

E. CLAY SHAW
22d DISTRICT, FLORIDA

COMMITTEE:
WAYS AND MEANS

SUBCOMMITTEES:
CHAIRMAN
SOCIAL SECURITY

TRADE

CHAIRMAN
FLORIDA CONGRESSIONAL DELEGATION



Congress of the United States
House of Representatives

Washington, DC 20515-0922

July 11, 2002

2408 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-3026

DISTRICT OFFICES:
BROWARD COUNTY
1512 EAST BROWARD BOULEVARD
SUITE 101
FORT LAUDERDALE, FL 33301
(954) 522-1800

PALM BEACH COUNTY
222 LAKEVIEW AVENUE, #162
WEST PALM BEACH, FL 33401
(561) 832-3007

DADE & PALM BEACH COUNTIES
TOLL FREE
930-7429

WEB SITE
www.house.gov/shaw

"Scare Tactics Just Won't Fly"

Dear Republican Colleague:

I commend to you this article this article by Richard Benedetto in USA Today from July 9, 2002. He hit the nail right on the head when he said Democrats' "scare tactics just won't fly anymore."

This article cites a USA Today-CNN-Gallup poll that demonstrates the American public is smarter than Democrats think. The poll shows 57% of Americans support having the option to put a portion of Social Security payroll taxes into personal retirement accounts. Another USA Today-CNN-Gallup poll taken after the July 4th weekend shows 67% of Americans are worried they will not be able to collect the Social Security benefit the government promises it will pay when they retire. Clearly Americans can put two and two together and see that personal accounts are the best solution to strengthen Social Security's future.

As the article says, President Bush has made it clear reform would help younger workers and would not affect seniors and older workers. These polls and this article show our efforts to speak the truth about Social Security are not in vain. We must not let Democrats do as the article mentions and "trash any proposal for change and pretend the system can survive by doing nothing."

My response to the Democrats' scare tactics and "do-nothing" plan is the Social Security Guarantee Plus Act of 2001 (H.R. 3497). My plan would not "privatize" Social Security, but it would allow workers to build their nest eggs using voluntary personal accounts. These accounts are financed with general revenue, leaving the Trust Funds intact. The Guarantee Plus plan guarantees promised benefits regardless of the account's investment performance. My plan would also provide important enhancement in benefits for disabled and elderly widows, divorced spouses, and working parents caring for young children. It eliminates the senior earnings penalty and would reduce the Government Pension Offset. Social Security's actuaries have confirmed my plan would save Social Security for the next 75 years and beyond.

As Theodore Roosevelt said, "In any moment of decision, the best thing you can do is the right thing...and the worst thing you can do is nothing. H.R. 3497 does all the right things to strengthen and improve Social Security, and I hope you will join with me as a co-sponsor.

Sincerely,

E. Clay Shaw, Jr.



Politics

Richard Benedetto

▪ [E-mail this story](#) ▪ [Subscribe to the newspaper](#) ▪ [Sign-up for e-mail news](#)

07/09/2002 - Updated 04:38 PM ET

Support of privatizing Social Security still strong

WASHINGTON — The stock market has been in serious decline for the past three months.

The business world has been rocked in recent weeks by more accounting scandals.

The economy is still shaky.

And Democrats have been engaged in a concerted effort for the better part of the year to convince the citizenry that any effort to reform Social Security is a "risky Republican scheme."

Yet, a USA TODAY-CNN-Gallup Poll taken last weekend found that most Americans continue to support President Bush's proposal to allow workers to put a portion of their Social Security payroll taxes into personal retirement accounts that could be invested in private stocks and bonds.

Rather than be panicked by the dismal economic, business and financial news and frightened by Democrats' charges that Social Security may stop coming, 57 percent of those polled said the plan to allow individuals to personally invest part of the payroll taxes they now pay into Social Security might be a good idea.

That's down from 65 percent in favor of the plan measured two years ago during the 2000 presidential campaign, but it's still pretty high considering the forces arrayed against it.

The recent poll was taken shortly after news broke of the financial collapse of telecommunications giant WorldCom, and it might have been expected to reflect serious public anxiety about the merits of investing retirement money in the financial markets.

It didn't.

Those in strongest opposition to the plan continue to be people 65 and older, none of whom would be affected by the Bush plan. Under the president's proposal, nothing would change for those at or near retirement. Monthly benefits would stay the same, and Social Security checks would continue to arrive, as always.

Those in strongest support are adults younger than 50. Many already have personal retirement accounts such as 401(k)s, in which a portion of their earnings are invested in private stocks, bonds or mutual funds.

Although they know their accounts are subject to swings in the financial markets, they also know that over the long term they are likely to see their nest eggs grow at a considerably higher rate than the payoff from Social Security. Thus, their support for a new way.

Reform of Social Security — whether through the Bush plan, some variation or an entirely new alternative — is imperative.

The huge baby boom generation begins retiring in the next decade, putting Social Security funds under tremendous pressure. Couple that with the facts that fewer workers will be contributing to the system and that Americans are living longer, and you have a recipe for potential collapse.

If nothing is done, in 2017 Social Security will start paying out more in benefits than it collects in taxes.

Thus, to keep the system afloat without changing it, Social Security taxes would have to be increased significantly, benefits would have to be cut, or there must be some combination of the two.

Anyone who tells you different is simply not speaking the truth.

Surely the Bush plan, or any other proposal to reform the system that comes along, deserves serious scrutiny and debate. But that should begin sooner rather than later.

To simply trash any proposal for change and pretend the system can survive by doing nothing is foolish at best, demagogic at worst.

The 57 percent who say they support some form of privatization are not necessarily wedded to the Bush plan. They are basically saying that they understand the problem and want someone to come up with a workable solution. Scare tactics just won't fly anymore.