

Sen. Johnson: Well, thank you, Mr. Chairman.

And welcome to the distinguished members of this panel. I'll be very brief so we can get on to their testimony.

But I think it is apparent that while there are some modifications to Social Security that would be best for us to debate and undertake, the fact is that there is no immediate crisis going on in Social Security. In fact, the Social Security Administration tells us that if we do nothing — and I don't recommend that — but if we do nothing, that the system is solid through 2042. The CBO tells us 2052, well past the center point of this century.

This Congress knows how difficult it is to project what is going to happen to our economy a year from now, much less 50 years from now. But we ought to keep in mind that even after that point, mid-century when today's middle schoolers are in retirement, that even then the payments, if we do nothing, will be adjusted for inflation larger than the payments that today's Social Security recipients get.

And so, yes, it will fall somewhat short of the projected increases based on wages. But it would still be larger than today's Social Security recipients.

Now it would strike me that what we have being proposed out of the White House and some of their allies is a plan not so much to save Social Security, but an ideologically driven plan to radically restructure a system to privatize it to move away from what has been a tried and true system of assuring guaranteed benefits for all of America's seniors. Now there is a crisis only if it is the administration's plan not to pay back the bonded indebtedness to the Social Security trust fund and to use that revenue instead to fund tax cuts for the very wealthiest families of this country.

But if, in fact, these bonds are paid back, as every other bond has been paid back in the history of this republic, there is no crisis. In fact, Social Security currently has a large and growing trust fund which is constituted by treasury certificates, which are the world's gold standard for legal obligations.

And so, I think the American public needs to know what, in fact, is going on here. And the rhetoric has been such that there are a great many people, particularly a lot of younger people, who have this false conclusion that somehow Social Security will not be there for them and so, some sort of radical restructuring needs to take place. When, in fact, no such restructuring needs to take place.

To put some perspective to this, the under-funding of Social Security is roughly equal to about a fifth of the cost of President Bush's tax cuts made permanent. In fact, if we were to roll back the tax cuts only for those Americans who make over a half million dollars per year, that would be adequate to fully make up the financial shortfall in Social Security to the degree that there even is a financial shortfall in Social Security.

To move away from what has been a defined benefit program for every South Dakotan — every American knows to the dime what it is they're going to get when they retire — to a plan which would result in benefit cuts and which would result in the uncertainties of the stock market in those run-up years to their retirement would be a tragic mistake.

Now I am glad to work with the White House and with the president on 401(k) and IRA legislation or other kinds of initiatives which encourage people to save and to invest in the stock market if they so choose to augment their Social Security benefits. I think that there's more that we need to do. We do not save enough in this country.

But that ought to be over and above Social Security. Social Security ought to be the foundation. It ought to be the cornerstone of every American retiree and prospective retiree.

They ought to know what it is that they're going to get. And they ought to know that they ought to save over and above Social Security, but that Social Security ought to be absolutely rock solid. There's no reason to change that philosophy. There's no need to change that strategy.

There are some things that we could do better, long-term for Social Security on into this next century. Well, certainly we ought to have that discussion. But is there a need to radically restructure this program and take away the defined benefit that every American has had the opportunity to know is there for them? Absolutely not. There is no need to move in that direction. That is a radical restructuring that is utterly unnecessary.

And I look forward to the testimony from this diverse array of experts here today as we work with the White House and with our colleagues on the other side of the aisle on ways that can improve Social Security in a meaningful way while at the same time recognizing the crisis is not with Social Security. If you want to talk crisis, talk about Medicare, Medicaid and the federal budget deficit as a whole. That's where the revenue problem lies primarily.

Thank you, Mr. Chairman.