



**Privatizing Social Security:**

BEYOND THE THEORY

*Presentation by:*

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February 7, 2001

## **The Cato Institute deserves enormous credit for conducting the ground breaking research in 1996 to examine attitudes about privatizing Social Security. We learned:**

- 2 There was an enormous skepticism among people under 40 years old about whether they would ever receive Social Security benefits ... and a willingness to explore reform options FAR more "radical" than our conventional politics would suggest.
- 2 We learned the then conventional "fixes" of gradually raising the retirement age, payroll tax increases, or lowering benefits every year slightly below the rate of inflation were all SUBSTANTIALLY more difficult than engaging the electorate in a dialogue about privatizing a portion of Social Security benefits.
- 2 The key word here is "control." Respondents liked the idea of removing control from the government and placing it in their own hands.
- 2 It was powerful communicating TWO points: You could receive far more money AND the money would be kept in your family's estate after your death.

The following charts were an interesting experience in how questionnaire wording and survey design can impact results.

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Remember: This is FAR from the best way to explain or position our proposal. We simply were trying to make as FEW changes as possible in the Peter D. Hart Research language to demonstrate the dramatic difference in public reaction.

# Language makes a difference.

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## Peter D. Hart Research Wrote in 1997 . . .

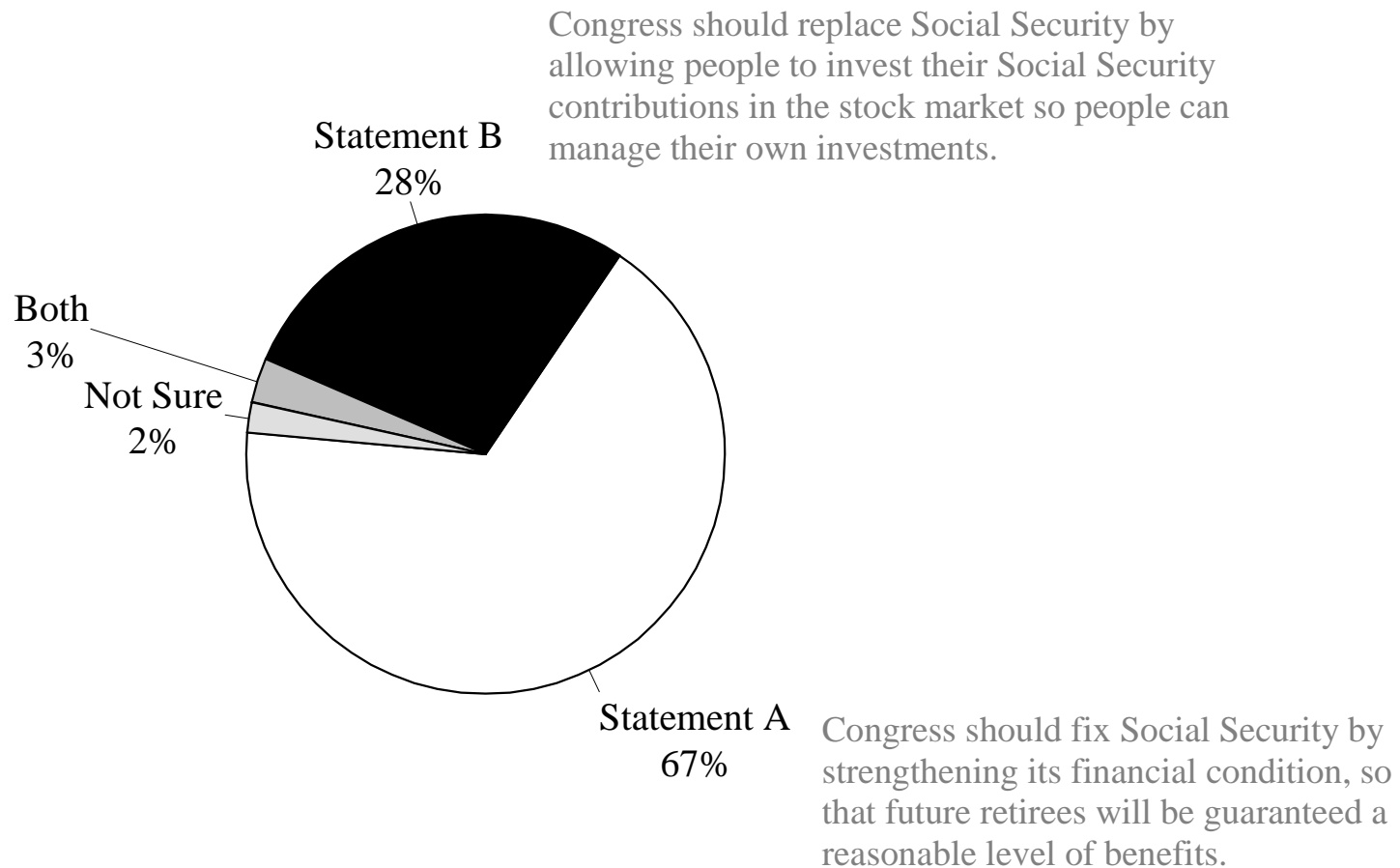
*Let me read you two statements about how Congress should deal with the issue of Social Security and please tell me which one comes closer to your view.*

