

Bob Ream, Chair, Montana Democratic Party

EXHIBIT NO. 14

Social Security has been a very important safety net for Americans for more than half a century. We should not tamper with it by setting future retirees up for potential disastrous consequences. We also should not ignore the more immediate drastic consequences of Montanans living on fixed income and already paying higher energy bills, higher prescription drug costs, and spiraling health care and insurance costs. The immediate up-front costs will place a huge burden on our younger generation, on top of the huge fiscal imbalance this nation is already facing. We should never turn this important part of the New Deal into a Raw Deal for our current retirees or a Raw Deal for the next generation.

**Social Security in Montana.** The Republican plan to privatize Social Security will affect every worker in Montana. If their plan were in place today, the guaranteed monthly benefit for the 161,580 people receiving Social Security benefits in Montana would drop to \$373 – a cut of almost 50 percent. [AFL-CIO, 2/05; NWLC 2/05] The fact that Republicans have failed to provide a clear and honest accounting of the difficult trade-offs between increases in the debt, benefit cuts, and tax increases necessary to fund the White House's privatization proposal is a clear failure of leadership. We must all stand ready to address the challenges facing Social Security, but the President must put forward a proposal that is fiscally responsible, fair, and does not slash benefits.

**Wall Street Journal – 2/1/2005**

**What Does Bush's Privatization Plan Mean?**

**Reduced Benefits and Borrowed Money**

Washington, D.C. – Amid confusion over President George W. Bush's plan to privatize Social Security, the February 1st Wall Street Journal stripped away the political spin to provide some very basic answers to some very serious questions. Most notable was the paper's answer to a question on private accounts.

**SOCIAL SECURITY Q&A**

**"What would private accounts do to stabilize Social Security's finances?"**

**"In the short run, they would cause a problem. Social Security depends on taxes paid by today's workers to pay today's retirees. If those taxes are diverted to private accounts, then the government has to find another way to cover those retirees' benefits. Mr. Bush proposes to borrow the money, perhaps \$1 trillion or \$2 trillion over 10 years."**

**"Over the long run, private accounts are a wash, at best, for the system. Diverting payroll taxes to private accounts would reduce the flow of tax money into the system in exchange for reducing government benefits when workers with private accounts retire." [Wall Street Journal, 2/1/05]**

2/14/05  
5516  
Reman