

**Is Social Security Reform Ready
For the American Public?**

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Summary

Public opinion is relevant to entitlement reform because it bears upon issues of political feasibility. Proposals that go against the strongly held views of ordinary citizens are not likely to be politically feasible. In addition, we may consider public opinion – especially well-informed, deliberative opinion – relevant to what policy makers *ought* to do in a democracy.

The available data indicate that the American public, as a collectivity, knows quite a bit about Social Security and rather firmly holds a number of opinions that have been highly stable over many years. This is particularly true of general support for the program. Since 1984, for example, more than 90% of Americans have regularly indicated a desire to keep the program the same or expand it.

At the same time, most Americans are aware of impending financial shortfalls in the program and acknowledge that major changes must be made.

Proposals of benefit cuts have generally aroused considerable public opposition, whether in the context of reducing budget deficits or preserving the program. This is true not only of across-the-board cuts but also of reducing COLAs, extending the retirement age, or even — as best we can tell — more technical program changes. (Only cutting benefits of the well-to-do wins substantial public support.) Resistance to benefit cuts may possibly decline with further deliberation, but this does not appear likely. Most members of the public prefer other solutions.

General increases in payroll taxes are also quite unpopular, but large majorities of the public say they prefer tax increases to benefit cuts. Some data suggest that there is support for using general revenues. The public's willingness to tax the benefits of higher-income retirees also indicates possible receptiveness to a more progressive financial system – through such measures as removing the ceiling on income subject to payroll taxes – but more survey questions on this matter are needed.

Privatization is an area in which opinions are much less well formed. There is considerable interest in the idea of receiving greater returns on Social Security contributions and in having individual choice about investments. But support for privatization drops sharply when issues of risk are raised and when other costs and limitations (administrative costs, limits on choice, obligations to current retirees) are mentioned. As debate continues and as the public becomes more aware of such costs it is possible that public investment in equities – currently less popular than private investment – may gain in appeal, especially if it is insulated from the political process. More time and more data are needed before we can judge.

Why might policy experts and decision makers want to know something about public opinion concerning the reform of Medicare and Social Security? One obvious answer is that public opinion can affect *what is politically feasible*. If our favorite reform proposals should turn out to be utterly unacceptable to the American public, if efforts to enact them would provoke anger and outrage and the electoral defeat of office holders who embraced them, then they are not politically feasible and might as well be set aside.

In order to assess the political feasibility of various reform proposals we need to assess not only how acceptable or unacceptable to the public they appear to be at the present moment, but whether and to what extent public opinion might be expected to change – in response to changing events or new information or the deliberative process – in such a way that particular proposals may become more or less acceptable in the future.

I take it that a concern with political feasibility lies behind the question I was asked to address here: “Is the Public Ready for Reform of Medicare and Social Security?” I will do my best to answer that question, with the focus on Social Security.

At the same time, I hope that some of you will also be interested in looking at public opinion from a different point of view. I hope you will ask not just how public opinion affects what is politically feasible, but also how, in a democracy, the policy preferences of ordinary citizens might constitute a proper input into collective decisions on *what we ought to do* about Social Security and Medicare. These programs, after all, affect many millions of Americans in vital ways. It seems possible that ordinary Americans have ideas and opinions and preferences that should be taken into account. We might want to ask not just “what can we get away with” (what is not totally

unacceptable to the public), but also *what should we do* in the light of what the public wants done.

For this reason I have taken the liberty of turning the title of my paper upside down, and asking “Is Social Security Reform Ready for the American Public?” I will, however, try to answer the feasibility question as well as the desirability question.

The argument for taking public opinion as a positive input into decision making, rather than just a constraint on decisions, is – it seems to me – strongest to the extent that we can assess what *deliberative, fully informed public opinion* wants, or will want, or would want. Again, therefore, we must look beyond what the polls say right now, and ask whether opinions will change – or *would* change – if and when full information was supplied to the public and careful deliberation occurred. Absent effective crystal balls this might seem to be a matter of pure speculation, but it turns out that scientific methods can be helpful in assessing the future and even the hypothetical as well as the current state of public opinion.

Before proceeding into the specifics of entitlement reform, I need to say a few words about the general theoretical and methodological framework within which I analyze public opinion.

A Perspective on Public Opinion

Elsewhere, Robert Y. Shapiro of Columbia University and I have set forth a perspective on public opinion based on our analysis of several thousand survey questions that have been asked of samples of the American public over a fifty-year period.¹ Our perspective is not universally accepted, but I think it has come to prevail in recent years

among those interested in relationships between public opinion and public policy. It should be particularly relevant to policy issues of the sort that we are addressing at this conference. Let me give a brief summary of our main points.

In looking at patterns and trends over time in what we call the *collective policy preferences* of the American public (as measured for the most part by the marginal frequencies of responses to survey questions – that is, by the percentages of Americans who favored or opposed particular policies in polls and surveys at various points in time), we found that these collective policy preferences have a number of properties that are quite different from the properties of most individuals' opinions.

Numerous studies have shown that Americans are only sporadically interested in politics and are poorly informed about political matters, even matters that we may consider quite basic.² Most people's expressed attitudes fail to line up coherently along the standard liberal/ conservative ideological dimension, and some survey responses fluctuate with such apparent randomness over time that Philip Converse argued that they reflect "non-attitudes."³ But *collective* public opinion, based on the aggregation of individual preferences, looks quite different. Statistical aggregation tends to eliminate a lot of the random noise found in individuals' survey responses. Moreover, *collective deliberation* – involving division of labor among ordinary citizens, experts, communicators, and opinion leaders – enables even the poorly informed to come to sensible political opinions based on cues from those they trust.⁴

Thus Bob Shapiro and I found that Americans' *collective policy preferences* – as measured by percentages of the population responding one way or another to questions about public policy – are generally quite *stable*; they rarely fluctuate at all, except in

response to major relevant events (e.g., in foreign policy.) If one graphs collective policy preferences over time they generally form flat or gently sloped lines, with few steep hills or valleys, over the course of years and even decades. The idea sometimes put forth in the media that collective policy preferences are “changeable” or “fickle” is incorrect.⁵

Moreover, we found that when collective policy preferences change they tend to do so in regular, *predictable* ways. Some changes reflect gradual, long-term social changes in values or behavior or population demographics; others reflect new events or new information that is conveyed to the public. It is possible to predict short-term changes in public opinion with great accuracy simply by counting what views are conveyed through the mass media and who expresses them. Nonpartisan experts and commentators have a particularly strong impact on public opinion.⁶

In our judgement, most changes in collective policy preferences also tend to be *sensible* changes. That is, when public opinion changes, it usually does so in ways that a well-informed observer would find *reasonable* in the light of new information and new events, as that information and those events are conveyed to the public through the mass media. In other words, we believe that the public generally makes good use of new information and changes its opinions in sensible ways.

