

Ms. MCSTEEN. There is one additional thing that we really have not talked that much about this morning. That is we must recognize that there are many individuals who may, in fact, die early. That is something that, particularly minorities, are faced with because of their early death rate overall. And the delayed retirement credit may make up for lost benefits over time for some people, but not for all.

Mr. PORTMAN. Thank you, that is an excellent point.

Mr. Chairman, again I commend you for having this hearing, and I yield back the time.

Chairman SHAW. Thank you, and I want to thank this panel for putting a very human face on the task that is before us. I think that, from the last line of questions by Mr. Portman, the question that comes to my mind is who in the world said that it is up to the Congress to decide when someone gets the benefits that they have earned? That is just flat wrong.

We are going to put the record straight. We are going to put the law straight. We are going to deal with everybody fairly on this. I am delighted to see the wonderful bipartisanship that we have here. In dealing with this wonderful part of our population, it is wonderful to know that we can leave our partisan hats at home and work together.

Thank you very much.

We now have our final panel, Leora Friedberg, Ph.D., Assistant Professor of Economics at the University of California, San Diego, and the National Bureau of Economic Research in Cambridge, Massachusetts; Bruce Bartlett, who is a Senior Fellow at the National Center for Political Analysis; Robert Greenstein, who is the Executive Director of the Center on Budget and Policy Priorities; and Aldona Robbins, Ph.D., Senior Research Fellow, Institute for Policy Innovation, Lewisville, Texas.

Dr. Friedberg? As the previous panels, we have the full text of your statements that will be made a part of the permanent record. You may proceed.

STATEMENT OF LEORA FRIEDBERG, PH.D. ASSISTANT PROFESSOR OF ECONOMICS, UNIVERSITY OF CALIFORNIA, SAN DIEGO, AND FACULTY RESEARCH FELLOW, NATIONAL BUREAU OF ECONOMIC RESEARCH, CAMBRIDGE, MASSACHUSETTS

Ms. FRIEDBERG. My name is Leora Friedberg. I am an economist and, as you said, a professor at the University of California, San Diego. This summer I am moving to the University of Virginia.

I have been invited here to summarize my research findings. In my research I have analyzed how beneficiaries have changed their hours of work in response to past changes in the earnings test. And then I used this past evidence to develop predictions if the earnings test were changed or removed today.

These predictions directly pertain to a particular subset of beneficiaries, men aged 65 to 69, already working a fair amount. For technical reasons, this is the group for which I can make the most precise predictions. This is also the group losing the most benefits to the earnings test. But I will be happy to discuss later what might happen with other groups.

In my research I use large data files collected by the Bureau of Labor Statistics in which people reported their earnings and hours of work during the previous year. Many workers in those surveys responded noticeably to past changes in the earnings test.

For example, in 1983 the earnings test was eliminated for people age 70 and 71. In the data, we can see the cluster of workers with earnings just below the earnings limit, and we can see them smooth out their earnings after the earnings test was eliminated for this age group. So we can conclude that they had been changing their work hours because of the earnings test beforehand.

In 1978, the earnings limit was raised from \$3,000 to \$4,000 for people aged 65 to 71. You see this cluster of workers move their earnings just up to the new earnings limit after that change.

Based on these past responses, I have developed predictions if the earnings test is changed today. These predictions focus on the hours of work among people who are already working, and there are three important subgroups to consider. The first group is low earners, people who keep their earnings just at or below the earnings limit. We have heard many examples of that today.

This group is reacting most visibly to the earnings test and will be the most responsive to a change. Compared to their actual hours of work in 1995, they would be predicted to work 50 percent more, on average as a group, if the earnings test is eliminated.

The second group to consider are medium earners, people who are working a little more initially, losing some but not all of their benefits to the earnings test. In theory, we do not know if this group would work more or less when the earnings test is eliminated. They might work more because this effective marginal tax rate from the earnings test declines or they might work less because they have extra income. The evidence from past changes is that this group would work 18 percent more on average.

