



Social Security Choice

SOCIAL SECURITY THIS WEEK

A WEEKLY NEWSLETTER ON SOCIAL SECURITY REFORM

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Is AARP Really Anti-Investment?

AARP, the powerful seniors lobby, has been one of the most vocal critics of President Bush's proposal to allow younger workers to privately invest a portion of their Social Security taxes through individual accounts. As part of their \$5 million newspaper campaign against the proposal, they have compared investing in private capital markets to gambling. "If I want to gamble, I'll play the slots," says one such ad.

But according to [Fox News](#), the organization manages an investment portfolio of \$912 million. In 2003, it invested \$737 million of its portfolio in stocks and mutual funds, earning returns of \$60 million.

AARP also collects premiums from members who buy AARP-approved insurance. Before turning the money over to the insurance companies, however, AARP invests it in short-term securities. In 2003, this maneuver raked in \$24 million.

When it comes to the desirability and safety of private investment, there would appear to be a big gap between AARP's rhetoric and its actions.

Reynolds: Grading the Social Security Debate

The debate about Social Security reform has moved to center stage in the media, and the rhetoric surrounding the issue ranges from "informative and constructive" to "deceptive and destructive," says Cato senior fellow Alan Reynolds in a new [column](#). Reynolds takes aim at everyone from Michael Kinsley of the *Los Angeles Times* to the AARP for their efforts to mislead the public or promote bad reform proposals. His column follows.

“The debate about whether and how to allow young people to invest part of their Social Security taxes in personal accounts is off to a fascinating start. Some initial rhetoric and legislative action have been informative and constructive, but some have been deceptive and destructive. Unfortunately, it is hard to find any middle ground between insightful candor and devious fraud. So, I thought it might be annoyingly useful to take on the role of a grumpy old professor and start handing out grades.

“On this list (there will be others), President Bush gets the only ‘A’—for daring to push hard for dealing with a festering problem before it gets really nasty. But not just any Social Security reform bill will do, and most I’ve seen will earn low grades for a few quirky features. So, the president’s grade may yet slip by the time something is signed into law.

Ignoring Incentives and Markets: D

“*L.A. Times* editor Michael Kinsley recently wrote that ‘to work, privatization must generate more money for retirees than current arrangements. ... Where does this bonus come from? There are only two possibilities—from greater economic growth or from other people.’

“The latter ‘other people’ theme was superfluous, but sure to be garbled once he described privatization as ‘the notion of putting Social Security money into stocks, instead of government bonds, because stocks have a better long-term return.’ Social Security money is not invested in ‘government bonds.’ Ninety five percent of Social Security money, soon to exceed 100 percent, is just a transfer payment from Social Security taxpayers (many of whom are over 65) to retirees (many of whom are under 65).

“In any event, Kinsley envisioned no chance of greater economic growth because, he theorized, ‘increased growth can come only from higher private investment or smarter private investment.’ Economists would describe that as a production function with only one factor of production—privately owned buildings and machines (public schools and highways must be even worse than I thought). There are no workers, managers, students or entrepreneurs in Kinsley's growth model, or their behavior doesn't matter. If that made sense, then it would make no difference to the economy if all U.S. workers, managers, students and entrepreneurs were suddenly replaced with a random assortment of illiterate peasants from Bangladesh or Chad.

“By contrast, Nobel Laureate Ed Prescott finds that ‘promises of payments to the current and future ... can be honored by reducing the effective marginal tax rate on labor and moving toward retirement systems with the property that benefits on margin increase proportionally to contributions.’ Putting 12.4 percent of your paycheck into the Social Security slush fund to be redistributed by political whim has a far more demoralizing effect on lifetime work incentives than letting folks put some of that money into assets they really own.

“Kinsley also imagines privatization ‘can’t possibly work, even in theory’ because he theorizes that the return on investments must fall whenever there are more investors. ‘The money newly available for private investment,’ he says, ‘would bid up the price of (and thus lower the return on) stocks.’ If so, the return on stocks should have been falling continually since at least 1980, when IRS Section 401(k) first became effective and the Dow was around 900. In fact, ‘money newly available for private investment’ has been growing since about 1933. Yet stocks continue to do quite well.

“The value of stocks is not determined by the volume traded, but by their expected return (capital gains and dividends) in comparison to many alternative investments. Besides, nobody says personal accounts have to be invested in stocks.

