



Americans for Tax Reform

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NEWS

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Social Security Privatization Good for Taxpayers, the Economy, the World

Privatization would provide trillions in new investment capital for U.S., world markets

WASHINGTON- Gov. George W. Bush's plan to allow American workers the option of choosing to contribute up to two percentage points of their payroll taxes to personal accounts would be a boon to both the U.S economy and the world economy a taxpayer group announced today.

According to Americans for Tax Reform, FICA (Federal Insurance Contributions Act) taxes paid in 1998 totaled \$513.9 billion dollars. Under Gov. Bush's plan, if everyone who could participate in his plan chose to do so, that would result in \$82.7 billion being invested into the U.S. economy and, to a lesser degree, the world economy.

According to Investors Business Daily, any plan that includes private accounts for Social Security will create trillions of dollars of investment capital for businesses over the next two decades. The result? More jobs, lower inflation, and an increase in the standard of living.

But all of these benefits would not be for retirees. They would also benefit the youngest generation of the workforce, providing them more opportunities to acquire wealth over their working careers.

According to Wade Dokken, chief executive of American Skandia, "short of war, no issue the next president can affect will touch the lives of the American people more than reforming Social Security. This is important because real growth in the economy and productivity is directly related to the availability of capital and the cost of capital."

Martin Feldstein, president of Nation Bureau of Economic Research, said shifting a part of Social Security to the private economy could make a huge difference. Feldstein estimates that in 2000, private savings using a plan such as Gov. Bush's would be about \$80 billion.

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal and state tax increases. For more information about The Taxpayer Protection Pledge or ATR please contact Chad Cowan at (202)785-0266 or by email at ccowan@atr.org.

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