SECURING THE FUTURE:

Solutions beyond politics for Social Security and Medicare

ANDRUS CENTER FOR PUBLIC POLICY

CITY CLUB

Address by
Senator Alan K. Simpson
Sponsored by The Andrus Center for Public Policy
and
The City Club of Boise

At Boise State University
December 6, 1996

MARC JOHNSON: My name is Marc Johnson. It is my great pleasure to be the moderator of tonight's program and also to serve as a member of both the Andrus Center board and the board of the City Club of Boise.

A word about our format tonight. This appearance by the senior senator from Wyoming is being broadcast for later rebroadcast on the Idaho Public Radio stations through the good offices of KBSU. Following Senator Simpson's remarks, we will be taking written questions. Your program has a detachable card, which you can use to jot down a question. Please make it to the point, brief. The ushers will be circulating throughout the auditorium, so please pass the cards toward the center aisle, if you will, and the ushers will be by to collect them and hand them to me. We will try to get to as many of those questions as time will reasonably permit tonight.

Let me move on to the introduction of the fellow who will introduce our speaker. The Andrus Center began in 1995 with the vision from its chairman and founder that the great public issues that confront our state and nation can and should be intelligently debated because great issues in our society too often go unresolved. With intelligent debate and discussion, great issues can be resolved when reasonable people come together and seek responsible solutions.

The Center has sponsored a number of programs in its two years of existence, focusing on natural resource policy and water, but the Center's agenda also considers the concerns that former Governor Andrus had throughout his public service career, concerns for issues that affect people, their economic security, their education, and the quality of life that we hold so dear in this state. Permit me now to introduce, for the introduction of the speaker, the chairman of the Andrus Center for Public Policy, the former Secretary of the U. S. Department of the Interior and the former four-term great governor of the great state of Idaho, Cece Andrus.

CECIL D. ANDRUS: Thank you very much, Marc. Good evening, ladies and gentlemen. On behalf of Boise State University, the Andrus Center, and the City Club, let me welcome each and every one of you here. Thank you for coming to hear a lively discussion of a major issue. Before I get to the introduction of a very distinguished gentleman from Wyoming and a good friend of mine, let me say that the Andrus Center is designed to – and our charter states that we will – discuss those issues in a format where the public has the opportunity to learn from that meeting the specifics of a given issue. Yes, as Marc pointed out, we have been discussing some conservation, water quality, and environmental issues, but we also handle educational issues.

The issue we're about to discuss tonight came to light before the Andrus Center and its board of directors were created. The people who are in charge of auditing, monitoring, and reporting on these entitlement programs pointed out that Medicare, if it continues the way it is today without any changes, will be broke, defunct, out of business by the year 2000 or 2001. Ladies and gentlemen, that's only four years from now. Disability insurance will be in trouble by the year 2016, and Social Security itself, sometime between 2025 and 2029.

We watched in the last campaign, and it was my opinion and the opinion of some of the members of the board that neither presidential candidate spoke to the problems of Medicare and Social Security. The Congressional candidates of both political parties were rather mute when it came to the question of what they would do to solve these problems. What concerned us was that there seemed to be no urgency on the banks of the Potomac to step up to the plate and solve this problem. The people were afraid to address the sticky wicket, but it's a problem that we all have to face.

I found out that I am one week older than the man I'm about to introduce to you, so I will introduce junior in a minute. He's had a very distinguished career, and he comes from a distinguished political and legal family in the state of Wyoming. He also is one of the few members of the United State Senate who had the strength of character to step up to the plate and discuss these issues. He and Bob Kerrey, Democrat from Nebraska, are the two men who have co-sponsored legislation in the United States Senate to bring about a resolution of the problems we face with Medicare and Social Security. I'm not standing before you to say that every provision of their program is what we should adopt, but I'm saying that they do have an answer, and they have had the strength to stand before the people of America and say, "This is something that must be done." My hat is off to both of them and to some of their colleagues who have been helping.

My only regret is that Senator Simpson decided to not run for re-election this past year, so he will be leaving and putting the load on Bob Kerrey. Bob Kerrey is a friend of mine and a man who can carry a tremendous burden, but I have to say that he doesn't have the ability to communicate like this blunt-talking, straight-from-the-shoulder, tell-it-the-way-it-is gentleman, who goes to same barber that I do. This man has the ability to speak in a language that you will understand. You may not agree with it, but you will know exactly where he stands.

Let me give you a quick look at his background. I don't know what's in the water in Cody, Wyoming, but there must be something because his grandfather was a lawyer in Cody. His father was a lawyer in Cody and then became governor and a United States Senator. Then Alan comes along. He was a lawyer in Cody, Wyoming and now is in the United States Senate. His two sons are lawyers in Cody. So your family has a corner on the market.

He has had a distinguished career. I met the man when he came to the Senate in 1978. I was Secretary of the Department of the Interior. We have cursed one another at times. We have joined forces at times. I could talk about his honorary doctorates of law from all the famous universities from Notre Dame right on down the list, but I won't take that time. He served on the Judiciary Committee and is a colleague of former Senator Jim McClure, who is here tonight, and a friend of Frank Church's. Bethine is here tonight as well. There are many officeholders here tonight that I could introduce, but I won't take that time. I will just say that this is a man I respect, a man who is absolutely honest, who will tell it the way it is, and who has only one thing in his heart: what is good for the United States of America.

Ladies and gentleman, before I bring him to the podium, let me say that if you have any trouble deciding about a Christmas present–I'm not supposed to say this because the book is being distributed to the bookstores now, and the publisher is a little sensitive if I say anything so I was told not to – his new book is for sale in the lobby. Well, you know me. This book is entitled Right in the Old Gazoo. It is written by the distinguished, smooth-talking, slick-tongued devil you're going to hear from in a minute. It tells you about the woes of the world, the inadequacies of the news media, and much more.

Now, ladies and gentlemen, I present to you a man I'm proud to introduce, a good friend of mine, the senior Senator from the state of Wyoming, Al Simpson.

ALAN K. SIMPSON: I love the way you did that...touted that book like that. I didn't make up the title. The publisher helped with that. The subtitle is A Lifetime of Scrapping with the Press. So the first page is blank except for the word "Gazoo: noun, slang. South end of a horse going north." So that takes are of those who think it is a musical instrument.

