

*Note: This article is the first of a three part series.*

## **The Politics of Social Security Reform Part One: How the Debate Will Unfold**

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In his quest for historic reform of the Social Security system, President Bush has set his sights on a goal with enormous political risk. There's a good reason that members of Congress refer to Social Security as "the third rail of American politics." Even the suggestion that you might touch it has been enough to end a political career. So the reward for success for this president will be equally significant - a place in the history books as the first president since FDR to structurally change this most trusted of American institutions.

The coming political fight may very well be won or lost in Round One, that being who controls public perceptions of the problem. At their essence most modern American political fights are ones of semantics - who will be first to successfully coin the catchphrase that will indelibly define the issue in the minds of the public. For Republicans this debate is all about the building of an "ownership society" that moves citizens away from dependence on the federal government and gives each person more control over their economic destiny. In their argument, Social Security reform is a necessity because of the impending "crisis" brought about by the system's inherent instability and looming "bankruptcy". And a key part of the solution is "personal savings accounts", financial instruments that will transform workers into shareholders, shaping their own destinies.

The Democratic side has already countered with its own glossary of terms - "gambling," "roulette," "scheme," "risk," "privatization," "\$2 trillion cost," and "benefit cuts," to name a few. Driving the Democratic opposition is the effort to preserve the most successful social program in the country's history, a program that is at the heart of the party's identity. And they seem to have the momentum. The beginning of Round One has the president's opponents with the edge because it is simply easier to argue against change in the absence of a detailed plan as to how that change would be accomplished. The "unknown" and its consequences are easy targets. Which leads us to Round Two - who will provide the details of a viable reform plan?

In deciding to stick with generalities in his State of the Union address, the president has sought to give GOP Congressional leaders considerable flexibility in filling in the details. What we know from the president is that his plan is voluntary, involves personal savings accounts, is directed at the young, will have built-in safety measures, will not increase payroll taxes, will allow the transfer of wealth to one's heirs, and won't affect anyone fifty-five or older. Now it's a race to fill in the blanks.

There are a number of GOP proposals circulating on Capitol Hill that would reform the system, almost all with personal savings accounts at their foundations but with other planks ranging from changing the way we finance all benefit programs, to converting benefit formulas based on the wage index to the price index, to cutting benefits and raising the maximum level of income subject to Social Security taxes, among others. In the absence of a White House plan, GOP leaders will have the advantage of cherry-picking what works and dropping what's most problematic in the quest to build the best looking, most affordable vehicle from spare parts.

And let's not forget the Democrats. While their minority status would surely doom any of their reform plans, the party will indeed have a plan that they say fixes what they term the "challenges" to the current system. This will provide the party with cover from the coming GOP allegations that in its opposition to the president it has become the "Do Nothing Party."

But whatever the details, the GOP plan's first measure of success will be whether it gives a sense of unity to the Republicans in Congress and silences internal critics. In short, a detailed plan will finally allow the president to get his GOP ducks in a row. In its absence so far, there is enough grumbling from several GOP Senate voices alone to signal the magnitude of this task.

Of course the future of any plan will likely meet its fate in Round Three, where the president's self-styled "political capital" meets that age-old Washington question that governs all of public policy, namely, "Do we have the votes?" Whatever the content of the president's proposed reforms, it will come down to the simple equation of 55 Republicans plus 5 Democrats equals 60 votes, the magic number necessary to overcome a Democratic filibuster and actually bring any plan to a vote in the Senate.

At this advanced stage of the political fight there will be numerous factors at play: How much of his "political capital" is the president willing to expend on this one issue? What sort of "political cover" can he offer a GOP-controlled Congress that must face its own elections next year? Will the president's lame duck status embolden GOP Senators with their own aspirations for 2008 to become political "free agents" in the debate? Will any Democratic senators from "red" states up for reelection next year decide to support the president? And most importantly, where and how does he get those five votes? Answers to these questions will be coupled together to bring a resolution to this grand debate.

History teaches that on epic legislation, compromise between the parties produces a supportable resolution with neither side delivering or suffering a knockout punch. With the president only offering an options list from which Congress may assemble a plan, he should be able to claim a win in the end, saying that Congress acted to address the problem and take credit for the good parts of whatever legislative pact is reached. In Washington, walking away with a partial victory can be just as good as the real thing. The politics of the next few weeks will likely decide the politics of the next few years.

*Next, correcting a fundamental mischaracterization in the social security reform debate—one that enables the reader to see the way to a workable resolution.*

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