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HEADLINE: Social Security change 'more acceptable'

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BODY:

Social Security has long been thought of as a program that policy-makers and politicians couldn't touch, for fear of public outrage, but talk of reforming Social Security has become increasingly acceptable to voters, said a Republican policy analyst and GOP politicians at a forum sponsored by a prominent Washington think tank.

At a Capitol Hill briefing on Wednesday sponsored by the libertarian Cato Institute, John Sununu said he believes the program is no longer the "third-rail of American politics," so-called because it has always been a given that a politician who attempted to change it would instantly kill his career.

Sununu, the Republican Senator-elect from New Hampshire, won in part by advocating reform of Social Security by allowing the diversion of payroll taxes into private investment accounts.

He said that the public will soon see and participate in a major debate about changes to the program. "We were successful (in the election) because on this issue, and hopefully on others, we were presenting a much more positive image of where we think (Social Security reform) and country ought to be heading," said Sununu.

Sununu and other Republicans like Elizabeth Dole, the Senator-elect from North Carolina, as well as long-time advocates of reform like the Cato Institute, argue that allowing workers to invest a portion of their Social Security payroll taxes in securities and other investment vehicles will enable them to earn a higher rate of return.

They believe that such a plan would help solve the insolvency problems threatening Social Security, because it would allow the government to lower the amount paid in direct benefits to future retirees.

Democrats attempted to place the Social Security reform issue at the center of the election, and most Republican candidates clearly avoided the issue out of fear of the "third rail" effect.

Nevertheless, in the November elections, every candidate who supported individual retirement accounts won his or her bid for Congress. This included seven Republican candidates for the Senate and six for the House of Representatives. They did this despite attacks ads and hostile rhetoric from their Democratic opponents, which typically painted Republicans as being reckless with retirees' government benefits.

According to the Social Security trustees' 2002 report, income within the so-called Social Security trust fund -- an accounting device that shows the level of Social Security funding available to spend over a period of time -- is expected to fall short of currently promised

benefits in 2017.

Total Social Security tax revenue and interest income will be less than the program's expenditures by 2027, and the total assets available to the program will be exhausted in 2041.

Beyond this point, social security payroll tax revenues are projected to be able to cover only two-thirds of promised retirement benefits through 2075.

But opponents of this plan for what some Democrats call Social Security "privatization" say it isn't a workable solution because it would require substantial cuts in benefits and large transfers of funds from government coffers to the private sector.

They also believe that such a plan will not eliminate the need for further government investment to close future financing gaps.

Critics like Will Marshall, president of the Progressive Policy Institute, which is affiliated with the Democratic Leadership Council, say that touting social security investment accounts allows Republicans to pose as bold reformers while they avoid the tough question of how to make the program solvent in the long run.

In an commentary published by United Press International on Tuesday, Marshall -- whose think tank represents the progressive center of the Democratic Party typified by former President Bill Clinton -- said that for the fourth election in a row, Democrats failed to gain control of Congress by promising to protect the social security status quo.

He said that instead of attacking Social Security reform plans as dangerous and raising the specter of Enron-like losses of retirement savings, Democrats need to offer other alternatives to fixing the system. He added that the stance taken by many Democrats ignores the fact that older voters have interests beyond retirement security, and that voters under 50 are attracted to the idea of investment accounts because they do not trust the current system to provide for them in retirement.

David Winston, a GOP pollster, told the forum that post-election polling showed that the single strongest voting group for Republicans was those 65 and older. He said this group backed GOP candidates over Democrats by 56 percent to 43 percent.

Winston also said that in the aftermath of Sept. 11, people are paying more attention to public policy, which makes it easier to sell voters on difficult issues like social security reform.

"The end result was that we (Republicans) were able to put forward a relatively complex idea that people actually listened to, and that we were successful with," said Winston.

He added, however, that there are still big challenges ahead on Social Security reform. For example, he said that despite some Republican candidates' success with the issue, proponents must still convince many voters over 55 that their retirement plans will not be negatively affected by changes in the system.

According to Sununu, the challenge for the recently elected Social Security reformers is to figure out how to channel their political and rhetorical successes into a policy success.

Rep. Pat Toomey, R-Pa., who also won reelection by advocating individual retirement accounts, said that despite this major challenge, he believes Social Security reform is, politically speaking, a solid issue.

"I think this is a winnable issue," he told the forum. "(But) there is still a lot of work to do."

LOAD-DATE: December 6, 2002

Document 1 of 22 [next](#) ▶

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