Senate Democratic Policy Committee Hearing

"An Oversight Hearing on the Bush Administration's Plans to Privatize Social Security"

Statement of Senator Mark Dayton

January 28, 2005

Thank you, Mr. Chairman. And thank you for holding this hearing. I'll try not to repeat what my colleagues have already said, but I do note that former Vice President Walter Mondale, one great Minnesotan, once quoted Will Rogers as saying of President Herbert Hoover, "It's not what he doesn't know that worries me. It's what he knows for sure that just ain't so."

And I believe that observation applies to the current President's flights of fancy regarding Social Security. I note, as my distinguished colleague, Senator Sarbanes, just said, that the President has used words like "bankrupt" and "broke" and also "flat broke." And if I take Webster's definition of the word broke, it says "penniless," which is the point Senator Sarbanes was just making.

This President attempts to scare the American people, especially younger-to-middle-aged workers, that Social Security will be penniless when they retire. But, as he himself observed, the Social Security trustees themselves would disagree, according to their report. And another word that I think should be stricken from the discussion about this, especially in the mid- to long-range, is the word "will." These projections are all based on complex formulas that are based on underlying assumptions about the U.S. economy.

And the most-often-cited projection of the Social Security trustees, the so-called mid-range projection, is based on an assumption that the U.S. economy will grow at about half of the rate of the last 40 years, in which case, Social Security, as well as all the obligations of the federal government, will be strained. In which case, the private-sector performances in the bond and stock markets will not be comparable to what they were in the previous 40 years.

Whereas what's called the high-growth projection of the trustees is really, bottom line, a continuation of the growth rate of about 3.0 percent real GDP and other demographics continuing, which has been the average over the last 40 years. In which case, the projection is that the Social Security Trust Fund will be able to meet all of its promised benefits and still enjoy an annual surplus.

So, you know, as Yogi Berra said, it is very difficult to make predictions, especially about the future. But we'd better be careful. And we are making decisions today based on those assumptions. But we must recognize that they are assumptions, and they are projections well into the future and speculative at best, before we start doing serious damage.

Thank you, Mr. Chairman.