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Bush Continues to Back Privatized Social Security

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The White House yesterday stood firmly behind President Bush's plan for workers to divert some of their Social Security payroll taxes into the stock market, despite the dramatic drops Wall Street has suffered in recent months.

White House press secretary Ari Fleischer took a swing at the existing Social Security program, calling it "dangerous" to "let people pay a lifetime of high taxes for a Social Security benefit that under current projections they'll never receive."

Fleischer made clear that Bush continues to favor permitting Americans to take a portion of the taxes they ordinarily contribute to the Social Security trust fund and invest it on their own. "That would include markets," Fleischer said. "Nothing has changed his views about allowing younger workers to have those options."

However, Fleischer recalibrated his sale pitch for private retirement accounts, deemphasizing earlier arguments that such investments would generate more retirement savings through higher rates of return. Instead, he said that the current system is "going bankrupt" and that the government should grant people more control over their money. He used the word "options" a dozen times.

The White House's reminder that Bush wants to overhaul Social Security comes as the administration is redoubling its efforts to draw attention to strong points in the economy. The remarks about the retirement system, on a day when the stock market rose after nine weeks of historic declines, typify an administration that has prized consistency in its policy positions, rather than shifting with changed circumstances.

Bush's position on Social Security was a major tenet of his 2000 campaign. Last year, he assigned a commission to recommend such a system, and the panel responded in December with three proposals. Each would require at least \$2 trillion to convert to the new approach, the commission found. It also concluded that the program, destined to face enormous economic strains by the middle of the next decade as the baby boom generation retires, will require reductions in benefits, money from elsewhere in the federal budget -- or both.

For now, the White House essentially is speaking into a legislative vacuum. Republicans, fearing that the volatile issue could prove damaging in the elections this fall, persuaded Bush last winter that Congress should not consider any Social Security reforms until 2003. Now some in the party are suggesting that debate should be deferred until after the 2004 presidential election.

House Republicans have distanced themselves from Bush's ideas -- at least rhetorically -- by passing a bill that promised not to "privatize" the retirement system, although many in the party still favor what they now call "individual investments." House Democrats are trying to force a vote on the president's proposal, believing that a debate may prove politically advantageous during a season of investment losses and corporate scandals.

In the absence of legislation, the most ardent proponents of individual accounts continue to press their cause. This week, the Cato Institute, a libertarian think tank, issued a poll it sponsored suggesting that two-thirds of voters support that arrangement. Andrew Biggs, who works on Social Security at Cato and was a staff member of the White House commission, said the findings are striking because the survey was conducted during an interval earlier this month when the stock market fell 700 points. "Nobody can claim we had the environment stacked in our favor," he said.

A Washington Post-ABC News poll this month found that about half the public supports investing some of their Social Security contributions in the stock market, significantly less than two years ago, but about the same proportion as last year.

Democrats and other opponents of the change have been raising the issue particularly in congressional campaigns. "There is a link between the rising crisis of confidence in corporate America and the scheme to privatize Social Security and cut Social Security benefits as Republicans are still seeking to do," House Minority Leader Richard A. Gephardt (D-Mo.) said this month.

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