

**Statement of Alex Lawson
Social Security Works**

**HEARING ON SAVING SOCIAL SECURITY: EXPANDING BENEFITS AND
DEMANDING THE WEALTHY PAY THEIR FAIR SHARE
OR
CUTTING BENEFITS AND INCREASING RETIREMENT ANXIETY**

**United States Senate
Committee on the Budget**

June 9, 2022

Chairman Sanders, Ranking Member Graham, and Members of the Committee:

Thank you, Chairman Sanders, not only for holding this crucially important hearing on Social Security, but also for your just-introduced *Social Security Expansion Act*. That legislation, which will increase the economic security of working families, is extremely wise policy.

The Sanders legislation is consistent with recent [Democratic Platforms](#) and with President Biden's [stated position](#). It shares important provisions with a leading expansion bill in the House of Representatives, [Social Security 2100: A Sacred Trust](#), which has 202 cosponsors. All of these proposals expand benefits with no cuts, while completely covering the costs of the expansions and addressing Social Security's projected shortfall by requiring the wealthiest to pay more.

For reasons explained below, it is not surprising that none of the proposed legislation has Republican support in Congress. Nor have any current Republican members of Congress proposed any legislation that reveals what they would do to address Social Security's projected shortfall. Instead, they hide their substantive views behind process. Senator Rick Scott proposes to sunset Social Security in five years without an affirmative vote. His colleague, Senator Mitt Romney, proposes a closed-door commission whose recommendations would be fast tracked and unamendable.

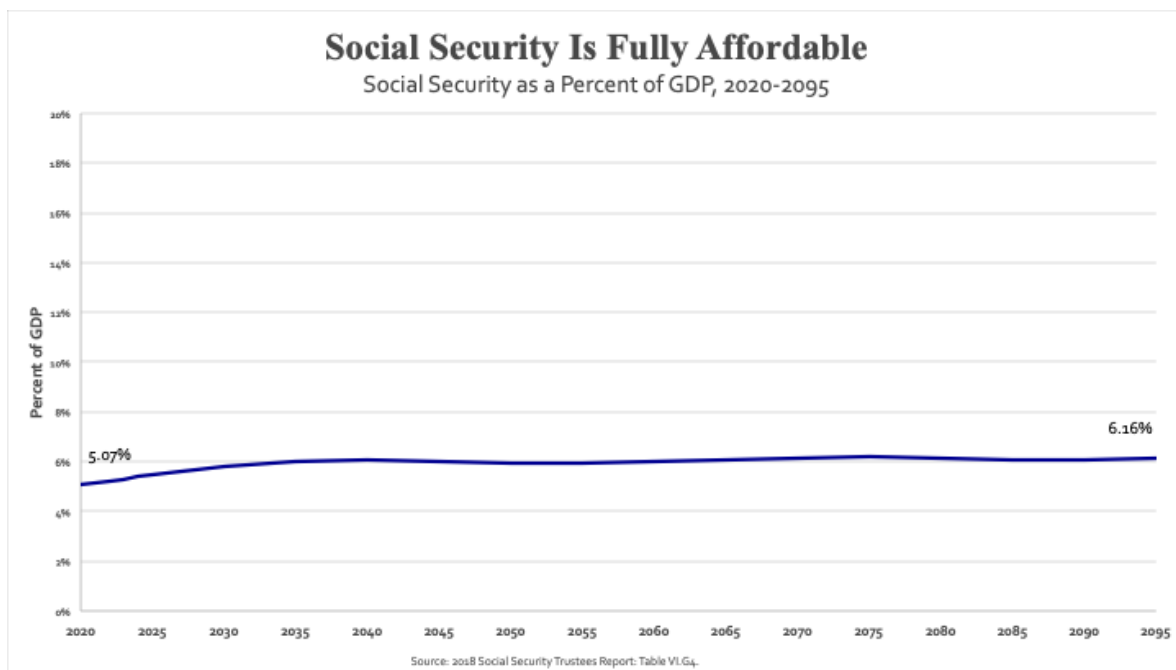
**Democrats Stand with the American People — Who Overwhelmingly Favor Expanding,
Not Cutting, Social Security**

It is important to recognize that, though the Democratic proposals have no Republican cosponsors, they are completely bipartisan. [Poll after poll has found](#) that an overwhelming majority of Republicans, as well as Democrats and Independents, support Social Security. They believe that Social Security is more important than ever. They strongly oppose any cuts to its modest benefits. They want to see it expanded. They want the wealthiest to pay more but are willing to pay more themselves, if necessary.

