

CATO INSTITUTE

POLICY FORUM

SOCIAL SECURITY AND AFRICAN AMERICANS

Race, Retirement, and Reform

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Opening Remarks:

Harry C. Alford, President and CEO,
National Black Chamber of Commerce

The Cato Institute

F.A. Hayek Auditorium

Washington, D.C.

P R O C E E D I N G S

MR. ALFORD: Good morning. I'm very proud to be here.

The National Black Chamber of Commerce's mission is to assist African Americans in wealth building and asset accumulation -- a group of Americans that got a late start. It's long overdue. Let's play catch-up and catch up.

Social Security is an issue that isn't new to us. In fact, this endeavor here with the Cato Institute is not new. I believe Ken Blackwell invited the Chamber to a meeting in Dayton, Ohio, back in 1997, and Cato was there. And from that point in 1997, Ed, we have been working with your people on this issue of Social Security.

The Chamber has three points on Social Security. One, in the early nineties, we picked up in Alabama a term known as "dummy checks." And in Mississippi they call them "stupid checks." And what it was, and is, is an abuse of Social Security Insurance, SSI. And what they were doing in the rural South -- Tennessee, Mississippi, Alabama, Louisiana, Georgia -- is rural school districts, these counselors were having black parents apply for Social Security Insurance under the guise of their children having a learning disability -- special education. So if your kid got into special education, that meant you got a

check for \$450-\$500 a month. And a lot of these poor parents thought that was a good deal to get the money, but didn't understand that they were destroying their child. And what they were doing this for was to keep segregation alive in the rural South. So you had 80 to 90 percent of the black students in the school district were all in special education and 100 percent of the white kids were all in college prep. And they segregated them that way and kept them from interacting -- destroying kids.

And I was appalled that when I took this to black elected officials, they jumped back. One said to me, frankly, it's too much of a political hot ball. Can you deal with it for us? So, two weeks ago, I asked another black congressional elected official, and he put on a poker face. It's still going on. We need to cut out the abuse.

Number two, they take 9 to -- 12 percent if you're an entrepreneur -- 14 percent of your money, put it into Social Security every year, and then tell you after 35 or 40 years that you made 2 percent interest. That's as close to lazy money as you can get. You could have had it in a checking account and probably made more interest, at least in certain types of checking accounts. So we think that the return on the investment can be a heck of a lot better -- 4 or 5, and you mentioned 12, percent. That is wealth building.

Thirdly, if it is your money, if it is coming out of your paycheck, then it should be assignable to your heirs when God calls on you. It is ridiculous for someone to work 35-40 years, die, and all the money they put into Social Security does not go to their children or their grandchildren. It should be assignable.

So, three things -- cut out the abuse, return on investment, assignable to heirs. That's all the Chamber is looking for in this issue of Social Security.

We're going to have a lot of lively debate. Privatization I guess is just taking over everything, but think about those other deals. And I really want to get into this abuse case down there in Mississippi and Alabama, and send some crooked racists to jail, and also to save some children from being destroyed.

Thank you very much.

(Applause.)

(End of Mr. Alford's remarks.)