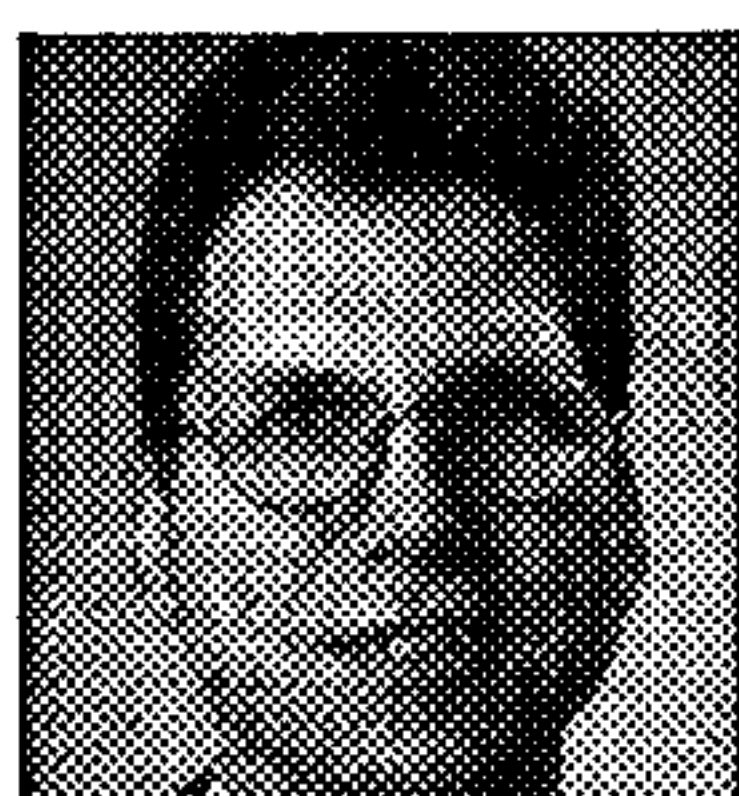


Our fiscal dilemma in Social Security



A guest column by
**WILLIAM R.
LARSEN**

ALAN GREENSPAN SAID that raising taxes to pay future Social Security and Medicare benefits poses a risk to the overall economy. Greenspan now says future benefit cuts are needed over tax increases. President Bush said Social Security benefits “should not be changed for people at or near retirement.”

Both statements refer to the fact that both men believe that future benefits will have to be reduced because there will not be enough money otherwise. They are acknowledging that Social Security is on the road to financial ruin and that changes are needed if Social Security and our economy are to survive. What was known 60 years ago?

At www.ssa.gov/history/ajall44a.html, you can see the testimony of A. J. Altmeyer, Chairman, Social Security Board, before the House Ways and Means Committee on Nov. 27, 1944:

“There is no question that the benefits promised under the present federal old-age and survivors’ insurance system will cost far more than the 2 percent of payrolls now being collected. As I pointed out in my testimony of last year, none of the actuarial estimates which have been made on the basis of present economic conditions and other factors now clearly discernible result in a level annual cost of this insurance system of less than 4 percent of payroll. Indeed, under certain assumptions the level annual cost has been estimated to be as much as 7 percent of payrolls. On the basis of a 4-percent-level annual cost it may be said that the reserve fund of this system already has a deficit of \$6,600 million. On the basis of 7-percent-level annual cost it may be said that the reserve fund already has a deficit of about \$16,500 million.”

The payroll tax reached 4 percent in 1954 and 7 percent in 1966. However, by this time, Congress had increased coverage to non-working spouses, making even these tax rates inadequate. This was way too little and way too late. The current tax is 10.6 percent.

The blame lies with Congress, which refuses to accept its responsibility for making the politically unpopular decisions required to fix the problem. Yet Congress holds hearings on all kinds of accounting, corporate governance, mutual funds and media scandals. Congress has passed new legislation to correct other peoples’ problems, making sure the interests of the American people are protected.

But who holds Congress accountable for its irresponsible governance of Social Security? The members of Congress are simply refusing to face the financial dilemma.

William R. Larsen ran for Congress in this district in the Republican primaries of 2002 and 2004.