It is a great pleasure to be here, a special treat and honor, to be here in Boise. I came here first in 1953. I was headed for Fort Lewis in the Army. There were about six of us from the University of Wyoming, single, thought beer was food, played the slots and stuck around for an extra day to play the slots. We didn't have any of those. Then we moved on, and it was best that we moved on.

Cecil Andrus is a friend of mine. I enjoy him greatly, and it's a great honor to be here at the invitation of the Andrus Center for Public Policy and the Boise City Club. You've been very generous and hospitable. Today has been worse than any campaign day I ever spent. Got up at dawn. We were an hour ahead of where we supposed to be, so I'm exhausted, absolutely tattered. But we've had a little fun today. We got into the historical museum, which is a wonderful museum with wonderful displays, wonderful explanations on the presented materials. You should be very proud of that.

When I first met Cecil Andrus, it took me only a few weeks to know that this was a highly bright, intellectual, and profane man–thereby fitting my idea of a great human being. So I remember the first time I called him, I said, "You sheep-killing b....:", and he said, "You coyote- killing son of a b...". From that steady dialogue came this friendship. He's a very remarkable guy–very thoughtful, very sincere, very progressive man with a Puckish sense of humor. He has included old and dear friends in today's activities–Jim and Louise McClure are here. Ann and I think the world of them, and we have enjoyed them and served with them in many capacities, committees, groups, etc. Bethine Church is here, and I have the highest regard for her. It's wonderful to see her. I served with Frank and Jim and Steve Symms and Larry Craig and Dirk Kempthorne. Orval Hanson is here. Every one of these people is hard-working, trying to do the best they knew how. That's all you can ask from those of us in this life. I enjoyed and respected them all.

Well, the election is over, thank God. Of course, you heard both of the candidates speak daily of Social Security and Medicare. . . Zero. Neither one of them said a word about it. Why? Because of the heat. That's why. Politicians know heat. They know white heat, red heat. These are white-heat issues. Since the elections are over, let me remind you of the difference between horse race and a political race. In a horse race, the entire horse runs.

Then there's the one about the two guys in the pen in another state, and one says to the other, "The food was better here when you were governor." Actually, the worst one is that quick Wyoming story. The couple hits the sack, and at 2:00 in the morning, the phone rings. Guy answers and says, "How the hell do I know? That's 2,000 miles from here," and hangs up. His wife says, "Who was it?" He says, "I don't know. Some nut called and asked if the coast was clear."

The worst one that has happened to me in my time in Washington was just a few months ago in the Erma Hotel in Cody, Wyoming, built by Buffalo Bill for his daughter, Erma. I'm sitting in there on a Saturday morning, got my grubs on, with my cowboy boots, puts me about 6'10". I'm paying the bill, and up comes a guy who says, "Hey, anybody ever tell you that you look kind of like Al Simpson?" I said, "Yeah, they do." He said, "Makes you kinda mad, don't it?"

Well, just one more. It came to me on the issue of education. You must be very proud of this extraordinary university here. More students here than at my alma mater, the University of Wyoming. We saw some of the facilities today. What a wonderful special place. You must be very proud. I thought of that wonderful story of the importance of education where the father was looking at his son, sitting in front of the television, with his hat on backwards, and his pants down over the toes of his shoes, looking like a mouth-breathing anthropoid. The father says, "You know, son, you just have to get an education. You have to do it." "OK, Pop, OK. Mom's been ragging me on that, too." "No, no, son. Let me tell you about me. When I was your age, I was reading the want ads, and there was an ad for a chauffeur. I answered that ad and came to this house that was huge. There were five vintage cars in the driveway. It was just spectacular. A very old woman came to the door and asked me to come in, and she said, 'Sit down. Are you the young man answering the ad for a chauffeur?' I said, 'I am, Ma'am.' Then she talked with me and said, 'Now if you'll stand up and please roll up your pant legs.' I did that, and she said, 'I just wanted to see how you would look in puttees.' Then she said, 'Now, son, let me see your testimonials.' Son, I know if I'd had a better education, I'd have gotten that job."

Enough. We must stop this.

I am winding up 31 years in this game; 13 years of legislating in Wyoming. Cece and I were up at the Legislature today–what a beautiful capitol, what beautiful chambers. We met with many

of the legislators that were here for their organizational meeting. It was a treat because those 13 years were very special for me. That's where I learned my craft. It was a great ride, and I loved it.

Some people come up to those of us who are leaving and ask, "Why are you leaving?" There are 13 of us, and I'm so pleased to see that one is now the new Secretary of Defense, Bill Cohen. He will be superb. He's greatly skilled, he is not an avid partisan, and he will work with the president. Then there are Nancy Kassebaum, Dave Pryor, Jim Exon, Bill Bradley and others. For me, the reason was very clear. It's not sinister; it's not remorse; it's just that Ann and I want to do something else in life. We did 18 years of the law practice and 18 years of the Senate, and now we want 18 years, plus overtime, of doing something else.

My father, whom Cece knew and who served with Len Jordan, was asked by someone when he was 90, "Have you lived in Cody all your life?" And he said, "Not yet." That's a very important part of our decision.

There were 20 of us in the Senate class of 1978: 11 Republicans and 9 Democrats. It was a break point, a time when people like Howard Baker and Abe Ribicoff stepped down. They were fine senators, impressive people. It is a natural break point. Then there were rule changes that took place. When I was a 30-year-old legislator, I always wondered how we could ram it to those 60-year-old cats. Now I'm a 60-year-old plus cat. So we opened the rules, and it was very good. We said that if you are a full committee chairman, you cannot chair a subcommittee. That's good; I voted for it. But it meant that I would no longer be involved with immigration, which is a very interesting issue to me, and that I would no longer be dealing with Social Security, which is just as interesting. That would have been, for me, like going to work with about a third of a lunch bucket. It's not because of a lack of civility that we depart; not an ugly atmosphere; not fed up. It's just time to move on.

