

VETOING H.R. 15927, AN ACT TO AMEND THE RAILROAD
RETIREMENT ACT OF 1937

M E S S A G E

FROM

THE PRESIDENT OF THE UNITED STATES

VETOING H.R. 15927, AN ACT TO AMEND THE RAILROAD RETIRE-
MENT ACT OF 1937 TO PROVIDE A TEMPORARY 20 PER CENTUM
INCREASE IN ANNUITIES, TO SIMPLIFY ADMINISTRATION OF THE
ACT, AND FOR OTHER PURPOSES

OCTOBER 4, 1972.—Message, together with the accompanying bill, ordered to be
printed as a House document.

To the House of Representatives:

I today am returning without my approval H.R. 15927, a bill which would jeopardize the fiscal integrity of the railroad retirement system and hasten its bankruptcy.

This bill would provide a "temporary" increase of 20 percent in railroad retirement benefits, matching the recent increase in social security benefits—but without any provision for financing the new benefits.

It would be the third railroad retirement benefit increase in three years—totaling 51.8 percent in all—to be made without an accompanying increase in taxes to finance the benefits.

I am in favor of increased railroad retirement benefits. I would sign a measure which was adequately financed. But H.R. 15927 does not meet this test and thus it would threaten the very existence of the railroad retirement fund which already is on shaky financial ground. In addition, the bill in its present form would contribute to inflation which harms all the people, including the railroad retirees themselves.

I have often stated my strong belief that the millions of older men and women who did so much to build this Nation should share equitably in the fruits of that labor, and that inflation should not be allowed to rob them of the full value of their pensions. By providing a 20 percent benefit increase without adequate financing, however, this bill goes far beyond reasonable equity.

In passing this bill, the Congress has mistakenly assumed that railroad retirement benefits should be increased by the same percentage as social security benefits. In fact, the two systems are entirely different. Railroad benefits are much higher than social security benefits—for full-career workers the benefits may be twice as high.

The railroad retirement system payments are a combination of social security benefits augmented by the equivalent of a private pension. There is no valid reason why the private pension equivalent necessarily should be increased whenever social security benefits are raised. Other industries have not raised their pension benefits by 20 percent as a result of social security increases, even though most of them provide less adequate benefits.

The argument that these "temporary" benefits do not require a tax increase is, in my judgment, a delusion. I cannot imagine that the Congress would find it possible or desirable to slash railroad retirement benefits next year or in any year.

The imprudence of H.R. 15927 is underscored by the recent report of the Commission on Railroad Retirement. That Commission was created by the Congress in 1970 to study the troubled railroad retirement system and recommend measures necessary to place it on a sound actuarial basis. Yet the Congress acted on H.R. 15927 before it had an opportunity to consider and act on the recommendations of its own Commission for basic changes in the railroad retirement system.

The Commission's findings do not support H.R. 15927 and a majority of the Commissioners recommended against such legislation.

The Commission found that existing railroad retirement benefits are adequate, particularly for workers retiring after a full career. Retired railroad couples receive higher benefits than 9 out of every 10 retired couples in the country. The Commission also reached the sobering conclusion that the enactment of an across-the-board 20 percent increase, without adequate financing, would bankrupt the system in 13 years.

I believe that railroad beneficiaries should now receive the same dollar increases in benefits as social security recipients with similar earnings. A 20 percent increase in the social security portion of railroad retirement benefits can be financed without worsening the financial position of the Railroad Retirement Trust Fund. The Congress followed this sound approach when it increased railroad retirement benefits in 1968.

Therefore, I propose that the Congress enact a bill which again applies this principle, instead of H.R. 15927. The 1972 increase under my proposal would average \$28 per month for single retired railroad workers and would be about \$47 a month for married couples. It would not deepen the presently-projected deficits of the Railroad Retirement Trust Fund.

I urge the Congress to adopt this prudent alternative, which would give these deserving pensioners an equitable benefit increase on a timely basis and which would still preserve the flexibility for basic readjustments that will be needed later in the railroad retirement system.

Working together, I hope that we can constructively reform this system so it can continue to serve the needs of railroad workers and their families for decades ahead.

RICHARD NIXON.

THE WHITE HOUSE, October 4, 1972.