Proving Social Security Is Risky: D

“Democratic Strategist Bob Beckel recently proposed on Fox News that anyone with an annual income higher than about \$50,000 at retirement age should get nothing from Social Security. Could Congress really do that? Yes, it could. Social Security's promises are subject to change without notice.

“Benefits have already been cut by raising the eligibility age to 67 and raising the amount of benefits subject to tax from zero to 85 percent. That was barely a hint of what opponents of private accounts now have in mind. Most are less candid than Beckel, yet they also advise slashing Social Security benefits for those frugal enough to save for retirement or industrious enough to keep working. Most would also increase Social Security tax rates on the same politically disfavored group. If this ever happened, frugality and industriousness would become foolhardy and therefore rare.

“‘Saving Social Security’ by Peter Diamond and Peter Orszag, for example, relies on increased taxes on higher earners for 42 percent of the hoped-for reduction in unfunded debt, yet benefits to the top 15 percent would also be cut by a third. The other half of their savings comes from ‘a universal legacy charge on future workers and beneficiaries, roughly half in the form of benefit reductions for all beneficiaries becoming eligible in or after 2023, and the rest in the form of ... increases in the payroll tax from 2023 onward’ (forever).

“Even Republican Sen. Lindsey Graham of South Carolina recently told The Hill, ‘I would support means-testing as a component of reforming Social Security. Means-testing is part of the mix of true reform.’

“Graham also proposed raising the income level subject to Social Security tax from \$90,000 to as much as \$200,000. That is the most dangerous idea so far. Leftists who want no limit at all on annual Social Security taxes would find it much easier to sell Congress on that terrible next step. And that, in turn, could push combined federal-state tax rates on professionals and managers to European levels (above 50 percent)—with the disastrous economic effects Prescott and others have documented. Western Europeans may enjoy their tax-induced indolence, but it means their governments are running out of suckers to tax.

“Social Security is the only portion of retirement income that is guaranteed,’ claims Bill Novelli, the CEO of AARP. Yet these proposals for ‘saving’ or ‘means-testing’ Social Security prove such assurances are a fraud. Market risk from stocks and bonds is trivial compared with political risk of what some future Congress is likely to do to those so-called ‘guaranteed’ benefits and to related taxes.

Tiny Limits on Contributions to Private Accounts: C-minus

“Several political proposals put a tiny limit of \$1,000 to \$1,300 on the amount that could be added to a personal account in any year. The rationale may be egalitarian—holding everyone down to the same low level—but the effect would be the opposite. Any annual limit is hardest on those who start their adult life with a low income, then work their way up by middle age. It is much easier to save after the kids are out of college, when both husband and wife are more likely to be working. A lifetime limit on contributions (such as \$100,000) would be a lesser evil.

AARP Ads Comparing Mutual Funds to Slot Machines: F

“An AARP ad has a couple in their 40s saying, ‘If we wanted to gamble, we’d play the slots.’ When AARP recruits employees, on the other hand, it does not describe its own unusually generous 401k plan (since 1998) as ‘gambling.’

“AARP is a big business, marketing insurance and other financial services and receiving only 27 percent of its \$770 million income from dues. Among other things, AARP markets Scudder mutual funds to its members. But it does not do so by suggesting such investments are equivalent to playing the slots.

“Like AARP executives, academic critics of privatization also get to choose among retirement funds, often from TIAA-CREF. Over the last 10 years—a period that included a nasty three-year bear market—the annual return was 11.7 percent on the CREF stock index fund and 10.7 percent on their mixed stock-bond fund.

“Unlike Ivy League professors and AARP executives, many ordinary workers lack access to such lucrative employer-provided retirement savings plans. But even ordinary workers deserve some chance to ‘gamble’ so profitably—just as AARP executives and a few academic critics of broader retirement choice have been doing for years.”

Nobel Laureate Prescott: A Blueprint for Saving Social Security

Edward Prescott, 2004 co-winner of the Nobel Prize for economics, says he has a blueprint that would add individual savings accounts to Social Security without the tax increases or benefit cuts being proposed in Washington, according to a recent [article](#).

His proposal calls for a mandatory retirement savings program that would be partially controlled by participants, reduce government liabilities, and enhance benefits.