Further, we found that Americans’ collective policy preferences are generally *consistent* with each other. The notion that the public holds wildly inconsistent, mutually incompatible opinions is incorrect.⁷ Collective preferences about different aspects of policy generally fall into *coherent* patterns, which reflect *basic underlying beliefs and values* as well as the specific and unique details of particular policy issues. The public is capable of making clear *distinctions* among alternative policies.⁸

In short, our examination of thousands of survey questions asked over a period of five decades has convinced us that the American public, as a collectivity, has real and serious opinions about many matters of public policy – opinions that can be measured accurately and reliably through survey research.

Methods. To be sure, in designing and analyzing opinion surveys certain pitfalls can trap the unwary. The most hazardous pitfalls involve question wording, because the precise way in which a question is formulated can profoundly affect how people respond to it. A strongly biased question – for example, one with a prologue that presents powerful arguments in favor of a particular policy alternative and no arguments against it – can sometimes bludgeon a number of people to go along with what the pollster wants to hear. A confused or ambiguous question is likely to elicit confused or ambiguous answers. A highly specific question may reveal views on highly specific matters without necessarily supporting any grand generalization about the shape of public opinion.

The point here is not that the average American is nit-picking, stupid, or suggestible, but rather that the meaning of survey responses is highly dependent upon the *precise meaning of survey questions*. The meaning of questions depends in turn upon the precise wording of those questions (and indeed sometimes upon the context of the whole survey and the interview situation.) Even such an apparently trivial matter as the distinction between “a” and “the” can make a difference, as it did in World-War-II-era surveys about attitudes toward “a league of nations” or “the League of Nations.”⁹

Fortunately the science and art of survey research is now well advanced. Skillful people design hundreds of policy-related questions for scores of national surveys every year. TV- and newspaper-sponsored polls, as well as academic surveys, are now

generally of high quality; indeed the former are often more useful to policy makers than the latter, because media polls tend to be more timely and more closely linked to specific policy alternatives. Even after setting aside the occasional poorly worded or blatantly biased question, abundant data often exist to illuminate what Americans think about major issues of public policy. Social Security, for example, has been the subject over the years of a great many useful survey questions – probably hundreds of them.

In interpreting the mass of survey data on a topic like Social Security, which will be my focus here (coherence and feasibility are best served by focusing on one issue, but many of the main points will apply to Medicare as well), the most important methodological guideline is to *pay attention to the precise wording of questions*. This means taking seriously what each question says and looking for patterns in the responses to many different questions. It also means avoiding excessive generalization from any one survey result, and avoiding any statements at all about “trends” or changes unless they are based on repetitions over time of identical survey questions.

Americans’ Opinions about Social Security

In certain respects public opinion concerning Social Security resembles public opinion about other policies. For one thing, there are limits to the amount of information that the average American has about the program, its problems, or proposed reforms. A Princeton Survey Research Associates (PSRA) survey in the spring of 1998, for example, found that most people don’t have a clear idea of how big a share of the federal budget Social Security takes up, and few claimed to have heard much about a series of current reform proposals.¹⁰

At the same time, the analysis of scores of different surveys from recent years indicates that Americans' collective policy preferences about Social Security, like collective policy preferences generally, are very real. Collective preferences about Social Security are mostly quite *stable*; when identical questions are repeated over time they produce trend lines that shift slowly if at all. Opinions about Social Security are generally *consistent* with each other and form *coherent* patterns that reflect Americans' basic beliefs and values. The public makes sharp *distinctions* among policy alternatives. In short, we can identify a real and rather solid collective public opinion.

If anything, public opinion concerning Social Security is actually more stable and more solid than opinion about most other policies. It rests on a firmer base of factual knowledge. In contrast to the apparent confusion about budget magnitudes, for example, the spring 1998 PSRA survey found considerable clarity on other matters. Large majorities of Americans understand that Social Security is on a pay-as-you-go basis, with payroll contributions used to pay benefits for current retirees. Large majorities know that the program provides disability benefits for workers (84%), that retirees who work part time are still eligible for benefits, that the program provides survivors' benefits for spouses (79%) and children (72%) of workers who have died, and that people can retire in their early sixties and still be eligible for benefits (69%).¹¹

In their comprehensive study of what Americans know about politics, Delli Carpini and Keeter found knowledge about Social Security to be unusually high.¹² This should not surprise us, since the program is so uniquely important to so many people.

In this review of public opinion concerning about Social Security I will first briefly consider the level of general support for the system and the extent to which people

perceive impending problems. I will then explore the public's reactions to various proposed program changes, grouping them under the general headings of benefit cuts, tax increases, and privatization.

Support for the System. The present Social Security system gets extraordinarily broad support from the American public, support that has varied little for decades.

The best general measures of support, asked repeatedly over the years, concern the amount of money that the government should be spending on Social Security. The General Social Survey (NORC-GSS), for example, twelve times since 1984 has asked whether we are spending “too much” money on Social Security, “too little” money, or “about the right amount.”¹³ The National Election Study (NES) at the University of Michigan has repeatedly asked whether federal spending on Social Security should be “increased,” “decreased,” or “kept about the same.”¹⁴ Gallup (for the Chicago Council on Foreign Relations — CCFR) has repeatedly asked whether the Social Security program should be “cut back,” “expanded,” or “kept about the same.”¹⁵

The results of these and other surveys have been remarkably consistent over the years. Large fractions of the American public regularly say that too little is being spent, that spending should be increased, and that the program should be expanded. Only tiny fractions – nearly always less than 10% — of the public say that we are spending too much money on Social Security or that the program should be decreased or cut back.

