. It's not a frill. It is a necessity.

The e-rate was created with strong bipartisan support. It deserves our continued bipartisan support. And I hope it will receive it.

Mr. President, I yield the floor.

Mr. KENNEDY. Mr. President, I wonder if the Senator will yield for a brief question.

Does the Senator remember the debate on the telecommunications legislation where at least there was an understanding that the major carriers were going to be favorably disposed, as a result of the competitiveness, to give those assurances to schools, to libraries, and to rural public health settings around the country?

Telemedicine is extremely important, I know, in many regions of the country. It provides extraordinary upgrading of quality health in terms of diagnosis and treatment and care for many of those who live in remote areas, whether it is in urban areas that might benefit from the museums and libraries or educational centers, or those kinds of facilities that exist in rural America, or the public health facilities, small clinics, that provide in many instances life support services for people who live in those communities. It seems to me that many of us were under the understanding that there was an agreement to provide for those kinds of services.

I am just wondering whether the leader shared my impression that this was something they had every reason to expect to go into effect, that they

had planned on it and made provisions for it, and in many instances are very dependent upon these kinds of services.

Mr. DASCHLE. Mr. President, I think the senior Senator from Massachusetts makes a very important point in his question. I believe that not only people all over the country made that assumption but many of us in the Senate did as well, as we contemplated our vote on that bill. That was not an easy vote, as I know the Senator from Massachusetts remembers. That was a very, very difficult vote. I ultimately decided that, on balance, this bill merited my support. I give great credit to many Senators who put a lot more time in bringing that product to the Senate than I did. But I voted for it in part because of the assumptions that we made about the opportunities and services it would provide to people across this country, especially in improving education and information in schools, libraries and rural health care centers.

So the Senator is right. We made some promises. We made some commitments. We also made a deal that said as a result of all of this, the long distance carriers would ensure proper collections for the schools and libraries program. They knew they were going to see some reduced costs. Indeed, according to figures I have been provided, \$3 billion in reduced access charges has already been achieved. Now all we have done so far with regard to the e-rate is collect about \$625 million, a fraction of that \$3 billion. Some of these companies have now indicated that they are fighting a small increase, the amount that, as the Senator says, has been assumed would be available for the schools and libraries across this country to improve the technological skills of every child in our schools.

I hope they will come forth with an explanation. If they are going to put in this new line item indicating the e-rate cost to people across this country, why aren't they going to show equally the \$3 billion in reduced costs they have already reaped? There has to be some fairness here. There has to be truth in billing.

I think the Senator from Massachusetts has made a very important point. We made a commitment when we passed that bill, and I hope it can be realized.

Mr. KENNEDY. If the Senator will yield further, it seems to me that we have been talking about whether it has been in the area of education, the area of health care, about partnerships. We have understood that we don't have all the resources given the budgetary considerations, but we are talking about the partnership that exists between the public and the private sector.

We also listened, I thought with very strong approval, to the excellent presentation that the President made up in my own State of Massachusetts at the Massachusetts Institute of Technology.

I see the chairman of the Foreign Relations Committee. If I could yield for

whatever interventions he would like to make, I see an outstanding guest who honors us and who made a wonderful speech that many of us had the chance to listen to a short time ago. It is a great pleasure to yield at this time.

The PRESIDING OFFICER. The distinguished Senator from North Carolina is recognized.

VISIT BY HIS EXCELLENCY KIM DAE-JUNG, PRESIDENT OF THE REPUBLIC OF SOUTH KOREA

Mr. HELMS. Mr. President, the distinguished Senator from Massachusetts has made my speech for me. The distinguished and honored guest from the Republic of Korea is with us, and I ask unanimous consent that the Senate stand in recess for a couple minutes so that Senators and others may greet him.

RECESS

There being no objection, the Senate, at 12:30 p.m., recessed until 12:33 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. ROBERTS)

NATIONAL TOBACCO POLICY AND YOUTH SMOKING REDUCTION ACT

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. No amendments are in order until 1 o'clock.

The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I would like to ask unanimous consent to be able to proceed maybe for 20 minutes, 10 minutes for myself and the other 10 minutes for our friend, the Senator from Minnesota.

Mr. GRAMS. I would like to request 15 minutes.

Mr. KENNEDY. I will.

The PRESIDING OFFICER. Is there objection? Hearing no objection, it is so ordered.

The Senator is recognized.

Mr. KENNEDY. I thank the Chair.

Mr. President, the Senate has been considering the comprehensive tobacco legislation offered by Senator MCCAIN for three weeks.

In fact, since the Senate began to debate the tobacco bill on May 18, 69,000 children have begun to smoke, and 23,000 will die prematurely from a smoking-caused disease.