I'll be headed for Harvard where I will be a visiting professor, occupying the Lombard chair. I have prepared my syllabus, whatever the hell that is, and I will be going there to teach a course entitled "The Creating of Legislation: Congress and the Press." We'll deal with immigration; we'll deal with the Clean Air Act; we'll deal with judicial nominations; we'll deal with Social Security. It's a great honor to be involved.

People ask what I will miss the most. I'll miss my fellows, my friends in both parties, my staff, the Senate itself, the whirl, and the pace. That's what we will miss.

Many people in my town meetings just want to know what in the hell is going on, and that's a good question. We do get things done, but I think the poor old public never seems to know it. You'd think we were locked in eternal gridlock, but in the past few months, we've done a lot. Each measure was passed by a large bi-partisan majority: the Kennedy-Kassebaum Health Care; line-item veto; food safety and the Delaney clause, which has been a tough thing to get over for years; and foreign operations, finally, with some recognition of the need for monies for population control in the world. There's your environmental disaster. Forget about cows and methane gas from cows and whatever is in the bottom of a shaving-cream can. Ladies and gentlemen, it's the population of the earth that will eat up the earth. I'll probably hear from someone in the back during question time.

We did welfare reform. It hadn't been done for years. We did a sweeping farm bill, which also hadn't been done for years. We got into the subsidies and the support system; we passed a telecommunications bill, which hadn't been touched for years. There was a bi-partisan bill on illegal immigration and one on unfunded mandates legislation, which was hugely bi-partisan. But all we hear about is gridlock and the do-nothing bunch in Congress.

Well, a lot of that comes from the media. Now we must not leave them out. That is the only unaccountable branch of society, ladies and gentlemen. All the rest of us are accountable to somebody, every day. They are not. And when you nail them–and I've never won one–they talk about the first amendment, the chilling effect, the public's right to know, or the simple phrase, in parentheses, "We stick by our story." Have you seen that one? That's a dandy. So they have to help us help you understand what we're doing, and at that, I think, they are failing.

Here's where are. We have a debt right now of about $5.2 trillion, and if we do all the things that are so controversial and that are reported day and night in the media about balancing the budget in the year 2002 and do all the evil things necessary to do that, the balance will be zero at the end of 2002. People think, "That's great. That's what we're eager to do." But, the debt at the end of 2002 will be $6.4 trillion. It's almost like a total disconnect. The deficit will be zero, and we will have "balanced the budget": yet entitlements programs will have sucked it on up to $6.4 trillion in the year 2002. Nobody is paying attention to that.

So, the entitlements. We're not going to use the word "entitlements." We're going to use Social Security, Medicare, Medicaid and federal retirement. There are 14 others. I won't even talk about federal retirement. It's $700 billion underfunded. There is an unfunded liability in federal retirement of $700 billion. Why? Look at my own retirement. I put in 8% of my salary for 18 years; 2 years in the Army. I'll receive something between $56,000 and $60,000 per year. That's a pretty big ticket. But a postal worker in Denver is going to get that same return on his federal retirement. They put in 7% per year, and yet, they're going to get out a pretty tidy figure, which is 41 to 43%.

We won't talk about Medicaid. It's slowly coming to the point where it's breaking some of the states. Cece knows that. Any governor knows that. There is a participation by the feds, of course, but the state has to pick up things, and we're now making an effort to put that into a block grant with the naive belief that people in places like Boise and Cheyenne really do care about human beings. It is my experience that state legislators care a lot about human beings and can do the job just as well or better than those in Washington.

So back to Social Security. Who is telling us this business about going broke in the year 2029, beginning its swan song in the year 2012? Who are the people telling us this? The people telling us this are the trustees of the system, and the trustees of the system are Robert Rubin, Robert Reisch(?), Donna Shalala, Shirley Chedar(?), one Democrat, and one Republican from the general populace. They have written a very small summary of what's going to happen to Medicare and Social Security. Then I was on the Commission on Entitlements and Reform, and on that commission were Bob Kerrey, Jack Danforth, Pat Moynihan, Richard Trumpka (?)of the Mineworkers, Dale Bumpers, Pete Peterson, Thad Cochran, people from all walks of life. Out of the 32 of us, the only two that did not sign off on our final message were

Malcolm Wallop of Wyoming and Rich Trumpka. That's the spectrum: the labor guy and the senator from my state, who is very conservative.

Here's what we found. With no increase in revenue and having done a perfect health care bill, which is impossible to do–at least in this atmosphere–in the year 2012, there will be sufficient revenue to pay for only Medicare, Medicaid, Social Security, federal retirement, and interest on the debt. There will be zip, zero for transportation, education, defense, WIC, WIN, Head Start, NEA, NEHA, anything you might care about because that's all discretionary stuff. The other stuff is on automatic pilot.

I do not even vote on 67% of the federal budget. I do not cast a vote on 67% of an annual budget, which is $1.56 trillion. You're saying, "Why don't you guys just do what you get paid for?" I see someone back there with his neck muscles pumping. Well, we did that once. We did it in 1985 in May. It was the toughest vote ever cast in the Senate. The vote was 50 to 49. One Democrat assisted us, Jim Zirinski. We cut 13 agencies of the federal government, completely abolished them. We put a freeze on everything in the federal budget except Social Security and veterans' benefits and went into double-year budgeting. Jim [McClure] was there that night. It was 2:00 AM, and the Democrats came across the aisle–don't chuckle because this is real life politics– and said, "That was gutsy stuff, and we admire you." That was a note of adulation, which turned a little bit sour in the next election when it was very simple as to what happened. Six of our people were washed away with 30-second spots that said ,"This is the jerk that cut your Social Security; this is the jerk that cut your black lung funding. This is the jerk that cut your railroad retirement." And you loved that. Somebody loved it. They were gone. So you don't get a lot of guys who are ready to do the heavy lifting.

I have talked like this during all my time in politics. My words are not related to the fact that I'm repairing to the sidelines. I have always taken on the AARP. Ladies and gentlemen, the AARP is a huge business. It is not just sitting there in a benign fashion. It is 33 million Americans, bound together by a common love of airline discounts and automobile discounts and RV discounts. Let me tell you who they are, over at AARP. They get $8 a year dues. They have $345 million in the bank in T-bills; they get 3% of every premium from Prudential and just put it in their pocket; now they're going to cancel that arrangement with Prudential and go into HMO's, which is a conflict of interest beyond comprehension because of what they do with the peddling of Medigap policies.