America's working families support Social Security so strongly because they recognize it provides insurance against risks to which all of us are vulnerable. Rich or poor, any of us can die prematurely, leaving young children. Rich or poor, any of us can suffer a disabling accident or illness. Rich or poor, all of us hope to live to old age. Social Security insures workers' wages against all of those risks. It does so more efficiently, securely, universally, effectively, and fairly than its private sector counterparts. Social Security's one shortcoming is that its benefits are inadequately low.

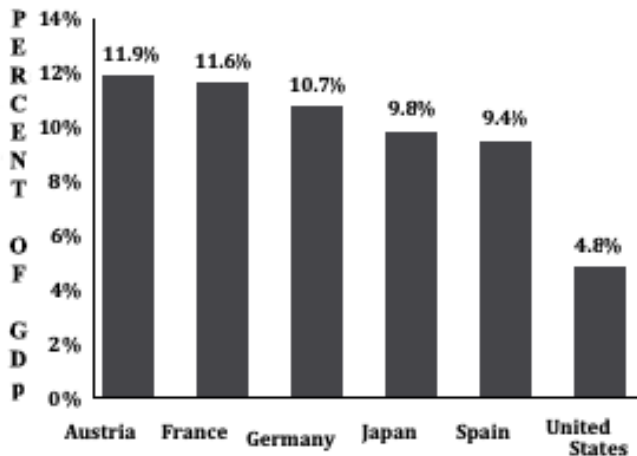
Whether to Expand or Cut Social Security is a Question of Values, Not Affordability

Expanding, not cutting, Social Security and restoring it to long-range actuarial balance is a question of values. It is unquestionably affordable. As the following chart makes clear, Social Security's cost as a percentage of GDP is close to a straight horizontal line for the next three-quarters of a century and beyond.



According to the most recent Trustees Report, Social Security is calculated to cost just 5.87 percent of GDP in 2100, at the end of the 21st century. That is a lower percentage of GDP than many other industrialized countries spend on their counterpart programs today, as the chart on page three shows.

MANY NATIONS SPEND MUCH MORE THAN THE UNITED STATES ON RETIREMENT, DISABILITY, AND SURVIVOR PROTECTION



Moreover, our nation is projected to be much wealthier at the end of the 21st century, just as we are wealthier now than we were seventy-five years ago, before computers, smartphones, and other technological advances. That means that the less-than 6 percent of GDP will be easier to afford in the future, just as an individual earning \$100,000 can more easily afford a 6 percent expenditure (despite it being a larger dollar amount) than an individual earning \$10,000. In one case, \$94,000 remains; in the other, just \$9,400.

Nor should the increase of just under [one percent](#) of GDP between now and the end of the century be difficult to absorb. To put that projected increase in perspective, military spending after the 9/11 terrorist attack increased by [over one percent of GDP](#), as a result of the Iraq and Afghanistan wars—and that increase was the result of a surprise attack, with no advance warning. Similarly, spending on public education nationwide increased by [2.8 percentage points of GDP](#) between 1950 and 1975, when the baby boom generation showed up as schoolchildren, without much advance warning.

Expanding Social Security Incrementally Has Been the Democratic Plan from the Start

In his [message](#) to Congress on the introduction of the Social Security legislation, President Franklin D. Roosevelt emphasized the need to proceed incrementally. He explained, “The place of such a fundamental in our future civilization is too precious to be jeopardized now by extravagant action.” He reiterated the point when he signed Social Security into law. He [explained](#) that the legislation was “a cornerstone in a structure which is being built but is by no means complete.”

