

BOB DOLE



WEDNESDAY, NOVEMBER 10, 1982

CONTACT: WALT RIKER
(202) 224-6521

REMARKS BY SENATOR BOB DOLE

WASHINGTON PRESS CLUB

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IT'S OFFICIAL. FOR THE FIRST TIME IN HISTORY, ONE SOCIAL SECURITY PROGRAM HAS BEEN USED TO BAIL OUT ANOTHER. LAST FRIDAY, THE RETIREMENT PROGRAM WAS FORCED TO BORROW A BILLION DOLLARS FROM THE DISABILITY PROGRAM TO KEEP BENEFITS GOING OUT ON TIME. BY THE END OF THE YEAR, WE EXPECT THIS BORROWING TO AMOUNT TO \$6 TO \$12 BILLION, A SUM THAT ENSURES THE PAYMENT OF FULL RETIREMENT BENEFITS ONLY THROUGH NEXT JUNE. WITHOUT QUICK ACTION, BENEFITS WILL EITHER BE DELAYED--ARRIVING A LITTLE LATER EACH MONTH--OR REDUCED FOR ALL BENEFICIARIES BEGINNING NEXT JULY.

CONGRESS CAN ALWAYS TAKE THE "HEROIC" STEP AND REAUTHORIZE INTERFUND BORROWING, BUT THAT BUYS VERY LITTLE TIME--NOT EVEN ENOUGH TO SEE US THROUGH THE NEXT GENERAL ELECTION. THE RETIREMENT PROGRAM IS SO LARGE--ACCOUNTING FOR 75 PERCENT OF ALL SOCIAL SECURITY OUTLAYS--AND ITS FINANCIAL DEMANDS ARE SO GREAT, THAT CONTINUED BORROWING WOULD BANKRUPT THE WHOLE SYSTEM--RETIREMENT, DISABILITY, AND MEDICARE--SOMETIME EARLY IN 1984.

ALL OF THIS SHOULD BE OLD NEWS BY NOW. TRUST FUND RESERVES HAVE BEEN ON A DOWNHILL COURSE FOR YEARS. PRIOR TO 1970, THERE WERE ALWAYS RESERVES ON HAND CAPABLE OF FINANCING ABOUT ONE YEAR OR MORE OF BENEFITS--THAT IS, RESERVES EQUAL TO 100 PERCENT OF ANNUAL OUTGO. BY 1976, RESERVES HAD FALLEN TO 57 PERCENT OF OUTGO AND TODAY, THE COMBINED RESERVES OF THE SYSTEM STAND AT ABOUT 19 PERCENT OF ANNUAL OUTGO, ONLY 8 TO 10 WEEKS WORTH OF BENEFITS.

THE SOCIAL SECURITY FINANCING PROBLEM DATES TO THE EARLY 1970'S AND EVEN EARLIER, WHEN CONGRESS INCREASED BENEFITS AND EXPANDED ELIGIBILITY WITHOUT FACING UP TO THE COST OF DOING SO.

THE FACT THAT THE SYSTEM IS FAILING FINANCIALLY IS NOT SOMETHING DREAMED UP BY THE CURRENT ADMINISTRATION--NOR WAS IT CREATED BY THIS ADMINISTRATION'S POLICIES. THE FINDINGS OF STUDY COMMISSION AFTER STUDY COMMISSION OVER THE LAST FIVE YEARS HAVE UNDERSCORED THE SERIOUSNESS OF THE FINANCING CRISIS IN THE SHORT AND LONG-TERM. THE 1979 SOCIAL SECURITY ADVISORY COUNCIL, PRESIDENT CARTER'S COMMISSION ON PENSION POLICY (FEBRUARY 1981), THE HOUSE DEMOCRAT STUDY GROUP (OCTOBER 1980) AND EVEN PEOPLE SUCH AS ROBERT BALL OF SAVE OUR SECURITY (TESTIFYING BEFORE THE HOUSE SUBCOMMITTEE ON SOCIAL SECURITY IN FEBRUARY 1981) HAVE ACKNOWLEDGED THE SHORT-TERM FINANCING SHORTFALL. THIS SHORTFALL HAS DEVELOPED IN SPITE OF THE LEGISLATION PASSED IN 1977 WHICH INCORPORATED HUGE TAX INCREASES AND SOME LONG-TERM BENEFIT REDUCTIONS.

