Social Security's Future At Risk With New Tax Deal

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Under the radar screen, the new tax deal is threatening the livelihood of America's present and future seniors - to line the pockets of millionaires.

If made permanent, a new Social Security "payroll tax holiday," reducing the "match" employers pay from 6 percent to 4 percent of salary, will drop the solvency of the program 14 years, from 2037 to 2023, according to the Congressional Budget Office. At the same time, Congress agreed to increase high-end loopholes in the estate tax, exempting 39,000 estates worth as much as $5 million.

This bill puts in motion two devastating policies: lowering taxes for the rich and destabilizing the financing of Social Security. Without sufficient worker and employer matching money, which has kept Social Security solvent for 75 years and helped millions of Americans live out their senior years in comfort, the program could be doomed. Congress and the White House say they want to "protect Social Security's solvency," but this action does just the opposite.

The most dangerous aspect of the payroll tax holiday is that it could become permanent. The new philosophy in Congress seems to be "once a cut, always a cut." When the payroll tax holiday expires in a year, Republicans will insist on keeping it, just as they did with the Bush tax cuts for the wealthy.

Democrats are falling for the same trap they did nine years ago when they helped pass the Bush tax cuts. Bush communications director Dan Bartlett explained how they used "temporary" cuts to get votes: "We knew that, politically, once you get it into law, it becomes almost impossible to remove it."

Breaking the promise of Social Security will leave seniors with extra working years and reduced benefits. The White House and Congress can dig themselves out the same way Congress and President Obama just did with Medicare by extending reimbursements for physicians.

Failure to do so would have stopped seniors from getting their health care.

Congress should have adopted an amendment to the tax bill proposed by some farsighted lawmakers that would have replaced changes in payroll taxes with a one-year credit to provide tax relief to businesses, while not threatening the solvency of the Social Security trust fund. Instead, Congress broke down the firewall of separate Social Security funding and gave it to general revenue to help business -- and the heck with seniors.

We are left with the biggest affront to the solvency of Social Security since George W. Bush threatened to privatize it. The difference is that this attack received bipartisan support. If this is what bipartisanship looks like, Americans should run in the other direction.

The White House and Congress read that payroll tax holidays have recently "worked" in other countries to spur the economy. It's an amazing statement, with the world's economies in bad shape. Here, moreover, we have a contract to pay our seniors back with their money, not take it without permission. It's a separate, paid-for insurance plan, not a social welfare giveaway to business. Social Security funding must be off-limits to Congress, especially when it wants to give the money to millionaires.

The great Florida Congressman Claude Pepper, known as "Mr. Social Security," was outraged in 1978 at Commerce Secretary Juanita Kreps' suggestion to increase the retirement age to 68 for full Social Security benefits. Rep. Pepper demanded and got a meeting with Ms. Kreps and House Social Security Chairman James Burke, D-Mass. Rep. Pepper kept saying that he and Rep. Burke would "fight it to our death." Ms. Kreps asked, "Even (delaying the start) to the year 2000?" Both members vehemently exclaimed, "Yes!" Ms. Kreps finally responded, "Well, I haven't made the proposal anyway." That's the courage we need from somewhere now.

Congress should clean up the mess it just created for seniors, and for all the young and middle- aged who hope to grow old.

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