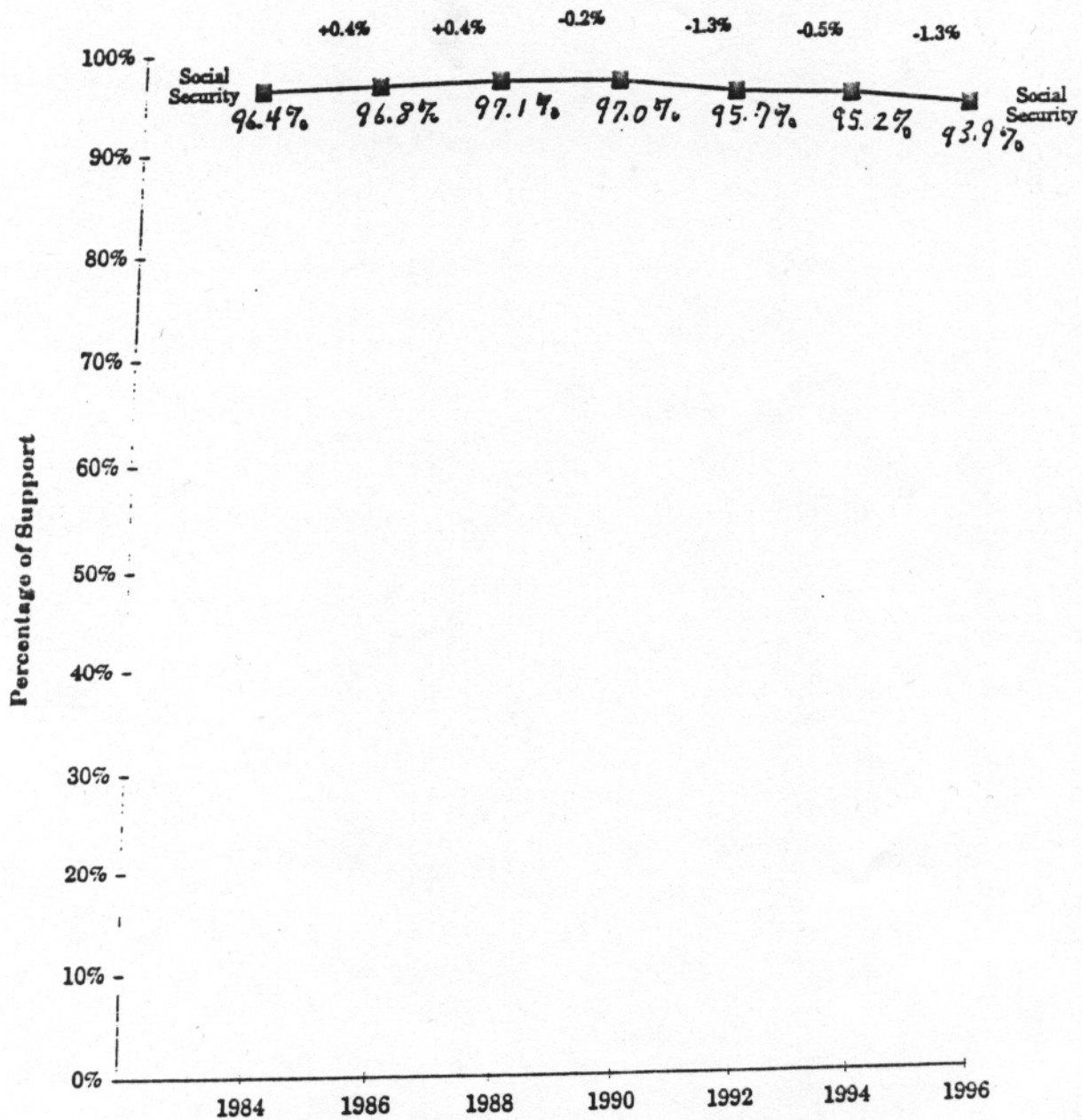
This high, stable level of support is particularly evident in a graph that shows, over time, the combined proportion of Americans who want to increase spending on Social Security or keep it about the same. In every one of its biennial surveys since 1984,

for example, the NES found more than 90% favoring constant or increased spending. (See Figure 1.)¹⁶

There have been some shifts between “increase” and “keep the same” responses; the proportion of the public wanting to expand the program dipped a bit around the end of the 1980s, while the proportion for keeping it the same rose. But more recently that trend has reversed. In the spring of 1998, for example, NORC-GSS found that 56% of the public said we are spending “too little” money – up 12 percentage points since 1993 – while 32% said about right and only 6% said too much.¹⁷ Similarly, Gallup/CCFR found in autumn 1998 that 66% of the public wanted to expand Social Security – up fully 17 percentage points since 1994 – while 27% said keep the same and only a miniscule 3% wanted to cut back.¹⁸

Policy makers cannot get much specific budgetary guidance from these questions because they do not specify *how much* more spending people favor – not even whether or not respondents want to increase spending beyond the rates of inflation and/or growth in the population of retirees. But these survey items do establish the fundamental fact of strong public support for the Social Security. And since NORC-GSS and Gallup ask similar questions about a variety of other government programs, the results also make clear that far more Americans want to spend more on Social Security than want to expand spending on such programs as defense, military aid to other nations, foreign aid, or the space program. The level of support for increasing Social Security approaches that for the highly salient and popular programs of education, health care, and combating crime.¹⁹

Figure 1 Stability in Support for Social Security



*** $p < .001$, * $p < .05$

(Based on a test of significance between the two independent proportions)

Source: National Election Studies (NES) data. Support is defined as the percentage of respondents who want to see spending increased or maintained on these programs. The numbers between the data points represent the percentage point difference between the two proportions (i.e. a 70% to 57% drop in support is a difference of 13 percentage points).

Figure supplied by Fay Cook and Jason Barabas.

Recognition of Problems. Most Americans understand that Social Security faces challenges in the coming century; most are aware of the projected increase in number of retirees relative to the number of workers.

Most of the public refuses to endorse the language of “crisis” surrounding Social Security, and few cite fixing Social Security as the “most important problem” facing the country.²⁰ But it can be argued that alarmist rhetoric in the media, together with general distrust of government, has undermined confidence in the system beyond what is actually warranted. For many years expressions of confidence in the future of the system have been low; the 65% “very” or “somewhat” confident in 1975 dropped sharply to 32% in 1982 and rebounded only moderately thereafter.²¹ A substantial number of citizens (26% in one survey) even suffer from the extraordinary fear that they themselves will not get *any* benefits from the program.²²

In any case, most Americans understand that program changes must be made. In two 1997 surveys a very high and steady 83% of the public agreed that “major changes” will be necessary at some point to guarantee the future financial stability of the system.²³ The question is, just what sorts of changes win popular approval. Some do, but some definitely do not.

