

A Simple Plan to Fix Social Security? Be Suspicious, Very Suspicious

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This proposal would undermine support for the program and delay a real solution.

My clever friend, and occasional co-author, Andrew Biggs is up to mischief again. He and his lawyer co-author Kristin Shapiro [argue](#) that we don't really need to worry about exhausting the Social Security trust fund because the worst effects could be prevented by executive action. Instead of an across-the-board benefit reduction of 21 percent in the early 2030s, the President could simply direct the full payment of benefits to those in greatest need – preventing any increase in poverty – and cut the benefits of high earners up to about 40 percent. The authors characterize this arrangement as “a reasonable starting point for negotiations over long-term reforms.”

Here's what I don't like. First, the article suggests that fixing Social Security is not a pressing issue. It is pressing; we do not want to be a year away from exhaustion causing enormous anxiety and insecurity among middle-class Americans. Second, the exercise is a heavy-handed way to move Social Security away from social insurance for all to a welfare program for low earners. It, in essence, asks Congress to find money to fund benefits for

“rich” people. And, to make matters worse, the lawyers to whom I spoke were dubious that the President has the authority – in the current legal environment – to shift the distribution of benefit cuts.

Social Security’s retirement trust fund is headed for **depletion in 2033**, at which time spending must be reduced to amounts payable from current revenues – payroll taxes and income taxes levied on benefits. The actuaries estimate that exhaustion would require benefits to be cut by 21 percent. The conventional wisdom is that those cuts would be applied equally to high and low earners. Indeed, when the Social Security Administration and the Congressional Budget Office illustrate benefit cuts, they assume that all beneficiaries get the same percentage cut. So far, so good.

Here’s where Biggs and Shapiro go off the rails. Perhaps fearful that the specter of throwing millions of older Americans into poverty might motivate Congress to raise revenues to assure the full payment of benefits, the authors contend that the cuts do not have to be proportional. To make their case, they prominently cite a 1974 Supreme Court ruling (**Morton v. Ruiz**) that considered how the Bureau of Indian Affairs might manage a program where Congress had mandated more benefits than funds allocated. The Court concluded that the Bureau might have significant flexibility to develop a reasonable eligibility standard, to be applied in a consistent manner, for all potential beneficiaries. This, they say, is precisely the situation facing Social Security.

Biggs and Shapiro then lay out their plan for the President, in consultation with the Commissioner of Social Security, to cut benefits only for higher earners. This step, they argue, would reset the debate. Instead of Congress debating how much is needed to protect all retirees, it would only have to

negotiate the much less pressing issue of finding funds to protect high earners.

So, there you have it. Yes, it's clever. Helpful, not so much. While the authors acknowledge that comprehensive reform is the most desirable outcome, they undermine that goal by offering only a partial solution.

Similarly, suggesting an easy way out undercuts the urgency to act sooner rather than later as we face the abyss in 2033. Their drive for a dramatically more progressive system seems to ignore the substantial progressivity already in the system and the political importance of having all workers feel like they have a program that benefits them.

Finally, "my lawyers" seem unimpressed with the notion that the 1974 Supreme Court decision in *Morton* is likely to be given much weight by the Court today. The Court's deference to "reasonable decisions" by government agencies has declined dramatically over the years, reaching an all-time low in 2024. Indeed, for many years, "*Chevron* deference" (established by a 1984 Supreme Court case) directed courts, when laws were ambiguous, to defer to the interpretive expertise of government agencies. However, a pair of 2024 Supreme Court decisions **reversed this long-standing precedent.**

So, today, courts are much less likely to defer to agency interpretations. In the current environment, the Supreme Court would probably not accept as "reasonable" the recommendation of the Social Security Commissioner to cut benefits only for high earners. Instead, a protracted, politically charged, and unpredictable court battle seems much more likely.

My overall conclusion is that Andrew should only co-author articles with me.