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## What's your plan, Sen. Reid?

### Simply attacking Sharron Angle on Social Security won't cut it

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SPECIAL TO THE REVIEW-JOURNAL

The Social Security wars are about to begin again.

It is no secret that Harry Reid sees the road to his Senate re-election as running through Social Security. His opponent, former Assemblywoman Sharron Angle, supports proposals to allow younger workers to privately invest a portion of their Social Security taxes through personal accounts. Reid has been practically salivating at the prospect of portraying her as sentencing seniors to a life of eating cat food. In fact, just last week, Bill Clinton was in town attacking Angle for "wanting to get rid of Social Security."

Social Security is certainly a fair-game issue. It is the largest government program in the world, accounting for 23 percent of the federal budget. The Social Security tax is the largest tax the average American family pays. Nearly 80 percent of Americans pay more in Social Security taxes than they do in federal income tax. Millions of seniors depend on Social Security for their retirement income. Angle's position should be scrutinized and debated.

But one must also ask Sen. Reid what, exactly, he would do about Social Security's looming fiscal meltdown.

Thanks to the economic downturn, Social Security is running a temporary cash-flow deficit today. That deficit will turn permanent in just six years. Of course, in theory, the Social Security Trust Fund will pay benefits until 2037. That's not much comfort to today's 35-year-olds, who have faithfully paid into the program their entire working lives but will face an automatic 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 a form of IOU, a measure of how much money the government owes the system. It says nothing about where the government will get the money to pay back 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 promised benefits. Overall, the amount the system has promised beyond what it can actually pay now totals \$15.8 trillion.

Moreover, Social Security taxes are already so high, relative to benefits, that Social Security has simply become a bad deal for younger workers, providing a low, below-market rate of return. Many young workers will end up paying more in taxes than they receive in benefits. They will actually lose money under the program.

And contrary to widespread belief, workers do not actually own their Social Security benefits. They are left totally dependent on the goodwill of the 535 politicians in Congress to determine what they'll receive in retirement. Benefits are not inheritable, and the program is a barrier to wealth accumulation. The program unfairly penalizes African Americans, working women, and others. In short, it is a program crying out for reform.

Sen. Reid's reaction to every one of these issues so far has been denial. "There is no crisis," he says. "The program is on solid ground for decades to come."

Perhaps the next time Bill Clinton comes to town, he should talk to Sen. Reid. After all, when he was president, Clinton toured the country talking about the need to "save Social security first." And the program's finances have only deteriorated since then.

In fact, it was Clinton who pointed out that there are really only three options for Social Security reform: raise taxes, cut benefits or invest privately. Since Reid is attacking Angle for her support for private investment, one can logically conclude he must therefore favor tax increases and/or benefit cuts. And mighty big tax increases they would have to be -- a 50 percent increase in the payroll tax, or the equivalent. The benefit cuts would be no less draconian.

The voters of Nevada deserve to know what Sen. Reid plans to do about Social Security. If Reid plans to raise taxes to prop up Social Security, or cut benefits, he should tell them so. If he has another idea, he should share it with them.

But simply attacking Sharron Angle is not a policy plan.

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