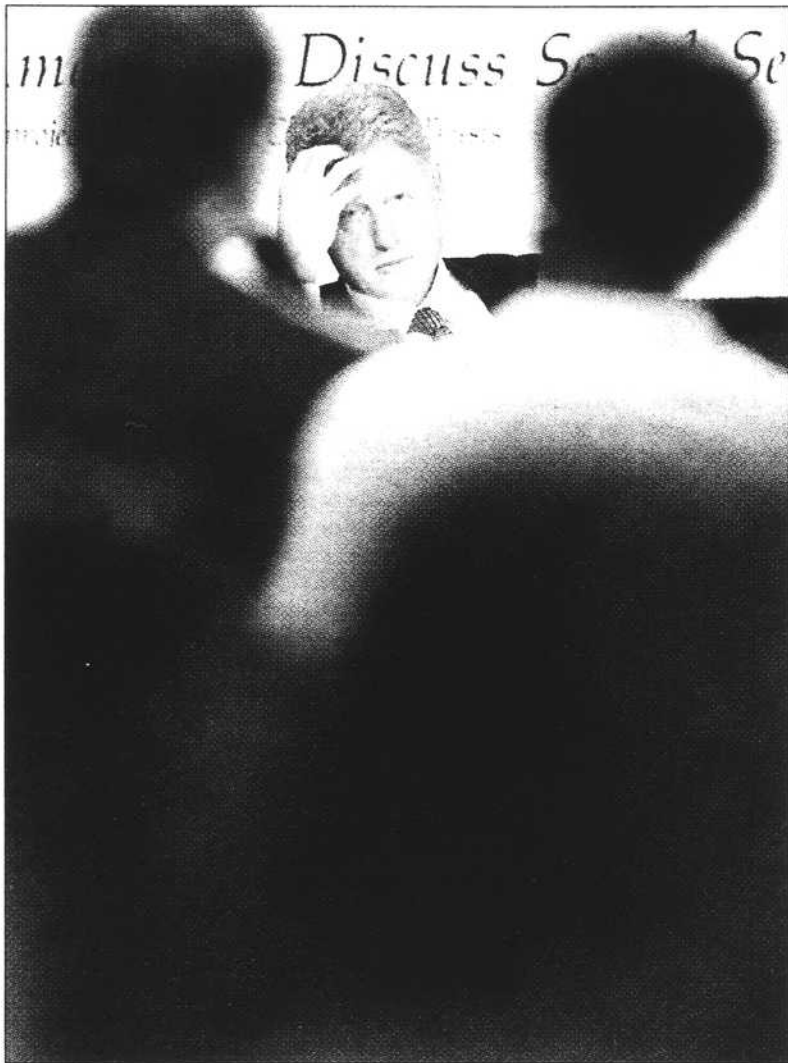


Kerrey's plan would protect private investments, tax cuts



JAY CALDERON/DN
PRESIDENT CLINTON listens to a question from the crowd during **The Great Social Security Debate** in Kansas City, Mo. Members of the audience were invited to ask questions of the president and other panel members during the town hall meeting.

BY BRIAN CARLSON
 Senior Reporter

KANSAS CITY, Mo. — Social Security reform can not only fix the endangered program, but can help narrow the gap between rich and poor in the United States, Democratic Sen. Bob Kerrey said Tuesday.

And Kerrey said he and Sen. Daniel Patrick Moynihan, D-N.Y., have the best plan.

In a presentation Tuesday morning prior to The Great Social Security Debate, Kerrey said Social Security can't maintain the status quo.

"We currently have a promise on the table we can't keep," he said. "Social Security has got to be saved ... every single beneficiary, whether 1 year old or 81 years old, you need to know the promise we have on the table, we can keep."

Working families currently bear a disproportionate share of the funding for Social Security, Kerrey said. For 70 percent of families nationwide, the payroll tax is the highest tax.

With Social Security funding in limbo in anticipation of the baby boomers retiring, the United States can provide greater retirement security to Americans by relieving their payroll tax burden and helping them create wealth, he said.

The senators' plan calls for a 2 percent reduction of the payroll tax, totaling \$800 billion. Currently, payroll tax receipts exceed payments, and the surplus is placed in a trust fund. The Kerrey-Moynihan bill would return Social Security to a pay-as-you-go program in which receipts would be about equal to disbursements.

Kerrey said building wealth is essential for improving retirees' living standards. The proposed bill would provide a monthly benefit check and a tax cut for building wealth. Citizens would be able to use the tax cut for personal investments.

The bill would create a \$1,000 retirement account at birth, followed by \$500 each of the following five years. Through compounded interest, Kerrey said, citizens will have a base of wealth to draw upon in retirement.

Kerrey admitted his plan is "unquestionably going to have a negative impact on some current beneficiaries." But he called on seniors to help do what is best for their children's and grandchildren's future.

"This is a tremendous opportunity for individuals at the lower end of the economic spectrum to acquire something that today they have no hope of saving."

Clinton: Time is now to fix Social Security

CLINTON from page 1

more likely to see a UFO than to ever draw a Social Security check.

Crossing the lines

That doesn't have to be the case, he said, if citizens and politicians can pool their efforts for reform.

"Clearly, we will strengthen Social Security and reform it only if we reach across lines of party, philosophy and generation," he said.

Although the president said he is waiting to form his own policy recommendations until after hearing citizen input throughout the year, he outlined five points which must be included in reform measures.