They also settled a claim by the Postal Service for $134 million, a claim that they were using their non-profit permit to promote their insurance plan. They settled that for $134 million, and 1-1/2% of all mailings under that permit are by the AARP. They lease a building in downtown Washington for $17 million a year. The pharmacy in the basement of that building sells children's medication and kids' vitamins, and it's supposed to be for seniors. Their mail- order pharmacy has knocked more pharmacies out of existence in Idaho and Wyoming than any other factor. So that's your AARP, and they are tough.

I've offered to debate them in any forum anywhere anytime and have yet to hear a breath from any of them. I'd love to take them on and will be more eager to do it when I get out of here.

Let me tell you: stick with them. Andrus is a member; I am a member. Take advantage of those discounts, but just remember to ignore anything they are telling you about legislation because it's phoney. Do you know what they really want? Now listen to this one. What they really want is long-term health care for everyone in the U.S., regardless of your net worth or your income. That will bring us to our knees unless you've never had a parent that you've taken care of yourself and paid for it. We figured they made it, and we ought to spend it. We spent $125,000 a year so they could have "home health care." How else do you do it? You pay somebody $7 or $8 an hour for 365 days a year, 24 hours a day, that's what it is. My brother Pete and I did it. That's what long-term health care is if you're doing it in a person's home. It's a big- ticket item, and they have all sorts of reasons why they shouldn't do means testing. We're going to have to means test.

We're going to have to affluence-test these benefits. You can't let a guy who's living in Sun City, has a cabin in the Big Horns and two cars, pick up a cost-of-living allowance based upon his or her earning schedule. We're not talking about poor people here. We're not talking about minors. I'm not talking about people who are scratching it out. I'm talking about people who've got some bucks - so here we are with this situation where we tried to do catastrophic health care. Do you remember that one? That's where a bunch of deceptively frail people jumped on Rostenkowski's car and glommed him. Guess what? We went back and repealed it. I didn't vote to repeal it because here's what would have happened. 80% of the people under that plan would have paid between $8 and $12 more per month for unlimited hospital and hospice care with more whistles and bells on it than anything you've ever seen. 15% of the people would have had to pay something between $12 and $18 per month, and the top 5% of the people in America, i.e. the wealthy, would have had to pay between $1200 and $1500 a year more, and they brought it down. It was not the little guys that brought that down, ladies and gentlemen. It was the big cats. The mailman from Sun City must have had a hernia from hauling it in.

That's how it got beat, and that's how it's going to get beat again. Get this one if you don't get anything else because this is the one that shut the government down. Part B premiums for Medicare. That is for physician reimbursement and durable goods, i.e. wheelchairs, oxygen, etc. Last year, the beneficiary was paying 31% of that premium, and the general taxpayers were paying the rest of it. The law said that this premium was going to go down so that the beneficiary only paid 25%. We said – and this was not a partisan statement - how in God's name do you knock down the premium from 31% to 25% when the system is going broke? Good question, but the president in that situation and some Republicans and Democrats, too, said, "We could never do that to our seniors." It would have been $9 more per month. That premium is $46.10 per month, so you have a situation where, after the first of the year, the wealthiest people in American are paying only 25% of the premium on Part B. The guys in the kitchen in this Student Union are paying the other 75%. If you want to write about justice and truth and caring, get at it. That's, to me, the most unconscionable thing I have ever seen. All we were trying to do was affluence- test those benefits and say, "If you're making over $50,000 per year and you're buying Part B, guess what? You're going to pay the whole thing, which would be about $180 per month, less than a guy and his wife making $30,000 a year pay for their insur-

ance. They're paying $300 or $350. We couldn't get that done, and that shut the government down.

We're not talking about the little guy; we're talking about affluence-testing. If you're going to use the government as your bank, then line up and put your net worth statement underneath the cage. That's what you're going to have to do or else we will not make it.

Now just a minute. Hang on. While this was going on, the AARP rode in on their white chargers, lance extended, to say that this was a ghastly thing, what we were up to with regard to the balanced budget amendment and Medicare and premiums. Guess what? In the next six weeks, they raised their Medigap premiums $31 per month. That's your AARP, a phoney bunch, knocking us to shreds, whanging us to death, and upping their own kitty $31 per month on their own policy. That's phoney although we have another word for it in Idaho and Wyoming.

OK. Now what are we going to do with it? First of all, Cece and I were talking today. We're the same age though he is senior to me, and we talked about what we had earned in our lifetimes. I went to work for the Cody Bakery at 14; Cece was working also. We really loaded up the system that year. We both put in $5.00. I never put anything in while I was in the Army; neither did Cece. Got out, practiced law, never put in over $870 per year, and neither did any grey-haired cat in this room. Nobody in this room, 65 and self-employed, put in over $870 per year because there was a lid, and you didn't pay above that lid. Then I went into the Senate, and now I'm paying $5,000 or $6,000 to Medicare and all the rest per year. But if you retired in the 1980s, you got all yours back in the first 2-1/2 to 3 years, all of yours, plus the employer's plus compound interest. So that's it; there is no way to escape that. So if you feel aggrieved, get a slip of paper, mail it off to Baltimore, and you'll get a message back about how much you paid in and how much you'll receive out. It will shock you.

I never hear from anyone after they get that information back. They don't like it, but there is a window of opportunity here, and it is very much ready to close. Here is what we suggest doing. You extend the retirement age from 65 to 70; it's absurd that it remains at 65. When it was set at 65 in 1937 the life expectancy was 59. It was the beginning of a Ponzi game back then. Then we, to get re-elected, added disability, the student benefit, SSI, and we burdened the system of what was never anything more than an income supplement.

Social Security, ladies and gentlemen, is not a pension. It is an income supplement. Furthermore, there is no Social Security Trust Fund. It is a series of IOU's because the law says that if there are surpluses, they must be invested in the full faith and credit securities of the United States, so they're in T-bills or savings bonds. There is no Trust Fund.

