

<http://reason.com/blog/2010/09/08/oh-for-a-life-of-government-su>

## Oh, For a Life of Government-Subsidized Leisure

Peter Suderman | September 8, 2010

With lifespans steadily increasing, shouldn't an age-based entitlement like Social Security change with the population? Ezra Klein argues that thinking like that stems from the invisible assumption that people should work longer:

Lurking beneath this conversation is an unquestioned assumption: We live longer, so we should work longer. That's pretty intuitive to members of Congress, who seem to like their jobs and don't seem to like the idea of retiring. It's also pretty intuitive to blogger/columnists, who spend their time in air-conditioned rooms opining about pension programs. But most people don't work in Congress or in the media. They work on their feet. They strain their backs. They're bored silly at the end of the day. By the time they're in their 60s, they want to retire.



You see that reflected in Social Security. Age 66 is when you get full benefits. But most people begin taking Social Security at age 62. They get less, but they can retire earlier. To them, the trade-off is worth it. And remember, the country is much richer than it was in 1935. Adjusting for inflation, our gross domestic product in 1935 was \$865 billion. In 2009, it was more than \$12 trillion. We have more than enough money to buy ourselves some leisure time at the end of our lives. At least if that's one of our priorities.

There's a lot of behind-the-scenes work done by the "we" in that last paragraph, which serves mainly to collapse the distinction between the individual decision to "buy" more leisure time and the collective decision to subsidize it with taxpayer funding. And Klein has some unquestioned assumptions of his own lurking beneath his argument. For starters, he equates "choosing to retire" with "taking Social Security." But there doesn't have to be a connection. If we took the relatively modest step of raising the age at which individuals could receive Social Security benefits by a few years, individuals would still, in fact, be allowed to retire at 65, just as they are allowed to retire at 60—or 55, or 45, or 32—today.

The questions that policymakers thinking about Social Security reform should be asking aren't

“How many years should people work” or “When do we think individuals should retire?” If you want to head off to Mexico and start sipping fruity beverages full time, or just putter around the house, yell at the TV, and annoy your pets/neighbors/significant other(s) for as long as you and they can stand it, then by all means, break out the miniature umbrellas/fancy remotes/pet steps and have at it. And if you want to continue to crank out designer deck chairs, or write by-the-numbers romance novels, that's fine too. Whatever your decision, it's not one that Washington should be worrying about.

Instead, the right question to ask is: “At what age should we start *subsidizing* retirement by taxing younger members of society?”

Which brings us to the second assumption in Klein's essay, which is that Social Security is a respectable way to buy much-earned leisure time for our nation's working class. But a better way to think of it is as a wealth transfer program that extracts money from younger workers, who tend to be less economically stable, and gives that money to older, retired individuals, who tend to have accumulated more wealth. And as Cato's Michael Tanner argued recently, that's not a terribly good deal for the young or the less well off:

In fact, many young workers will end up paying more in taxes than they receive in benefits. And most important, workers have no ownership of their benefits. This means that they are left totally dependent on the goodwill of 535 politicians to determine what they'll receive in retirement. Benefits are not inheritable, and the program is a barrier to wealth accumulation. Lower-income families, African-Americans, and working women suffer disproportionately.

Later in the piece, Klein frames the Social Security debate as a question of priorities. And he points to polling that suggests that many individuals don't like the idea of trimming back the program's benefits in any way (which, let's face it, is hardly surprising). But ultimately the priorities he's talking about are the government's: The “guarantee” provided by Social Security is a guarantee only for as long as politicians in Washington decide it's in their interest to stick to it. And it's a guarantee that cannot continue without some sort of reform—which will either mean hiking taxes or cutting benefits and programs (either from Social Security or elsewhere). For younger workers, planning on Social Security requires an awful lot of trust in Washington—not just to keep promising benefits, but to actually figure out a stable way to pay for them. Wouldn't it be better to empower individuals to make their own decisions rather than rely on politically motivated handouts?

Last week, *Reason* Senior Editor Jacob Sullum asked why progressives don't support means testing of Social Security benefits.