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Allan Sloan, Business Columnist

**Bush's Social Security Sleight of Hand**

[By Allan Sloan](#)

Wednesday, February 8, 2006; Page D02

If you read enough numbers, you never know what you'll find. Take President Bush and private Social Security accounts.

Last year, even though Bush talked endlessly about the supposed joys of private accounts, he never proposed a specific plan to Congress and never put privatization costs in the budget. But this year, with no fanfare whatsoever, Bush stuck a big Social Security privatization plan in the federal budget proposal, which he sent to Congress on Monday.

His plan would let people set up private accounts starting in 2010 and would divert more than \$700 billion of Social Security tax revenues to pay for them over the first seven years.

If this comes as a surprise to you, have no fear. You're not alone. Bush didn't pitch private Social Security accounts in his State of the Union message last week.

First, he drew a mocking standing ovation from Democrats by saying that "Congress did not act last year on my proposal to save Social Security," even though, as I said, he'd never submitted specific legislation.

Then he seemed to be kicking the Social Security problem a few years down the road in typical Washington fashion when he asked Congress "to join me in creating a commission to examine the full impact of baby boom retirements on Social Security, Medicare and Medicaid," adding that the commission would be bipartisan "and offer bipartisan solutions."

But anyone who thought that Bush would wait for bipartisanship to deal with Social Security was wrong. Instead, he stuck his own privatization proposals into his proposed budget.

"The Democrats were laughing all the way to the funeral of Social Security modernization," White House spokesman Trent Duffy told me in an interview Tuesday, but "the president still cares deeply about this." Duffy asserted that Bush would have been remiss not to include in the budget the cost of something that he feels so strongly about, and he seemed surprised at my surprise that Social Security privatization had been written into the budget without any advance fanfare.

Duffy said privatization costs were included in the midyear budget update that the Office of Management and Budget released last July 30, so it was logical for them to be in the 2007 budget proposals. But I sure didn't see this coming -- and I wonder how many people outside of the White House did.

Nevertheless, it's here. Unlike Bush's generalized privatization talk of last year, we're now talking detailed numbers. On page 321 of the budget proposal, you see the privatization costs: \$24.182 billion in fiscal 2010, \$57.429 billion in fiscal 2011 and another \$630.533 billion for the five years after that, for a seven-year total of \$712.144 billion.

In the first year of private accounts, people would be allowed to divert up to 4 percent of their wages covered by Social Security into what Bush called "voluntary private accounts." The maximum contribution to such accounts would start at \$1,100 annually and rise by \$100 a year through 2016.

It's not clear how big a reduction in the basic benefit Social Security recipients would have to take in return for being able to set up these accounts, or precisely how the accounts would work.



President Bush didn't mention a new proposal for privatizing Social Security in the State of the Union, but it's in his budget. (By Charles Dharapak -- Associated Press)

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