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# Next Big Issue? Social Security Pops Up Again

By JACKIE CALMES

WASHINGTON — Now that landmark legislation overhauling the health insurance system is about to become law, addressing [Social Security's](#) solvency could well become the next big thing for [President Obama](#) and Congressional Democrats.

Central to the health care changes are hundreds of billions of dollars in reductions in [Medicare](#) spending over time and expansions of [Medicaid](#). As some administration officials acknowledge, that effectively takes those fast-growing entitlement programs off the table for deficit reduction just as Mr. Obama's bipartisan commission to reduce the mounting national debt gets to work.

That leaves Social Security, the other big entitlement benefits program and one that Mr. Obama has suggested in the past that he is willing to tackle. While its looming problems are not of the scale of those afflicting Medicare, it now stands as the likeliest source of the sort of large savings needed to bring projected annual deficits to sustainable levels, many budget analysts agree.

And, they say, packaging future reductions in the retirement program that Democrats zealously defend with tax increases that Republicans typically oppose would have the makings of a grand compromise to shrink the debt.

"You would think that there ought to be a way to get together and talk about a balanced package of some changes in benefits and some increases in revenues that would actually help Social Security," said James R.

Horney, the director of federal fiscal policy at the Center on Budget and Policy Priorities, a liberal-leaning research organization.

Some liberals, however, already have begun mobilizing to oppose any changes to Social Security benefits, arguing that the program does not face an imminent crisis. A group called Social Security Works began forming in January, with financing from Atlantic Philanthropies, and is seeking alliances with other groups.

In Congress, the speaker of the House, [Nancy Pelosi](#), and other Democratic leaders, who last year quashed White House talk of forming a Social Security task force, are not likely to be eager after the 14-month battle over health care to confront so controversial an issue, certainly not before November's elections.

Yet Representative [Steny H. Hoyer](#), the moderate Democrat who is the House majority leader, gave a speech this month in which he called for the two parties to compromise on a mix of tax increases and benefit reductions to avert fiscal chaos. Among his options were proposals to gradually raise the retirement age for future Social Security recipients and to reduce benefits for those with high incomes.

Early signs of disagreement have also been evident in the White House between members of the economic team, who generally favor addressing Social Security's finances, and the political advisers, who resist it.

The president's debt-reduction commission is likely to force the issue, even though it is not required to report its recommendations to Congress until Dec. 1, weeks after this year's midterm Congressional elections.

[Erskine B. Bowles](#), a former White House chief of staff under President [Bill Clinton](#) who is the commission co-chairman along with [Alan K. Simpson](#), a former Republican senator from Wyoming, said: "As Senator Simpson and I have said all along, everything is on the table. No one has mentioned to me taking anything off the table."

Mr. Simpson said Mr. Obama had in fact agreed that everything was on the table. Actuaries from the [Social Security Administration](#) will be among the experts the commission will call upon for help, he said.

Because 14 of the 18 commission members are required to agree on any recommendation to Congress, few people think the panel's Democrats and Republicans will succeed in coalescing around a package of both short-term and long-range deficit reductions, as Mr. Obama directed. Yet some Democrats in the administration and in Congress say they privately expect that some proposals, including on Social Security, could well end up in

Mr. **Obama's budget** early next year.

“Whether or not the budget commission reaches a conclusion, and I think the odds have to be against that, Obama is going to have to say something about the long-term budget, and ignoring Social Security altogether is not politically possible if you want to do that,” said Henry J. Aaron, an economist at the **Brookings Institution**, who has defended the program against deep cuts or privatization but acknowledges that it is not sustainable without some combination of benefit cuts or tax increases.

By 2016, Social Security will begin paying more in benefits than it collects in payroll taxes, according to the annual report of government trustees; reserves in the form of government i.o.u.'s will be exhausted by 2037, after which incoming taxes will cover three-quarters of benefits.

Before his inauguration, Mr. Obama said of Social Security, “We have to signal seriousness in this by making sure some of the hard decisions are made under my watch, not someone else's.”

Similarly, some Democrats argue that their party should act now, while it controls the White House and Congress, rather than take the chance that Republicans will regain power and try to carve private retirement accounts from Social Security, as former President **George W. Bush** did unsuccessfully.

Proponents of acting soon also argue that changes to benefits or taxes could be delayed so that current retirees and those nearing retirement are unaffected, and yet the promise of future reductions would immediately reassure global markets fretful that the United States' debt is already its highest since World War II.

An agreement on Social Security “would send a very important signal to the world,” said **Robert D. Reischauer**, a former **Congressional Budget Office** director.

That argument appeals to Mr. Obama, say Democrats who have spoken with him, and at the same time fits with advisers' image of the president as someone who does not play “small ball” but seeks transformational changes.

The administration includes several economists who are authorities on Social Security, including **Peter R. Orszag**, the budget director; Jeffrey Liebman, an associate budget director; and **Jason Furman**, deputy director of the National Economic Council.

“Three of the best minds and prolific authors on Social Security among Democratic economists are all working for the White House,” said an adviser to Congressional leaders, who asked to remain anonymous to talk candidly. “So it’s natural that there has been a lot of thought given internally to different ways we could deal with Social Security.”

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