

SENATOR BREAUX'S OPENING STATEMENT

I have convened this hearing today to help provide my colleagues and the public with a non-partisan framework to consider social security reform.

First, with the Presidential Social Security Commission's final meeting tomorrow, our hearing will weigh a number of proposals contained within the Commission's recommendations.

Secondly, I would like to draw attention to the need to get the Social Security debate back on track. I have been disturbed by the Social Security discussion over the past year and have grown increasingly concerned that we have taken a giant step backwards in this debate. Furthermore, I am also worried that we have confused the American people by muddling the real Social Security debate beyond recognition. We need a realistic and non-partisan reminder of the problems facing Social Security and a substantive examination of the costs and trade-offs of reform.

Lastly, I think it is important to highlight how we as a nation will handle our domestic priorities following the tragedies of September 11th. I think we all wonder what we can possibly do now. With major domestic issues, like Social Security and Medicare, we may be tempted to merely say we cannot handle this now or that not enough money exists to confront such a big issue. I think we may hear from our experts that pushing these big issues aside is simply not an option.

I have asked the three Congressional arms who provide us with objective analysis to come in today and remind us what led us to our current Social Security predicament.

My first hearing as Ranking Member of this Committee in March 1997 dealt with preparing our nation's entitlement programs for the aging of 77 million baby boomers.

We heard about Social Security in the context of the even bigger issue of overall entitlement reform. This included looking at Medicare, Medicaid and other mandatory spending in this country.

That hearing was one of many long, eye opening presentations we have heard over the years, warning that the demographic changes in this country will soon cause an extraordinary collision of financial pressures.

Social Security and Medicare are facing long-term insolvency. Medicaid is filling in for the lack of a long-term care system in this country and will put an enormous pressure on state and federal budgets.

We heard time and time again that unless we acted, entitlement spending would inevitably bear down on the federal budget and crowd out dollars for other discretionary

investments, including education and critical funding of our national security. We were also warned of spiraling deficits if we did not take action to control this unsustainable entitlement spending.

Well, just as policymakers seemed to be ready to tackle some of these issues, budget surpluses began to appear, presumably making reforms much easier.

So over the past four or five years, we have had an active debate on Social Security and Medicare and both issues have been prominently featured on Presidential and Congressional agendas. Yet I firmly believe that in these rhetorical battles we seem to have lost sight of the big picture.

The debate was more informed and realistic during our first Aging hearing back in 1997. Recent debates over lockboxes, surpluses and general revenue transfers have blurred the real issues.

So here we are today -- simply unable to agree how to shore up Social Security. While surpluses are drying up, national security has simultaneously become our top priority. So, do we just throw up our hands?

Unfortunately not. Everything seems to have changed about the Social Security debate -- except the problem. Entitlement reform has now become more important than ever. We must realize the seriousness of why we continue to debate Social Security and Medicare. After Sept 11th, we now know that we will always need to be prepared for emergencies that strain our nation's financial resources. We simply can not let Social Security and other entitlements go unaddressed.

It is my understanding that the White House wants to use the Commission's report to begin a Social Security dialogue in this country over the next year. I hope that both parties will be honest with the American public. We all need to be honest that we have promised more in benefits than we can afford to pay.

And, I also hope the public takes the time to learn about Social Security. Everyone should know that critical role Social Security plays in this country -- that it helps keep retirees out of poverty and provided survivor and disability benefits. I also hope Americans look at their pay stubs, look at what their projected benefits will be and ask themselves if they are willing to take less or whether they willing to pay more.

Today's hearing will hopefully give the American public a chance to hear an objective and honest assessment of the tough choices facing Social Security. The testimony we will hear allows us to take a step back from the political battles and remember that Social Security is heading for insolvency. The longer we wait to address this issue the more difficult reform becomes.