

Save Social Security First!



President Clinton, for all his personal foibles, deserves credit for taking the lead on Social Security. In his recent state of the union address, Clinton announced a three-part near-term agenda to address Social Security:

- He proposed that *all* of the now-projected surplus in the unified budget be committed to saving Social Security.
- He endorsed a series of nonpartisan forums this year to address alternative approaches to resolving the problems of Social Security.

- He promised to submit proposed legislation *next year* to address those problems.

That is a politically wise near-term strategy. Clinton made no commitment to a specific approach to Social Security, but he endorsed a process that will give Cato and others a broader opportunity to make the case for a gradual transition from the present unfunded Social Security program to a system of prefunded individual retirement accounts. And his commitment to submit proposed legislation next year will accelerate congressional attention to this issue.

Although Clinton did not describe *how* a budget surplus would help save Social Security, his proposal should help deter the kind of mishmash of new special-interest spending and junk tax cuts that characterized the 1997 budget deal. Interpreted literally, his proposal would maintain the now-projected budget surplus until Congress approves new Social Security legislation. That would reduce the explicit federal debt but, by itself, would not address the specific problems of Social Security. More important, if Congress does not commit the projected surplus this year, the surplus could later finance a substantial part of the cost of transition to a system of individual

retirement accounts. Yes, Virginia, this will reduce the opportunity for your favorite little tax cut. But it will also reduce the opportunity for the new spending favored by others. Moreover, Congress does not yet seem ready to address a major tax reform. And the necessary reform of Social Security, I suggest, should have priority over the most desirable tax reform.

For the moment, a series of four nonpartisan forums is scheduled, to be privately financed and jointly organized by the Concord Coalition and the American Association of Retired People. Our con-

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tacts in those organizations assure us that we or others will have ample opportunity to make our case at the forums. A White House conference on Social Security is scheduled for December, after completion of the forums.

Finally, the prospect of Social Security legislation next year, like the prospect of execution in the morning, should focus our minds. Cato has now been studying and promoting the privatization of Social Security for over 20 years. The opportunity to realize this goal may now be near. Seize the day!

—William A. Niskanen

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