



# Social Security Choice

## ***SOCIAL SECURITY THIS WEEK***

A WEEKLY NEWSLETTER ON SOCIAL SECURITY REFORM

WEEK OF SEPTEMBER 23, 2005

### ***Bush Pledges to Press On with Social Security Reform***

The president this week renewed his commitment to advocating Social Security reform, in spite of widespread suggestion that his proposals will face difficult challenges in Congress. White House press secretary Scott McClellan told reporters, “There’s been no change in the position of the White House.” Rumors that Hurricane Katrina relief has derailed the president’s efforts are unfounded, according to a Scripps Howard news report. McClellan added, “The president is fully committed to the priorities he has outlined in his agenda,” priorities which include addressing the program’s insolvency and pushing for private saving accounts.

“We know it’s headed on a course toward bankruptcy and it needs to be fixed, and the sooner we do it, the better and the less expensive,” McClellan continued. He said that the overhaul remains “an important priority, particularly when we’re talking about addressing issues in term of longer-term cost.”

### ***Santorum Supports Reform, Questions Bush’s Handling of the Issue***

Although the White House made it clear this week that it intends to stand firm in its commitment to reform, in a recent interview Pennsylvania Sen. Rick Santorum had some sharp criticism for the Bush administration’s handling of the issue thus far. The *Pittsburgh Post-Gazette* [describes the interview](#) in which Santorum took Bush to task for a series of strategic blunders on the issue:

Looking back on the last year, Santorum, R-Pa., said he had struggled to understand President Bush’s decision to come out “right after the campaign”—without allowing the 2004 presidential election fervor to cool—“with this mandate that you’re going to change the sacred cow of the [political] left, who’ve just been energized beyond belief.

“You’ve just defeated your opponent, and, you know, you take a 3-iron to the beehive,” Santorum said. “You go out there and whack the beehive, and you wonder why all these bees are buzzing around your head. And not

only do you whack the beehive, but then you don't do anything [more] for two months.”

Santorum, chairman of the Senate Republican Conference as well as head of a Senate subcommittee on Social Security, said that as soon as White House officials told him that they were going to roll out Social Security reform initiatives in 2004, he urged them to construct a plan on the order of a presidential campaign, believing that “it was bigger than anything we've tried to do.”

In an interview in his office last evening, Santorum said he “pleaded” with administration officials to develop and launch a strategy to convey the issue's importance to the public immediately, and even to forgo Christmas breaks to ensure that a plan was in place.

But the White House preferred to wait until Bush's State of the Union address Feb. 2, a strategy that made it difficult for GOP senators to build support for Social Security changes among their constituents, Santorum said.

Foes of the reforms “didn't waste” the holiday breaks, he said. “They started hammering on the president, basically starting to tear this apart in December. What [the White House] needed to do immediately was what they did three months later, which was to lay out the problem and get ahead of the curve.

“It's the old thing in politics: You either define your opponent or your opponent defines you, and we sat back and let our opponents define us and define the issue,” he said. “We were just playing catch up the whole time, and that was the fundamental error.”

Over the summer, Cato Institute president Ed Crane [sent a memo](#) to White House deputy chief of staff Karl Rove, suggesting that the White House had stumbled not only on timing, but on message as well.

Crane wrote: “President Bush has an opportunity to create a real legacy. He has been heroically bold in raising this issue. But it seems to me he's been timid in the manner in which he has chosen to promote it. Personal accounts are the right thing to do whether Social Security is solvent or not. Solvency discussions are boring, not to say uninspiring. Ownership and inheritability are inspiring. The fact that personal accounts help traditional Democratic constituents even more than Republicans should be another opportunity to turn debate around. Sending people out with charts and figures will achieve little. Returning to the first principles of liberty and opportunity—the true reasons to support personal accounts—will work.”

### ***Voinovich to Introduce “Lockbox” Bill to Stop Raiding of Trust Fund***

Last Monday, U.S. Senator George Voinovich (R-OH) announced his intention to introduce a bill is designed to encourage Congress to consider “spending cuts, higher taxes or increased borrowing” before tapping into the Social Security trust fund when

faced with a budget crunch. The bill would effectively create a Social Security “lockbox” that could not be used for purposes other than Social Security benefits.

