

JOIN NOW!

Sign In

SEARCH

You are here: [Home](#) > [The Budget](#) > [Elections Augur Change for Social Security](#)

FISCAL TIMES BLOGS

CAPITAL EXCHANGE



Elections Augur Change for Social Security

By MICHAEL TANNER Posted: Sep 16, 2010



Share



Bookmark



Print



Email



Type Size: Small

You can tell it's election season because Democrats are once again attacking Republicans for daring to propose reforms to Social Security.

Senate Majority Leader Harry Reid can hardly get through a day without attacking his opponent for re-election in Nevada, Sharron Angle, for wanting "to wipe the program out." In Kentucky, Republican Senate candidate Rand Paul is being criticized for remarks he made in favor of Social Security privatization — in 1998. In Wisconsin, Sen. Russ Feingold is shocked — shocked -- that his GOP opponent Ron Johnson once referred to Social Security as "a Ponzi Scheme." And it seems as though every other Democratic candidate for Congress is attacking his or her opponent for having said something nice about Rep. Paul Ryan's "roadmap," which includes a provision allowing younger workers to invest a portion of their Social Security taxes privately under controlled circumstances.

President Obama has also weighed in, vowing to fight any proposal to "privatize Social Security."

Given a political climate that increasingly looks like a Republican rout in November, it's not surprising that Democrats have reverted to a Social Security playbook that has served them well for years. But if the last few months have shown anything, it's that the old political rulebook doesn't hold anymore. And that may be true when it comes to Social Security as well.

As a matter of public policy, the Democratic position is dubious at best. Social Security is already running a temporary deficit, and that annual deficit will turn permanent in just five years. In theory, the Social Security Trust Fund will pay benefits until 2037. That's not much comfort to today's 35-year-olds, who will face a 27 percent cut in benefits unless the program is reformed before they retire. But even that figure is misleading, because the trust fund contains no actual assets. The government bonds it holds are simply IOUs, a measure of how much money the government owes the system. It says nothing about where the government will get the \$2.6 trillion to pay off those IOUs.

Even if Congress can find a way to redeem the bonds, the trust fund surplus will be completely exhausted by 2037. At that point, Social Security will have to rely solely on revenue from the payroll tax — and that won't be sufficient to pay all the promised benefits. Overall, the amount the system has promised beyond what it can actually pay now totals \$18.7 trillion. One can argue about how to reform Social Security, but not about whether it should be reformed.

The Democratic position may not be such good politics either. According to the latest Pew survey, all Americans support proposals to "allow workers younger than age 55 to invest a portion of their Social Security taxes in personal retirement accounts that would rise and fall with the markets" by 58 to 28 percent. Republicans, not surprisingly in this tea-party era, supported personal accounts overwhelmingly, 65-21. But independents, widely believed to be the key to the upcoming election, supported personal accounts by nearly as big a margin, 61-27, and even Democrats favored the idea by 50-36.

Younger voters have always supported personal accounts, and this poll shows no change there. They back the idea by an astounding 70-14 percent margin. But every other age group except seniors was also supportive. Seniors split evenly, 42-42.

Even more amazing, this continued public support for personal accounts comes despite the debacle of George W. Bush's Social Security reform effort, the decline of the stock market since then, and Wall Street scandals.

It looks increasingly likely that the new crop that will take office in Congress next January will include a lot of new faces who are open to Social Security reform. They are not likely to be impressed by the conventional Washington wisdom that personal accounts have been off the table since the failure of

RECENT POSTS

[Focus on Stimulus](#)
[Silver Linings in Primary Clouds](#)
[The Government Shutdown: Deja Vu?](#)
[Focus on Budget and Debt](#)
[Anti-Deficit Advocates Face Wary Public](#)
[Don't Call it a Stimulus](#)
[Orszag's Tax-Cut Trial Balloon](#)

THE MOST

Updated Today

[Read](#) | [Emailed](#) | [Commented](#)

[Comparing Oil Spill Costs](#)

[Fishermen Sick from Cleanup](#)

[BP Cleanup Efforts a Race Against Time](#)

[Obama Needs an Efficiency Czar](#)

[A New and Improved New Deal](#)

[No COLA for Seniors?](#)

[Five Myths about the Bush Tax Cuts](#)

[Primary System Shock](#)

Range: 1 Days

ON OUR RADAR



Tax Havens

Companies can save money by shifting operations offshore, a loophole lawmakers want to close.

[Read More](#)



Soaring Medicaid

Florida and other states faced with soaring Medicaid rolls are struggling to balance their budgets.

[Read More](#)



Consumers to Pay

The latest analysis of health care reform shows reform will raise health care spending over the next 10 years.

[Read More](#)



Harrisburg Mess

Last week, Harrisburg announced it would default on a \$3 million bond payment due Sept. 15.

[Read More](#)

HELPFUL RESOURCES

THE BUDGET

[American Enterprise Institute](#)
[The Brookings Institution](#)
[CATO Institute](#)
[Center for American Progress](#)
[Center on Budget and Policy Priorities](#)

You are here: [Elections Augur Change for Social Security](#)

[HOME](#) | [THE BUDGET](#) | [HEALTH CARE](#) | [THE ECONOMY](#) | [TAXES](#) | [LIFE + MONEY](#) | [OPINIONS](#) | [RESEARCH CENTER](#) | [MULTIMEDIA](#)

[CONTACT US](#) | [ABOUT US](#) | [TERMS OF USE](#) | [PRIVACY POLICY](#)

The Source For All Things Fiscal

© 2009-2010 The Fiscal Times. All rights reserved.