Opinion about Benefit Reductions

The public’s general support for the Social Security system is accompanied by substantial resistance to most sorts of benefit cuts, whether in the form of direct, across-the-board cuts in benefit levels or in the form of less direct cuts that focus on COLAs or the retirement age. This resistance is evident in many surveys over many years. The

level of opposition to cuts has apparently held steady even in the face of apocalyptic rhetoric about the program's future, and even when survey questions focus attention on problems with the program. We should not assume that such opposition will be easy to change. This does not mean that no benefit cuts whatsoever are now or will ever be acceptable to the American public, but it does suggest that any reform package might do well to look largely or entirely in other directions. Benefit cuts of any sort will be a very hard sell.

Across-the-Board Benefit Cuts. The “expand” and “spend more” responses discussed above have made public opposition to across-the-board benefit cuts so clear that rather few survey questions have asked explicitly about such cuts. Those that have done so in the context of budget cutting and deficit reduction have generally come up empty, even when they tried hard to elicit pro-cutting responses with biased question wording. An egregious 1981 Harris question, for example (“if the only way to have a chance to balance the federal budget by 1984 was to make sharp cuts in Social Security benefits, would you favor...?”) found only 18% favoring such cuts and an overwhelming 82% opposed.²⁴ Questions about deficit reduction in the 1990s have elicited similarly high levels of opposition to cutting Social Security, on the order of 83% and 88% against cuts.²⁵

A few survey questions that have invoked the need to save Social Security itself and focused on somewhat more vague *future* benefit cuts have elicited less opposition. But such findings should be interpreted with caution. A much-publicized 1997 survey that seemed to show 69% support for reducing future spending on Social Security “to preserve Social Security for future generations,” for example, appears to have generated

this result by creating an artificial contrast: respondents were asked whether they would favor or oppose reductions in future spending “for each of the following purposes,” and preserving Social Security beat deficit reduction or tax cuts, hands down. In addition, the “to preserve” wording implied that such cuts would preserve the system and would be *necessary* for doing so; no alternative remedies were mentioned.²⁶

Reducing Cost-of-living Allowances. On at least eight occasions in the last two decades various survey organizations have asked whether, in order to reduce the size of the federal budget deficit, the government should reduce scheduled cost-of-living increases in Social Security. (Different surveys asked whether respondents “favor[ed]” such a move, or thought it a “good idea,” or would be “willing” to have it happen.) In every case large majorities of the public said no, it was a bad idea, they opposed it or were unwilling to have government do it. Even when questions rather blatantly pushed for a favorable response, and even in peak years of program-cutting and anti-deficit rhetoric like 1982 and 1995, no more than 34% of the public favored cutting COLAs. In every survey, 61% or more of the public opposed such cuts.²⁷

To be sure, opposition to reducing COLAs looks less overwhelming when questions are put in terms of technical changes to the Consumer Price Index that would slow down Social Security benefit increases as a side effect. Two surveys at the end of 1996 actually found narrow pluralities of the public favoring such changes. But one of these involved a starkly one-sided Harris question that put the weight of “a commission” and “most experts” behind the idea that the CPI currently overstates inflation,²⁸ and the other confusingly asked about “reduc[ing]” the government’s official measure of inflation – which may have been taken to mean reducing inflation itself.²⁹ A better-balanced but

still confusing question asked three months later by NBC/WSJ found a substantial majority, 53% to 37%, opposing the change.³⁰

From the point of view of political feasibility it is no doubt true that painful policy changes can more easily be slipped by the public if they are put in the guise of technical adjustments. But I would not advise policy makers to count very heavily on this. Social Security is a highly visible, hotly contested issue. We should expect any and all policy changes to be scrutinized very closely. The public considers COLA reductions to be cuts in benefits, and most Americans are very skeptical about benefit cuts.

Extending the Retirement Age. Similarly, there is a long history of public opposition to the idea of forcing people to retire at a more advanced age than 65 in order to receive full benefits. Those of us who love our professional work and cannot imagine wanting to retire would do well to apply the “callus test,” asking someone who does onerous physical labor whether he or she would like to postpone retirement.³¹ Or, for that matter, we might ask someone who is stuck in a boring, routine white collar job.

The fact is that many people feel very strongly about being free to retire when they get old. The trend in the industrialized world has been toward earlier retirement rather than later.

At least 18 different surveys during the last two decades have asked about increasing the retirement age for Social Security, and all but two have found majorities opposed – usually very large majorities. (The two deviant questions from the early 1980s began with leading phrases: “To save money...,” and “Congress has passed....Do you favor....?”)³² At the beginning of 1997, for example, PSRA – when asking about a series of proposals to “keep the system financially sound in the future” — found 64% opposed

and only 31% in favor of “gradually increasing the retirement age for Social Security from 65 to 69 without affecting people now receiving benefits.”³³

In thinking about the political feasibility of stretching out retirements, of course, one might object that “we have already done it” in 1983, without major electoral repercussions. But one should ask, *have we* indeed, in the eyes of the public, already done it? The scheduled shift from age 65 to 67 for full benefit eligibility has not yet occurred. I am not sure that we know what proportion of the population as a whole is aware of this change or how people will react as the new reality sinks in.

One sort of reform proposal that I have not seen explored in surveys might win considerably more public favor than postponing Social Security benefits. That is to *encourage* later retirement and to *increase opportunities* for older people to work, through such measures as actively recruiting the elderly to help with teaching and day care, arranging special transportation to jobs, giving tax credits for the first few thousand dollars earned, enforcing laws against age discrimination, and altering our public rhetoric — and, ultimately, our social norms — in order to put very high value on work by old people who are able to do it.

Adjusting Benefit Formulas. Technical proposals that would indirectly cut Social Security benefits — such as the proposal to average more past years (with lower earnings) into the baseline for calculating benefits, which is apparently a great favorite among policy experts — are entirely off the radar screen of most ordinary Americans. Very few have heard of such proposals. Even so, carefully designed survey questions that clearly explained the proposals might elicit meaningful responses. But if such

questions have been asked I do not know about them. We should try to learn more about this in the future.

Again, from the point of view of political feasibility it is undoubtedly true that technical-sounding changes have a relatively good chance of slipping by without major objections from the public, particularly if they are small enough to remain obscure and escape public visibility. Again, however, I would caution against the assumption that no one will catch on. Any policy changes that are big enough to matter may well attract scrutiny and noisy opposition. And once again, if we care about what the public *wants* as well as what policy makers can get away with, it would be helpful to remember that a disguised benefit cut is still a benefit cut.

Cutting Benefits for the Well-to-Do. Americans do not, however, simply oppose *all* benefit cuts. One of the most popular of all Social Security reform proposals – though it seems to have received little attention from policy makers – is to reduce the benefits of wealthy or well-to-do Americans.