According to Voinovich, “Congress has borrowed more than 3.5 trillion from government trust funds to use on general spending,” more than half of which comes from the Social Security surplus. By establishing a virtually untouchable account for all Social Security revenues, the bill would significantly increase federal financial transparency.

On a related note, Voinovich publicly came out in support of the establishment of an Office of Trust Fund Administration, which would invest governmental surpluses in bonds and mortgage-backed securities.

Though protecting the surplus will be an important component of any reform to the ailing system, it falls far short of what complete reform should accomplish. According to the [Cleveland Plain Dealer](#), Robert Bixby of the Concord Coalition suggested that “the idea is well-intentioned but unlikely to help Social Security’s long-term finances or to increase pressure to reduce deficits. He called it more of a bookkeeping change than a substantive reform.”

“It doesn’t address the big problem with Social Security,” Bixby said.

An additional criticism of Voinovich’s plan is that it relies on government investing as the mechanism for “protecting” the surplus from Congress, rather than individually owned personal accounts. As Mike Tanner, director of Cato’s Project on Social Security Choice, notes in his new policy analysis, [“The Personal Lockbox: A First Step on the Road to Social Security Reform,”](#) a plan like the DeMint plan—which would create individually owned “lockboxes” for all workers—is far preferable to government investment of the surplus.

For more information on the problems with government investment of Social Security’s assets, see [here](#).

## ***Groups Encourage Congress to Act on Social Security***

Last week, the National Association for Senior Concerns (NASCON) publicly established itself at the National Press Club. The group, based in Atlanta, hopes to act as a viable alternative to the AARP for seniors

According to [PrimeZone Media Network](#), NASCON founder Jerry Barton sees the AARP as proprietors of a “radical agenda...whose lack of vision is a betrayal of Senior Americans.”

Barton and his supporters, including TV personality Peter Marshall, hope to reduce the size of government while promoting policies that encourage individual responsibility.

NASCON has been actively advocating for the Stop the Raid on Social Security Act, a bill sponsored by House member Rep. James McCrery and Sen. Jim DeMint, (R-South Carolina). Barton sees the Social Security as one of the most important issues to American seniors and shortchanges seniors, their children, and their grandchildren. “Currently the government takes the Social Security surplus and spends it, leaving an

IOU—this legislation stops the raid by appropriating the surplus to the personal accounts of workers each year.”

CoMPASS, the Coalition for the Modernization and Protection of America’s Social Security, also spent time this week trying to convince legislators of the urgent need for reform. According to *The Hill*, the organization sent a letter—signed by John Castellani, president of the Business Roundtable and CoMPASS, and Derrick Max, the executive director of Alliance for Worker Retirement Security and CoMPASS—to various congressional offices this week stating that the longer reform is put off, “the more difficult—and expensive—it will be to find a way to fix Social Security.”

### ***Bipartisan Commission Affirms the Need for Overhaul***

This week President Bush and Vice President Cheney reaffirmed their strong commitment to reforming Social Security’s in a meeting with the Commission to Strengthen Social Security.

In a [press release about the White House meeting](#), Tim Penny, a Democratic member of the commission, urged elected officials to reach across party lines in their attempts to address the program’s problems: “America’s younger workers and future retirees want Congress to take bipartisan action to protect their retirement futures. Social Security is neither a Democratic idea nor a Republican one. Strengthening Social Security will require both parties working toward meaningful reform that acknowledges the real challenges facing the system.”

Penny also drew attention to the fact that multiple nonpartisan governmental agencies, such as the Social Security Administration and the Congressional Budget Office, have repeatedly warned of the system’s insolvency.

According to Leanne Abdnor, another member of the commission and the president of For our Grandchildren, the disaster in New Orleans reveals the dangers of hesitation in the face of impending disaster: “The Baby Boom generation begins retiring in just three years, and every year we wait the problem only gets bigger and more difficult to resolve. The crisis along the Gulf Coast has reminded us all of the need to take action before disaster strikes. Are we going to allow Congress to continue postponing action? By reforming the system, including the option of personal accounts, workers will have more control over their retirement years and we can put Social Security on a sustainable path. To do otherwise would be putting both our workers and our economy in future jeopardy.”

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