The third group are high earners, people working so much that they lose all of their benefits now. This group would not work more because now they would be getting extra income and they would face no actual change in their effective tax rate. Responses in the past suggest that they would work 4 percent less on average because of this extra income.

There is an important caveat for this group in particular. It consists mostly of full-time workers who may have less flexibility to change their work hours, compared to the part-time workers who are already showing a flexible response to the earnings test. So these high earners may not be able to change their work hours just a little. They may not change their hours at all. So the prediction for this group is somewhat less certain.

The same consideration is important with regards to retirement. I have not addressed the question of whether the earnings test causes some people to retire completely and thus whether eliminating the earnings test will lead them to postpone retirement. If jobs are not perfectly flexible and people cannot find part-time work that lets them keep their earnings just below the limit and avoid the earnings test, then it might cause some people to retire.

It is difficult to analyze this because it depends on these constraints on work hours. Indirect evidence supports the notion that jobs are not perfectly flexible, that people cannot control their

hours precisely, and therefore we might expect that eliminating the earnings test would cause some people to delay retirement. But I do not have direct evidence about this.

So to sum up, my past research suggests that among men age 65 to 69 who are earning at least up to the earnings limit, they would be predicted overall to work 5 percent more. The low earners would work 50 percent more. Medium earners would work 18 percent more, and the high earners would work 4 percent less.

So that is what the evidence suggests from past changes in the earnings test. I will be happy to answer questions about other groups and how they might respond to the earnings test or how they might respond to raising the earnings limit in the next couple of years. Thank you.

[The prepared statement follows:]

Statement of Leora Friedberg, Ph.D., Assistant Professor of Economics, University of California, San Diego, and Faculty Research Fellow, National Bureau of Economic Research

Summary

The Social Security earnings test produces some of the highest tax rates in the economy. A beneficiary aged 62–64 loses \$1 in benefits for every \$2 earnings above an earnings limit of \$10,800 this year, in effect a 50% marginal tax rate. A beneficiary aged 65–69 faces a 33% marginal tax rate for earnings above \$17,000. The tighter rules for younger beneficiaries will apply for longer as the normal retirement age is gradually raised from 65 to 67, beginning this year. Many beneficiaries appear unresponsive to the additional provision that lost current benefits are returned as a small percentage increase in benefits forever after they retire. If beneficiaries are unaware of this provision, even as many economists and journalists reporting on Social Security have been then we have a perverse policy that distorts people's choices as if they were taxed yet raises virtually no revenue.

I have been invited here to summarize my research findings. In my research I have analyzed how beneficiaries changed their hours of work in response to past changes in the earnings test. I use this past evidence to develop predictions if the earnings test were removed today. These predictions directly pertain to a particular subset of beneficiaries—men aged 65–69 who are already working a fair amount. For technical reasons, this is the group for which I can make the most precise predictions. This is also the group losing the most benefits to the earnings test.

In my research I use large data files collected by the Bureau of Labor Statistics in which people report their earnings and hours of work during the previous year. Many workers in these surveys responded noticeably to past changes in the earnings test.

- For example, in 1983 the earnings test was eliminated for people aged 70–71. Before that, many of them kept their earnings just at the earnings limit. Afterwards, their earnings smoothed out, so we can conclude that they had been changing their work hours because of the earnings test.

- In 1978, the earnings limit was raised from \$3000 to \$4000 for people aged 65–71. In the data, we can see the cluster of workers with earnings just below the earnings limit move their earnings up to the new higher limit.

Based on these past responses, I have developed predictions if the earnings test is changed today. These predictions focus on the hours of work *among people who are already working*. There are three important subgroups to consider.

- *Low earners*, people who keep their earnings just at or below the earnings limit. This group is reacting most visibly to the earnings test and will be the most responsive to a change; compared to their actual hours of work in 1995, they would be predicted to work 50% more on average, if the earnings test is eliminated.

- *Medium earners*, people working a little more initially, losing some but not all of their benefits to the earnings test. In theory we do not know if this group would work more or less when the earnings test is eliminated—they might work more because the marginal tax rate declines, or they might work less because they have extra income. The evidence from past changes is that this group would work 18% more on average.