Prescott will be a featured speaker at the upcoming Cato Institute conference on Social Security. More details on the conference and how to register are [here](#). Excerpts from the article follow.

“...The linchpin of Prescott’s plan is graduated payroll tax rates that would fund the savings accounts—the older you are, the more you pay. His tax architecture, in theory, would reduce the burden on younger workers because they would be saving more for themselves instead of just transferring their payroll tax to pay for benefits of current retirees.

“Prescott claims he could actually boost retirement benefits through these changes to the present system:

- Prior to age 25, there would be no mandatory government retirement program payroll tax contribution, so younger workers could ‘best put resources toward human capital, like further education, or a young family, or to a mortgage or a car payment.’
- Beginning at age 25, workers would contribute roughly 3 percent of their wages into the retirement program. Their contribution would increase to 6.1 percent at age 30 and reach 12.4 percent at 35.
- Investment options would be limited to ‘relatively conservative indexed’ funds that can be managed online.
- For those who are unable to work, Prescott would offer a ‘means-tested supplement to ensure that all citizens receive a required payment—just like they receive today.’

“While Prescott says that his ideas don’t make up a ‘perfect plan in all detail,’ he wants to ‘provide a means for rethinking our Social Security system.’

“By focusing on paring payroll tax rates on young workers and creating a savings program versus an open-ended investment account, Prescott says the economic benefits are significant.

“‘National savings will increase, as will participation in the labor force, both to the benefit of society,’ he says.

“‘More private assets means there will be more capital, which will have a positive impact on wages, which benefits the working people, especially the young,’ adds Prescott. ‘More capital also means that the economy will have more productive assets, which also contributes to more production.’

“Prescott says he favors modeling his individual accounts after the U.S. government’s \$139 billion-plus Thrift Savings Plan, which covers more than 3 million federal employees with only five low-cost (0.10 percent annually per fund), diversified mutual funds.”

George Will: Don't Deny Your Children Social Security Choice

The age group that is most resistant to personal accounts for Social Security is the elderly, while the cohort most receptive includes workers ages 18 to 29. These young workers have grown up with more choices than their grandparents could have ever imagined, from the music in their iPod's to the coffee they order at Starbucks. Why, then, are Democrats putting themselves in opposition to the autonomy that personal accounts would bring—especially when that autonomy is highly valued by young people who tend to vote Democratic? George Will examines this question in a [Newsweek column](#). Excerpts follow.

“...The argument about Social Security reform has highly technical facets, but it also has this easily comprehended dimension: The age cohort that is least receptive to reform that enlarges individual choice is the elderly—a cohort composed of people who, all their lives, when they wanted coffee they ordered a cup of... coffee. The cohort most receptive to reform, those ages 18 to 29, is composed of people who, when they want coffee, take a deep breath and order something like this: a venti decaf nonfat extra-hot no foam with whip [whipped cream] three-pump vanilla [three shots of vanilla syrup] latte.

“Long ago—two years now seems that way—some Democrats were at least tepidly receptive to Social Security reform along the lines President Bush favors. At a Dec. 3, 2002, conference of the centrist Democratic Leadership Council, Bill Clinton said:

‘If you don't like privatizing Social Security, and I don't like it very much, but you want to do something to try to increase the rate of return [on Social Security assets], what are your options? Well, one thing you could do is to give people 1 or 2 percent of the payroll tax, with the same options the federal employees have with their retirement accounts, where you have three mutual funds that almost always perform as well or better than the market’—which means *much* better than the return on Social Security revenues that buy government bonds as I.O.U.s—‘and a fourth option to buy government bonds, so you get the guaranteed Social Security return and a hundred percent safety just like you have with Social Security.’

“Which leaves unclear why Clinton does not very much like what he calls ‘privatization’ but which might more accurately be called a limited menu of voluntary choices. Or it could be called the common denominator of the three rival recommendations that were issued in 1997 by factions on the commission on Social Security reform appointed by... the Clinton administration.

“Be that as it may, last week Ron Brownstein of the Los Angeles Times reported that the DLC, and Third Way, a new group of centrist Democrats, will oppose any plan to permit the diversion of a portion of payroll taxes into personal accounts. Congressional Democrats seem almost solidly opposed to allowing Americans the choice of personal

accounts. These Democrats are putting themselves in opposition to the high value that contemporary Americans, and especially young people, place on ‘autonomy.’ So Democrats are on a collision course with the constituency that is the vessel of their hopes: voters 18 to 29 are the *only* age cohort John Kerry carried.