FACING UP TO SHORT-TERM FINANCING PROBLEMS IS DIFFICULT ENOUGH. BUT, THERE IS A GROWING RECOGNITION THAT THE LONG-TERM FINANCING CRISIS IS WHAT UNDERLIES THE LACK OF PUBLIC CONFIDENCE IN SOCIAL SECURITY. THIS MAY BE THE BIGGER CHALLENGE FOR SOCIAL SECURITY POLICY. SOME RECENT SURVEYS SHOW THAT AS MANY AS 75 PERCENT OF THE PEOPLE AGED 18 TO 29 HAVE LITTLE OR NO CONFIDENCE THAT SOCIAL SECURITY CAN MEET ITS COMMITMENTS AFTER THE TURN OF THE CENTURY. 64 PERCENT LACK CONFIDENCE ABOUT EVEN THE NEXT FEW YEARS.

IF WE ALL AGREE THAT SOCIAL SECURITY SHOULD BE SAVED, AND I THINK WE ALL DO, THEN THE TIME HAS COME FOR BOTH PARTIES TO RELINQUISH SOCIAL SECURITY AS AN ELECTION ISSUE. THE REFORMS NECESSARY TO SAVE THE SYSTEM MUST BE ENACTED EARLY IN THE 98TH CONGRESS, GIVEN THAT ACTION IN THE LAME-DUCK SESSION HAS BEEN RULED OUT BY TIP O'NEILL. LIKEWISE, THESE REFORMS WILL HAVE TO BE MADE

BY A REPUBLICAN SENATE IN CONJUNCTION WITH A HOUSE THAT IS NOW FIRMLY CONTROLLED BY TIP O'NEILL AND THE REST OF THE DEMOCRATIC LEADERSHIP. IT'S OBVIOUS TO ME THAT IF MEMBERS OF THE OTHER PARTY ARE AS CONCERNED WITH THE SURVIVAL OF SOCIAL SECURITY AS THEY SAY THEY ARE, THEY WILL STOP PLAYING DODGE BALL WITH THE SYSTEM. ELIMINATING REPUBLICANS FROM CONGRESS--DOESN'T PUT A SINGLE DOLLAR INTO THE TRUST FUNDS. IF WE'RE SERIOUS, WE'RE LOOKING AT A \$150 TO \$200 BILLION DEFICIT IN SOCIAL SECURITY BETWEEN NOW AND 1990. AND THAT REQUIRES SUBSTANTIAL ACTION IN THE VERY NEAR FUTURE. THE DEMOCRATS WILL HAVE TO BEAR EQUAL RESPONSIBILITY FOR THE HIGHER TAXES, RESTRUCTURING OF FUTURE BENEFITS, OR THE COMBINATION OF THE TWO THAT WILL BE NECESSARY TO SAVE THE SYSTEM.

THE PRESS HAS A VITAL ROLE IN ALL OF THIS. PEOPLE STILL NEED TO BE INFORMED ABOUT THE SERIOUSNESS OF THE PROBLEM AS WELL AS THE CHOICES WE FACE FOR RESOLVING IT. MORE IMPORTANTLY, PERHAPS, IS THE RESPONSIBILITY OF THE PRESS TO KEEP THE HEAT ON BOTH PARTIES. THE ONLY WAY TO GET THE JOB DONE IS TO PUT ASIDE PARTISAN DEMAGOGUERY, AS THE NEW YORK TIMES SAID IN ITS EDITORIAL OF NOVEMBER 7, AND GET DOWN TO THE HARD NON-PARTISAN WORK THAT MUST BE DONE TO SAVE THE SYSTEM. ADDITIONALLY, THE WASHINGTON POST JUST YESTERDAY PRINTED AN EDITORIAL POINTING OUT THE CONTINUED LACK OF SERIOUS DEMOCRAT PROPOSALS FOR REFORM.

THE NATIONAL COMMISSION ON SOCIAL SECURITY REFORM MEETS TOMORROW AND WILL MEET AGAIN IN DECEMBER TO MAKE FINAL DECISIONS ON SHORT AND LONG-TERM REFORM. JUST AS WE WILL NEED AND EXPECT THE SUPPORT OF THE PRESIDENT IF OUR EFFORTS TO FORGE A CONSENSUS ARE TO BE SUCCESSFUL, WE WILL NEED AND EXPECT THE SUPPORT OF TIP O'NEILL AND THE DEMOCRATIC LEADERSHIP. THE DEMOCRAT-CONTROLLED HOUSE OF REPRESENTATIVES, AFTER ALL, HAS THE CONSTITUTIONAL IMPERATIVE TO INITIATE SOCIAL SECURITY FINANCING LEGISLATION.

AS I SAID LAST WEEK, I STAND READY AND WILLING TO COOPERATE IN ANY SERIOUS BIPARTISAN EFFORT TO SOLVE SOCIAL SECURITY'S FINANCING PROBLEMS. THE PASSAGE OF THE 1982 TAX BILL DEMONSTRATES THAT CONGRESS CAN RISE TO THE OCCASION. I REMAIN OPTIMISTIC THAT WE CAN DO IT AGAIN.

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