- *High earners*, people working so much that they lose all of their benefits. This group will not work more, because they get extra income but face no actual change

in their marginal tax rate. Responses in the past suggest that they would work 4% less on average. An important caveat for this group: it consists mostly of full-time workers who may have less flexibility to change their work hours, compared to the part-time workers who are already showing a flexible response to the earnings test. The high earners may not be able to reduce their work hours a little, so their work hours may not change at all, and the prediction for this group is less certain.

This is also an important consideration for retirement. I have not addressed the question of whether the earnings test causes some people to retire completely, and thus whether eliminating the earnings test will lead them to postpone retirement. If jobs are not perfectly flexible, and people cannot find part-time work that lets them keep their earnings below the limit and avoid the earnings test, then it depends on the structure of jobs, not just on their observable work hours. Indirect evidence supports the notion that jobs are not perfectly flexible, so we might expect that eliminating the earnings test would cause some people to delay retirement. But, I have not found direct evidence of this.

To sum up, all of the men aged 65–69 who were earning at least up to the earnings limit in 1995 would be predicted to work 5% more, in total. The lower earners would work 50% more, the medium earners would work 18% more, and the high earners would work 4% less.

The same type of analysis yields predictions about the how people would respond to the gradual increase to a \$30,000 earnings limit for people aged 65–69, legislated in 1996. In comparison, people will not increase their work hours as much or will reduce their work hours more. The low earners would work 34% more, not 50% more. The middle earners would work 7% more, not 18% more. The high earners would work 10% less, not 5% less. The differences arise because the tax rate is not eliminated, but gets pushed up into higher earners.

While the short-run costs of relaxing or eliminating the earnings test will be substantial, the long-run costs approach zero, since future benefits will not be raised as they are today to make up for current benefits lost to the earnings test.

Now I will briefly discuss what we might expect with other groups if the earnings test is changed.

- *Working women* respond to the earnings test similarly to men, suggesting a similar change in work hours if the earnings test is eliminated. A significantly smaller proportion of women work at these ages, however.

- *People aged 62–64*, and eventually aged 65–66 as well, face much more restrictive earnings test rules, almost unchanged since the early 1970s. How do younger workers respond to the earnings test? Some also hold their earnings down, just below the limit, but more continue to work full-time. Therefore, more workers in this age range may reduce their hours, relative to the number who increase their hours. However, of this age group in particular, the “retirement effect” of the earnings test, which I discussed earlier, could be substantial. In other words, people in this age range may choose to postpone retirement if the earnings test is eliminated.

I will be happy to answer questions about my research on the expected response of workers aged 65–69 to changing the earnings test, and about the potential response of other groups, for example younger workers who continue to face more restrictive earnings test rules.

Background

Introduction. When Social Security was established during the Great Depression, one motive was to encourage older workers to leave the labor force and make way for younger workers. Thus, the system was designed not simply to give benefits to older workers, but also to condition benefits on retirement.

In the decades since, the typical retirement age of older workers has plummeted. The proportion of men aged 65 and over working or looking for work fell from 46% in 1950 to 17% last year. With life expectancy continuing to rise, the work force shrinking, and savings rates at an all-time low, the increasing length of retirement has come to be viewed as unsustainable.

To ease the penalty against working, the earning test was gradually liberalized beginning in the 1950s, principally for people aged 65 and over. In 2000, a beneficiary aged 65–69 earning more than a limit of \$17,000 loses \$1 in benefits for every \$3 in additional earnings—which functions as a 33% tax on wages. March 1996 legislation will raise this exempt amount to \$30,000 by 2002, the tighter earnings test rules for people aged 62–64 will be extended to ages 65 and 66 as the normal retirement age gradually rises.

Moreover, beneficiaries do not appear to respond to the provision that they will be compensated later, in the form of a small percentage increase in benefits forever after they retire. If beneficiaries are indeed unaware of this provision, as suggested

by some evidence, then the earnings test has the perverse effect of distorting people's choices as if they were taxed, yet raising virtually no revenue.

