



# Committee On Finance

Max Baucus, Ranking Member

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## NEWS RELEASE

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### **Baucus Calls DeMint Request Not Serious**

*Says Majority of Finance Committee Republicans Would Not Support DeMint bill*

(WASHINGTON, DC) – U.S. Senator Max Baucus (D-Mont.), ranking Democrat on the Senate Finance Committee, delivered the following statement on the Senate floor tonight in response to the request to discharge from the Finance Committee the DeMint bill to privatize Social Security:

“I am not going to expend much time on this because this is just kabuki tonight. Everyone knows this is not really a serious effort. Everyone knows that this is just an attempt to make a statement to the press and the people back home. Frankly it's very disingenuous in this Senator's view because it is not serious and it's playing with the lives of a lot of senior citizens who are wondering what's really going on here. This consent request asks the Finance Committee be discharged of the legislation. I don't understand that at all. If this is such an important issue, why doesn't the Finance Committee deal with it?

I think the answer is there aren't votes in the Finance Committee -- the majority of Republicans would not support this in the Finance Committee. They know that privatization of Social Security is one of the worst ideas that has come out of this body by any Senator or a group of Senators in a long, long time.

Why? The DeMint bill increases the federal debt held by the public by one trillion dollars in the first ten years. The DeMint bill increases the federal debt by \$1.7 trillion in the first 20 years. By 2080 the debt would be higher than under current law by more than \$800 billion in constant dollars. So it is a massive increase in the debt. It also causes a huge increase in the national budget deficits. And it means a reduction in benefits that would otherwise go to Social Security recipients. Why is that? Because the money taken out of Social Security would be not available to pay for Social Security benefits and that would reduce the benefit payments under Social Security. The argument is that the money in the private accounts would offset that, but all studies show that, at best, that's barely a wash. It is probably worse than that because the private accounts would be subject to the vagaries of the market and over the long haul, seniors may not do very well at all. It creates a huge risk.

More than that, it creates very large administrative costs, not really recognized by the authors. The Center on Budget and Policy Priorities estimates that it will have an additional

administrative costs of at least \$25 billion over the first ten years. That's above what is paid now in the current Social Security system. Also the DeMint proposal would treat individuals with different years of birth in different ways and this would cause a huge inequity in the amount of Social Security benefits paid to different Social Security recipients.

So, I'm just not going to say much more about this. It is flawed. It's frankly a phony gimmick – you've got to call a spade a spade around here sometimes, not be too deferential, and not be too nice, not too courteous around here but call a spade a spade.

This is a fraudulent effort to play with people's lives. At an appropriate time, it will be appropriately objected to.”

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