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NEWS

U. S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE
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SOCIAL SECURITY

THERE'S BEEN A LOT OF TALK, AND A LOT OF CONFUSION, ABOUT THE MOYNIHAN SOCIAL SECURITY PLAN -- THE SO-CALLED TAX CUT. AS THIS IMPORTANT VOTE APPROACHES, IT'S HIGH TIME WE SEPERATED THE MYTH FROM THE REALITY.

BY CUTTING THIS TAX NOW, WE ARE ONLY CUTTING THE SAFETY NET FOR FUTURE GENERATIONS OF AMERICANS.

BY VOTING FOR A FEEL-GOOD TAX CUT NOW, WE ARE ONLY DELAYING THE VERY REAL PAIN OF A MASSIVE TAX HIKE LATER.

BY TRYING TO SCORE POLITICAL POINTS NOW, WE ARE ONLY JEOPARDIZING THE FINANCIAL SECURITY OF MILLIONS OF SENIOR CITIZENS.

IT'S TIME TO STOP PLAYING TRUST "FUN" WITH THE TRUST FUND.

AND TRUST IS THE KEY WORD HERE. THE TRUST FUND IS A EXACTLY THAT -- A SACRED TRUST BETWEEN OUR GOVERNMENT AND OUR SENIOR CITIZENS. WE CAN'T AFFORD TO DO ANYTHING THAT WOULD DIMINISH THAT TRUST -- THAT CONFIDENCE -- THAT THE AMERICAN PEOPLE HAVE IN THEIR GOVERNMENT.

AMERICANS WORK ALL THEIR LIVES TO EARN SOCIAL SECURITY -- THEY DON'T DESERVE THE RISKS OF SOCIAL INSECURITY...WHICH IS EXACTLY WHAT WE WILL HAVE IF THE MOYNIHAN PLAN IS ENACTED.

THE BLUE RIBBON COMMISSION

I'VE HAD THE HONOR OF WORKING WITH THE DISTINGUISHED SENATOR FROM NEW YORK ON SOCIAL SECURITY WHEN WE SERVED TOGETHER ON PRESIDENT REAGAN'S BLUE RIBBON SOCIAL SECURITY COMMISSION. IN FACT, ONE OF THE PROUDEST MOMENTS IN MY SENATE CAREER TOOK PLACE IN 1983, WHEN SENATOR MOYNIHAN AND I HELPED GET THE RESCUE OPERATION BACK ON TRACK.

IT TOOK WEEKS AND MONTHS AND PLENTY OF GUTS TO FIX THE SOCIAL SECURITY SYSTEM. BUT IT WAS DONE AND THE SYSTEM WAS RESCUED.

SO IT IS WITH RELUCTANCE THAT I OPPOSE THE SENATOR FROM NEW YORK'S AMENDMENT TO CUT THE SOCIAL SECURITY PAYROLL TAX.

A FEW YEARS AGO I, TOO, SERIOUSLY CONSIDERED PROPOSING A ROLLBACK IN THE PAYROLL TAX. BUT, AFTER EXTENSIVE CONSULTATION WITH REAL EXPERTS ON THE SUBJECT, I BECAME CONVINCED THAT CUTTING THE PAYROLL TAX POSSIBLY WOULD ENDANGER THE SYSTEM THAT THE SENATOR FROM NEW YORK AND I FOUGHT SO HARD TO SAVE.

OUR INVESTMENT IN THE FUTURE

DESPITE THE CURRENT SURPLUS IN SOCIAL SECURITY, ONE OF THE BIGGEST PROBLEMS WE FACE IS A LACK OF CONFIDENCE IN THE SYSTEM. WE HAVE TO ASSURE OUR SENIOR CITIZENS THAT THE PROGRAM WILL CONTINUE TO BE THERE FOR THEM, AS WELL AS CONVINCING YOUNG WORKERS THAT SOMETHING WILL BE LEFT WHEN THEY RETIRE.

SENATOR MOYNIHAN, HIMSELF, HAS SUGGESTED THAT THE MEMBERS OF THE GREENSPAN COMMISSION ACTUALLY PLANNED A BUILD-UP IN RESERVES TO INCREASE CONFIDENCE IN THE SYSTEM. IN A SPEECH TO THE NATIONAL ACADEMY OF SOCIAL INSURANCE SEVERAL YEARS AGO, SENATOR MOYNIHAN EXPLAINED THE GREENSPAN COMMISSION WANTED TO "BUILD A RESERVE IN THE TRUST FUNDS THAT PEOPLE COULD SEE AND BELIEVE IN".

PRESENT RESERVES ARE NOT ADEQUATE

NOW, IT SEEMS, SENATOR MOYNIHAN HAS DECIDED THAT PUBLIC CONFIDENCE IN SOCIAL SECURITY CAN WITHSTAND A TAX CUT THAT WOULD SUBSTANTIALLY SLOW THE GROWTH OF THE RESERVE FUND.

I CAN'T SAY FOR CERTAIN WHAT LEVEL OF RESERVES NEED TO BE SET ASIDE TO GUARANTEE THE SAFETY OF SOCIAL SECURITY. AS WE LEARNED WHEN WE PLAYED THIS NUMBERS GAME IN 1983, ACTUARIAL CALCULATIONS IS AN IMPERFECT SCIENCE -- SMALL CHANGES IN ECONOMIC VARIABLES CAN CREATE DISPROPORTIONATE SWINGS IN THE RESERVE FUNDS. THAT IS WHY TO PRESERVE CONFIDENCE IN THE SYSTEM, I BELIEVE WE NEED TO ERR ON THE CONSERVATIVE SIDE.