Consistent with that incremental approach, just four years later, in 1939, life insurance and joint and survivor annuities were added. Disability insurance was added in 1956, Medicare was added in 1965, and legislation to index benefits was enacted in 1972. But that was the last expansion.

Expanding Social Security is a Solution to the Nation's Retirement Income Crisis, as well as Other Challenges

In the five decades since Congress last enacted Social Security benefit increases, traditional employer-sponsored defined benefit pension plans have largely disappeared. They were replaced by 401(k)s, which [have proven](#) to be inadequate for all but the very wealthiest.

The nation is now facing a retirement income crisis, where too many workers appropriately fear that they will never be able to retire without drastic reductions in their standards of living. Indeed, numerous polls and surveys over recent years reveal that not having enough money in retirement leads the list of Americans' top financial concerns.

Expert analyses make clear that Americans' concerns about retirement are well founded. The Center for Retirement Research at Boston College reports that one out of two working-age households will be unable to maintain their standards of living in retirement – even if they work until age 65, take out reverse mortgages on their homes, and annuitize all of their other assets. Moreover, the number of working-age households unable to retire and maintain their standards of living increases to over 60 percent when health care costs are taken into account.

Prior to Social Security, Americans routinely moved in with their adult children. Those adult children were forced to divide their resources between their own children and their aging parents. Social Security made economically-independent old age a reality, allowing families to focus more of their resources on their children. Unfortunately, the retirement income crisis is likely to require adult children to take resources away from their children in order to help support aged parents – unless Congress acts to expand Social Security.

It is well past time for Congress to vote on expanding Social Security. That is the most effective way to address the nation's retirement income crisis. At the same time, expanding Social Security by requiring the wealthiest to pay their fair share will begin to address the nation's perilous, rising income and wealth inequality, which former president Barack Obama [called](#) “the defining challenge of our time.” Moreover, expanding Social Security will ease some of the financial burden of today's working families, squeezed between the older and younger generations.

Today's Elected Republicans are Standing in the Way of Protecting and Expanding Social Security

From the beginning, there has always been a small radical group who opposed Social Security. Those radicals are now in control of the Republican Party. While today's Republican politicians will not admit it, they support cuts. While they won't admit it, Donald Trump pointed out the obvious during the Republican primaries, leading up to the 2016 election. He [charged](#), "Every Republican wants to do a big number on Social Security...And it's not fair to the people that have been paying in for years."

Moreover, the Republican Party's [most recent Party Platform](#), drafted in 2016, states their desire to cut Social Security, but does so using opaque and coded language. (Though Donald Trump was the standard bearer, it was obvious from [statements he made](#) prior to running for office that he too wants to cut Social Security, but [understood the political advantage](#) to claiming he would not.)

Republican strategists know that the benefit cuts to which the platform alludes are deeply unpopular with the American people. Despite the Party's effort to avoid accountability, a careful reading makes it clear where the Republican Party stands.

The Social Security plank states that Republicans "believe in the power of markets to create wealth." That is code for privatizing Social Security, a dangerous scheme that was resoundingly rejected by the American people when George W. Bush proposed it in 2005. It also states that "we oppose tax increases" which means that they oppose requiring the wealthiest Americans to contribute their fair share and want to see Social Security drastically cut or even radically changed instead. Since they state their clear opposition to increasing Social Security's revenue, that leaves only two options to eliminate the projected shortfall: Automatic cuts (if they block action for the next decade) or legislated cuts. Moreover, the stated support of many Republican politicians for privatizing, means-testing, or reducing all benefits to a low subsistence level means they want to not just cut Social Security, but end it as we know it.

Finally, the Republican Platform states that "current retirees and those close to retirement can be assured of their benefits" which leaves the door open to cutting benefits for younger generations of Americans. This shows how out of step today's Republican politicians are with the American people on this important subject.

While suggesting that Social Security is in crisis, the Republican Platform completely ignores the nation's looming retirement income crisis. Indeed, they would make that crisis worse by cutting Social Security's modest benefits for younger Americans who will need them the most.