So, extend the retirement age over 20 years up to the age of 70. Early retirement would go from 62 to 67. We are not talking about coal miners, people who work and labor in the bowels of the earth. That's a different matter totally. Then you change the cost-of-living allowance. You give a full COLA to the lowest 30% of the people in the United States, who deserve it and should receive it, and nobody else receives over that dollar amount.

Then, here's the key. Instead of putting 6.2% into the payroll tax, you put 4.2, and you put 2% into your own personal investment plan: stocks, bonds, 401-K's, thrift plans, whatever you have in mind. It will be inherited by your heirs or distributed by your will. Then we change the accrual rate on the federal retirement by .2 of 1%. It would knock about 41% off the Congressional retirement over a period years.

Military retirement has to be revisited (Don't throw anything.). We're trying to say, "Look, we don't care if you retire after twenty years, but we say to you that if you go into something that's going to pay you Social Security or into another job, we're not going to give you your COLA until you're 65." We couldn't get that one done either. The veterans' groups ripped us to shreds. I'm a member of the VFW, the American Legion, and AmVets, and if I hadn't been, they'd have given me a full parade, ripped off the epaulets, and I'd have been hammered flat. Don't try to take them on, but that's another story.

So, here's the one – and how topical this is. Moynihan and I thought it would be like falling off a log to change the CPI by 1%. CPI minus 1. The CPI is the Consumer Price Index. It's a market basket of goods, and it's overstated. Everyone has said it is overstated, and now the Commission, just two days ago, came out to tell us it is overstated. What's the first response? Guess who? The AARP. Horace Dietz wandered out of his warren and came before us to tell us that this is a terrible thing to think of because what it does is a dual horror: It increases taxes and decreases benefits. You can see where they are headed. And the Grey Panthers and the silver- haired legislators are fully geared for this one. The sad part of it is that this is the easiest way to do it politically. If you just used the CPI minus 1.1, in ten years, it would save us $1.1 trillion.

Now you'd better hope that works because if it doesn't, there are only two other solutions. The only two solutions for this situation in Social Security are to raise the payroll tax or reduce the benefits. You'll notice that I have said nothing about reducing the benefits. Wherever I go, they say, "We know you, you big jerk. You're the guy out to cut the benefit." I answer, "No, I'm not. I'm talking about cutting the COLA." They say, "Oh, yeah. But that's still bad."

So that's what we're up to. There are good people dealing with this problem: Bob Kerrey and my successor on the issue, Judd Gregg of New Hampshire, a very steady, thoughtful guy. There will be John Breaux, a Democrat, and John Chafee, a Republican. They're doing good stuff, and you'll see more of it in this session.

Don't worry about the center. They say, "What's happened to the center in the Senate? It seems to be crumbling. You're leaving, etc. It is my experience that when there is a strong center, the goonies on the left and the right have a heyday. When the center begins to diminish, the goonies on the right look like goonies on the right, and the goonies on the left look like goonies on the left, and they begin to come toward a centrist position. I've seen that and could name names, but I don't want to. And I've seen them close a little further toward the center because they know the outrageous things they've said, when they know that there are 40 or 50 of us there that don't even listen to them, will have to change because they also know the citizenry won't listen to them unless they come closer to the center.

So those are some things. We have made these suggestions as to what to do about it. We felt we couldn't get into it and talk about it if we didn't have a suggested solution. People say, "Well, if you put the 2% into a personal investment plan, how are you

going to make up the slack in Social Security?" Good question. But it's the same argument people use when they say, "Don't touch anything because the surplus in Social Security right now is huge." And it's going to get bigger. I think it's $400 to $600 billion. It could easily go to $2 trillion in the year 2010, but in the year 2012, you have this situation where every 7 seconds, a baby-boomer turns fifty.

When I was a freshman at the university, there were 16 people paying into the system and one taking out. Today, there are 3.3 people paying into the system and one taking out. In 20 years, there will be two people paying in and one taking out. How long do you think two people will sit still to put up $10,000 each to take care of someone taking out $20,000. It's not going to work. I'm not up to inter-generational fighting. That's not what I do. I recommend to young people that they either take part or they get taken apart.

The other day at a town meeting, one guy said, "Who speaks for us?" I said, "Why don't you speak for yourselves? We gave you the right to vote when you were 18, and only 15% of you use it. Why should I care about you?" Well, that startled the poor soul, and he nearly tripped over his Reboks and his pants.

Serious stuff. I'm going to take one final whack on the media because it's very important to understand that we are trying and we work hard, but the budget reporting is not being done correctly. We can be in budget session for three days in a row, and when we come out, here's the television, all standing out there, stumbling over each other. The first question is, "Who won? Who lost?" They don't say, "Did you get something done in there?" Or the question is, "Who caved? Which one of you caved first? Who was the underdog in there?" But never the question, "Did the country come out ahead while you were doing that work?" I've never heard that question from anybody in the fourth estate. They are more interested in conflict, controversy, and confusion, not clarity. They are as unloved as we are, and when you have a society in which the two most abominable parts of it are politicians and the media, you've got trouble in River City. I think we both have a job to do there.

Well, to hell with it. I'm not going to go on. But I'd say just remember this: You are not members of the AARP first. You are not members of the NRA first, or the AFL-CIO first, or the American Farm Bureau first. For God's sake, you're citizens of the United States first, and a lot of people have forgotten that. I've been out there, and here they come. The first ten minutes of the conversation is always, "When are you going to get a handle on this, Simpson. You've been here 18 years, you jerk. You told us you were going to fix this 14 years ago." They rattle all over you, and then, without fail, before they leave your office, they ask for theirs. They say, "How about our $60 million?" "How about the $150 million", and I'm not always a genial, lovely, delightful fellow. Just like Cece, I'm usually a genial delightful fellow from morning till night.

Well, anyway, serious business. I have to laugh about it. It's wrong, it's just plain wrong to do to our young people what we're doing. And in the year 2010, if we don't do something, 60% of all resources in the United States will be going to people over 60. No society can progress when you have left no resources for those who come behind.

I thank you for your attentiveness, and we'll go to questions if you wish. Thank you for the honor of being here tonight.

JOHNSON: I do have some questions, and we'll get to as many as we can. We'll be leaving the radio audience in just a few minutes, but we have time for a couple of questions before that happens.

Senator, is another Commission needed to deal with these issues to provide the political cover for the folks in Washington, D.C.?