Some researchers have concluded that gradual liberalization of the earnings test rules means that the earnings test no longer leads people to retire and has little effect on their hours of work. Two major problems arise with past studies. No one has analyzed data from after the 1970s, so previous results may be outdated. Also, not major changes in the earnings test rules occurred during the period studied in earlier research.

My strategy is to investigate several recent changes in the earnings test rules. It is easy to understand how people are influenced by the earnings test by observing how they respond when it is altered; otherwise it can be more difficult, since work decisions are shaped by many factors which we cannot observe and which change over time. The data I use show a strong response among workers to past changes in the earnings test, suggesting similar reactions if the earnings test were eliminated today. While the short-run costs of relaxing the earnings test would be substantial, the long-run costs are close to zero, since future benefits will not be raised as they are today to make up for current benefits lost to the earnings test.

The impact of the earnings test on hours of work. In my research, I studied the response of workers to the earnings test by analyzing data on how much people work, and earn, and how their behavior changed when the earnings test rules changed.^{1,2} Three important changes have occurred in the last twenty-five years. In 1978, the earnings limit was raised from \$3,000 to \$4,000 for workers aged 65–71, while it did not change for workers aged 62–64. In 1983, the earnings test was eliminated for workers aged 70–71, while it remained in place for workers aged 62–69. Lastly, in 1990 the earnings test tax rate was lowered from 50% to 33% for workers aged 65–69, but not for workers aged 62–64. The structure of each of these rule changes, affecting people of some ages and not other similar ages, is extremely useful. It allows us to control for other potential shifts in work hours by comparing earnings and hours of the affected and the unaffected age groups over the period when the rules changed.

The earnings data show that a significant proportion of workers respond to the earnings test and that they shifted their earnings when the rules changed. Figure 1 begins by showing earnings distributions *relative to the earnings limit* before and after the limit was raised for 65–71 year olds in 1978. The graphs compare the earnings of affected 67–69 year old men and of unaffected 63–64 year old men. Figure 1–A shows, before 1978, the number of older and younger workers with earnings in each \$1000 interval above and below the earnings limit, as a proportion of the total number of people in the age group.

Figure 1–A demonstrates a strong response to earnings test before any change in the rules. Many people in both age groups were clustered just at or below the limit—over 20% of 67–69 year old workers have earnings within \$1000 below the limit, along the almost 10% of 63–64 year old workers. Roughly the same number of people appeared in each increment for several intervals, followed by a big drop from the interval just below to just above the limit.

After 1978, the clustered 67–69 year olds moved up to the new earnings limit. First, Figure 1–B shows earnings of both age group in relation to the *unchanged* earnings limit of the younger group. The 63–64 year olds keep their earnings at the same point, but the 67–69 year olds clearly shifted their earnings higher. Figure 1–C shows them clustered at their new higher limit. These changes were large and statistically significant.

¹In 1989 the Social Security Administration estimated that almost one million retired-worker beneficiaries lost some or all of their benefits to the earnings test, accounting for over one-third of people aged 65–69. In addition, about a couple hundred thousand beneficiaries kept their earnings just at or below the earnings limit. See Leonasio (1990) and Bondar (1993).

²The analysis is based on large data files collected by the Bureau of Labor Statistics in its Current Population Survey (CPS). People surveyed in the March CPS report their earnings and hours of work during the previous year. The data and methods are described in detail in Friedberg (2000).

³Figures 2–A and 2–B actually show 71–72 year olds, since they were 70–71 when the reported earnings were earned.