“So beyond their desire to deny the president any substantial victory, what are Democrats thinking? If Democrats are thinking that people are more interested in security than choice, they still have to convince young people that unreformed Social Security is secure. Are Democrats thinking that there is no political price to be paid for being completely negative, offering no idea except the status quo? If Democrats are thinking that proposing changes in Social Security is politically dangerous, they should stop licking their wounds and consider how they got them. George W. Bush has twice won while promising reform. But if 9/11 had not happened, he might have begun his push for reform in 2002. Sen. John Sununu, the freshman Republican from New Hampshire, won in 2002 while endorsing reform (as did Elizabeth Dole and others), and he says ‘there is a positive correlation between support for personal accounts and political success.’

“The public—particularly the iPod-using cohort, which is a steadily increasing portion of the public—has figured something out. In the words of a much ‘misunderestimated’ president, ‘Where the people are the government they do not get rid of their burdens by attempting to unload them on the government.’ So said the sainted Calvin Coolidge, 12 years before Social Security was born.”

Star Parker: African-American Workers Need Reform Most

Congressional Black Caucus members are already lining up to voice their opposition to individual retirement accounts, even though President Bush has not yet formally submitted a proposal to Congress. But it is black workers who need personal accounts most, argues Star Parker in her most recent syndicated [column](#). Consider, she says, the “wealth gap” reflected in recent surveys: mean black household wealth was \$15,500, compared to the mean nationwide household wealth of \$76,700. Furthermore, most blacks pay more in payroll taxes than in income taxes—allowing them to divert some of their payroll taxes into personal, portable retirement investment accounts is the best way to ensure a more secure retirement for them and their families. Parker is a member of Cato’s Project on Social Security Choice Advisory Board. Her op-ed follows.

“Congressional Black Caucus members are already uniformly lining up in opposition to including individual retirement accounts as a key element of Social Security reform—despite the fact that a specific proposal from the Bush administration has yet to arrive on Capitol Hill.

“The outgoing chair of the caucus, Rep. Elijah Cummings, D-Md., is on record that ‘Our constituents ... can’t afford having their money going into private savings accounts.’ Caucus member Rep. Stephanie Tubbs Jones, D-Ohio, who sits on the House Ways and Means Committee, the key panel with jurisdiction over Social Security legislation, is also opposed. Tubbs Jones believes that introduction of individually owned retirement accounts would ‘be detrimental to the nest egg that many Americans, particularly minorities, depend on in their retirement.’

“The black caucus, with 43 members, is now the largest it has ever been. Included is new Illinois Sen. Barack Obama, who has gotten much attention as a supposedly new-generation black leader. Yet, not one of these black legislators has indicated it might be worth giving serious thought to the possible benefits of individual retirement accounts to blacks.

“This is particularly curious given that the newest winner of the Nobel Prize for economics, Edward Prescott of Arizona State University, has written recently that individual accounts are a good idea and should be included in reform of Social Security. What's going on here? The winner of the Nobel Prize for economics says it's a good idea and the black caucus dismisses it before it has even been formally proposed. Is this about good economics or is this about power politics? Where is our exciting new Sen. Obama? There is certainly nothing partisan about the Nobel Prize. Yet, the recommendations of Prescott, honored by the Nobel committee as most distinguished in his field, are irrelevant to black Democrats.

“I invite readers to log onto the Cato Institute’s Web site on Social Security reform, www.socialsecurity.org, and engage the interactive Social Security [calculator](#). I’ve just checked out, for instance, what Social Security with individual accounts would mean to a 22-year-old male currently earning \$25,000 a year.

“The calculator reports back that, under the existing system, this individual would get at retirement an annual benefit of \$16,199. It also reports that, under the Cato Institute’s plan, which would allow half the Social Security tax to be diverted to an individual account, an annuity could be purchased at retirement that would provide \$44,036 annual retirement income. This is almost triple the Social Security benefit.

“What, then, does Cummings have in mind when he says that blacks ‘can’t afford having their money going into private savings accounts’? Isn’t it exactly the opposite? It seems that blacks cannot afford to NOT do this.

“A few years ago, the Consumer Federation of America and BET initiated a joint project to address the problem of wealth accumulation in the black community. That project, in 2002, reported that mean black household wealth was \$15,500 compared to the mean nationwide household wealth of \$76,700.

