

October 9, 2006      During a speech in Washington last week, Federal Reserve Chairman Ben Bernanke warned that the coming retirement of the Baby Boomer generation will place tremendous strains on the nation's budget and economy. He stresses that Social Security and Medicare must be reformed sooner rather than later, because demographic trends make the current system unsustainable over time. In future decades there will be too many retirees and not enough younger taxpayers. Still, the problem seems vague and faraway for most. Today's seniors hope the system will hold together for the remainder of their lives, while younger working people hope government will somehow fix things before they retire. Not surprisingly, Congress doesn't want to face the problem until it becomes an acute crisis. It's hard to sell voters on austerity today to avoid a relatively distant problem. Politicians usually operate on the opposite principle, by promising great things now and leaving the bills for others to pay later. The only honest solution to the future insolvency of Social Security is for Congress to stop spending so much money. When Congress outspends federal revenues, it raids Social Security funds to cover the difference. Unless Congress makes real cuts in spending-- and stops spending Social Security taxes on completely unrelated programs-- millions of Americans simply will not receive even a fraction of the money they paid into Social Security. Ignore the rhetoric about tax increases and cuts in benefits, as though you are to blame for the problem! All Social Security obligations could be met if Congress did not spend so much on other things. Congress can begin addressing the problem immediately by cutting at least 5% from other areas of the federal budget every year for the next five years. The budget has nearly tripled just since 1990; surely Congress can find 5% worth of fat to cut each year. When members of Congress vote for bigger and bigger appropriations bills each year, they threaten the very solvency of Social Security. That's why I vote against every wasteful appropriations bill. Social Security contributions are supposed to be set aside from general revenues and placed in a trust fund. The truth, of course, is that your contributions are not put aside. Over the decades Congress found itself simply unable to sit on a big pile of money, so it began treating Social Security contributions as general revenues to fund the ever-growing federal government. Today your Social Security account is nothing more than a ledger filled with IOUs. I introduced legislation to end this terrible practice. Under my bill, HR 219, your Social Security contributions are set aside in an interest-bearing account and cannot be spent. In other words, your Social Security account would be treated as YOUR account and not a slush fund for Congress. This is the simplest approach to Social Security reform, and it has the added benefit of making it harder for Congress and the administration to mask the deficit spending that is the real cause of our problems.