

109TH  
CONGRESS

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**SEN. REED RESPONDS TO PRESIDENT BUSH'S SOCIAL  
SECURITY REMARKS AT THE DETROIT ECONOMIC CLUB**

Washington, D.C. – **Sen. Jack Reed** (D-RI), Democratic member of the **Joint Economic Committee (JEC)**, released the following statement responding to President Bush's remarks today at the Detroit Economic Club regarding Social Security:

“In his speech to the Detroit Economic Club today, President Bush urged Congress to fix Social Security for younger workers and not pass on the problem to future generations. But the President's plan for private accounts would place a huge burden of additional debt on our children and grandchildren. The President's plan would increase federal debt by over \$750 billion in just the next ten years, and by more than \$4.5 trillion after the plan was in place for 20 years.

“The President says that private accounts are a ‘better deal’ for young workers, but workers who choose them will be hit with a retirement tax in their golden years. Workers who divert a portion of their payroll tax to private accounts would be forced to pay back those taxes, plus interest, at retirement through additional cuts in their Social Security benefits. Workers whose private accounts earn the average rate of return assumed by the Administration would pay a retirement tax of about 70 percent of the value of their accounts. Workers who earn lower rates of return would pay a tax that could equal or even exceed the amount in their accounts.

“When you factor in the risk of market fluctuations, management fees and the retirement tax that will be imposed on private account withdrawals, it is hard to see how the typical young worker is getting a better deal.

“Social Security does face long-term fiscal challenges, but a senior Administration official acknowledged last week that private accounts themselves do nothing to restore solvency to the system. Private accounts actually weaken the solvency of the program over many years by diverting trillions of Social Security payroll revenues. Paying for two retirement systems at one time will only make the deficit much deeper and the climb out much steeper.

“Social Security is no empty promise for young workers, as the President says. For over sixty years, Social Security has provided a dependable and predictable stream of income to retired or disabled workers, their dependents and their survivors. The benefits are protected from inflation and you can't outlive them. Social Security will be there for young workers as long as we strengthen and preserve the system.”

*The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.*

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