

News from Senator

BOB DOLE



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SOCIAL SECURITY SOLUTIONS WILL REQUIRE 'STRAIGHT TALK,' DOLE SAYS

WASHINGTON -- Senate Finance Committee Chairman Bob Dole (R-Kan.) said today that finding a solution to the current Social Security problems "will require straight talk to the American public, and not the rhetoric we have so often heard in the past." Dole made his remarks in the Finance Committee's subcommittee on Social Security, which today began its first day of hearings on ways to bolster the ailing system.

"Finding a solution won't be an easy task, but it is absolutely essential that we find one that can be supported by both taxpayers and beneficiaries," Dole said. "I believe we can do this, but it will require straight talk to the American public. It is possible that the solution will affect future beneficiaries as we carry out our responsibility to save the system for generations to come. I'm confident, though, that sooner or later these efforts will be applauded.

A Critical Time for the System

"This is a critical time in the history of Social Security. Never before have so many people's lives been affected by the program. One hundred fifteen million people pay taxes to support the system, 20 million more than in 1970. Thirty-six million people receive benefits, nearly a third more than in 1970. Yet, the Board of Trustees reports released yesterday confirm that we are faced with an unacceptable long-term deficit in the system, one that exceeds a trillion dollars, and a potentially huge short-term deficit -- possibly as high as \$100 billion -- that could threaten timely benefit payments as early as next year. Further, we learn that there is no conceivable economic scenario under which Old-age and Survivors' Insurance could pay benefits throughout 1982.

"We are here for just one reason: to find ways to shore up a failing system. Unfortunately, this is exactly what brought us together for Social Security hearings just four years ago. In 1977, the condition of the trust funds had deteriorated seriously since the last major program expansion of 1972, to the point that all three trust funds (OASI, Disability Insurance and Hospital Insurance) were projected to be broke within the decade. Board of Trustees reports had gotten progressively grimmer as the economy grew more slowly and the program grew more rapidly than anticipated.

"In an atmosphere of crisis, not unlike today, Congress took steps in 1977 to cut the long-run cost of the system, while passing the largest peacetime tax increase in U.S. history. Working men and women were told that their taxes would be increased six times between 1977 and 1990, so that an additional \$200 billion in revenues could be produced during the 1980s. In return, taxpayers and beneficiaries were 'assured' that the condition of the trust funds would improve continuously and that the system would remain sound through the year 2030.

"And yet here we are today, just four years later. As we begin these hearings, I hope that we will all be mindful of these facts. Nobody wants to take the kind of steps we took in 1977, only to find ourselves back here again in 1985.

Possible Steps

"Deficits must be eliminated. But further tax increases, when there are already four more to come by 1990, are obviously out of the question. Using general revenues is not a solution either, since this certainly involves significant tax increases too. This makes it clear that we will have to carefully consider methods of limiting the future cost of the system. It may well be necessary to take steps now to ensure that as the population ages and the proportion of workers supporting each beneficiary falls, our current structure of benefits does not produce a tax burden that becomes unrealistically high.

"It is my hope that these hearings will provide some fresh ideas for achieving both of these goals: trust fund solvency, and a system that is politically, socially and economically viable in the long run. The 1981 Board of Trustees reports underscore the need for Congress to move quickly."