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NEWS	August 8, 2001	
International National Politics Business Technology Science Health Arts Sports New York Region Weather Obituaries NYT Front Page Corrections	RECKONINGS	
OPINION	Nothing for Something	
Editorials/Op-Ed - Columns Readers' Opinions	By PAUL KRUGMAN	
FEATURES	<p>Recently I gave the "bipartisan" commission on Social Security reform — many of its members and staff are actually associated with the ultra-conservative Cato Institute — a very hard time over its interim report. Was I unfair? No. It's even worse than I thought.</p>	
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SERVICES	<p>I had been trying to come up with a reductio ad absurdum, something that would demonstrate how nonsensical the commission's analysis is. But I needn't have bothered; a commission member, Thomas Saving, did the job for me, in a presentation he gave at Cato. He repeated the report's claim that the trust fund accumulated through decades of Social Security surpluses is no help when it comes to paying future benefits. But he was more specific: <u>The trust fund is worthless, he said, because it is invested in U.S. government bonds. If it were invested in German bonds the trust fund could indeed be used to pay benefits.</u></p>	
Help Center NYT Mobile NYT Store E-Cards & More NYTDigital.com Online Media Kit Our Advertisers	<p>Let's see: Last year the Social Security system collected about <u>\$90</u> billion more in payroll taxes than it paid in benefits. Mr. Saving says that if that money had been invested in German bonds it would have made a real contribution to the system's future; but because it was used to buy U.S. bonds it somehow disappeared into a black hole.</p>	
NEWSPAPER	<p><u>Is he saying that last year's Social Security surplus did not enhance the government's future ability to pay benefits? If so, he's just plain wrong. Last year the government paid off more than \$200 billion in debt to the public, largely because of the Social Security surplus. And lower debt implies lower future interest payments, which means that the government can pay more in benefits without raising taxes or cutting</u></p>	
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Or is he saying that future administrations will not allow the Social Security administration to apply the interest on its U.S. bonds to benefit payments? [That's possible;](#) but future administrations could also, with equal ease, snatch the interest on German bonds and use it for something else. Neither prospect seems likely.

Mr. Saving is a competent economist — he's a professor at Texas A&M — but I can't see any way to make economic sense of his argument. It makes sense only as part of a political strategy.

The rest of the political strategy became apparent when Representatives Jim Kolbe, Republican of Arizona, and Charles Stenholm, a Texas Democrat, introduced a bill to create private investment accounts within Social Security. It wasn't a good bill, but at least the sponsors admitted that such accounts could not be created [without tax increases and benefit cuts.](#) "Anyone that tells you there is a [painless](#) way to fix Social Security simply isn't telling the whole truth," declared Mr. Kolbe.

That's an interesting remark. Wasn't there a presidential candidate who promised gain without pain from the creation of private accounts? As I remember, his slogan was "It's your money!"

Sure enough, the Bush administration wasted no time denouncing the Kolbe-Stenholm bill for suggesting that there might be any downside to Social Security privatization. The bill's sponsors had described themselves as "canaries in a mine," testing the atmosphere. After the administration's rejection — one might say betrayal — Mr. Stenholm was bitter: "We were hoping to be the mine canaries, but we weren't expecting to be shot by the owners of the mine on the way down the shaft."

But now the administration's political strategy is clear. It is not interested in a realistic proposal for privatizing Social Security; it intends to sell private accounts with false advertising, with the promise of something for nothing. And the administration is equally uninterested in a realistic assessment of the current Social Security system. Instead it will attempt to scare people with the threat of pain without gain, of nothing for something — that is, with the help of the commission the administration will try to convince people that the huge surpluses of today's Social Security system somehow make no contribution to the system's future solvency.

One might ask why it has to be this way. Is the actual case for privatization so weak that its advocates dare not tell the truth? Or has the administration concluded, after its successful mendacity on the tax cut, that [dishonesty is always the best policy?](#)

In any case, let's not pretend that we are having a real, honest discussion. The privatizers know what they want, and they will say anything — no matter how untrue — in order to get it.

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