

By: Raymond

H.C.R. No. 34

CONCURRENT RESOLUTION

1 WHEREAS, When U.S. stock market indexes plunged in 2009, the
2 value of American retirement accounts was shrunk by half; millions
3 of older Americans now face diminished prospects for a comfortable
4 retirement and are more dependent than ever on the safety net
5 provided by our social security system; and

6 WHEREAS, Before passage of the Social Security Act of 1935,
7 economic hardship threatened many elderly Americans; now, only
8 about 10 percent of the elderly fall below the poverty line; nearly
9 90 percent of those 65 and older receive social security benefits,
10 without which almost half of them would have incomes below the
11 poverty line; and

12 WHEREAS, Social security is the most successful domestic
13 program in the nation's history, yet the last presidential
14 administration sought to dismantle it through privatization; this
15 rejected proposal has resurfaced in Congress in the guise of H.R.
16 4529, the Roadmap for America's Future Act of 2010, which would
17 weaken the solvency of the social security trust funds by allowing
18 workers under the age of 55 to divert a portion of their payroll
19 taxes to individual investment accounts in exchange for smaller
20 guaranteed social security benefits; and

21 WHEREAS, This measure would undermine the economic security
22 of the elderly, especially that of the least well-off, for whom
23 social security provides nearly 80 percent of income in retirement;
24 moreover, permitting current contributors to channel funds out of

1 the general social security fund would exacerbate the shortfall in
2 revenues for current retirees as well as for current and future
3 recipients of disability or survivors insurance payments, and it
4 would ultimately require large increases in federal borrowing; and

5 WHEREAS, Traditional social security benefits provide a
6 guaranteed, predictable source of retirement income, indexed for
7 inflation, but any savings in private accounts would be subject to
8 the volatility of investment markets; in addition, even if workers
9 could convert their private accounts into an annuity at retirement,
10 it is unlikely that they could purchase one that protects against
11 inflation; and

12 WHEREAS, Privatization has proven disastrous in a number of
13 other countries; in Great Britain, it brought enormous
14 administrative costs that devoured some 40 percent of the return on
15 investment; unscrupulous brokers preyed on unsophisticated
16 investors, and the basic pension shrank dramatically, throwing many
17 retired citizens into poverty; in Chile, transition costs,
18 commissions, and other administrative expenses siphoned so much
19 value from investment accounts that more than 40 percent of those
20 eligible to collect were forced to continue working; and

21 WHEREAS, Administrative costs for flexible private accounts
22 in the United States would be much higher than the very low
23 operating costs of social security today; moreover, the government
24 would need a new bureaucracy to track the myriad small investment
25 accounts belonging to individual taxpayers; the high cost of
26 establishing the new accounts would further weaken social
27 security's long-term finances and require some combination of

1 federal borrowing, tax increases, and benefit cuts; and

2 WHEREAS, The privatization of social security would be a
3 hugely complicated and costly process, fraught with potential
4 disaster for even the most savvy investors; since most employers
5 today offer defined contribution plans, such as 401(k)s, rather
6 than defined benefit plans, retiring workers are already
7 dangerously exposed to market risks; stocks, commodities, and real
8 estate have fluctuated more precipitously over the past decade, and
9 most Americans can ill afford to exchange social security's
10 guaranteed minimum retirement income, indexed to the rate of
11 inflation, for a chance to roll the dice in the financial markets;
12 now, therefore, be it

13 RESOLVED, That the 82nd Legislature of the State of Texas
14 hereby respectfully urge the United States Congress not to
15 privatize the social security program; and, be it further

16 RESOLVED, That the Texas secretary of state forward official
17 copies of this resolution to the president of the United States, the
18 president of the Senate and the speaker of the House of
19 Representatives of the United States Congress, and all the members
20 of the Texas delegation to Congress with the request that this
21 resolution be entered in the Congressional Record as a memorial to
22 the Congress of the United States of America.