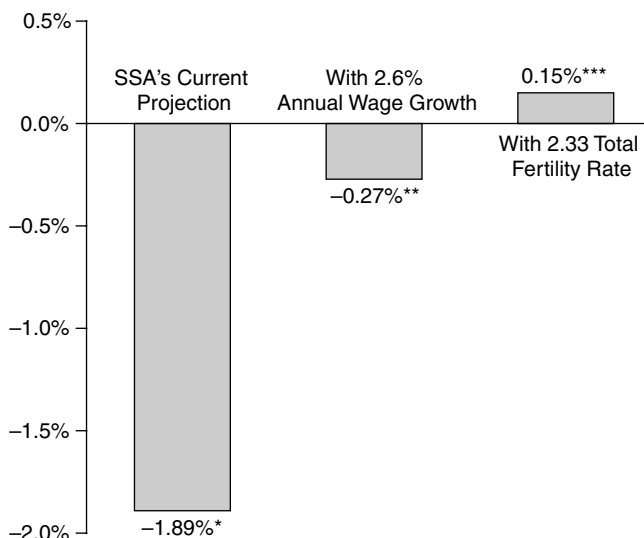


FIGURE 3
Social Security Trust Fund's Actuarial Balance, Surplus or Deficit, 2005-79

(Percent of Taxable Payroll)



*\$3.7 trillion actuarial deficit
 **\$529 billion actuarial deficit
 ***\$294 billion actuarial surplus

U.S. Social Security Administration, Office of Actuary; 2004 SSA Trustees Report; *EIR*.

Waxman: Bush's Stand Is Morally Wrong

Rep. Henry Waxman (D-Calif.), the ranking member of the House Committee on Government Reform, sent an open letter to President Bush on April 28, slamming him for saying that "there is no trust fund" for Social Security.

"The implication of your statements is breathtaking," Waxman writes. "In effect, you are saying that your Administration does not intend to repay the trillions of dollars being borrowed from the Social Security trust funds. Your position is wrong morally and legally, and it breaks a 70-year commitment that the payments Americans make into the Social Security system will be held in trust for Social Security beneficiaries, not diverted to tax cuts for the super rich or to other government expenditures."

The letter is in three parts: first a history of the enactment of Social Security in 1935, and the promises made by President Franklin D. Roosevelt; second, a review of what was done in 1983 by Congress, with President Reagan, to make the changes that allowed Reagan to say, "We promised to protect the financial integrity of Social Security. We have." Third, how much the American working population has put into Social Security in FICA taxes—running a very solid surplus, which has now been squandered by Bush.

Waxman also documents how Bush's tax cuts, "passed by Congress in 2001, 2002, and 2003 were the largest single drain" on the trust fund. These cuts "consumed approximately \$750 billion over the last four years, more than the entire Social Security surplus over that period." By 2015, Bush's tax cuts would cost \$2.25 trillion of the \$3.1 trillion Social Security surplus between 2001 and 2015.

Bush's renegeing on the trust fund obligation basically steals the benefits that Americans "have paid for and earned." Waxman tells Bush to "repudiate these statements now."

He notes that Bush is the only President to ever have questioned the commitment of the U.S. government to repay Social Security. But the most devastating blow comes from President Roosevelt himself, whom Waxman quotes: "We put those payroll contributions there so as to give the contributors a legal, moral, and political right to collect their pensions and unemployment benefits. . . ."

However, *EIR* notes that Waxman omitted to include the devastating end of that quote, where FDR said, "The payroll tax is there so that no damn politician can steal my Social Security program."

for Policy Innovation, would require a huge new Federal borrowing, of "transition costs," in the order of \$5-7 trillion over its first ten years, in order allegedly to avoid benefit cuts while diverting at least the entire employee's Social Security payroll tax to Wall Street accounts. The Treasury's borrowing trillions on Wall Street, in order to divert trillions in taxes to Wall Street, is economic lunacy, and Americans reject it.

- The Johnson bill, based on the Cato Institute's "6% Solution," similarly involves trillions in new Treasury borrowing; as well as indexing of benefits to the CPI in order to cut benefits; also rejected by the American public. The cutting of benefits is not necessary to make Social Security solvent; it is an artifact of the Depression-like assumptions on which the long-term projections of solvency—since 1998 and currently—are based.

- Robert Pozen's "progressive indexation" scheme, which involves very substantial benefit cuts from which poorer workers will allegedly be spared, was frankly described, by Jagdeesh Gokhale of the Cato Institute at a March 9 forum in Washington, as "eventually making Social Security a means-tested welfare program." Making Social Security into welfare, was emphatically opposed by President Franklin Roosevelt at its inception.