In the context of proposals to reduce the budget deficit, for example (the same context that revealed strong opposition to cutting benefits across the board or reducing COLAs), at least four surveys during the past decade found that substantial majorities of Americans favored “increas[ing]” taxes (or imposing “new taxes”) on Social Security benefits for “the wealthy” (or “upper-income recipients”). In each of these surveys at least 56% of Americans supported the idea and no more than 40% opposed it.³⁴

Even more to the point for us, a 1997 survey found that in order to “keep the Social Security program financially sound in the future,” fully 64% of the American

public favored “[r]educing benefits paid to upper-income retirees in the future.” Only 34% opposed the idea.³⁵

To be sure, excessive cuts in the benefits of upper-income retirees could undercut the social insurance rationale of the program. A large majority of Americans feel that everyone who contributes to Social Security should receive benefits.³⁶ But it is clear that the public supports a tax-benefits structure that is *progressive*. As most Americans see it, everyone who pays into the program should get benefits, but not everyone need receive benefits in identical proportion to their contributions. Policy makers who are interested in doing what the public wants, therefore – or simply interested in finding new, politically acceptable sources of revenue to bolster the program – might well want to consider some method of reducing the benefits and/ or increasing the contributions of upper-income people.

Opinion about Tax Increases

It is often assumed by policy makers and pundits that the American public will not stand for tax increases to bolster Social Security. Extensive survey data, however, indicate that this is not correct. While substantial majorities resist the idea of a general rise in payroll taxes, there are indications of willingness to use general tax revenues to help the Social Security system. Even more clearly, large majorities of the public favor increasing taxes on people with high incomes. Certain kinds of tax increases, in other words, appear to be acceptable to the public and indeed to be more popular than benefit cuts.

Raising Payroll Taxes. There is substantial resistance to the idea of a general increase in payroll taxes, even when the question is posed in terms of preserving the Social Security system. A survey in 1996, for example, found 52% opposed to paying higher Social Security taxes to strengthen the program's financial future.³⁷ When a 1997 poll included "having everyone pay more in Social Security taxes" in its list of proposals to "keep the Social Security program financially sound in the future," 61% opposed the idea; only 37% favored it.³⁸ Clearly a general payroll tax increase is not a popular measure for dealing with Social Security's problems.

At the same time, public opposition to a payroll tax increase should not be viewed as set in concrete; it could alter as the magnitude of financial shortfalls and the unattractive features of alternative proposals sink in, particularly if the facts are agreed upon and are clearly communicated by experts and prominent leaders of both political parties. Much opposition to tax increases seems to arise from perceptions that officials would "mismanage" the funds, or "waste" them, or spend them on other government programs.³⁹ This public perception — when Social Security is actually quite efficient and well run — sometimes provokes puzzlement or disdain among policy experts, but we might want to acknowledge a possible grain of truth to it. It is not an entirely unreasonable interpretation of the 1980s and 1990s that the 1983 payroll tax increase, touted as "fixing" Social Security, was actually used to substitute for general revenues (particularly those lost through the 1981 income tax cuts), and that payroll taxes helped fund the Reagan military buildup and conceal the full extent of budget deficits.

If (and I emphasize *if*) it should become apparent to the American public that it is essential to increase payroll taxes in order to preserve Social Security benefits, and if it is

clear that the revenue will actually be used for that purpose, I suspect that the public will go along. One important sign of this is the survey finding that, when forced to choose between benefit cuts and tax increases, a large majority of Americans – 63% to 32% in one 1997 survey – choose payroll tax increases.⁴⁰ But other reform options are considerably more popular.

Using General Tax Revenues. Surveys do not generally ask direct questions about the possible use of general revenues to assist Social Security through the temporary emergency caused by the baby-boom bulge of retirees, but there are at least some indications that this might be acceptable to the public.

Most of the indirectly relevant survey questions involve alternative ways to “use the budget surplus” —a peculiar notion, of course, when the current surplus consists entirely of payroll taxes not needed to pay for current benefits and supposedly saved in the Trust Fund for the future. Still, the public’s reactions tell us something. More Americans say the top priority for any surplus money should be strengthening Social Security (39% in one survey) than say reducing the national debt (29%), cutting income taxes (16%), or increasing spending on other domestic programs.⁴¹ Given a straight choice at the beginning of 1998 between Republican leaders’ proposal of tax cuts and President Clinton’s proposal of no tax cuts until Social Security problems are resolved, 60% of Americans said they preferred President Clinton’s approach; only 28% preferred the Republican proposal.⁴²

The public’s reluctance to use real or hypothetical budget surpluses for purposes other than Social Security may or may not imply a willingness to use general tax revenues to bolster the system. More survey data are needed on this issue.

Increasing Taxes on High-Income People. One reform proposal that may have public support, however, is to increase taxes on high-income people. In several surveys at the end of the 1980s and beginning of the 1990s, substantial majorities of Americans said that in order to reduce the budget deficit they would favor increasing the tax on Social Security income or benefits for “upper income” people or “the wealthy.”⁴³ A 1994 question that did not mention deficit reduction came up with a similarly solid 57% to 38% majority in favor of requiring Social Security recipients with higher incomes to pay federal income taxes on a larger share of their benefits.⁴⁴

None of this, of course, tells us anything definite about payroll taxes on regular earned income. It does, however, suggest that there may be public sentiment for tax structure less regressive than it is now perceived to be. (Beyond this, some working people may not realize that income above a certain point is not now subject to the payroll tax; if they did, sentiment for less regressivity might increase.)

Removing the Cap on Earnings Subject to Tax. One prominent reform proposal, which the Social Security actuary estimates would eliminate 68% of the anticipated Social Security revenue shortfall over the 75-year forecasting period,⁴⁵ is to remove the “cap” on earnings subject to the payroll tax. This would bring in a lot of tax revenue but would, because of the somewhat progressive benefit formula, pay out only part of that revenue in benefits.

I have been unable to find survey data directly addressing this proposal. The public’s approval of increasing taxes and/or cutting benefits for wealthy Social Security beneficiaries suggests that it might well be popular. This is an important area for new data collection.

Opinion about Privatization

The idea of wholesale privatization, abolishing — or making voluntary — the publicly-managed and publicly-funded Social Security system, is very unpopular. This idea would probably sink any major political figure who openly espoused it, just as it damaged Barry Goldwater in 1964. The only privatization proposals that seem politically feasible are those that involve *partial* privatization and *compulsory* participation.