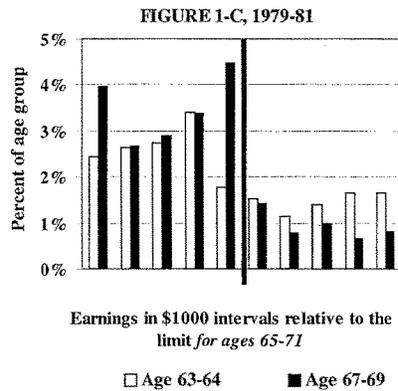
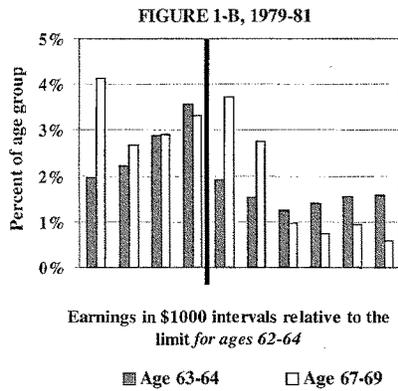
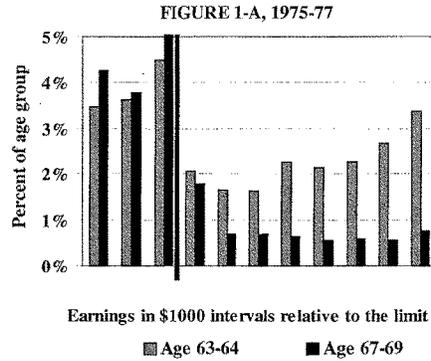
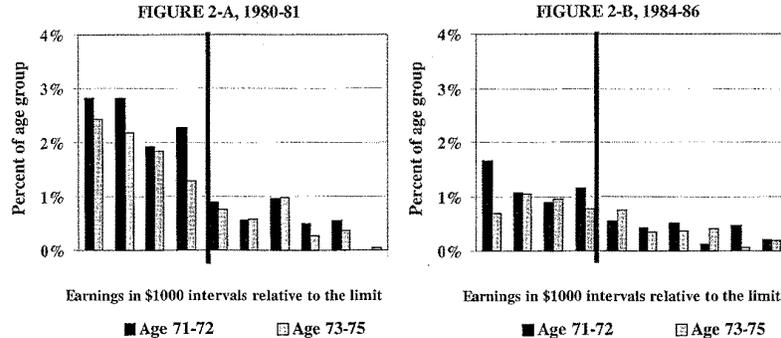


Figure 2 makes the same comparisons around the earnings limit before and after 1983, when the earnings test was eliminated for 70–71 year olds. Figures 2–A illustrates earnings patterns before 1983 of the affected age group.³ They are juxtaposed with 73–75 year olds who do not face the earnings test and whose earnings decline smoothly over the same range. Figure 2–B shows the same comparisons after 1983. Now, the earnings of the affected 71–72 year olds decline smoothly over the range of the earnings limit, resembling the older group.

There was no noticeable reaction to the 1990 reduction in the earnings test tax rate. This is not inconsistent with the other strong reactions, however, because the 1990 change was smaller. The tax rate declined 17 percentage points from 50% to 33%, rather than falling to zero as it effectively did earlier. Predictions based on those earlier response suggest a small, ambiguous change in earnings when the tax rate declines.

³ Figures 2–A and 2–B actually show 71–72 year olds, since they were 70–71 when the reported earnings were earned.



The data above show one particular reaction to the earnings test, among people keeping their earnings just at the earnings limit. Others working more and losing some or all their benefits to the earnings test will also react, but that reaction is more ambiguous and is thus difficult to observe above. The reasons are as follows.

The earnings test alters the incentive to work in two different ways. It changes the net wage and also the total income of beneficiaries, depending on how much a beneficiary works. Although intuition suggests the earnings test causes beneficiaries to work less, this is not unambiguously true. Facing a higher marginal tax rate will cause people to work less, but reducing income may cause people to work more. Similarly, eliminating the earnings test will not lead all beneficiaries to work more. There are three different subgroups we have to consider, depending on how much someone is working when the earnings test is in place.

- The first group is the one discussed above, consisting of people who hold their earnings just at or below the earnings limit. They will unambiguously work more when the earnings limit is raised, the earnings test tax rate lowered, or the earnings test eliminated.

- The second group consists of people earning somewhat more than the limit and losing some but not all their benefits. In theory, we cannot unambiguously predict whether they will work more or less if the earnings test is relaxed or eliminated. They may work more because their marginal tax rate falls or less because they have extra income. My research shows that on average people in this group will work more.

