

# A Modest Social Security Proposal

By Tod Ginnis

It seems every election cycle some group tries to scare American voters into believing Social Security is in trouble. A few commentators have the gall to suggest the sacred program is a giant Ponzi scheme. They point to early investors (retirees) being paid off by later investors (currently employed) who will never get their money back. By some measures, unfunded liabilities are in the tens of trillions of dollars. As if politicians and bureaucrats are capable of Bernie Madoff-style greed and bad intentions. Preposterous!

Once Congress added survivors (1939) and disability (1956) to the program, its size was destined to mushroom. The alarmists say Social Security will eventually collapse, as too few workers support too many beneficiaries. The Century Foundation's Bernard Wasow dismissed this view in a 2004 publication "The Unfunded Liabilities Ruse." He declared in part, "There is no question that the nation's gross domestic product will be sufficient to meet all of our Social Security promises forever, leaving lots of income for increasing the prosperity of the young." Feel better now?

I concede there is one slight complication related to Social Security: people are living too long. When the program began the expected lifespan for a 30-year old American was less than 70 years. So policy makers assumed many beneficiaries would die before collecting a cent. Now that this same young worker can expect to reach 80 years, the math is slightly out of whack. The situation will become more challenging in the next few years as baby boomers begin to retire. God forbid some biotech company makes a breakthrough that further extends our lifespan! Maybe a little worrying is in order.

## What's on the Table Now?

Let's look at some of the proposals for ensuring Social Security keeps its promises:

1. Means testing. Limit or eliminate benefits for those above a certain income level. This would convert Social Security into welfare. Right now, it is an insurance program. And the policyholders like to vote. With 35 million AARP members—not to mention tens of millions of other gray hairs—means testing won't happen anytime soon.
2. Raising the retirement age. This amounts to moving the finish line. Once again, our aging population's power makes this political suicide.
3. Raising taxes. This is only practical up to a point. The most politically survivable Social Security tax hike would be to raise or eliminate the income cap. But it would only affect relatively wealthy taxpayers, and there aren't enough of them to make much of a difference. If you want to get your hands on real money, you must go after the middle class. In addition, removing the income cap would destroy the notion that you are paying for your own retirement.
4. Privatization. There was a massive backlash when President George W. Bush proposed a small amount of privatization that would have allowed workers to manage a portion of their own accounts. Some point to the nation of Chile as a privatization success story. Indeed many insist that individuals would earn far greater returns taking care of their own money than Social Security ever would. But Americans view Social Security as a

sacred trust between the government and the people. We refuse to put up with greedy companies profiting off this compact.

5. A massive immigration increase. This might add decades to the system's life if it's limited to young, productive people. But if tax rates were too high, an increasingly global economy would let mobile workers take their services elsewhere. And no doubt, some judge would force us to let in "huddled masses" and "wretched refuse." They're not the most efficient workers. In any event, sentiment for a substantial hike in immigration would probably take many years to build.
6. A nationwide effort to increase the birth rate. A huge generation of young workers would take the pressure off Social Security. Countries trying to increase low birth rates (including Singapore, Japan, and Russia) have experimented with various schemes over the years, but have met with little success. Besides the difficulty the government would face initiating such dramatic societal change, environmental groups would protest the future drain on resources a jump in the birth rate would cause...not to mention all those stinky disposable diapers.

#### Big Problems Call for Big Solutions

Since the conventional ideas for balancing Social Security's books are all impractical, it's time to get creative. We must attack the underlying problem, not mess around with accounting gimmicks. Since people are living too long, I have compiled a list of ways to trim the ranks. For marketing purposes, I will refer to my plan as Early Retirement.™

1. Volunteers among the public spirited to "take one for the team." I am not talking about a "Logan's Run" society where the government liquidates everyone at age 30. My actuarial experts discovered that termination of 29% of the population aged 72 or over would do the trick. They insisted I not use their names or affiliations, but rest assured they are tops in the field. I guess they are a little publicity shy. Remember that episode of the original "Star Trek" where two planets fought a war by computer? Those declared "killed" had 24 hours to report to a disintegration chamber. A smartly executed ad campaign might generate a significant number of willing participants.
2. An "American Idol" type competition. Each year the top performers past their expiration date would earn a reprieve. The losers had their chance, so our consciences would be clear. The tone deaf could participate in versions of the Olympics, or TV's Jeopardy. All of these events would be Pay-Per-View. A side benefit would be that the pool of surviving seniors would be increasingly talented, intelligent, and physically fit.
3. Encourage older people to engage in risky behavior. Subsidize alcohol and tobacco use; tax credits for helmet-free motorcycle riding and long-cord bungee jumping; legalize wheelchair jousting...the possibilities are endless. People are living longer and healthier, so encouraging them to get out of the house is easy. Remember: 80 is the new 70.

4. Locate living facilities for the mobile elderly on busy, multi-lane streets. Planners should visit New York City's Queens Boulevard to see how it's done.
5. Eating the elderly. This one is probably not practical given the social stigma, but my admiration for Jonathan Swift forces me to mention it. I'll put it on the back burner for now.

Women who have children late in life would be exempt from Early Retirement™, since they are creating unexpected revenue for Social Security. In the same vein, the government should fund research into postponing menopause.

#### It's Time for Action

My list is not exhaustive. I just wanted to get the ball rolling, and welcome additional ideas. Pundits call Social Security the "third rail" of American politics: touch it and you die. Most politicians prefer to push off the tough decisions to their successors. If we let them get it away with it this time, we may be plunking down \$99 to see the Kelly Clarkson vs. Clay Aiken death match on "American Idol 2050."

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