Many Americans are attracted by the idea of getting higher returns on their payroll contributions, and many like the idea of managing some of their own investments. At the same time, awareness of the increased risks associated with equities rather than treasury bills and of the need for benefit cuts or tax increases during transition to a funded system undercuts support for even partial privatization. The public has more to learn about the possible costs and benefits of various privatization plans. Opinions are more subject to change than they are on other aspects of Social Security.

Abolishing Social Security or Making it Voluntary. Complete abolition of Social Security, or making it voluntary, is a non-starter with the public. Although the word “voluntary” has appealing connotations of choice and freedom, even survey questions that ask about “voluntary participation” in Social Security without mentioning any possible costs often find majorities opposed. A Public Agenda survey in early 1997, for example, found 55% opposed (36% “strongly”), with 42% in favor. In response to a follow-up question, fully 81% of the respondents indicated agreement with the concern that if participation is made voluntary, “the very people who need it most might drop out and get themselves into trouble.”⁴⁶

Supplementary Private Accounts. Two surveys for the CATO Institute in 1996 appeared to show strong (about two-thirds) support for private individual retirement accounts, but their results should be interpreted with caution because they made no mention of risks or other possible negative factors and instead asked a series of questions that tended to lead the respondent toward approval. Similarly, a 1997 PSRA survey that found 71% favored “letting individuals decide how some of their own Social Security contributions are invested” gives a useful indication of Americans’ enthusiasm for individual choice and for maximizing investment returns, but it is far from conclusive because of the failure to mention the pros and cons of concrete proposals for private accounts.⁴⁷

As soon as the issue of investment risk is mentioned, expressions of enthusiasm for private accounts diminish. Two NBC/ *Wall Street Journal* polls at the beginning of 1997, for example, which mentioned that investment of contributions in stock could produce returns that are “higher or lower,” found the public about evenly divided between favoring and opposing the idea. When explicitly asked to weigh the “risk of losing money” against the “potential of higher returns,” 57% said the risks outweigh the potential gains while only 37% said the opposite.⁴⁸

Support for private accounts drops further when the transitional costs of honoring commitments to current retirees are mentioned, as in an NBC/WSJ question that mentioned an increase in payroll taxes and an increase in the federal budget deficit: 61% concluded that the costs outweigh the benefits while only 22% said the opposite.⁴⁹

The difference in responses to these differently formulated questions suggests that public opinion about privatization is only partially formed and that it may change as

public debate continues. But the same responses also suggest that further discussion of possible costs of and limits to privatization – not only investment risks and transition costs but also administrative expenses and restrictions on private investment choices – may well further reduce public support for the idea. This is an important topic for future surveys to explore.

Trust Fund Investment in Equities. Similar considerations apply to the idea of by the government (i.e., by trust fund administrators or others) of some payroll tax revenue in equities rather than treasury obligations. This idea, which shares the goal of increased investment returns but lacks the element of individual control of investments, has initially received a fairly cool public response. Three recent questions about “investing some of the Social Security trust fund in the stock market” – which balanced the possibility of “more money” or “higher returns” with “greater risk” or “unpredictab[ility]” —revealed that substantial majorities (as high as 69%) opposed this or thought it a bad idea.⁵⁰ Two surveys also indicated that *if* some Social Security tax funds are invested in the stock market, large majorities favor allowing individuals to invest part of their portion “however they would like,” rather than having the government invest in a broad index fund.⁵¹

Again, however, opinions may change as debate continues and the options are fleshed out. The general distrust of government that seems to underlie these responses, for example, might be alleviated by creation of an investment entity that is firmly separated from politics. And concerns about risk might be met by clearly defining the extent and nature of equity investments. Similarly, if public acceptance of the idea of private accounts diminishes because of increased concern over their possible costs, public

opinion might move toward the idea of equity investment by the trust fund. But this is speculative. Continued and deeper surveying of the public will be needed to discover informed, deliberative opinions about privatization.

Conclusion: What the Public Wants and What it Will Put Up With

We should not, in general, take current or past opinion surveys as showing definitively which Social Security reform proposals are or are not acceptable to the public. Reactions to certain options have been studied little or not at all. Opinions about some options are less firmly rooted than those about others and may change as new information is disseminated.

At the same time, the many available surveys tell us quite a lot. First of all, they underline the very high level of public support for the Social Security system as it now exists. Wholesale privatization, or making Social Security voluntary, is simply not politically feasible.

The data also make clear that there is considerable public reluctance to cut Social Security benefits, either directly or indirectly by extending the retirement age, slowing COLAs, or the like. Some of the more obscure technical-sounding changes provoke less immediate resistance, but one should not assume that lack of public awareness of their consequences would continue if they were actually adopted. Of all proposed benefit cuts, only those targeted on well-to-do retirees win clear public approval.

General increases in payroll taxes also arouse substantial opposition, though there are some indications that tax increases might prove acceptable if they were shown to be necessary and if it were made clear that the revenues would not be “wasted” on other

programs. There are also indications that the use of general tax revenues (or the budget “surplus”) might be acceptable, as might be the raising or removal of the cap on income subject to tax. The idea of extracting more revenue from the well-to-do seems to have solid public support.

Another option that might win public approval involves investing some retirement funds in equities. There are signs of initial enthusiasm for workers making some investments of payroll tax money on their own, though this enthusiasm tends to disappear when the question of risk is raised. Opposition might be expected to increase still further as people are made aware of possible administrative costs, restrictions on investment choices, and return-reducing obligations to earlier cohorts of retirees that are inherent in various private savings plans. For similar reasons we might expect increased support for trust fund investment in equities of some payroll taxes, particularly if means are devised to insulate investment decisions and the proceeds from political influences.

What proves to be acceptable to the public may be partly a matter of public relations packaging. As I have noted, obscure and technical-sounding changes in the CPI or in benefit formulas which just happen to reduce benefit levels or COLAs may possibly slip by the public without stirring up a major outcry, especially if they rest on sound scientific justification. Once again, however, I would suggest that decision makers not count too heavily upon public acquiescence based upon lack of awareness of policy consequences. Any policy changes that are big enough to make a difference in the Social Security financial picture may also be big enough to spark political debate, particularly if even a few opinion leaders (politicians or interest group leaders, for example) choose to make a fuss about them.

Similarly, what proves to be acceptable to the public will partly be a function of which political actors, institutions and processes are involved in the decision making and what part they play. Conventional wisdom is surely correct, for example, that policy making by a carefully selected bipartisan commission along the lines of the 1983 model could dampen public controversy, lessen the role of ordinary citizens in the process, and widen the range of politically feasible policy alternatives. If both major political parties are thoroughly implicated in making an unpopular decision, neither party is likely to take much heat for it—at least not from the other major party.