Today's Republican Politicians are Part of a Long History of Opposition to Social Security

Today's Republican attacks on Social Security are descended from a longstanding right-wing tradition. From the 1930s, until the present day, conservatives have advocated scaling back and transforming Social Security, and substituting individual savings instead. These attacks on Social Security have formed a continuous chain.

A small minority has always believed that all but the neediest individuals should be completely on their own and has long fought a campaign against Social Security. People holding those views want, as lobbyist Grover Norquist vividly remarked, "to shrink government to the size where we can drown it in the bathtub."

Those who oppose Social Security have always been a tiny fraction of Americans. Yet this fraction has had oversized influence because they are generally of great wealth – or are politicians supported by those with great wealth. President Eisenhower astutely explained, in a November 8, 1954 [letter](#) he wrote to his brother, just who those opponents of Social Security are and what he thought of them:

"Should any political party attempt to abolish social security [and] unemployment insurance...you would not hear of that party again in our political history. There is a tiny splinter group, of course, that believes you can do these things. Among them are H. L. Hunt (you possibly know his background), a few other Texas oil millionaires, and an occasional politician or business man from other areas. Their number is negligible and they are stupid."

Some members of that "tiny splinter group" are people who make their living from Wall Street, and recognize that if people were not receiving Social Security, they would purchase more stocks, bonds, annuities, and other financial instruments in the private market in an effort to protect their economic security.

What unites all of these opponents is the desire to end Social Security as we know it: either transform it from universal insurance with benefits related to wages to subsistence-level benefits for the poor, or cut it so substantially that in Norquist's words, opponents "can drown it in the bathtub."

Unlike their predecessors, today's opponents lack the moral courage to state their opposition straightforwardly. When Congress debated Social Security in 1935, Republicans simply opposed it, offering no alternative of their own. Unlike today's Republican politicians who claim to support the program, however, the opponents in 1935 were clear about why they objected. In the debate on the House floor, Representative Thomas A. Jenkins (R-OH) argued, for example, that Social Security is "compulsion of the rankest kind."

Once Social Security was enacted, Republicans recognized that the support for the economic security that old age pensions brought was powerful and unstoppable. Therefore, the Republican Party chose not simply to oppose Social Security in the 1936 election, but to also offer an alternative. The alternative, included in the 1936 Republican Platform, is the same one offered by opponents today: cut benefits for those deemed to be higher income (i.e., the middle class) and instead provide simply subsistence level benefits.

In 1983, two conservative opponents of Social Security published an article that set out the game plan to finally end Social Security. The article was written shortly after President Reagan signed into law the Social Security Amendments of 1983. The authors saw the legislation as a setback to their cause because it restored Social Security to long-range actuarial balance.

Entitled “Achieving Social Security Reform: A ‘Leninist Strategy,’” [the article](#) laid out, in true Leninist fashion, the elements necessary to achieve “a radical reform of Social Security.” The authors explained that their Leninist strategy was to wage “guerrilla warfare against both the current Social Security system and the coalition that supports it.”

Their proposed guerilla war included a number of attacks. One was to undermine confidence in Social Security by convincing younger Americans that their retirement would be more secure and adequate with individual savings, rather than with Social Security. The Leninist strategists would claim that this was necessary because Social Security was supposedly unsustainable.

Another was to assure those at or near retirement that their benefits would remain untouched. Part of the strategy was to make private retirement savings accounts more widespread and attractive, and to activate Wall Street, which had profits to be made, into the fight on the side of those who wanted to dismantle Social Security. In that way, the authors sought to create, in the authors’ words, “an alternative” to Social Security, one “with which the public is familiar and comfortable, and one that has the backing of a powerful political force.” This was not a new alternative, just an old one with some new trappings.

As the title of their article suggests, the authors considered themselves revolutionaries, seeking to overthrow Social Security, just as Lenin had plotted against capitalism. The article concluded by cautioning fellow revolutionaries to “be prepared for a long campaign,” adding that “as Lenin well knew, to be a successful revolutionary, one must...be patient and consistently plan.” That campaign continues to this day.

The most recent Republican Platform follows the Leninist Strategy closely. It supports privatization, though obliquely and, with a wink and a nod to Wall Street, proclaims the power of markets to create wealth. It reassures seniors that they will get theirs.

