

Portland, OR - Today, Congressman Earl Blumenauer (D-OR) participated in a press conference with Oregon State Senator Margaret Carter and fifteen members of the Alliance for Retired Americans to highlight why privatizing Social Security would jeopardize the quality of life for retired Americans. Tomorrow, the Social Security Commission appointed by the Bush Administration plans to release an outline of three privatization plans that would put Social Security at risk.

Blumenauer released the following statement on the plan:

"The Bush Administration and the Republican House majority have adopted a pattern of rushing ahead with flawed plans without allowing time for debate or the thoughtful attention they deserve, whether it is economic stimulus or an airline bailout. The plan to privatize social security is yet another example.

I support giving America's workers more investment choices, especially low-income individuals who don't have 401(k) plans available to them through their employers. It remains to be seen, however, whether forcing everybody to do this through social security is the best way. The recommendations from this Social Security Committee will create budget problems for the next twenty years and will profoundly affect the standard of living for our retirees for generations to come.

There are four main problems with this plan. First, we have not had a full discussion of the magnitude of the anticipated shortfall in Social Security. It would appear that it could be corrected at the same cost and with the same impact on the GNP as the Bush tax cuts we passed last summer. Which is ultimately more important to America's future--those tax cuts or funding Social Security? There hasn't been a candid discussion on this issue yet.

Second, there are huge costs to transition to a new system. It's not fair to assume away what might be billions of dollars in additional costs to transition to a new system. Until this committee and its friends are honest about the costs of transition, privatization is a phony debate. It just makes it worse for working people today and for the next 20 years.

Third, we have just seen a terrible example of what happens when people put their faith in the stock market to protect their retirement. This approach works if the market is doing well, but if the market sours, it takes private retirement accounts with it. We have seen this recently with the bankruptcy of Enron. Some of my constituents saw their private retirement accounts

go from a million dollars to worthless in a few months. Are we ready to roll the dice with the American public's retirement? Are we going to talk about what happens when the market doesn't perform well?

Last but not least, hidden in the calculations is a subtle shift where Social Security benefits will be based on the growth in the cost of living, not the growth of wages. If history is a guide, that will open the door to a giant hit on the standard of living for our grandchildren and our great-grandchildren when they retire. We need to talk about these things."