Clinton said reforms must:

- Strengthen and protect Social Security for the 21st century.
- Maintain universality and fairness.
- Provide guaranteed benefits.
- Provide financial security for disabled and low-income beneficiaries.
- Maintain fiscal discipline.

A secure Social Security

Clinton's opening remarks preceded a handful of U.S. senators and congressmen, including Democratic Sen. Bob Kerrey. Kerrey said Social Security transfers payments to citizens when they retire but doesn't allow them to accumulate wealth. He and Sen. Daniel Patrick Moynihan, D-N.Y., have proposed a partial privatization of retirement investments.

Rep. Kenny Hulshof, R-Mo., said Social Security represents one leg of a three-legged retirement stool also including pensions and savings. Reform must address all three, he said, and ensure that citizens who save are rewarded, not punished.

"It is time for Washington to put your money where their mouth is," he said.

Rep. Earl Pomeroy, D-N.D., met audience approval when he admonished lawmakers to "never take the security out of Social Security."

He agreed with Clinton that federal budget surpluses must be used to fix Social Security before funding other spending and said reform should proceed holistically, not by piecemeal.

The people are heard

In the afternoon, Clinton, the congressmen and a panel of Social Security experts participated in a town hall meeting in which they fielded questions from the audience.

One questioner asked panelists if they would favor at least partial privatization of Social Security investments.

Clinton said he believed privatization plans consistent with his reform criteria could be crafted. He would not, however, favor "token privatization" in which results would be questionable, he said.

Another audience member asked Clinton why he had not taken a strong stand against federal borrowing of Social Security trust funds for federal spending.

Clinton said he supported this use of trust funds. U.S. Treasury securities have the backing of the federal government and are the safest investment that can be made, he said.

And, he said, expected federal budget surpluses will allow the government to fund Social Security without borrowing more money, which would raise interest rates and hurt the economy.

Federal budget surpluses also will allow pending reform proposals to be achieved without an increase in the payroll tax, which would only increase the chances workers won't receive in Social Security benefits what they paid into the system throughout the years.

John Gasper, 68, of Wichita, Kan., told the Daily Nebraskan he thought the debate was informative. He believed some retirement money could be diverted into private investment accounts without hurting those at or near retirement.

"In fact, I think very little will be done either way as far as current beneficiaries," he said.

Gasper said he was more concerned about the availability of Social Security for his children and grandchildren.

Krista Yenter, a junior at the University of Central Oklahoma in Edmond, Okla., attended the event with her school's Students in Free Enterprise.

"A lot of people don't realize how important Social Security is," she said. "I think this was a good starting point for young people. But there is a long ways to go before we have better representation for my age group."

Waiting game

Clinton has scheduled a White House conference on Social Security for December and plans to push for reforms beginning in January. Both dates are after the November midterm elections.

Other commissions, including one in 1994 led by Kerrey, have studied Social Security, and some have questioned whether the United States needs to study the program for another year before putting ideas into action.

As he strolled along the rope line after Tuesday's event, Clinton was asked by the Daily Nebraskan if strong Social Security reform was being delayed to avoid political fallout in the elections.

"No, we aren't putting it off until after the elections," Clinton said. "Actually, the politicians involved in this are taking a risk by being outspoken on these issues."

Other commissions that have studied Social Security didn't draw from as broad a population base, Clinton said. His 1998 effort seeks to inform citizens about how Social Security works so they can contribute to reform that works, he said.

"Every year that goes by, more dramatic changes have to be made," he said. "We want to build a base on which Democrats and Republicans can come together and build a base of reform."

"The Sun, The Moon, The Stars"
 Japan/Pakistan Night

April 11
 6:00 pm City Center
 (Dinner will be served)
 \$9 w/ student ID
 \$11 w/o student ID
 for tickets call 333-3333

E.N. THOMPSON FORUM ON WORLD ISSUES
 A cooperative project of The Cooper Foundation and the University of Nebraska-Lincoln

Russia's Rocky Road to Freedom

Hedrick Smith provides an insightful look at the current state of affairs in Russia. From its fragile democratic institutions to its "cowboy capitalism," remarkable changes are taking place. The masses continue to grumble even as the small, new, rich elite make enormous amounts of money. In addition, the media of the old Soviet Union faces great challenges as it learns to operate in the new democracy.

Hedrick Smith
 Pulitzer Prize-winning former New York Times Correspondent

Free admission
Thursday, April 9
3:30 p.m.

Lied Center for Performing Arts
 12th and R Streets
 Lincoln, Neb.

UNL is a nondiscriminatory institution.

University of Nebraska Lincoln
 International Affairs
 Division of Continuing Studies
 Department of Academic Conferences and Professional Programs

ABORTION CARE

STATE LICENSED PHYSICIANS

Womens Services P.C.

Abortion Services Provided During All Legal Stages
 Awake or Asleep
 Full-Time OB/GYN Physicians
 Saturday Appointments Available

Outpatient Care
 Birth Control
 Total OB/GYN Health Care

IN OMAHA: 554-0110 • TOLL-FREE: 1-800-922-8331
 201 S. 46th St., Omaha, NE 68132 • <http://gynpages.com/omaha>

BOARD CERTIFIED SPECIALISTS
 G. William Orr, MD, FACOG • CJ LaBenz, MD, FACOG