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St. Louis Post-Dispatch

August 5, 2001 Sunday Five Star Lift Edition

SECTION: EDITORIAL; Pg. B2

LENGTH: 519 words

HEADLINE: KEEPING OUR WORD

BODY:
SOCIAL SECURITY

THE BUSH administration's effort to partly privatize Social Security is based on two misleading and disturbing assumptions. One is that the government will renege on the \$1.1 trillion it owes the **Social Security Trust Fund**. The other is that setting up private accounts will rescue Social Security, when private accounts actually would reduce the money available for benefits.

Members of the president's Social Security Commission say that the \$1.1 trillion the government owes the Social Security system is worthless. "That money is gone," commission member Thomas Saving told Newhouse News Service. "We'd be better off with German bonds."

That's an astonishing assertion. It suggests that, for the first time in history, the government will not redeem bonds backed by the full faith and credit of the United States.

Since the 1970s, American workers have been paying more into Social Security than the system has been paying out. The government has used the surplus income to pay for other things in the budget and, recently, to pay down the deficit. In return, the Social Security system has received government bonds, normally considered the safest of securities.

Beginning in 2016, the retirement of the baby boomers will have wiped out the yearly surplus in Social Security taxes and the government will have to begin to pay back its debt to the system. The Bush commission predicts, correctly, that this will involve difficult choices of whether to cut spending or raise taxes. But just because the choices will be tough does not mean the government can default on its debt.

If Congress were to decide it was more palatable to renege on the debt to Social Security than to raise income taxes, it would, in effect, be making a massive transfer of wealth from the middle class to the wealthy, who pay most of the income tax. It would take an estimated \$286 billion out of the pockets of Americans earning less than \$50,000 a year and put it in the pockets of those earning more than \$50,000. Such a regressive transfer of wealth, on the heels of the big Bush tax cut, would be obscene.

The proposal to allow people to put part of their Social Security money into private accounts is appealing. Former Democratic Sen. Daniel P. Moynihan argues that these accounts would enable people of ordinary means to build estates to pass on to their children. That would be wonderful if the accounts were add-ons to the current Social Security benefits. But the most likely approach will be to allow workers to set aside 2 points of the 12 percent Social Security tax. That would accelerate the crisis, not defer it, and the system would begin running a yearly deficit in 2007 instead of 2016.

Undeniably, baby boomers' retirement will put enormous pressure on America's great compact between the

generations. The system will **run out of money by 2038** without corrective steps. These steps are likely to require ingenuity and sacrifice. But a massive government bond default and the privatization of Social Security funds only will make the problem harder to solve.

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