SIMPSON: It may be that a Commission on Medicare might be appropriate. But I hope they would not ignore the year-long work product of Bob Kerrey and Jack Danforth, which was called the Bi-Partisan Commission on the Entitlements and Tax Reform. So I think if they will go back and review that, they will sure have a head start. But if a Commission means a delay of a year or two, that will be disaster. This President doesn't want to be a failed president, and the Republicans don't want to be a failed Congress, so they had better get cracking. If they don't, this thing goes belly-up, and they're moving the date up a month every time you turn around.

JOHNSON: It's been suggested by some that we ought to privatize the Social Security system entirely. Rather than your 2% contribution to an individual retirement account, the whole thing should be that way. What is your feeling about that?

SIMPSON: I don't favor that. I think the emotional turmoil in America would be total. The seniors would simply become unhinged at that one and would say that we "broke the contract." That's their favorite phrase. There was never a contract about COLAs, I might remind the citizenry. Never any kind of contract about COLAs. So I think it would be impossible.

Kerrey and I have found that it's tough to talk about–and listen to this one: One of the proposals–and we tend to favor it–is investing 1/4 of the surplus in equities, and, if it got to $2 trillion, you can imagine what kind of fuel that would be. That may be a little much, but we're talking about that.

JOHNSON: What can the average person do to actively support this cause of fixing these two programs?

SIMPSON: Well, when you get your vast mailings from the AARP, the Committee for the Preservation of Social Security and Medicare, the Grey Panthers, and the silver-haired legislators, be charitable. You can send them the money, but don't believe a thing they say about legislation because it will all be couched in horrendous emotional terms, hysterical terms, and I've seen it. I've watched their mailings. One guy one day said, "We're going to keep doing it. We raised $63 million on that whiner." So why should they quit? You've got to get in and get wet. Then the next time one of your congresspersons, Democrat or Republican, does a hard vote, stick with them. Don't just wait until the election and then say, "Gosh, I saw that ad. That guy cut my Social Security, that jerk."

If we don't begin now, a lot of things will happen to union pension plans when the market drops 20% or 25%. You think this will not happen? When we say in the year 2012, "There is not

enough revenue to pay next month's Social Security, so we're here with the T-bills. We want money," that's a double hit. What do you think will happen to the market on that one?

JOHNSON: Our thanks to those who joined us in the radio audience until this point on the public radio stations here in Idaho.

Senator, what about starting first to reform Congressional pensions? Isn't Social Security supposed to be an off-budget item and not subject to budget cuts?

SIMPSON: Kerrey and I are talking about doing something with Congressional pensions, which would reduce them 41%. I don't know how we can get much clearer than that. That's in our proposal, changing the accrual rate. As for me, I knew that I was talking this stuff for the last fifteen years and was going to get my head ripped off, so I have given back $93,000 of my salary over those years so I could handle the town meetings. My wife couldn't believe it. She's a wonderful woman, but she said, "You did what?" So I am in favor of doing something with Congressional pensions.

In regard to the second part of the question, you can put anything "off-budget," but how the hell does that do anything? That's the greatest fake of all time. The federal financing bank is off-budget and became a siphon for the R.E.A. Try that one. I hate to bring these things up. They're sensitive to us in Wyoming and Idaho. The R.E.A.–all of their borrowing is off-budget. Then how do you do an integral budget of the United States if you don't include everything. Go ahead and leave Social Security off the table, and you will see cuts that will make you horrified. Where the hell do you think it's going to come from? It will come out of the rest of the stuff, and the rest of the stuff can't take that. So listen to my colleagues get up and say they will vote for a balanced budget amendment as long as it doesn't harm Social Security. I think what they're going to do – and you and I have seen this one, Jim - is put up a balanced budget amendment exempting Social Security. There it is. That's what you've been waiting for. And then the crematory rites start because without being able to play with that huge figure, you can only then diddle defense, education, WIC, WIN, Head Start, and everything else. It's absurd – to my mind anyway.

JOHNSON: Do you think the CPI calculation will be corrected?

SIMPSON: If Moynihan hangs tough–and he's a good one-and with Breaux and Chafee with him-I'll bet you they can come away with at least a .7 on CPI. They won't get maybe the 1.1, knowing politics, but they could get a .7 reduction in CPI, which in ten years would be $100 billion off the deficit, something like that. I do think they'll get it, and I think they'll get a capital gains tax reduction, maybe indexed, maybe not, but I really feel that will be done this year. And I believe the President will sign it.

JOHNSON: It's been said that 30% of Medicare is spent in the final weeks or even days of a person's life, often when they are terminally ill, and does not provide for a comfortable, dignified end for many people. Do you have any thoughts on that?

SIMPSON: Yes, I do. My dad lived to be 95, and my mother lived to be 93. Dear Pop had Parkinson's and arthritis, and Pete and I would go see him, lying in the nursing home, and we'd tell him a joke and see if his eyes brightened or something. We never knew whether he was responding, and a young doctor, about 34, came to brother Pete and me, 62 and 63, and said, "I think you might want to consider letting your father slip away." And we said, "Do you know that our mother calls him every day? Even when he can't respond, she calls him and says prayers with him at night. Do you think we're going to cut that off?" That doctor was 34. When he gets to be 64, he'll know a hell of a lot more about that kind of situation. I'm not saying that in a nasty way. There is no way to make a sweeping judgment on that. That's a person-to-person, deeply intimate thing. It's like abortion. It's an intimate personal decision and should be left to the person involved, and I've always felt that.

Dick Lamb once said, "You can't give a liver transplant to someone who's over 70." Is that what we're going to do? But don't leave it to the politicians to do that or to deny a child that weighs less than so many grams a life-support system. Don't leave it to the politicians because the minute the heat comes and the full-page newspaper stories come out about Baby Jane, who is going to die, the politician will run right down, call a press conference, and say, "Not on my watch. We're going to see that will never happen." And there you go again.

You have to deal more with human beings than theory on that one. Not a very good answer, but medicine is powerful stuff.

JOHNSON: What's your prescription for double-dippers?

