

**Opening Statement
Senator Byron L. Dorgan
Chairman, Democratic Policy Committee**

**Oversight Hearing
on President Bush's Social Security Privatization Plan
Friday, May 13, 2005**

Around kitchen tables all across America, families are trying to make sense out of the President's Social Security plan. The President has not yet put forward a comprehensive proposal. But he has now made two things very clear:

First, he wants to privatize a portion of Social Security.

And second, he wants to change the way that benefits are calculated, so as to make deep cuts in Social Security benefits for the American middle class.

It is not surprising that the President's plan would contain these two elements.

In 1978, the President ran for a seat in the U.S. House of Representatives. He ultimately lost that race. But during the campaign, he spoke often on the issue of Social Security.

He claimed then – nearly three decades ago – that “Social Security will go broke in 10 years.” That is to say, the President predicted that Social Security would go broke by 1988.

The President also said in 1978 that the only way to "fix" the Social Security system was to privatize it.

So there is really nothing new in the President's thinking on Social Security. He has always wanted to privatize it. The difference now is that the President has Air Force One at his disposal, and he's not reluctant to use it. He has been promoting his privatization plan by barnstorming around the country for several months now.

The President is still, however, finding that his privatization plan is a tough sell. He has acknowledged that privatization would do nothing to make Social Security more solvent. And he has now advocated a change in the calculation of benefits that would slash benefits for the middle class. If you make more than \$20,000, the President's plan would make deep cuts to your benefits.

We will find out in today's hearing just how deep those cuts would be. And we should bear in mind that these cuts are an integral part of the Administration's scheme.

In January, a White House e-mail was leaked to the media. It described, in unusually blunt terms, the Bush Administration's plan to privatize Social Security -- and to make deep cuts in benefits. The author of the memo was Peter Wehner, who is the White House Director of Strategic Initiatives, and a deputy to Karl Rove.

In his e-mail, Mr. Wehner laid out the following strategy: (1) convince the American public that Social Security is in crisis; (2) sell the American public on a scheme to fund private Social Security accounts; and (3) make deep cuts in Social Security benefits. And he made a very telling statement:

“For the first time in six decades, the Social Security battle is one we can win.”

Make no mistake about it – for this Administration, “winning” the Social Security “battle” means making deep cuts to Social Security benefits. And the middle class would suffer the brunt of those cuts.

I have nothing against private savings. On the contrary, we should do everything we can to encourage Americans to save more. But the Bush privatization plan would mean deep cuts to Social Security, and rob the American middle class of a key element of its economic security.

In January 1954, Dwight D. Eisenhower described Social Security this way:

“The system is not intended as a substitute for private savings, pension plans, and insurance protection. It is, rather, intended as the foundation upon which these other forms of protection can be soundly built.”

I am concerned that President Bush’s plan would gut this “foundation” for the middle class, by deeply slashing Social Security benefits.

Today, we will hear from a panel of witnesses that has analyzed the President’s latest proposals. They will hopefully help us to translate the President’s plan into kitchen table terms – so that you can see what the plan means for you and your family.

I should note we invited the Administration to testify at today’s hearing. They declined. However, we are joined today by Derrick Max, the director of two business-backed groups that support the President’s plan. I look forward to hearing his thoughts.

With that, I would invite the witnesses to present their testimony.