

Andy Jacobs: The Second Battle of Parkersburg

by Nina Ogden

On Aug. 15, 1994, in a ceremony in the White House Rose Garden, President Bill Clinton signed the Social Security Independence Act with the same pen Franklin Delano Roosevelt had used to sign the Social Security Act of 1935. The 1994 Act returned the Social Security Administration to the status of the independent agency President Roosevelt had set up in 1935. President Clinton quoted President Roosevelt speaking to the New York State legislature in 1931, saying; “The success or failure of any government must be measured by the well-being of its citizens.”

The legislative history of the Social Security Independence Act shows that it was passed unanimously by the Congress, as the then-chairman of the House Ways and Means Committee Subcommittee on Social Security, Andy Jacobs, Jr. (D-Ind.) said, to “establish the Social Security Administration as an independent agency and make other improvements.” A reading of that legislative history shows that it was endorsed enthusiastically by some of the same Republicans who are now being pressured by the Bush Administration to dismantle the safety net that HR 4277 was designed to strengthen.

Among the improvements in the bill was a provision sponsored by Jacobs to require the Treasury Department to issue physical documents in the form of bonds, notes, or certificates to the Social Security Trust Fund, as a means of increasing public confidence in the Trust Fund investments.

In the hearings on the bill in 1994, Jacobs explained his provision: “As far as the Social Security trust fund itself is concerned, it has just as legal a claim on the U.S. Treasury for the interest and repayment of the loans of the surplus as any individual who holds U.S. bonds in this country. Yet it continues to be thundered across areas of this country that the money is being taken from the Social Security System without the inconvenience of borrowing and paying interest.

“I keep thinking about the story FDR once told about Uncle Jed and Ezra. Ezra said, ‘Uncle Jed, aren’t you getting a little hard of hearing?’ And Uncle Jed said, ‘Yes, I’m afeared I’m getting a mite deaf.’ Whereupon Jed went down to Boston to see an ear doctor, and he came back and said, ‘That doctor asked me if I had been drinking any, and I said, ‘Yes. I drink a mite.’ He said, ‘Jed, I might as well tell you now that either you cut out the drinking or you’re going to lose your hearing

Rep. Andy Jacobs, at a 1984 House Ways and Means Committee hearing.



altogether.’ ‘Well,’ said Uncle Jed, ‘I thought it over and I said, “Doc, I like what I’ve been drinking so much better than what I’ve been ahearing that I reckon I’ll just keep on getting deaf.’ ”

“So, the assertion that you hear time and time again, that this money is being taken from the Trust Fund and that the government is not keeping faith with the investors and the taxpayers, is something to which I would advise you to turn a deaf ear.”

In July 2001, in response to President Bush’s initial push for “Social Security reform,” the Public Broadcasting System television program *NewsHour* brought Jacobs out to the Federal Bureau of the Public Debt in Parkersburg, W.Va., to examine the actual certificates on national television. PBS’s economic correspondent Paul Solman explained, as the file cabinet was unlocked, “While they are here as symbols of real transactions, actually holding them can be pretty reassuring, even though they do look a bit drab.” Always wry, Jacobs replied, “I thought there might be a little more color on the instrument, but this is legal, it’s acceptable.” Jacobs emphasized that he had included in the bill that President Clinton signed in 1994, the provision to maintain “a physical document in form of bond, note, or certificate of indebtedness, rather than accounting entry, to represent the Social Security Trust Fund.” Jacobs has said repeatedly that he pushed this provision into law to counter the “disingenuous assertions from those who say that the Trust does not exist.” I authored the law requiring the Federal government’s Federal Funds Budget to issue actual documents to reflect the already completely efficacious U.S. bonds held by the Social Security Trust Fund, to answer the doubting Thomases who claimed there were no bonds there. Not only do those bonds exist, but the government has, since the time of the Vietnam War, been pretending that those bonds are assets rather than the liabilities they certainly are, of the Federal Funds Budget.”

Friends of former Congressman Jacobs have been urging him to return to Parkersburg, to straighten out the statements of the sadly confused President Bush, that those same instruments are “worthless IOUs,” made when the President visited the same file cabinets in Parkersburg in April of this year.

When Susan Chapman of the Office of Public Debt Accounting in Parkersburg opened up a file cabinet and showed the President the Treasury securities that offer physical evidence of \$1.7 trillion in Treasury bonds that make up the Trust Fund, the President proclaimed, “There is no Trust Fund, just IOUs I saw first hand. . . . The office here in Parkersburg stores those IOUs. They’re stacked in a filing cabinet. Imagine—the retirement security for future generations is sitting in a file cabinet.”

Jacobs responded in wonder to President Bush’s statements, saying, “I authored that provision to prove to the doubting Thomases that there are physical documents which back up ‘the full faith and credit’ of the United States government. President Bush actually put his hands in the file drawer, like the doubting Thomas sticking his entire arm into Jesus’s side, and he still couldn’t see what was real. I don’t know, for such a faith-based guy, he doesn’t seem like a very good Christian. Maybe that’s why Americans are acting like Uncle Jeb and turning a ‘deef ear’ to his proposals.”