

109TH
CONGRESS

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Joint Economic Committee
Democrats

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**SEN. REED'S STATEMENT RESPONDING TO
PRESIDENT BUSH'S COMMENTS ON SOCIAL SECURITY**

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 news conference remarks today regarding Social Security:

“In his news conference today, President Bush said that any solution to the Social Security funding shortfall must make the system permanently solvent and include private accounts. But these are conflicting goals. The President stated that private accounts would make Social Security permanently solvent, but in fact private accounts actually weaken the solvency of the program by diverting trillions of Social Security revenues. Private accounts would saddle the American public with enormous upfront transition costs that weaken our economy and place a burden of additional debt on future generations.

“The President also said that unless action is taken now, young workers would inherit a bankrupt Social Security system and face significant benefit cuts. But the kind of privatization plan the President supports only achieves solvency for Social Security through massive cuts in guaranteed benefits. Despite the President's claims, Social Security will remain solvent for nearly fifty more years, and thereafter modest changes to the system would enable Social Security to pay full benefits well into the future.

“When you factor in the risk of market fluctuations, management fees and the ‘tax’ that will be imposed on private account withdrawals, it is unlikely the typical American would be better off with private accounts.

“Social Security is a family insurance program that for over sixty years 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. It is a program that should be strengthened and preserved for current and future generations.”

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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