U.S. SENATE COMMITTEE ON
Finance
SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN
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Statement of Senator Chuck Grassley
U.S. Senate Committee on Finance
Hearing on Social Security
Proposals to Achieve Sustainable Solvency: With and Without Accounts
Tuesday, April 26, 2005

Today's hearing is the second this year on the future of Social Security. Today we will examine specific proposals that achieve sustainable solvency for Social Security, which is probably the most popular government program ever created. Sustainable solvency means that there's a positive trust fund balance throughout the traditional 75-year projection period for Social Security, and a level or a rising balance at the end of the period. Sustainable solvency ultimately means that taxes and benefits must be roughly equal.

Achieving sustainable solvency is important for a number of reasons. No one wants Social Security to be unsustainable. Beneficiaries should not have to worry their benefits will be cut. Workers should not have to worry their payroll taxes will go up. The longer Social Security's future remains in doubt, the more people will worry about their own future prospects. A sustainable Social Security program will give everyone additional peace of mind. No one should take comfort in the fact that Social Security has been on an unsustainable path for nearly three decades. Given the programmatic linkages between workers and beneficiaries, and wages and benefits, there is no plausible set of assumptions under which Social Security will be able to pay 100 percent of currently scheduled benefits. Policymakers of the past had the luxury of time. They could afford to wait and see. After all, things might have turned out differently – births rates might have gone up, mortality rates might not have declined, real wages might have been higher, and inflation might have been lower – but it was not to be. Their future is now our present and time is running out. The retirement of the baby boomers is nearly upon us.

It has been more than 20 years since Congress enacted major Social Security reform. Despite the obvious need for additional reform, policymakers have refused to take further action. Instead, Social Security has become a political hot potato, tossed back and forth, producing motion, but no progress. If this Congress is going to muster the courage and accept the responsibility to address Social Security reform this year, we should do more than kick the can down the road. Achieving only 75-year solvency, like the 1983 reform, means we have failed to fully address the problem. That means we're passing the buck to some future Congress.

Each of the proposals presented by our witnesses today will achieve the goal of sustainable solvency. They reach this goal in a variety of different ways. Our job on the Finance Committee is to evaluate the elements of each plan and determine the best approach overall. As chairman, I hope to engage this committee in a sincere debate about ensuring Social Security's future solvency. I hope to bring members to the table to work in a bipartisan fashion. I feel strongly about the need to take legislative action this year.

President Bush has lent the power of the White House to the cause of saving Social Security, as did President Carter, President Reagan, and President Clinton when they were in office. We should not waste the opportunity provided us by such leadership. This opportunity isn't likely to come again for another decade. Outside the hearing room today, we have political theater and dramatic attempts to polarize Social Security along partisan lines. I ask my fellow committee members to resist the temptation to allow such theatrics to pervade this hearing room. If there is ever going to be a bipartisan consensus for reform, the process must begin in this committee, and there's no time like the present to get started.