SIMPSON: I don't have any trouble with double-dippers. I have trouble with triple-dippers, and don't think they're not out there. Don't think that they don't write tough letters, and they're always couched in language like, "I put in it from the beginning, and I want it all out," or "I served, and I want this or that." But I do believe we should affluence-test double and triple dippers.

JOHNSON: Do you favor Social Security benefits for legal immigrants who qualify?

SIMPSON: I think a legal immigrant who is paying into the system should indeed qualify. I had a lot of problems last time. What they said and what they did was to deny benefits to permanent resident aliens. A permanent resident alien, ladies and gentlemen, is here legally and is very much a part of society. The only thing they can't do is vote. But if they are contributing to the Social Security system, I surely think they should be able to have the return.

JOHNSON: What changes, if any, would you propose for Social Security Disability Insurance?

SIMPSON: An odd thing. A medical examination about once a year. This is absurd. There are people who have been knocking that stuff down that haven't been to a doctor in fifteen years and are hauling cement.

JOHNSON: Was your decision not to run again this year in any way related to your frustration about the failure of your Congressional colleagues to deal with these issues?

SIMPSON: No. I've had a lot of wonderful legislative successes and am very proud of them. The Clean Air Act. I was in the midst of that for three years. The issue with Social Security, finally bringing it to their attention. Legal immigration reform. No, there was nothing like that in there.

JOHNSON: This is a question with a point of view. Why don't we go back to the federal income tax structure prior to the Reagan presidency? Within a decade or so, our financial troubles would be solved.

SIMPSON: When they begin naming presidents, you want to begin naming Congresses because Presidents don't vote on legislation. People will say to me, "The Reagan years were so affluent, and it all went out of whack with supply-side." Yes, I hear that view, but Reagan never cast a vote. We did all the voting, and there were Democrats and Republicans who did the voting. Do you want to go back to the 64% income tax? That's what it was in certain situations, even 70%. We can do that, but I don't think people want that. Then I always get a kick out of it when they say, "Well, they're going to give a tax cut, and it's going to the rich." Well, guess what? One percent of the people in America pay 30% of the taxes, so where the hell do you think it's going to go? Five percent of the people pay 48%. 10% pay 75%. That's the way it works, so if you give a tax break, they're the ones who get it.

I didn't answer your question, but I got that off my chest. Go ahead. Ask me some more of those.

JOHNSON: I'll find some in here that match. What's your honest opinion (as opposed to your dishonest opinion, I guess) of President Clinton?

SIMPSON: Let me tell you. I've been in this game 31 years. That is the smoothest cat I have ever met in any legislative or non-legislative body. He is charming beyond dimension, and I honestly believe that he sleeps like a log at night because he believes what he has said is so. Why should I get into a shrink game with that? But I tell you he is unbelievable. I have never seen anything like it. The theory of triangulation–it was strangulation for us. His wife is a remarkable woman, and Ann and I have come to know them in that dimension. Hilary is one of the sharpest people I have ever met. She is attentive; she has taken her flack, and she does it with grace. People say they don't like Hilary. I think that was the health care thing that set that tone. She has been very cordial to us, and there is a thing called civility. But the President. . .you just have to stand back in awe if you're a politician.

JOHNSON: What is your prediction for the political and policy success of a second Clinton term?

SIMPSON: Well, when a man rolls out of his crib, wanting to be President of the United States, then you know that he is not, in the final four years, going to go down as a failed president. He will do anything to avoid that, and the only way for him to avoid being a failed president is to do something with the entitlements program, get into it in a bi-partisan way, and do it. If he does not, he may leave with the trumpets on the east steps, but in a year, the historians will say, "You could have done something about that, and you failed. You didn't do a thing. You just sat there and demagogued that issue, and you Republicans sat there and demagogued that issue." I hope the people will become educated enough and will know enough to bring their wrath down on them both.

JOHNSON: Final couple of questions, and then will ask Governor Andrus to make closing remarks. We heard during your remarks that you have been a frequent and eloquent critic of the press. You said that they are not accountable. What is your prescription to make them accountable?

SIMPSON: You need to read my book. You'll love it. Let me tell you the curious part of it. There are weak journalists and there are weak politicians, and the strong ones I enjoy thoroughly. I like Sam Donaldson; he's ornery and opinionated, but he's as tough on the Republicans as he is on the Democrats. Helen Dewar–you don't know her, but Jim remembers her-the journalist deluxe. There are fine ones: McNeil and Lehrer. There are some tremendous people, but it was odd. They knew I was writing this book for years. It's taken me four and a half years, but I didn't do it on company time. I had seen what happened to Jim Wright, and there was discussion about Newt Gingrich, and I didn't want that. It was not on company time, but I've had them come up with the gravest look–no humor. Most of them are totally humorless. You'll find that's true because they are doing God's work. They would come up to me and say, "I can't believe you're writing a book about the media. What is it that you intend to do to curb or limit or restrict us?" I say, "Wait a minute. I haven't the slightest intention to curb or limit or restrict you. I just intend to stick it one ear and out the other." Then they don't know what to say. I say, "Well, you do that to us all day. What the hell. The first amendment belongs to me, too."

Boy, I'll tell you. I'm thin-skinned, but media people are really thin-skinned. And so, I'll tell you what you do. You smoke them out. You make them come to a public forum like this, put them right here with a politician, and let them answer questions. They will tell you that they don't like to speak. They write, but they can't talk. They wouldn't want to express opinions. Ladies and gentlemen, there isn't a writer or reporter that isn't doing a news comment one day and then, on the weekend, writing an opinion column with every one of his biases exposed so far out you can't even imagine it, and then pretending he is unbiased. Forget it.

Then there are "anonymous sources." That will bring them down because you know who the public thinks is the anonymous source is? Them. They ran out of stuff and interviewed themselves. I'm telling you that you have to smoke them out.

I have a philosophy that when they're after your butt, answer the phone. I have never failed to respond to them, and that's why, I guess, I get invited back. I'm not a sinister person, but they can't just sit there, unaccountable to the rest of us, and pretend every time they savage some guy or lie about them, they're protecting the public's right to know. You see, they can lie about me or Cece or Jim because we're public figures. And the law in The New York

Times vs. Sullivan says that if you are a public figure, you can be lied about, and you can do nothing unless you prove actual malice. My little twist is that those people are more public figures than we are. That test is going to have to start being used on them.

