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How Social Security Reform Can Become a Reality

By Kent Conrad and Lindsey Graham

With a renewed debate over the future of Social Security underway, Republicans and Democrats alike need to begin by setting aside our differences and focusing on the common ground between us.

As two policymakers -- one from each party -- who have been committed to the well-being of Social Security throughout our careers, we have agreed that the following principles should guide our deliberations going forward:

Where to start

* First, Social Security must be preserved. Since its inception in 1935, the program has provided a basic safety net for Americans. Millions of workers pay into the Social Security system with the expectation of receiving a benefit at retirement, as well as insurance for their family in the event of their death or disability. According to the Social Security Administration, two-thirds of today's retirees rely on Social Security for more than half of their income. And nearly 50% of beneficiaries would be in poverty without Social Security.

* Second, it is also clear that Social Security must be strengthened. The demographic tidal wave of the baby-boom generation will mean we will soon have too many beneficiaries and too few workers to keep the system in balance. By 2018, for the first time, the program will begin to take in less in payroll taxes than it pays in benefits. And by 2042, it is estimated that Social Security will be able to provide only 73% of promised benefits. Doing nothing is not an option.

* Third, strengthening Social Security will require tough choices and, if done in a responsible manner, can greatly improve our nation's fiscal outlook. Acting sooner will give us more time to adjust and allow for more gradual solutions to be adopted. But there are no easy answers. To address Social Security's funding challenges, all options should be on the table for discussion. Under some reform plans, transition costs could reach several trillion dollars during the next 10 years. Borrowing all of those funds would pass on an unfair burden to future generations and could undermine the fiscal strength of the nation.

* Fourth, the costs of changing Social Security must be open and transparent. The American people need to be provided with an honest accounting of the costs of maintaining the current system and the costs of reform. If private accounts (either on top of or carved out of the existing program) are created, real dollars will be required now that will have a very real impact on a federal budget that is already deeply in deficit.

Proposals to conceal the costs of reform by placing them "off budget" -- ignoring or minimizing the real and upfront fiscal impact -- should be rejected. If the corporate scandals have taught us anything, it is that hiding debt is a recipe for disaster.

The public must be aware of the difficult trade-offs among benefit cuts, tax increases and additional borrowing that will be required regardless of how we strengthen the system. And they must be aware of the impact of these reforms on the federal budget, the economy and individual beneficiaries and taxpayers -- in the short term and over the long term.

A bipartisan approach

In 1983, President Reagan and Speaker of the House Tip O'Neill worked together across party lines to protect Social Security -- setting an example for future generations.

We need to do the same thing now.

A solution must be bipartisan; presidential leadership will be needed; rigid ideology must give way to workable solutions; and reasonable sacrifice will be required.

Both parties have been far too hesitant to ask the American people to make sacrifices for the common good.

It is our belief that the American people, if asked in a responsible manner, will embrace the hard choices necessary to save Social Security for younger workers and future generations.

It is time to address this problem. Social Security must be preserved and strengthened. But we need to be candid about the costs and willing to make the tough choices that real reform will require. If Republicans and Democrats can agree on this, we can save a vital program for generations to come.

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