By Rush Holt and Eileen Appelbaum

Nothing in the tax compromise worked out between the White House and congressional Republicans is fraught with as much danger to the economic security of working Americans as the partial payroll tax holiday.

Since its inception 75 years ago, Social Security has provided a dependable retirement income for millions of workers who contributed to the program during their working years. For many of these senior citizens, it has meant the difference between a dignified old age and the ignominy of poverty. And for 75 years, the enemies of Social Security have tried without success to undermine the program.

Democrats have strongly resisted every one of these efforts to undermine the Social Security system -- until now.

Notwithstanding the gratuitous hand-wringing by the Bowles-Simpson Fiscal Responsibility Commission over Social Security's ability to pay promised benefits, the 2010 report of Social Security's trustees shows that the program will be in surplus and will pay full benefits until 2037, and can pay close to 80 percent of scheduled benefits after that. Polling data make clear that a majority of Americans are willing to pay slightly higher taxes if that is what it takes for the system to pay full benefits into the foreseeable future. Social Security will be there to provide a financial floor for today's workers when they get ready to retire. Only a deliberate act by the president or Congress can render the system incapable of meeting its obligations.

Unbelievable as it seems, that may be what is happening. In a compromise worked out with the Republican leadership, a Democratic president has proposed, and a Democratic Congress has approved, a partial "payroll tax holiday" for workers. In 2011, the 6.2 percent payroll deduction that workers pay to support the Social Security system will be reduced to 4.2 percent -- a move that has the potential to undermine the long-term viability of Social Security. This may not be the only attack on Social Security. The White House and influential Senate Democrats appear ready to embrace parts of the Bowles-Simpson proposal, including cuts in Social Security benefits.

The payroll tax holiday is supposed to expire in one year. But the inability of Congress to allow the Bush tax cuts to expire for the very richest 2 percent of households suggests that this may not happen. Democrats are unlikely to stand up next year to Republican claims that a return to a 6.2 percent payroll tax rate is a nearly 50 percent increase in taxes on workers.

The tax compromise makes up the shortfall in 2011 of $112 billion in Social Security's receipts out of general tax revenue. If the goal were simply to provide a stimulus to the economy, Congress could use this money to send a check to every worker and every person on Social Security. The convoluted means of getting a little extra money into the pockets of working people suggests that Social Security is being set up and will be in big trouble when 2012 rolls around.

In future years, if the lower tax rate persists, Social Security will have to turn to the Treasury for financial support. The tax deal puts Social Security on the table with the estate tax, tax breaks for business expenses, and the Alternative Minimum Tax "patch" -- essentially making it just one more bargaining chip in the perennial horse trading among politicians over the federal budget and opening up a further avenue for those who are hostile to the program to attack it.

For 75 years, the Social Security program has been financed exclusively by payroll taxes dedicated to this purpose. Workers know their contributions finance their retirement benefits, and this has proven to be a significant bulwark against the privatization of Social Security.

The partial payroll tax holiday is not just a threat to the financial health of Social Security; it undermines the link between contributions and benefits that has been the rationale for the program for generations. Weakening this bond is a bad idea at any time. But in the context of an incoming Congress likely to favor tax incentives for private saving over using general tax revenues to support Social Security and a White House signaling its willingness to cut benefits, this proposal clearly endangers workers' retirement security.

A one-year tax holiday paid for by the Treasury is not a danger. But Congressional Democrats will have to ensure that this holiday really does end when it is supposed to and will have to resist efforts to cut benefits so a program that has served generations of American seniors so well will be able to do the same for our grandchildren.

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