Reflections on *Policymaking for Social Security*

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The contributors to this symposium have skillfully imparted theoretical content to a work that did not have much, as critics observed when *Policymaking for Social Security* was published. By family background and childhood experience, I have always been more journalist than social scientist, and what I did in the book was try to construct the reality of policymaking in response to a central question: how did so formidable an institution arise and develop with so little contention?

I located the answer in the nature of both the policymaking system and the program. Of policymaking I wrote, in a manner that led Paul Pierson to say that I emphasize the agenda-setting power of program executives:

> The main argument is that policy has been made by a relatively constricted and autonomous set of actors with a strong sense of proprietorship in the program. Decisions about social security were generally made in isolation from decisions about other government activities, both structurally and financially. Within the proprietary group, there was a high level of consensus about guiding principles. Initiatives and choices generally followed paths well defined by programmatic doctrines and were treated as if they were technical matters. Major alternatives were hardly considered. The dominant mode was maintenance and enlargement of the program.

Of the program, I wrote, in the mode that inspired Deborah Stone to say ingratiatingly that I am a paradoxical postmodernist:

> . . . the central themes are ambiguity, inconsistency, obscurity, and paradox—qualities that . . . go far toward explaining the overwhelming, seemingly unqualified acceptance of social security. Ideological ambiguity and internal contradiction in the program meant that it could appeal simultaneously to liberals and conservatives and enable the individual decisionmaker to reconcile conflicting liberal and conservative impulses. Insofar as principles were seen to be at stake, everyone's principles could be satisfied. At the same time, the program had a powerful appeal to self-interest—the self-interest of the taxpayer-voter, who got back far more in benefits than he paid in taxes, and the self-interest of the politician, who could, all at once, provide the current taxpayer-voter with these excess benefits, defer high tax rates to a future generation, and proclaim with a straight face the 'fiscal soundness' of the program.

After a quarter century, I remain satisfied with this analysis as history. But the present reality, as Kent Weaver notes, is much changed. Reading the closing chapter, which appeals for a more open and combative politics generating a wider array of policy choices, I am tempted to invoke the aphorism, "Be careful what you wish for."

The program has become contentious:

— The bipartisan consensus of the 1950s and '60s has yielded to sharp partisan divisions, with ideological content that makes differences hard to reconcile. Democrats proclaim the sanctity of the social contract and the responsibility of citizens to care for one another, while many Republicans argue for individual ownership of retirement assets.

— A paucity of experts outside of the administering agency has given way to a crowd, who are critics of one another as well of officeholders. Reports on social security now emanate in streams or intermittent surges from the Urban Institute, Brookings, Cato, AEI, the Heritage Foundation, the National Academy of Social Insurance, the Wharton School, the National Academy on Aging, the Center for Retirement Research at Boston College, the Center on Budget and Policy Priorities, the Employment Benefit Research Institute, the Center for Strategic and International Studies, the Congressional Research Service, the Congressional Budget Office, various ad hoc presidential commissions, the World Bank, and of course individual eminences such as Martin Feldstein and Michael Boskin.

— Officeholders who once attended to agenda setting are barely heard from. Who knows what the Social Security Administration favors, or who its commissioner is, even though it was made an independent agency in 1994. The periodic statutory advisory councils that once were the institutional medium for updating the program and arriving at a consensus about next legislative steps are defunct, having been replaced by a permanent council that has a narrower, more innocuous function. The last of the periodic councils, which met between 1994 and 1996, produced more conflict than consensus. It split into three factions, each with its own recommendation.

— The absence of proposals other than officially-generated increments has given

https://doi.org/10.1017/S1049096504004652 Published online by Cambridge University Press

way to a wide array of proposed measures, some of which might be thought of as falling within the bounds of the program's norms—for example, increases in the payroll tax, extending coverage to all state and local government employees—but others of which represent major, even radical, departures from those norms, such as investing some of the trust fund in equities rather than government bonds, committing general revenues to pay the cost of social security benefits, giving payroll taxpayers discretion over the use of some portion of their payroll taxes, and creation of individual accounts in addition to the present program. There is much more, virtually all of it bewilderingly complex.

The public, which once was passive, accepting, and generally approving, is now anxious. The program is popular, but the public lacks confidence in its reliability. Everyone who isn't getting benefits right now wants to know if he or she will get them. Those who are old enough to receive benefits are well organized and prepared to combat cuts in the program even if the cuts would not apply to them. A public that has become generally distrustful of government is likely to be skeptical of changes that are hard to comprehend and easy to criticize, as virtually any conceivable change will be.

A program that once was the gilded lily of U.S. public policy has become a nettle that politicians are reluctant to grasp. How this transformation occurred is a long and complicated story. The program matured—that is, came to cover nearly the whole of the population for the whole of their working lives—with the result that its costs became evident. Its economic context changed, with slower wage growth and an unanticipated susceptibility to inflation. The demographic context changed, with a rising share of elderly persons in the population. Aging persons are retiring earlier and living longer, not so incidentally consuming a great deal of expensive medical care as they approach the end of their lives. Critically, for students of public policymaking, the way in which the program interacted with its economic and demographic contexts changed. It would be hard to overstate the significance of what happened in 1972, when benefits were increased by 20% and various elements of the program—wage base, promised benefits, and current benefits—were indexed, and indexed badly, with a flawed formula.

These various circumstances and events have precipitated two financial crises in the program, occurring in rapid succession in the mid-1970s and early 1980s, with a third crisis anticipated. It is predicted in annual reports of the trustees of the social security trust fund, which are prepared by the office of the SSA actuary, and also in reports of the Congressional Budget Office and the General Accounting Office, all presumably dispassionate sources. These predictions are repeated by respected journalists, such as Robert Samuelson and Alan Murray. Although the sense of urgency varies widely—there are apocalyptic predictions from the program's severest critics, counsels of patience and calm from its most committed supporters—I know of no one who maintains that nothing should be done.

So the question becomes: is the government capable of acting? Faced with the threat of immediate exhaustion of the trust funds, Congress did act in 1977 and 1983. Politicians proved themselves capable of combining tax increases and benefit cuts in ways that perpetuated the program and eased the crisis. But few experts in social security policy seem to be confident that they will be able to repeat this feat 30 years from now, when the fiscal strains are expected to be worse and options for repair fewer than in the 1970s and '80s. Most analysts counsel action now.

Can Congress do it? Legislative packages are not hard to imagine, the hypothetical possibilities are abundant. One can imagine sets of plausible compromises, or measures that could be forced through by one or the other partisan majority if electoral outcomes were to produce party dominance. What I find hard to imagine is such an outcome given the present tie in the electorate—or the working out of a bipartisan compromise, given the changes that I have recounted in the specific politics of social security, as well as related changes that have occurred in American politics generally. The parties today are more polarized and partisan conflict is more intense and ideological, so that it becomes hard to imagine a repetition of the scenario of 1983, in which Jake Pickle, chairman of the social security subcommittee in the House, struggled mightily to fix the program with bipartisan support while Bob Dole and Pat Moynihan in the Senate got together and said let's fix this thing for the good of the country. Almost single-handedly, Pickle was responsible for achieving an increase in the normal age of retirement, while the ability of Dole and Moynihan to do business with each other and the Reagan Administration behind the scenes helped rescue the Greenspan Commission from failure. Even then it was possible for public-spirited politicians to act only because there was a sense that something *had* to be done immediately.

There is no such sense of urgency today.

https://doi.org/10.1017/S1049096504004652 Published online by Cambridge University Press