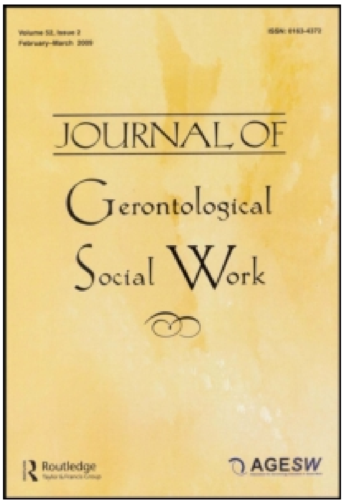


**Journal of Gerontological Social Work**
Publication details, including instructions for authors and subscription information:
http://www.informaworld.com/smpp/title~content=t792304007

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Online publication date: 17 December 2010

**To cite this Article** Barusch, Amanda S.(2011) 'Deficit Commission Targets Social Security: Privatization Revisited?', Journal of Gerontological Social Work, 54: 1, 1 — 5

**To link to this Article: DOI:** 10.1080/01634372.2011.545000

**URL:** http://dx.doi.org/10.1080/01634372.2011.545000

*Journal of Gerontological Social Work*, 54:1–5, 2011

ISSN: 0163-4372 print/1540-4048 online
DOI: 10.1080/01634372.2011.545000

Routledge
Taylor & Francis Group



# EDITORIAL

# Deficit Commission Targets Social Security: Privatization Revisited?

On November 10, 2010, Erskine Bowles (President Clinton's former Chief of Staff) and former Senator Alan Simpson (R-WY), Co-Chairs of Obama's Deficit Commission, released a set of proposals with something to infuriate just about everyone—gerontologists included. Simpson quipped, "We have harpooned every whale in the ocean" (Taylor, 2010). Pundits claim they missed a few, but there is plenty of anger to go around (e.g., Krugman, 2010). This was evident at the recent meeting of the Gerontological Society of America, where a senior colleague confidently informed me that the Deficit Commission was going to privatize Social Security.

At the risk of confusing the message with the messenger, the Deficit Reduction Commission does have ties to billionaire Peter G. Peterson, a long-time proponent of privatization. In June, the commission participated in a series of 60 electronic town hall meetings financed in part by Peterson (Klein, 2010). And—in addition to a couple of CEOs and a number of deficit hawks from Congress—the commission does include an economist with ties to the notorious Peterson Commission. Alice Rivlin (Fellow with the Brookings Institute, once Clinton's Office of Management and Budget Director) co-chaired the Peterson-PEW Commission on Budget Reform along with former Senator Pete Domenici. That Commission released its report, creatively titled "Restoring America's Future," in November as well. The Domenici-Rivlin Social Security proposals are quite similar to those offered by the Deficit Commission (Bipartisan Policy Center, 2010). So yes, the Deficit Commission is closely tied to those who once advanced the privatization cause.

Still, we may be fighting yesterday's battles here, as none of these reports mention the "p" word. Is it wishful thinking to declare privatization well-and-truly dead in the wake of the Great Recession?

Noting that their social security proposals will not reduce the deficit, Bowles and Simpson promote what they call "reforming" Social Security "for its own sake." (National Commission on Fiscal Responsibility and Reform, 2010, p. 43) Here are their proposals:

- Add a special wage-indexed minimum benefit to keep minimum wage workers above the poverty threshold (something SSI has failed to do for decades);
- Add a new bend-point at the 50th percentile and reduce the replacement rate at upper incomes—phased in by 2050 (the chairs claim this will increase the "progressivity" of benefit structure);
- Raise the age for receipt of full benefits (misnamed the "retirement age") so it reaches 68 in 2050 and 69 in 2075, with a "hardship exemption" for those unable to work beyond 62 (SSA is directed to have accommodation in place and funds set aside to allow for early retirement of workers in physical labor jobs);
- Calculate cost of living adjustments (COLA) on the basis of "a more accurate measure of inflation" (the "chained" Consumer Price Index[1]);
- Include newly hired state and local workers in Social Security after 2020;
- Gradually increase the wage cap so that the Federal Insurance Contributions Act (FICA) applies to 90% of wages paid by 2050 (it now applies to about 86%);
- Give retirees the choice of collecting half of benefits early and the other half later to support phased retirement options; and
- Develop an education campaign to encourage savings, delayed retirement, and phased retirement, and better inform beneficiaries of the consequences of early retirement (National Commission on Fiscal Responsibility and Reform, 2010).