Before simply acting upon this conventional wisdom, however, it might be well to examine both the feasibility and the desirability of the bipartisan commission model.

First: even if it is feasible to do so, do we in fact want to shut the public out of decisions concerning major changes in the largest, most important federal government program?

To a political scientist it seems odd that some professional economists, who in the economic realm cherish consumer sovereignty and favor free competition in order to maximize consumer satisfaction, turn to the political realm and counsel collusion between the two major parties in order to stifle political competition. If consumer sovereignty is good, why not citizen sovereignty as well?

Lest the very posing of this question seem hopelessly soft-minded and populist, let me also suggest that whatever we may think of the desirability of bipartisan collusion generally, it may simply not be feasible in this case. The politics of 1999 and 2000 are not the politics of 1983, when a very conservative Republican president, backed by a highly unified business community, faced an intimidated and confused set of congressional Democrats. Right now would be surprising indeed if all the leaders of the

Democratic Party, having just been hit with an all-out partisan effort in the House of Representatives to impeach the president, should choose this particular moment to collude against parts of their own core constituency. If, on the contrary, even one or two nationally prominent Democrats refused to do so and blew the whistle on the others, any nascent bipartisan deal for unpopular Social Security changes might be blown away by a gale of public outrage.

Even in the event that every important Democratic leader can somehow be brought into a bipartisan deal to “rescue” Social Security by violating the public’s wishes, one should not forget the possibility that voters might retaliate at the polls by supporting a third party. Under the proper conditions a Ross Perot championing Social Security might make quite a splash. Contemplation of this possibility, in turn, is likely to reduce the prospects for effective bipartisan collusion.

So what is the poor policy maker to do, if the wide gap between projected Social Security benefits and revenues simply must be closed, if public opinion should and/or must be taken into account, and if the American public opposes many proposals for benefit cuts or tax increases?

Survey data alone cannot answer this question, but they do suggest certain guidelines.

First, policy makers might want to avoid the least popular options — especially benefit cuts — insofar as it is possible to do so, and focus their attention on the policy alternatives that are most acceptable to the public. These appear to include raising caps on the income subject to payroll taxes and taking advantage in some way of investment in equities.

Second, policy experts and survey researchers should explore more fully how the American public feels about the options that have not so far been thoroughly surveyed. These include raising or removing the income cap and the merits of individually-managed versus government-managed equity investments, in the light of various possible administrative arrangements and costs, restrictions on investment choices, benefit reductions in the current program, obligations to help fund future benefits, and the like.

Third, everyone involved should work to provide to the public, in the most easily accessible form, the best possible information about Social Security problems and possible solutions. My research over the years has convinced me that the average American is generally quite sensible about politics and will take into account whatever credible, well-documented, and widely authenticated information is made available. The public is perfectly capable of accepting painful policy prescriptions, so long as they are no more painful than necessary and so long as the necessity for accepting them is made clear by those whom citizens trust.

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Endnotes

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¹ Benjamin I. Page and Robert Y. Shapiro, *The Rational Public: Fifty Years of Trends in Americans' Policy Preferences* (Chicago: University of Chicago Press, 1992).

² Michael Delli Carpini and Scott Keeter, *What Americans Know About Politics and Why it Matters* (New Haven, Yale University Press, 1996), shows that political knowledge is greater than conventional wisdom has indicated, but it remains limited.

³ Philip E. Converse, "The Nature of Belief Systems in Mass Publics," in *Ideology and Discontent*, ed. David E. Apter (New York: Free Press, 1964), pp. 206-261; Converse, "Attitudes and Non-Attitudes: Continuation of a Dialogue," in *The Quantitative Analysis of Social Problems*, ed. Edward R. Tufte (Reading, Mass.: Addison-Wesley, 1970), pp. 168-189. But see Christopher H. Achen, "Mass Political Attitudes and the Survey Response," *American Political Science Review* 69 (1975): 1218-1231.

⁴ Page and Shapiro, *Rational Public*, chaps. 1, 10. See also Benjamin I. Page, *Who Deliberates?: Mass Media in Modern Democracy* (Chicago: University of Chicago Press, 1996), esp. chaps. 1, 5.

⁵ Page and Shapiro, *Rational Public*, chap. 2.

⁶ Benjamin I. Page, Robert Y. Shapiro and Glenn R. Dempsey, "What Moves Public Opinion?," *American Political Science Review* 81 (1987): 23-43; Page and Shapiro, *Rational Public*, chap. 8.

⁷ The contention that most Americans hold incompatible opinions about taxes and spending, for example, ignores public acceptance of certain kinds of tax increases and certain kinds of spending cuts (e.g. on the military), as well as the acceptance by some citizens of budget deficits. See Page and Shapiro, *Rational Public*, pp. 160-61.

⁸ The capacity of collective public opinion to make sharp distinctions among alternative policies, which is well established (see the entries under "distinctions" in the index to Page and Shapiro, *Rational Public*, pp.471-72), contrasts especially sharply with images of a confused and ignorant citizenry.

⁹ See Page and Shapiro, *Rational Public*, pp. 215-16.

¹⁰ PSRA survey for *Americans Discuss Social Security*. Press release, 4/13/98, pp. 9,7.

¹¹ PSRA press release, 4/13/98, p.9. Lawrence R. Jacobs and Robert Y. Shapiro, "Myths and Misunderstandings About Public Opinion Toward Social Security: Knowledge, Support, and Reformism," paper delivered to the 10th. annual conference of the National Academy of Social Insurance, Washington, D.C., January 29-30, 1998, in Table 3 shows the proportion of correct responses to a number of information questions about Social Security asked through 1997. Table 2 shows the level of knowledge about financing.

¹² Delli Carpini and Keeter, *What Americans Know*.

¹³ Jacobs and Shapiro, "Myths," table 9; Jennifer Baggette, Robert Y. Shapiro and Lawrence R. Jacobs, "The Polls: Social Security – An Update," *Public Opinion Quarterly* 49 (1995): 429-30.

¹⁴ Fay Lomax Cook and Jason Barabas, "Public Support for Social Welfare Programs, 1984-1996: Description and Explanation," Institute for Policy Research, Northwestern University, 1998, p.11; Fay Lomax Cook, "The New Politics of Social Security," paper presented at the annual meeting of the Gerontological Society of America, Philadelphia, Pennsylvania, November 22, 1998; Baggette et al., "Social Security – An Update," p. 430.