- The third group consists of people earning considerable more than the limit and losing all their benefits. Their marginal tax rate will not change when the earnings test is eliminated, but their income will rise. This will induce them to work less, if they can adjust their hours of work.

What about the increase in benefits later on? Just as people are rewarded with higher benefits in the future if they delay claiming benefits today, beneficiaries also receive an increase in all future benefits for current benefits lost to the earnings test. Someone under age 65 gets a 6 $\frac{2}{3}$ % increase in future benefits for each year's worth of benefits foregone. Someone aged 65–69 gets an adjustment that is gradually approaching 8%. These credits establish a tradeoff, actuarially fair for a person with average life expectancy, between a year's worth of benefits at present and a percentage increase in all future benefits.

However, there is no evidence that the credits are taken into account with regards to the earnings test. In all likelihood, many fewer people would respond to the earnings test and restrict their earnings, as we observe them doing in Figures 1 and 2.⁴ Furthermore, descriptions of the earnings test in the popular press generally fail to mention the adjustment. When both *Money* (Simon 1996) and the *Los Angeles Times* (Kristof 1997) have described how the earnings test works, neither mentioned that higher future benefits compensate for lost benefits today. The perverse result is that people respond to the earnings test as if it were a tax, yet it raises virtually no revenue over the long-run.

The predicted impact of eliminating the earnings test. I used the information implicit in the response of workers to past changes in the earnings test to develop pre-

⁴We would still expect a reaction among people with less than average life expectancy and people who are more impatient than average. Other evidence shows that more people claim benefits at age 62 than either of these factors predict, however, suggesting that people either do not know or do not care about the future adjustments.

dictions about changes today, such as eliminating the earnings test or raising the earnings limit to \$30,000.

Low earners, who keep their earnings just at or below the earnings limit are reacting most visibly to the earnings test and will be the most responsive to a change. Compared to their actual hours of work in 1995, they would be predicted to work 50% more on average, if the earnings test is eliminated. In comparison, medium earners would be predicted to work 18% more on average. As discussed earlier, they may work either more or less in theory because their marginal tax rate falls but their income rises. Thus, the evidence from past changes suggests that the tax rate effect dominates. Lastly, high earners would be predicted to work 4% less on average, because they have more income and their marginal tax rate does not change. In total, men aged 65–69 who were earning at least up to the earnings limit in 1995 would be predicted to work 5% more.

At this point, it is important to mention a caveat affecting high earners the most. These predictions have assumed that everyone can adjust their work hours flexible. However, while those at the earnings limit do appear to have a lot of control over their hours, other who work full-time and earn more may have less flexibility. Thus, it is somewhat less likely that the group of high earners will actually change their hours, even though they are predicted to, compared to the low earners. This issue will also determine whether the earnings test affects retirement, as I discuss later.

It is interesting to compare the predictions of work hours if the earnings test is eliminated to the predictions when the earnings limit is raised to \$30,000. Because this change is not as dramatic, people will not increase their work hours as much or will reduce their work hours more. The low earners would be predicted to work 34% more and the middle earners 7% more, while the high earners would be predicted to work 10% less. The differences arise because the tax rate gets pushed up onto higher earners. Raising the earnings limit removes the burden of the earnings test for many low earners but makes it bind more strongly for higher earners.

One argument made against changing the earnings test is the fiscal cost. However, while the initial costs is relatively high, the long-run cost is declining towards zero, because benefits will not be lost today to the earnings test and thus future benefits will not be raised.⁵ As these adjustments are approximately actuarially fair on average, the fiscal cost of eliminating the earnings test today will be virtually canceled out within a number of years.

Another possible argument against relaxing the earnings test is that it would primarily benefit high income beneficiaries. It is true that total income would rise more for higher earners, but the data show that most of the distortions to behavior are observed among low and medium earners. Their work hours would rise the most if the earnings test were lifted.