**Statement A:** Congress should fix Social Security by strengthening its financial condition, so that future retirees will be guaranteed a reasonable level of benefits.

*OR*

**Statement B:** Congress should replace Social Security by allowing people to invest their Social Security contributions in the stock market so people can manage their own investments.

# *Which one comes closer to your view?*



2

be impacted. We changed his argument about privatization from "replace" to "expand," added the words "mutual funds" and the theme we knew worked best "control" and moved from down 40 net points to down a net 10 points.

2

to describe "fixing" social security, we mentioned small tax increases and reduced benefits and we win by a net of 29 points!

## Public Opinion Strategies first wrote this option in 1997:

*Talking now about Social Security . . . Let me read you two statements about how Congress should deal with the issue of Social Security, and please tell me which one comes closer to your view . . .*

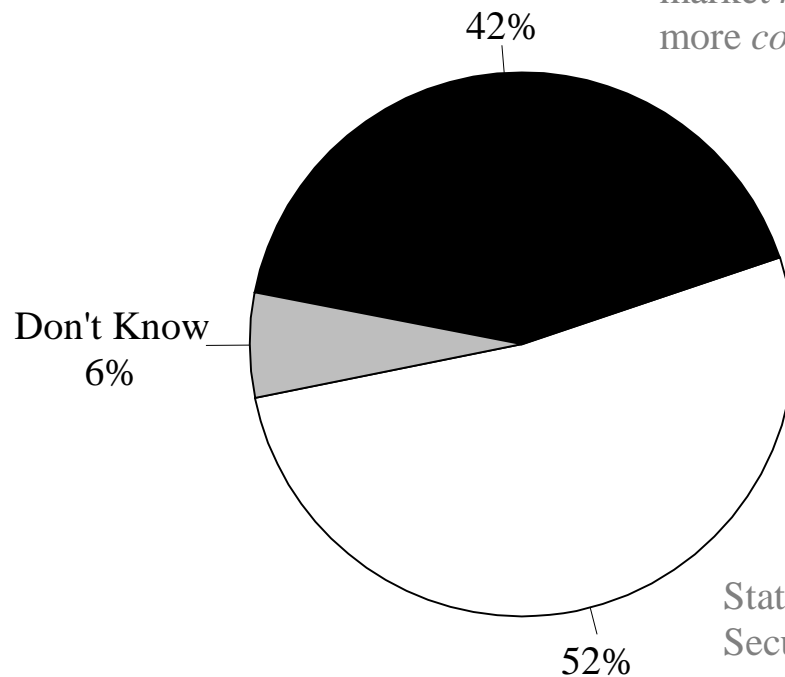
**Statement A:** Congress should fix Social Security by strengthening its financial condition, so that future retirees will be guaranteed a reasonable level of benefits.