On December 3, 2011, the Commission voted on these proposals, falling 3 votes short of the 14 required to bring them before Congress for a vote. So, as of this writing, they are a long way from becoming law.[2] Fortunately, there are more compelling (and more credible) voices in this debate. One of these is the Senate Committee on Aging, which released a report on Social Security in May 2010. Designed to establish, ". . .an open and informed debate on the range of options to improve both solvency and benefit adequacy," this report (Special Committee on Aging, U.S. Senate, 2010, p. 9) provides thoughtful review of several options brought up later by the Deficit Commission Chairs, among them:

- Guaranteeing a minimum benefit;
- Raising or eliminating the wage cap;
- Extending coverage to newly-hired state and local government employees;
- Modifying the COLA by adopting the "chained" Consumer Price Index;
- Raising the age for full retirement benefits; and
- Reducing benefits for new beneficiaries.

The Senate Committee also considered other measures not mentioned by the Deficit Commission Co-Chairs, such as:

- Longevity insurance;
- Caregiver credits;
- Earnings Sharing;
- Reducing work requirements for eligibility;
- Taxing the wealthy to cover Social Security legacy debt[3]; and
- Diversifying the investment of Trust Fund Assets for increased returns.

For decades, free-market enthusiasts have used misinformation to persuade Americans that the Social Security Program million of us rely on is in crisis. The Deficit Commission is clearly working from this tradition, possibly as the result of undue influence from anti-entitlement enthusiasts. At the same time, a careful look at their proposals reveals little we haven't heard before and, at least on their face, they remain a far cry from the privatization schemes of the Clinton years.

These proposals raise two significant issues. The first is the extent to which the middle class is called upon to support the poor while the wealthy remain on the sidelines. This seems to be the Deficit Commission's definition of "progressive," but it is not mine. The Senate Committee on Aging raises the possibility of using truly progressive taxes like the Estate Tax or a tax on unearned income to cover the Social Security legacy debt. The second issue is use of the apparently innocuous term "raising the retirement age" to cut benefits. That's what this is about. Older adults are welcome to retire at 62, or in 2050, at 67, if they choose, but under these proposals their benefits will be cut. And in an ironic twist, this is sold as enhancing workers' "personal responsibility." Let's call it like it is: "raising the retirement age" means cutting benefits. It is up to us to make sure these issues are not ignored.

The Center for Economic and Policy Research reminds us that, "it is politics, not economics, that determines who suffers in a crisis." (CEPR, 2010) Clearly, some are using the real crisis posed by the nation's burgeoning debt to reinflate the artificial "solvency crisis" in Social Security. That's where gerontological social workers come in. As educators, researchers, advocates and practitioners, we must engage in this discourse at all levels, remaining vigilant and active on behalf of older adults who rely on Social Security.



## INTRODUCTION TO THE ISSUE

Those who work with people who suffer from dementia know that anxiety can take a huge toll on patients and caregivers alike. In the issue's first article, Kimberly P. McClive-Reed and Zvi D. Gellis deliver a thorough review of non-pharmacological interventions that have proven effective with this problem. Our second offering also has strong practical implications. M. Denise King and Thomas M. Meuser, along with their colleagues from St.

Louis, look at the importance of driving and the challenges posed by diminished mobility from the perspectives of 30 older adults. Then Emily Dakin and her colleagues in Colorado surveyed administrators and direct care staff in assisted living facilities about the mental health needs of residents. Their findings suggest that staff and administrators could both benefit from training in this area. Andrew E. Scharlach and Esperanza Sanchez, from the University of California at Berkeley, bridge the gap between practice and research, describing how a simple needs assessment was transformed to a service for residents of a low-income Latino community. John G. Cagle and Pamela J. Kovacs studied the experiences of 69 caregivers for hospice oncology patients to provide a detailed look at their preparation and information needs. The final article in this issue provides us with a look to the future, as Eileen E. MaloneBeach and Karen L. Langeland report on the retirement expectations of 225 registered voters in their 50s. Their findings are a valuable heads up to those interested in serving the aging baby boomers. The issue returns to questions of dementia in the end, closing with Tina Peterson's thoughtful review of Lisa Snyder's book, *Speaking Our Minds: What it's Like to Have Alzheimer's.*

Looking for an easy way to get your name in print? Write a letter to the editor about something you've read in *JGSW*. We're eager to promote dialogue and to help promote you!

*Amanda S. Barusch*
*Editor, JGSW*



## NOTES

1. This new consumer price index was developed in 2002 by the Bureau of Labor Statistics. The Bureau says it is designed to take into account "any substitution that consumers make across item categories in response to changes in relative prices." (Cage, Greenlees & Jackman, 2003) .
2. One member of the Commission announced her intention to vote against the Simpson-Bowles proposals. Jan Schakowsky (D-IL) favors raising the wage cap and taxing wealthy Americans. See Schakowsky (2010).
3. "Legacy debt" is a relatively new term – something of a misnomer, really, since it's not a *debt* per se. It points to the discrepancy between contributions and benefits drawn by almost all prior and current recipients of Social Security (Diamond & Orszag, 2005).

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