

Senate Democratic Policy Committee Hearing

“An Oversight Hearing on the Bush Administration’s Plans to Privatize Social Security”

Statement of Senator Byron L. Dorgan

January 28, 2005

I’m going to call this hearing to order. This is a hearing of the Democratic Policy Committee of the United States Senate. We appreciate all of you being here and especially appreciate the witnesses joining us today.

Let me make a few opening comments, and then call on my colleagues for some opening comments. And then we will get to the witnesses. We have two panels of witnesses today.

Let me say at the start that in the context of big issues and small matters, this issue of Social Security, Social Security change, reform is a very big issue and a very important debate. The Social Security Program has lifted tens of millions of senior citizens out of poverty in this country over many, many decades. Since Ida Fuller of Vermont received the first Social Security check in America, which was \$22.54, tens of millions of Americans have had their lives enriched by having this insurance program in place when they have retired.

Now it is certainly the case that we have demographic challenges in the Social Security system. People are living longer, healthier and better lives. As a result of that, we have made some adjustments to Social Security, and we will make adjustments in the future as well. But major surgery is not required to fix this demographic challenge.

There are some who have never liked the Social Security Program, have never wanted the Social Security Program to exist. And there was a leading spokesman on the conservative right this week who said, “The Social Security Program is the soft underbelly of the welfare state.” Describing, I suppose, a body of thought that Social Security is somehow unworthy and should not exist.

I feel very strongly that the Social Security Program has been a significant and strong part of this country and its economic growth and opportunity and that we ought to fix it, adjust it instead of abolishing it or privatizing it.

Let me make a couple of other observations. There is not a crisis. We do face some challenges, which, in my judgment, with adjustments, can be met. But there is not a crisis.

President Bush has long felt that we should privatize Social Security. That goes back to his first race for the Congress in 1978 in which he called for privatization of the Social Security Program. I don’t demean him for taking that position. I feel very strongly that he is wrong. And we will have a very aggressive debate on that.

But what the president is proposing at this point is that we borrow somewhere between one and \$3 trillion, use that borrowed money to create private accounts, invest that money in the stock market and at the same time, according to a memorandum that has been leaked from the White House in recent weeks, they would propose that we reduce benefits in the Social Security Program. I think that is a horrible, horrible public policy to pursue. And my hope is that Congress will reject that.

I believe that we should pursue two pieces of public policy. One, strengthen and preserve the Social Security system as the core insurance, retirement insurance program for this country. Second, I believe that all of us support private accounts in the context of 401(k)s and IRAs and pension incentives.

We spend \$140 billion a year in tax incentives right now to incentivize private investment accounts. But private investment accounts for retirement security are very different than the basic core retirement insurance program called Social Security. One is the foundation, and the other represent the stories, first, second, third floor that you build upon the foundation for retirement security.

There is a big difference between those two approaches. I do not support privatizing Social Security. I think it is a step in the wrong direction. I think it will undermine retirement security for tens of millions of Americans in the future.

So at today's hearing, we will have an open discussion of all of that. We have, I think, interesting witnesses. We have many colleagues who have joined me. And as we begin, I would like to call on my colleagues for some brief opening statements, following which we will hear from witnesses.