Other potential effects. My research pertains directly to men aged 65–69 who are already working. Several other groups may be affected as well. I cannot offer as precise conclusions in their regard, but I will discuss some important considerations.

- It is essential to consider whether the earnings test induces people to retire. If jobs are perfectly flexible, then someone who wants to work but not lose benefits can limit their hours to keep their earnings below the limit. In the case, the earnings test will not cause anyone to retire completely. However, if jobs are not perfectly flexible, or if a part-time job involves a substantial cut in the hourly wage, then it may not be feasible to earn less than the limit, and retirement may be preferred to facing the earnings test. It is difficult to analyze the potential magnitude of such effects which depend on unobserved conditions of jobs, rather than on their observable work hours. Indirect evidence supports the notion that jobs are not perfectly flexible, so we might expect that eliminating the earnings test would cause some people to delay retirement.

- While my research focused on men, older women react similarly to the earnings test. Thus, we can expect a similar change in work hours if the earnings test is eliminated. A significantly smaller proportion of women work at these ages, though, so a small number will be affected.

- People aged 62–64, and eventually 65–66 as well, face much more restrictive earnings test rules, almost unchanged since the early 1970s. How do these younger workers respond? The data show that some hold their earnings just below the limit, as do older workers, while a greater proportion continue to work full-time. Therefore, more workers at these ages might reduce their hours, relative to older workers,

⁵ Leonesio (1993) reported Social Security Administration forecasts that eliminating the earnings test for ages 65–69 would raise payouts by \$4.3 billion in the first year. Income, payroll and benefits taxes due to higher earnings would offset 14.8% of the cost. That forecast was based on a very small predicted change in work hours. My research results suggest a larger offset through taxes paid as people work more.

if the earnings test is eliminated. However, it is among this group that the "retirement effect" of the earnings test is crucial. If the earnings test causes some 62-64 year olds to retire, eliminating it would have an extra punch because they are likely to continue working longer than 65-69 year olds.

Conclusions. The earnings test has been the subject of a great deal of popular attention, but less academic interest in recent years. I have used a new empirical strategy, analyzing the reactions to past changes in the earnings test rules, to arrive at several conclusions.

The data reveal a significant number of workers clustered just at the earnings limit. The clustering demonstrates that the earnings test leads some beneficiaries to hold down their hours of work. The clustering moved when the earnings limit moved and disappeared when the earnings test was eliminated for some ages. Thus, beneficiaries react promptly and flexibly to changes in the earnings test.

The past reactions indicate how people might respond if the earnings test is changed today. According to my estimates, men aged 65-69 who were earning at least up to the earnings limit in 1995 would be predicted to work 5% more, in total. Low earners, just at or below the earnings limit, would work 50% more, medium earners would work 18% more, and high earners would work 4% less. In comparison, people would be predicted to increase their work hours less or reduce them more when the earnings limit is raised to \$30,000. These differences arise because the tax rate is not eliminated, but gets pushed up onto higher earners. Lastly, it is important to recognize that the long-run cost of eliminating the earnings test is virtually zero.

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Chairman SHAW. Thank you.
Mr. Bartlett.

STATEMENT OF BRUCE BARTLETT, SENIOR FELLOW, NATIONAL CENTER FOR POLICY ANALYSIS

Mr. BARTLETT. Thank you, Mr. Chairman.

The Social Security earnings test is among the most unfair and counterproductive policies ever imposed by the Federal Government. On the one hand, we are continually told that workers have a right to Social Security whenever there is a proposal to modify cost of living adjustments. But on the other hand, we take away benefits from many seniors simply because they have chosen to work past the normal retirement age. And historically, it has been those most vocal about Social Security rights who have resisted most strenuously any elimination of the earnings test.

This is a massive injustice, in my opinion. If people have, in fact, earned their Social Security benefits, then they are entitled to them. No one takes away anyone's private pension or annuity if that person continues to work after they have become entitled to benefits. This disparate treatment makes a mockery of the notion that Social Security is an earned benefit that people are entitled to by virtue of long years of work. It makes Social Security equiva-