“The wealth gap is real, and blacks continue to lag well behind.

“Consider that, at a mean annual household income of less than \$30,000, the typical black household does not have much spare cash to save. Also consider that most black wage earners pay more in Social Security taxes than in income taxes. The 12.4 percent of every worker’s paycheck that gets diverted to Social Security is really the only possible chunk of cash that might otherwise be used for saving and accumulating wealth.

“I can think of little that would provide a greater boon for the creation of wealth in black America than a provision that would allow black workers to divert their Social Security tax into an individually owned retirement account.

“Now, of course, Cummings is going to tell us that putting funds into a private retirement account is risky. But, the fact is that investing over 40 years in a highly diversified fund of stocks and bonds is not a risky endeavor.

“If Cummings questions this, we should have the discussion and put the facts in front of black America. To preclude having this discussion, when there is substantial opportunity to enhance the wealth of every black citizen, is simply irresponsible.

“Black politicians are, unfortunately, playing on the fears of constituents. I also talk to black citizens and I know many are afraid. They have so little experience with ownership and investing that the prospect of getting off the government plantation scares them.

“Simple investing is not rocket science. The fact that so many black Americans do not know the basics is all the more reason to consider this important reform.

“You would think that black politicians would view the prospect of wealthier and better-informed black citizens as positive. Why don’t they?”

Wall Street Windfall Unlikely With Personal Accounts

Introducing personal retirement accounts to Social Security would not mean a windfall for brokerage firms and money managers, says a report released by Merrill Lynch & Co. Americans would likely be required to invest in index-type funds that would require little active management and low fees; however, workers would have the opportunity to take a more active role in overseeing their account once the balance exceeded a certain amount. U.S. Treasury Secretary John Snow met with Wall Street executives this week and reported a broad consensus among them to reform Social Security. Excerpts from a recent *Globe and Mail* [article](#) on the Merrill Lynch report follow.

“Wall Street money managers should not expect an immediate windfall from U.S. Social Security privatization, but it would increase flows into equities and bonds, thereby increasing prices and brokerage firms’ trading profits, says a report released by Merrill Lynch & Co.

“The report was issued as U.S. Treasury Secretary John Snow spent three days this week meeting with Wall Street executives to sell them on the Bush administration’s plan to allow Americans to divert a portion of their Social Security payroll taxes into private investment accounts.

“From Wall Street’s leaders, I’m hearing a broad consensus for the need to reduce Social Security’s long-term structural deficit,’ Mr. Snow said yesterday during a visit to the New York Stock Exchange.

“The current system will begin paying out more in revenue than it brings in through payroll taxes in 2018, and the accumulated trust fund would run out in 2042 under current projections.

“U.S. President George W. Bush has begun campaigning aggressively for his plan, which is still lacking in detail but would reduce the long-term growth in benefits and allow younger Americans to set up personal retirement accounts, similar to Canada’s registered retirement savings plans.

“While RRSPs have been a boon to Canadian brokers, analysts expect that, initially at least, Americans would be required to invest in index-type funds that would require little active management.

“In a research report, Merrill Lynch economist Kathy Bostjancic said the passive nature of the initial investments and the pressure to keep management fees low has ‘tempered enthusiasm with regards to near-term impact on asset management companies’ bottom line.’

“However, an investor would be able to begin actively managing his or her own portfolio once the personal saving fund exceeded a certain, as yet undefined amount. Ms. Bostjancic estimated that it would take at least five years before brokerage firms begin managing new money from personal savings accounts.

“However, even before that, investors could be plowing an additional \$100-billion to \$150-billion (U.S.) into stocks and bonds, which would drive up prices and increase the volume of trading activity.

“Ms. Bostjancic said the potential investments could represent about 25 per cent of current annual net new flows into industry long-term funds, boosting the rate of growth of those funds by 20 per cent.

“Mr. Snow yesterday sought to reassure Americans that the new system would not represent a windfall for brokerage firms.

“People here on Wall Street understand that the structure of those accounts would be designed to benefit retirees, not Wall Street investment firms,’ he said.”

