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U.S. House of Representatives

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The Republican Plan to Privatize Social Security:

Public not fooled by gimmicks and false rhetoric

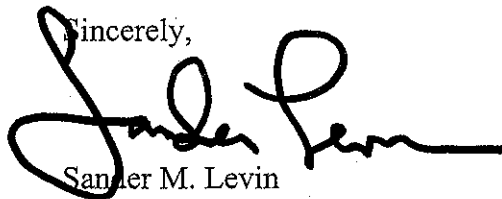
Dear Colleague,

Faced with the overall unpopularity of President Bush's privatization proposals, Republican leaders seek to disguise their plan with gimmicks. Today House Republicans claimed their latest version of Social Security privatization is actually a plan to stop their raid on the Social Security Trust Fund. It is no such thing.

Under the McCrery plan, the White House and Republican Congress could continue to pass budgets that use every penny of the surplus, as they have since 2002. As Mr. McCrery said last week 'Well, the surplus - the cash can still be used the way it is now.' Further, this latest proposal would only increase federal borrowing, while doing nothing to assure payment of guaranteed Social Security benefits after 2052.

Fortunately, the American public knows better. I thought you might be interested to see some of the reactions to the new plan around the country.

Sincerely,



Sander M. Levin
Ranking Democrat,
Subcommittee on Social Security

The New York Times, "Social Security Follies"

A group of four Republican representatives have meanwhile offered a **proposal that would, in effect, abandon efforts to restore solvency in order to resuscitate those doomed, unwanted, unwise private accounts....Enough is enough.** (6/23/05)

The Washington Post, "Use the Front Door"

An argument in favor of these accounts is that they would amount to the ultimate lockbox, forcing politicians to stop spending the Social Security surplus on other government programs. But it hasn't exactly been a secret that Social Security surpluses are being used to pay the government's current bills and to enable tax cuts for the wealthiest Americans. Where's the evidence that preventing politicians from doing that and consequently raising the reported deficit by \$90 billion a year or so would somehow summon up the discipline that's been lacking previously? **Proposing a personal-account plan without any accompanying measure to improve Social Security's long-term solvency seems more like evidence of continuing lack of fiscal discipline.** (6/27/05)

Minneapolis Star Tribune, "Social Security, A Dodgy Privatization Plan"

In a desperate effort to rejuvenate support for privatizing Social Security, a group of Congressional Republicans this week announced a new plan to create private retirement accounts using the program's temporary revenue surpluses. **The plan is so weird and ill-conceived that it wouldn't merit comment**, except that prominent GOP lawmakers have rallied around it in a way that perpetuates all the misconceptions about Social security and creates new risks to its future. (6/24/05)

Fort Worth Star-Telegram. "The Republicans Must Be Sweating"

The President and other GOP top dogs such as House Majority Leader Tom DeLay still don't seem to understand what the Social security program is and is not....It is a national insurance program/social safety net that provides an array of benefits – retirement, disability, and survivors benefits. Every benefit check is based on a worker's having paid into the system....It is not (nor should it be) an individual investment program for retirement, as Bush wants to make it....Fortunately, a large majority of Americans realize that Bush is misguided on Social Security. (6/24/05)

The Boston Globe. "Social Security Scam"

Republicans in Congress are getting desperate as their plans to privatize Social Security unravel from a dearth of public support. Their latest proposal would set up limited private accounts that would not generate much income for future retirees but would increase the budget deficit and threaten the solvency of the Social Security system. (6/25/05)

The Denver Post. "New Social Security Plan has Old Faults"

At a glance, **the Post finds even less merit in this latest privatization effort than in the President's plan.** The fact that it is smaller in scope and temporary in duration does make it more affordable than Bush's plan. But it suffers from the same fundamental defect as Bush's proposal in that it doesn't provide any long-term funding for the transition to private accounts. Diverting the projected surplus between now and 2017 will slow the buildup of the trust fund – and thus speed the day when the fund will be exhausted and unable to pay full benefits. (6/27/05)

The Philadelphia Inquirer. "Swing, and Another Miss"

Worse, this half-baked plan still does not fix the long-term red ink in the Social Security system, which is projected to run a deficit of more than \$4 trillion over the next 75 years. House GOP leaders say they will unveil a plan to address Social Security's long-term solvency in the coming weeks. By first trotting out a new way to create private accounts, they are demonstrating how little they care about fixing the core of a system that has worked so well for generations. (6/27/05)

Roanoke Times and World News. "Stealth Attack Against the Safety Net"

Reform is not the real goal, nor is returning the program to long-term solvency. No, the real goal is the destruction of the intergenerational compact established with the introduction of Social Security 70 years ago, and resisted by some conservatives ever since. Social Security is not an investment, but society's promise of a guaranteed safety net for seniors. Bush would replace that collective promise with his risky "ownership society." Americans have rejected that notion. Congress should listen. (6/25/05)

www.floridatoday.com. "No More Gimmicks"

American workers battered by loss of pensions, unaffordable health care and flat incomes **want Congress to make Social Security solvent, not kill it by privatization.** (6/26/05)

Congress Daily AM. "Surplus? What Surplus?"

Anyone who thinks that you can sell members of a typical Rotary or Kiwanis Club, or American Legion or VFW Post, or just about any other reasonably intelligent adult that there is enough of a Social Security surplus to buy a vente skim latté at Starbucks has been in Washington way too long. It boggles the mind to think that anyone believes that Republicans could sell this country the idea that there is a Social Security surplus.... Someone with massive long-term financial obligations but with a positive balance in checking and savings accounts does not necessarily have a surplus. A surplus is money over and above needs and obligations, and long-term Social Security obligations dwarf current and expected balances. (6/28/05)