That's a smoker. They kind of gag and fall forward, but Ted Koppel is more of a public figure than 500 of us in Congress. I think the world of him, but he's a public figure. Cokie Roberts is a public figure, so maybe we'll just start lying and telling falsehoods about them unless they can prove actual malice, which is very difficult to prove. That's rather hysterical and stupid, but it's certainly something to consider.

JOHNSON: Finally, Senator, many of your constituents in Wyoming, I'm sure, would share with folks in Idaho a great sense of awe about a fellow who's just about to go off to Harvard. Tell us what you'll be doing there, and then if you'll be good enough to share with these folks the story you shared with some of us at lunch today about the smart fellow from Harvard.

SIMPSON: Yes. Well, Anne and I have been married 42 years, and we're going to live on campus at Elliot House, right there above the Charles, and we're going to take our meals with the undergraduates whenever we wish in that great square. I'll be teaching graduate students and select seniors from MIT and Tufts, and I'll have a teaching assistant and an extra one now because the course is filling rapidly. I've never taught anything, but I'm working, have a lot to read, and to assign. It's just going to be a great adventure for us and a tremendous honor.

Then I'm going out on this book tour on January 6th, starting with the :Today" show, then Dave Letterman on Friday, then to the west coast to "Politically Incorrect," and here I go. I can't wait to be interviewed by Bryan Gumbel. It makes my heart sing.

We'll be doing that, and then Robert Reisch and I are going to do a PBS program every Friday night on the local Boston PBS station, WGBH, called "The Long and Short of It." So that will be fun. He's a guy with a great sense of humor, and he and I argue about a lot of things: the NLRB. But you can have adversaries without having enemies. I love adversaries, but I have trouble with enemies. That's how Cece and I knew each other. Those were tough decisions he had to make when he represented Carter, tough on the west. But at least he came there, was ready to talk, and always diffused things with his humor. That's a very important thing; humor is the universal solvent against the abrasive elements of life.

I'm going to tell you the bull story first. This is particularly good in our country here where we are so blest. This old cattle foreman, 93 years old, worked for a guy about 35 who had a ton of money, and he bought this bull for $55,000. The bull did not perform as it should, so the young owner came up to the old cattle foreman and said, "Look, I've got to head for Denver tomorrow, but you call the vet. He'll be here around noon, and when he comes, you tell him about this bull. I'll call you tomorrow and see what happened. You got that?" The foreman said, "Yup. I got'er."

The next day, the guy calls and he gets the old boy on the phone. He says, "What happened?" "Oh, well," he said, "I'll tell ya'. That guy come out here, and he reached in his bag and pulled out this little bottle and rubbed it on his fingers. Then he spread it on the bull's gums. The bull just kind of stiffened up, went through our fence and the neighbor's fence, clear into Nebraska, and he serviced every heifer out there." The guy said, "My god! What was it?" The old guy said, "I don't know. It tasted kinda like vanilla."

Now the Harvard story, which I will not be able to tell when I get there, is about this sheepherder out in Wyoming, out there with the flock. A car stops, and pretty dapper-looking guy gets out and says, "Hey, fella, if I guess how many sheep are in that band, can I have one of them?" The herder says, "Yeah. Sure." The man says, "692." "Well," says the herder, "I'll be damned. That's it. Go ahead." The guy puts the animal under his arm and starts down the road. The herder says, "Wait a minute. If I can guess where you went to school, can I have that animal back?" The visitor says, "It's only fair." The herder says, "Harvard." The guy says, "My god, how did you guess that?" He says, "You've got my dog."

ANDRUS: Stand up and take a bow, Senator. Ladies and gentlemen, I think now you clearly see why we at the City Club and the Andrus Center invited this man to talk to you about one of the most serious problems facing this country. If you see the fractured Social Security monument in the picture above my head, it is indeed fractured. If we do not listen to men and women who talk the way this man has talked to you tonight, we're going to be in serious trouble in a very short period of time. It's not going to affect me. I hit 65 in August; seven days later, he hit 65. What he's talking about will not affect anybody over the age of 50, but some of those changes have to be made.

The Andrus Center at Boise State University is designed to do one thing: cause you to think, bring together all sides of the issue so that you will demand a solution. It has been my observation that present-day members of Congress do not lead. There are a few leaders back there -- we have one of them with us tonight -- but it's a small handful. They follow. They follow you and what the pollsters tell them that you are saying. I would hope that after tonight, you would have the strength and fortitude to challenge our members of Congress in this state and others on just exactly what they are going to do and what they stand for. Once you lead, they will follow. But I say to you that something has to be done. So we at Boise State University and the Center and the City Club hope you will do just that. You people in this hall tonight are the ones that have the ability to mend the fractures in this picture, and I hope you will do it.

Thanks to all of you for coming, and my special thanks to you, Senator.

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BIOGRAPHY

Senator Alan K. Simpson

Senator Alan K. Simpson is a significant part of the Simpson family's legal tradition in Wyoming, one that began two generations earlier with the first Simpson attorney, William L. Simpson. Milward Simpson, his son, carried on the tradition and passed it on to his son, Alan K., who practiced law in Cody, Wyoming for 18 years. His two sons, William and Colin, currently practice law in Cody.

Following graduation from college, Senator Simpson joined the Army and served overseas in the 5th Infantry Division and in the 2nd Armored Division in the final months of the Army of Occupation in Germany. In 1964, he was elected to the Wyoming State Legislature where he served for the next 13 years, holding the offices of Majority Whip, Minority Floor Leader, and Speaker Pro Tem. In 1978, he was elected to the United States Senate. After a successful first term, he was re-elected in 1984 with 78% of the vote and then again to a third term in 1990 with 65% of the vote.

The Senator's distinguished career includes chairmanship of the Subcommittee on Immigration and creation of the Subcommittee on Social Security and Family Policy. With Senator Bob Kerrey (D-Nebraska), he co-authored a package of legislative proposals to correct the fiscal problems looming in the Social Security and Medicare programs.

Senator Simpson did not seek re-election in 1996, and he and his wife, Ann, moved in 1997 to Boston where he teaches at Harvard University.

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