It should be noted that this transparent attempt to essentially buy off older voters is highly demeaning to those very voters. The implicit assumption is that seniors care only about themselves and will be fine if their children's and grandchildren's economic security is decimated. As Republicans should have discovered when they used this same tactic in their failed effort to privatize Social Security in 2005, seniors care about the security of their families.

While past opponents were straightforward in their objections to Social Security and their desire to replace it with a different structure, today's opponents are cynically duplicitous. They talk about "strengthening" and "fixing" Social Security, and they even praise it. Former president George W. Bush, for example, in defending his plan to transform Social Security, said:

"One of America's most important institutions, a symbol of the trust between generations, is also in need of wise and effective reform. Social Security was a great moral success of the 20th century, and we must honor its great purposes in this new century. The system, however, on its current path, is headed toward bankruptcy. And so we must join together to strengthen and save Social Security."

To be clear: Social Security does not need to be saved. (Indeed, Bush's remarks resemble the infamous Vietnam War claim that a village had to be destroyed to be saved.) Rather, Social Security is a solution. If expanded, it would be even more so.

For the most part, today's Republican politicians simply attack Democratic proposals without offering any of their own. In this regard, Senator Lindsay Graham of South Carolina deserves credit for being one of very few Republicans to be clear about his views.

Senator Graham was a [key supporter](#) of President Bush's Social Security privatization plan, which would have ended Social Security as we know it. He moved to find a way to make [privatization](#) happen. Other than George W. Bush, no one in Washington, DC worked harder than Senator Lindsey Graham to privatize Social Security.

While running for the Republican presidential nomination in 2016, Senator Graham supported [raising the retirement age](#). It is important to understand that, because of the way Social Security is structured, raising Social Security's retirement age by just one year is mathematically identical to a 6-7 percent across-the-board benefit cut. Moreover, it falls heaviest on those in physically demanding jobs who are unable to continue to work to the statutorily-specified age.

Senator Graham's Republican colleagues are less upfront. In a masterful application of double-speak that would make George Orwell blush, Senator Joni Ernst (R-IA) [has demanded](#) "an open and honest conversation" about cutting Social Security that would take place behind closed doors!

Similarly, Senator Mitt Romney (R-UT) has [repeatedly proposed](#) the TRUST Act, which would create an undemocratic, fast-tracked, closed-door process to make changes to Social Security. Our Social Security system is too important to be addressed in this manner. Major changes have always gone through regular order and they always should. The only reason to go behind closed doors is to do what the American people adamantly oppose — cut benefits!

Even worse, in February 2022, Senator Rick Scott (R-FL) released his so-called “Plan to Rescue America.” This plan states that “All federal legislation sunsets in 5 years. If a law is worth keeping, Congress can pass it again.” It also states: “All Americans should pay some income tax to have skin in the game.”

Senator Scott’s plan would [terminate](#) Social Security and Medicare in 5 years unless Congress voted to reauthorize them. This would give far-right opponents of Social Security and Medicare enormous leverage over the future of the programs. They could refuse to reauthorize them, or only agree to do so if the programs are massively cut and fully privatized.

Further, Senator Scott’s plan would raise taxes on seniors. Seniors, living on Social Security, with incomes barely above the poverty line, appropriately do not currently pay income tax. That includes eighty percent of Americans over age 75. Under Scott’s plan, they would see their meager benefits in effect cut, because some of those dollars would go for Senator Scott’s tax increase.

A comparison of the Scott and Sanders plans highlights the difference between the Republican and Democratic Parties with respect to Social Security. The Sanders plan expands Social Security’s modest benefits; the Scott plan indirectly cuts those modest benefits. The Sanders plan increases the security of Social Security by requiring those earning over \$250,000 to start paying more of their fair share. The Scott plan undermines the stability of the program by requiring it to be reauthorized every five years.

It is clear which plan the American people want. That explains why the Republican Party avoids offering substantive solutions. The Democrats are to be applauded for offering concrete proposals and insisting that Social Security be debated in the sunshine. Thank you.