**OR**

**Statement B:** Congress should *expand* Social Security by allowing people to invest a portion of their Social Security income into stock market *mutual funds* which would give people more *control* over their retirement investments.

# *Which one comes closer to your view?*

Statement B: Congress should *expand* Social Security by allowing people to invest a portion of their Social Security income into stock market *mutual funds* which would give people more *control* over their retirement investments.



Statement A: Congress should fix Social Security by strengthening its financial condition, so that future retirees will be guaranteed a reasonable level of benefits.



**Public Opinion Strategies wrote this option explaining what would be required to "strengthen Social Security."**

*Let me read you two statements about how Congress should deal with the issue of Social Security, and please tell me which one comes closer to your view . . .*

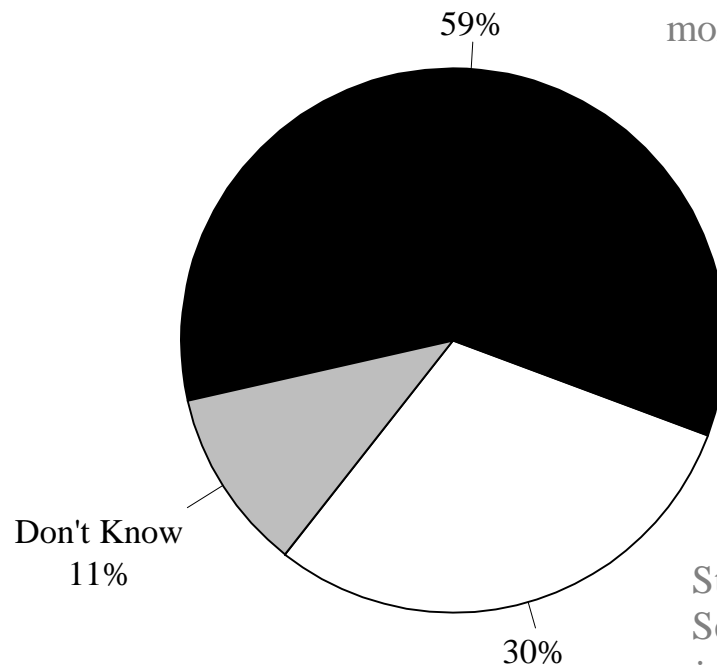
**Statement A:** Congress should fix Social Security by *adding a small payroll tax increase and slightly reducing benefits*, so, that future retirees will be guaranteed a reasonable level of benefits.

**OR**

**Statement B:** Congress should expand Social Security by allowing people to invest a portion of their Social Security income into stock market mutual funds which would give people more control over their retirement investments.

# *Which one comes closer to your view?*

Statement B: Congress should expand Social Security by allowing people to invest a portion of their Social Security income into stock market mutual funds which would give people more control over their retirement investments.



Statement A: Congress should fix Social Security by adding a small payroll tax increase and slightly reducing benefits, so, that future retirees will be guaranteed a reasonable level of benefits.

This is a powerful demonstration of the importance of language in framing the debate. We **MUST** point out the negatives about the "status quo" and make our proposal as attractive as possible.

# Today as we go forward, we would like people to keep the following in mind:

- 2 Republicans took a major "hit" in off-year elections in 1982 and 1986 partially because of their handling of the Social Security issue. Seniors make up a MUCH larger chunk of the electorate in an off-year and this issue continues to need to be handled with care.
- 2 The two trillion dollars in projected Social Security surpluses should be kept in a lockbox and NOT used for any other purpose.
- 2 We need to be aware Social Security and Medicare tend NOT be different programs in the public's mind, but are frequently used interchangeably used (especially by seniors) as the SAME program.
- 2 We should use a substantial portion of the additional projected federal surplus to pay for the transition costs for the program.
- 2 We can NOT concede the language of this debate to our opponents ... it is THIS proposal that will make Social Security ... safe, secure, and FAIR.

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**PUBLIC OPINION**  
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*Turning Questions Into Answers*

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