SENATOR MOYNIHAN'S AMENDMENT ERRS ON THE OPTIMISTIC SIDE. ACCORDING TO THE AMERICAN ASSOCIATION OF RETIRED PEOPLE (AARP), "REDUCING INCOME TO THE TRUSTS FUNDS BY CUTTING PAYROLL TAXES WOULD SIMPLY MAKE THE FUNDS MORE VULNERABLE. UNDER "NORMAL" ECONOMIC CONDITIONS, A REDUCTION IN THE PAYROLL TAX OF ONE PERCENT, AS PROPOSED IN S.11, WOULD MEAN THAT THE OASDI RESERVES DO NOT REACH 18 MONTHS OF BENEFITS BEFORE THE TURN OF THE CENTURY. EVEN MORE DISTURBING, THE ACTUARIES ESTIMATE THAT THE TRUST FUNDS WOULD HAVE NO RESERVE WITHIN 15 YEARS UNDER LONG-TERM NEGATIVE ECONOMIC CONDITION, IF S. 11 WERE ENACTED."

THINK ABOUT EXPLAINING THAT TO A BUNCH OF ANGRY SENIORS DURING YOUR NEXT RADIO SHOW.

THE MOYNIHAN PLAN IS A STEALTH TAX INCREASE

MY SECOND OBJECTION TO THE MOYNIHAN TAX CUT IS THAT IT IS REALLY A STEALTH TAX INCREASE. READ THE FINE PRINT AND YOU QUICKLY DISCOVER THAT SENATOR MOYNIHAN'S BILL, S. 11, SUBSTANTIALLY INCREASES SOCIAL SECURITY TAXES IN THE NEXT CENTURY. ACCORDING TO CAROLYN WEAVER, DIRECTOR OF THE SOCIAL SECURITY AND PENSION PROJECT AT THE AMERICAN ENTERPRISE INSTITUTE, "THE OASDI TAX RATE REACHES 16.2% (EMPLOYEE AND EMPLOYER COMBINED), FULLY 30% HIGHER THAN THE MAXIMUM RATE IN THE LAW TODAY. THIS WOULD BRING THE TOTAL OASDI RATE TO 19.1% UP FROM 15% TODAY -- AND THIS IS BEFORE DEALING WITH THE GAPING MEDICARE DEFICIT."

SENATOR MOYNIHAN'S PLAN IS JUST ANOTHER PLOY TO MAKE TOMORROW'S WORKERS AND THEIR EMPLOYERS PAY FOR A TAX CUT FOR TODAY'S WORKERS! TALK ABOUT THIEVERY! TALK ABOUT EMBEZZLEMENT! I'VE GOT A FEW HUNDRED HIGH SCHOOL STUDENTS COMING IN TOMORROW THAT WOULD LIKE TO SETTLE THAT ONE WITH A BASEBALL BAT.

ANOTHER LITTLE NOTICED PROVISION IN S. 11 WOULD GRADUALLY INCREASE THE OASDI EARNING BASE TO \$82,200 IN 1996 -- ALMOST 20% HIGHER THAN PROJECTED UNDER THE CURRENT LAW. WERE IT NOT FOR THE RATE CUTS IN THE BILL IN THE NEXT FEW YEARS, THIS WOULD TRANSLATE INTO ROUGHLY A 20% TAX INCREASE FOR WORKERS EARNING OVER THE EARNING BASE.

ALTHOUGH I HAVE BEEN TOLD THAT THE SENATOR FROM NEW YORK HAS ALTERED HIS REVENUE FIGURES TO EXCLUDE CHANGES TO THE EARNING BASE, LET ME ASSURE YOU THAT THIS IS A SHELL GAME. SOMEWHERE DOWN THE ROAD, SENATOR MOYNIHAN IS GOING TO BE LOOKING FOR A WAY TO PAY FOR THIS TAX CUT. THE EASIEST ROUTE IS GOING TO BE GOING AFTER CORPORATE TAXES AND THE EARNINGS BASE. AND YOUR NAIVE IF YOU THINK DIFFERENTLY.

CONCLUSION

I WANT TO END MY REMARKS BY READING FROM A LETTER FROM PRESIDENT BUSH. IN THAT LETTER THE PRESIDENT SAYS, "WE RESCUED THE SOCIAL SECURITY SYSTEM EIGHT YEARS AGO ON A BIPARTISAN BASIS. WHEN WE DID, WE MADE A PROMISE TO EVERY AMERICAN WHO RECEIVES SOCIAL SECURITY BENEFITS, TO THOSE WHO SUPPORT THE SYSTEM TODAY, TO THOSE WHO WILL RELY ON IT WHEN THEY RETIRE. WE HAVE WORKED TOGETHER TO ASSURE THAT TODAY'S BENEFITS ARE PROTECTED AND THAT THE SYSTEM WILL BE STRONG ENOUGH TO CONTINUE PROVIDING BENEFITS TO FUTURE RETIREES. I INTEND TO ASSURE THAT WE KEEP OUR PROMISE. SINCERELY, GEORGE BUSH."

I URGE YOU TO SUPPORT THE MOTION TO TABLE THE MOYNIHAN AMENDMENT.

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