In the past day, however, we have made significant progress in moving forward in a bipartisan manner to resolve our differences and bring this bill to final passage.

The Senate should once and for all reject the dilatory tactics of the opponents of this legislation, who care more about protecting the profits of Big Tobacco than they do about protecting the health of the nation's children. They have used every strategy in the book to delay and obstruct this impor-

tant legislation while thousands of children begin a lifetime of nicotine addiction and smoking-caused illness. But the pressure is starting to build in every corner of this nation, and the American voters are demanding that the Senate take quick and decisive action to bring this bill to a vote.

The stakes have rarely, if ever, been higher on any public health issue. Tobacco use is the leading preventable cause of death and disability in the nation. Of the 48 million smokers in the United States today, it is estimated that 20 million adults and 5 million children will die prematurely from a tobacco-induced disease.

In fact, tobacco products are responsible for a third of all cancers, and 90% of all lung cancers. 170,000 new cases of lung cancer are expected in 1998. 90,000 men and 65,000 women are expected to die of the disease in this year alone.

Tobacco use is also linked to a wide variety of other illnesses. Smoking by children and adolescents is associated with higher cholesterol levels which can significantly increase the risk of early development of cardiovascular diseases.

New research also indicates that tobacco use is a risk factor in alcoholism, depression, hearing loss, and vision loss among the elderly.

The use of smokeless tobacco products is associated with cancers of the mouth, gum disease, and tooth loss.

The dangers of secondhand smoke are also becoming increasingly clear. It is linked to low birthweight, respiratory distress syndrome, and sudden infant death syndrome. A recent report by the Agency for Health Care Policy and Research says that secondhand smoke is responsible for as many as 60% of cases of asthma, bronchitis, and wheezing among young children.

It is also clear that smoking-related illnesses impose an enormous burden on the United States economy. According to the Department of Treasury, smoking will cost society \$130 billion this year, of which \$45 billion is attributable to medical costs due to smoking-caused diseases.

Smoking during pregnancy, which results in increased costs from complicated deliveries, medical care of low-weight babies, and developmental disabilities, adds up to a \$4 billion loss for the U.S. economy.

The damage resulting from smoking-caused fires is \$500 million a year, which does not even account for the 2,000 lives lost in these tragic accidents.

\$500 million is attributable to lost productivity, since smokers miss 50% more work days than nonsmokers. In addition, smokers tend to die younger and retire sooner, which costs society an astounding \$80 billion in lost output and wages.

Much higher priority is obviously needed for smoking cessation programs and tobacco prevention initiatives, which are among the most cost-effective means available to reduce health

care costs while, at the same time, improve the lives of millions of Americans.

The pending amendment by the Senator from Texas seeks to divert approximately \$47 billion over the next ten years away from smoking prevention, away from smoking cessation, away from medical research, and away from reimbursing states.

When we add the combined impact of the pending Gramm amendment and the Coverdell amendment which was approved yesterday, no funds would be left for programs which are essential to reducing youth smoking and to helping current smokers quit. In fact, the Gramm amendment alone would result in roughly 4 million fewer Americans served by smoking cessation programs, 20 million fewer people discouraged from smoking by counteradvertising campaigns, and 48 million fewer children participating in school-based smoking prevention activities.

These numbers speak for themselves. Reasonable marriage penalty relief makes sense. But the Gramm amendment goes too far. It would destroy the underlying smoking prevention legislation.

All of the money raised by the cigarette price increase contained in the legislation is currently earmarked for smoking related purposes: 22 percent is directed to smoking prevention and cessation, 22 percent is to be used for medical research, 16 percent is for transitional assistance for tobacco farmers, and 40 percent is to compensate states for the cost of medical treatment of smoking related illnesses.

Which of these smoking related initiatives would the Senator from Texas eliminate? Does he propose to eliminate all compensation to the states for their tobacco related health costs? After all, it was the state lawsuits which provided the genesis for this legislation and which exposed the most dramatic evidence of industry wrongdoing. That would not be fair. Even if every dollar intended for the states was taken to fund the Gramm amendment, it would not be enough to cover the cost.

Does he propose to eliminate all transition assistance for tobacco farmers and communities? It would not even cover one-third of the cost of the Gramm amendment.

All of the remaining dollars are directed to smoking prevention, to smoking cessation, and to medical research. These initiatives are the heart of the legislation, yet both the pending Gramm amendment and the Coverdell amendment approved yesterday will deny needed resources to prevent teenagers from beginning to smoke. If we are serious about stopping children from smoking and saving lives from tobacco-induced diseases, we have to make these investments.

These programs work. Let me give you a few examples:

Every dollar invested in a smoking cessation program for a pregnant