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OP-ED COLUMNIST

Spearing the Beast

By [PAUL KRUGMAN](#)

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President Bush isn't trying to reform Social Security. He isn't even trying to "partially privatize" it. His plan is, in essence, to dismantle the program, replacing it with a system that may be social but doesn't provide security. And the goal, as with his tax cuts, is to undermine the legacy of Franklin Roosevelt.

Why do I say that the Bush plan would dismantle Social Security? Because for Americans who entered the work force after the plan went into effect and who chose to open private accounts, guaranteed benefits - income you receive after retirement even if everything else goes wrong - would be nearly eliminated. Advertisement

Here's how it would work. First, workers with private accounts would be subject to a "clawback": in effect, they would have to mortgage their future benefits in order to put money into their accounts.

Second, since private accounts would do nothing to improve Social Security's finances - something the administration has finally admitted - there would be large benefit cuts in addition to the clawback.

Jason Furman of the Center on Budget and Policy Priorities estimates that the guaranteed benefits left to an average worker born in 1990, after the clawback and the additional cuts, would be only 8 percent of that worker's prior earnings, compared with 35 percent today. This means that under Mr. Bush's plan, workers with private accounts that fared poorly would find themselves destitute.

Why expose workers to that much risk? Ideology. "Social Security is the soft underbelly of the welfare state," declares Stephen Moore of the Club for Growth and the Cato Institute. "If you can jab your spear through that, you can undermine the whole welfare state."

By the welfare state, Mr. Moore means Social Security, Medicare and Medicaid - social insurance programs whose purpose, above all, is to protect Americans against the extreme economic insecurity that prevailed before the New Deal. The hard right has never forgiven F.D.R. (and later L.B.J.) for his efforts to reduce that insecurity, and now that the right is running Washington, it's trying to turn the clock back to 1932.

Medicaid is also in the cross hairs. And if Mr. Bush can take down Social Security, Medicare will be next.

The attempt to "jab a spear" through Social Security complements the strategy of "starve the beast," long advocated by right-wing intellectuals: cut taxes, then use the resulting deficits as an excuse for cuts in social spending. The spearing doesn't seem to be going too well at the moment,

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but the starving was on full display in the budget released yesterday.

To put that budget into perspective, let's look at the causes of the federal budget deficit. In spite of the expense of the Iraq war, federal spending as a share of G.D.P. isn't high by historical standards - in fact, it's slightly below its average over the past 20 years. But federal revenue as a share of G.D.P. has plunged to levels not seen since the 1950's.

Almost all of this plunge came from a sharp decline in receipts from the personal income tax and the corporate profits tax. These are the taxes that fall primarily on people with high incomes - and in 2003 and 2004, their combined take as a share of G.D.P. was at its lowest level since 1942. On the other hand, the payroll tax, which is the main federal tax paid by middle-class and working-class Americans, remains at near-record levels.

You might think, given these facts, that a plan to reduce the deficit would include major efforts to increase revenue, starting with a rollback of recent huge tax cuts for the wealthy. In fact, the budget contains new upper-income tax breaks.

Any deficit reduction will come from spending cuts. Many of those cuts won't make it through Congress, but Mr. Bush may well succeed in imposing cuts in child care assistance and food stamps for low-income workers. He may also succeed in severely squeezing Medicaid - the only one of the three great social insurance programs specifically intended for the poor and near-poor, and therefore the most politically vulnerable.

All of this explains why it's foolish to imagine some sort of widely acceptable compromise with Mr. Bush about Social Security. Moderates and liberals want to preserve the America F.D.R. built. Mr. Bush and the ideological movement he leads, although they may use F.D.R.'s image in ads, want to destroy it.

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