¹⁵ John Rielly, ed. *American Public Opinion and U.S. Foreign Policy 1999* (Chicago: Chicago Council on Foreign Relations, 1999).

¹⁶ Figure 1 was generously provided by Fay Cook and Jason Barabas. See Cook and Barabas, "Public Support," Figure 1, and Cook, "New Politics," Figure 5 and p.11.

¹⁷ Preliminary 1998 GSS data provided by Tom Smith to Fay Cook, autumn 1998. Compare Jacobs and Shapiro, "Myths," table 9.

¹⁸ Preliminary 1998 data from Rielly, ed., "American Public Opinion 1999."

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- ¹⁹ See Rielly, ed., "American Public Opinion 1999."
- ²⁰ See Jacobs and Shapiro, "Myths," p.23.
- ²¹ Jacobs and Shapiro, "Myths," Table 7.
- ²² LAT 1/98. But the "less likely than UFOs" comparison was concocted from misinterpretation of a Third Millennium survey. See Jacobs and Shapiro, "Myths," pp. 12-13.
- ²³ Hart/ Teeter, 1/97 and 9/97. Other surveys have found much smaller proportions of the public seeing a need for "radical" change.
- ²⁴ The addition of "President Reagan wants to balance..." to this question the following month garnered only 4% more pro-cutting responses. Harris 8/81, 9/81. See Shapiro and Smith, "The Polls: Social Security," *Public Opinion Quarterly* 49 (1985): 569.
- ²⁵ Kaiser/Harvard 11/94; LAT 1/95. See Baggette et al., "Social Security – An Update," pp. 430-32; Jacobs and Shapiro, "Myths and Misunderstandings," Table 11.
- ²⁶ WP/Kaiser/Harvard, 3/97.
- ²⁷ Surveys between 5/82 and 5/95 by CBS/NYT, AG, ABC/WP, TIME, Kaiser/Harvard, Roper, YP/CNN/TIME, NBC/WSJ. See Jacobs and Shapiro, "Myths," Table 13.
- ²⁸ Harris, 12/96. 49% favored changing the CPI to a "more accurate" system; 41% opposed.
- ²⁹ NBC/ WSJ, 12/96. 47% favored "reduc[ing]" the CPI; 43% opposed. See Jacobs and Shapiro, "Myths and Misunderstandings," p.28 and endnote 24.
- ³⁰ NBC/ WSJ, 3/97. This item kept the "reduce...C.P.I..." format and mentioned that "some" economists think the CPI is inaccurate; it suggested that a change would reduce COLAs, reduce the federal deficit, and "raise some future income taxes." See Jacobs and Shapiro, "Myths," p.28 and endnote 24. Some surveys have found plurality support for the ambiguous idea of "postpon[ing]" COLAs.
- ³¹ Ben R. Page of the CBO has emphasized this point, which he attributes to Senator Phil Gramm.
- ³² CBS/NYT 7/81; A-S 4/83. See Jacobs and Shapiro, "Myths," Table 19 and notes "c" and "n."
- ³³ PSRA, 1/97. See Jacobs and Shapiro, "Myths," Table 19 and note "q."
- ³⁴ Surveys between 2/88 and 12/94 by TIME/YCS, Harris, Newsweek, and YP. A 1/93 USNWR survey seemed to find only a narrow 49% to 46% plurality in favor of increasing taxes on upper-income beneficiaries (in contrast to the 67% to 31% margin that Newsweek found the same month), but USNWR used a defective question invoking newly-elected Bill Clinton in a way that apparently increased opposition to the proposal among Clinton friends and/or foes. For the question wordings, see Jacobs and Shapiro, "Myths," Table 14.
- ³⁵ TIME/CNN/WP, 3/97. See Jacobs and Shapiro, "Myths" Table 14.
- ³⁶ See Jacobs and Shapiro, "Myths," pp. 17-18.
- ³⁷ CBS/ NYT, 2/96. See Jacobs and Shapiro, "Myths," p.28 and endnote 25.
- ³⁸ WP/ Kaiser/ Harvard, 3/97.
- ³⁹ A 2/97 Public Agenda survey, for example, found that 69% thought funds from benefit cuts or tax increases would be "wasted" and the program would be in trouble again in 10 or 15 years; only 24% thought additional funds would be "put to good use" to get the program back on track. PSRA (for Pew), 3/98, found that 45% thought the *main* reason the Social Security program might be headed for financial troubles was that the government "spent Social Security reserves on other programs," while only 26% cited the growth in number of older people.
- ⁴⁰ Employee Benefit Research Institute (EBRI), 1997. See Jacobs and Shapiro, "Myths," p.28.
- ⁴¹ ABC/ WP, 1/98.
- ⁴² LAT, 1/98.
- ⁴³ TIME/ YCS 2/88, 56% to 39%; Harris 10/92, 58% to 40%; Newsweek 1/93, 67% to 31%. The 1/93 USNWR survey found only a bare 49% to 46% plurality for taxing wealthy recipients more, but its question was marred by an unfortunate prologue about the "tough choices" that newly-elected Bill Clinton "might make." See Jacobs and Shapiro, "Myths," Table 14.
- ⁴⁴ YP 12/94.
- ⁴⁵ Social Security Advisory Board, *Social Security: Why Action Should Be Taken Soon* (Washington, D.C.: SSAB, July 1998), p.26.
- ⁴⁶ Public Agenda, 2/97. 19% "somewhat" and 23% "strongly" favored making participation voluntary. 53% called the concern about dropouts "very close" to their own view and 28% said "somewhat close," with only 10% saying "not too close" and 7% "not close at all." Between 1981 and 1994, however, several

surveys found narrow majority support for making Social Security voluntary. Baggette et al., “Social Security – An Update,” p. 427.

⁴⁷ Jacobs and Shapiro, “Myths,” pp. 23-24.

⁴⁸ NBC/WSJ, 12/96 (46% to 44%), 1/97 (48% to 46%). See Jacobs and Shapiro, “Myths,” p.25 and endnotes 21 and 22.

⁴⁹ NBC/WSJ, 1/97. Jacobs and Shapiro, “Myths,” p. .25 and endnote 23.

⁵⁰ CBS/ NYT 2/96, TIME/CNN 12/96, WP 3/97. See Jacobs and Shapiro, “Myths,” Table 17.

⁵¹ Time/CNN, WP. See Jacobs and Shapiro, “Myths,” pp. 26-27.