Seniors Advocate Martin: What Old and Young Both Want

Although the problems with Social Security were first identified long ago, the Bush administration is doing the right thing by pushing serious reform of the system now, before the damage worsens, [says James L. Martin](#), president of the 60 Plus Association, a senior citizens' advocacy organization. Martin notes that personal account plans have already succeeded in other nations such as Chile, and young workers in this country should have the right to invest a portion of their earnings into stocks and bonds, rather than relying on the paltry amount that the government gives in Social Security benefits. A portion of Martin's commentary follows.

“Let's be frank: The demographic changes that threaten Social Security with bankruptcy did not come out of nowhere.

“We have known about the problem—seniors living longer, with too-few ‘juniors’ replacing them in the work force to support the pay-as-you-go financing system—for a very long time.

“The 60 Plus Association recognized years ago that the system designed in the Great Depression is a burden, not a blessing, on younger workers. It's long past time to stop scaring seniors with scare rhetoric.

“The 60 Plus Association, I am proud to say, became the first organization representing senior citizens to endorse personal retirement accounts. And that was a full decade ago. So the Bush administration is not traipsing in uncharted territory. The president and his allies are not attempting to reinvent the wheel.

“We know what needs to be done. Indeed, many other countries—beginning with Chile in 1981—already have done it. Chile's pension system is relatively easy to understand: In short, every salaried worker is required to put a percentage of each paycheck into a personal retirement account that will finance his or her retirement.

“As the Associated Press noted in a recent feature: The funds have delivered an average annual rate of return of 10.3 percent above the rate of inflation. It's clearly the wave of the future as dozens of other countries have followed Chile's lead, including Great Britain, Mexico and even Sweden.

“There are basically only three ways to ‘fix’ the Social Security system.

- Reduce benefits: Reduce benefits openly or reduce them stealthily by increasing the age at which workers are eligible to receive full benefits.

- Increase FICA taxes. Increase Social Security taxes by upping the tax rate or increasing the amount of wages subject to the tax. Talk about being unfair! Besides, haven't we learned yet that tax increases are a drag on the economy?
- Modernize the system. Creating a personal retirement account option within Social Security would give U.S. workers an opportunity—as workers elsewhere now have—to invest some of their Social Security taxes with professional managers who have a fiduciary responsibility to get the best return possible.

“At present, the typical under-35 American worker, studies show, can expect his Social Security taxes to earn approximately nothing during his working career. If he could use some of those taxes to purchase a conservative mix of stocks and bonds, or an insurance annuity, he could do better.

“In 1935, President Franklin Roosevelt created the Social Security system, which helped seniors escape poverty. But we now know, because of lower birth rates and the elderly living longer, there are major problems.

“What better memorial to Roosevelt than to adopt a tried-and-true new system for a new generation of retirees? Roosevelt created it, and President Bush, in order to preserve it, deserves our thanks for tackling the toughest issue in American politics.

“I, for one, wish him success.”

Events

The Cato Institute will hold a two-day conference on Social Security on February 8–9, 2005. Confirmed speakers include Nobel Laureate Edward Prescott, as well as Lea Abdnor, Andrew Biggs, Robert Bixby, Jesse Brown, Robert de Posada, Martin Feldstein, Jagadeesh Gokhale, Stephen Goss, Douglas Holtz-Eakin, Rep. Sam Johnson (R-TX), Rep. Jim Kolbe (R-AZ), Maya MacGuineas, Thomas Saving, Kent Smetters, and Michael Tanner, among others. For more information or to register, click [here](#).

Job Opening

Project Manager: Cato's Project on Social Security Choice is looking for a project manager to coordinate and implement its communications, administrative, and outreach efforts. Successful candidates should have outstanding oral and written communication skills. Public relations, campaign management, or grassroots activism experience is highly desirable, as is knowledge of the current debate over Social Security reform. The job involves designing and managing strategies for communicating Cato's message on Social Security reform to specific target audiences, community activists, and

the general public. Responsibilities include arranging speaking engagements for Cato scholars, writing press releases, managing the content of Cato's Social Security website, creating Social Security materials and managing their distribution, designing paid advertising campaigns, coordination with other groups interested in Social Security reform, ensuring interdepartmental coordination and communication particularly with the communications and government affairs departments, and other public relations, administrative, and media-related duties. Submit résumé and writing samples to Michael Tanner, Cato Institute, 1000 Massachusetts Ave. NW, Washington D.C. 20001, or to mtanner@cato.org.

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