

Contrary to Published Reports, Social Security is Okay

by

Jerome Doolittle
Badattitudes Journal
<http://badattitudes.com/MT/>

On Monday, March 19 of the year 2001, high officials of the Bush administration made it clear that the Social Security crisis was over.

In fact, as they announced at a press conference, Social Security was in better shape than ever before in its history. And it would be on solid ground until at least 2038, when the first of the baby boomers will be 92. Medicare was in good shape, too: its main trust fund wasn't expected to run dry until 2029.

The news would have been a huge relief to the tens of millions of Americans who believe that little or no money will be left by the time they reach retirement age.

But the information never got to those worried millions, or to anyone else except a few thousand news junkies and policy wonks. Television seems to have ignored the story completely. The major papers ran it, but in such a way that for most readers it remained hidden, like Poe's purloined letter, in plain sight.

The *Boston Globe* gave it 658 words; the *Chicago Tribune* thought it was worth 488. The *Washington Post* ran it on page 5, the *Los Angeles Times* on page 9. The *New York Times* also printed it inside, under the gripping headline: “Trustees Extend Solvency Estimates for 2 Benefits.” The lead sentence in the *Wall Street Journal* was, “Medicare and Social Security, the big entitlement programs for elderly Americans, are still going broke, though more slowly.”

Here are some other possible leads—bearing an equivalent or greater relation to reality—that might have been used for the neglected little story:

“The public relations campaign to scare Americans into turning Social Security over to Wall Street yesterday had a dangerous and perhaps fatal collision with reality.”

Or, “The Bush administration today scrambled to discredit a report from its own officials that seemed to undermine the president’s campaign promise to ‘reform’ Social Security and Medicare. Far from needing reform, etc.”

Or, “Even after loading the dice by using what many economists consider to be overly pessimistic growth projections, the Bush Administration was nonetheless forced to conclude yesterday that both Medicare and Social Security would remain solid at least until the youngest baby boomer reaches retirement age.”

Or, “Record budget surpluses—the major justification for President Bush’s proposed \$1.6 trillion tax cut—would disappear if economic predictions used by three of his top cabinet officers are accurate. So would any immediate threat to the stability of Social Security and Medicare.”

All these leads are supported by facts contained in the various stories. And all qualify as news under the dog-bites-man rule: a widespread assumption about the world turns out not to be true after all.

All of the stories were caused by a report from the secretaries of treasury, labor, and health and human services, joined by two outside experts. This report and the press conference called to announce it involved federal programs that touch the lives of virtually every American. Widely perceived as on the brink of bankruptcy, Social Security and Medicare prove to be in better shape than ever before—and by a considerable margin.

Then why did editors and reporters conclude that the report on the Social Security and Medicare trust funds deserved no better than what amounted to a collective yawn?

Might it have been because the stories were based on the fuzziest of numbers? Although the government may be obliged to pretend it can see decades into the fiscal future, does it follow that responsible journalists are obliged to take the pretense seriously?

It would be unkind to dwell on past instances when the press regurgitated equally fuzzy figures with childlike trust, so let's do it. For more than ten years, the press has been squawking like Chicken-Licken that the sky was about to fall on the whole baby boomer generation. Before long "more people believed in UFOs than think they will ever receive Social Security." The quote is from Peter G. Peterson, a former secretary of commerce under Richard Nixon and a leader for nearly 30 years in the campaign to destroy public confidence in Social Security. Mr. Peterson's aim was to destroy Social Security. His principal means would be to gamble with the fund by diverting billions of dollars away from it and into the stock market. The suckers might win or might lose; the brokers, who would take the house cut off the top, could only win.

It's true that they took even fuzzier estimates seriously when they ran all those stories about the imminent collapse of

the Social Security system. True, but irrelevant. Editors, like anybody else, select from a universe of fuzzy numbers the ones that fit best with the ideas they already have. Our concern here is not with scholastic rigor or logical consistency, but with the machinery of this particular job of rationalization.

The arguments in its favor were ready to hand, for one thing. They were enthusiastically made, in fact, by the very people issuing the report. Most of them were members of the Bush cabinet, and it was in their interest to attack the very report they were issuing. Their boss wanted Social Security to look broke so he could fix it—by putting billions of dollars from it into the stock market.

One trouble with this plan was that at the moment the thing that appeared to be the most badly broken was the stock market itself. Privatization of Social Security was starting to look about as smart as turning your life savings over to the purser on the Titanic.

Another drawback was that the president, in a striking display of cognitive dissonance, was telling us that the good times were over so we had better cut taxes. The logic was that this would allow us to pay down a little of our credit card debt, while at the same time getting rid of that pesky budget surplus that was looming over the economy. Or something.

At the same time Mr. Bush, by arguing for a tax cut spread over ten years, was implicitly predicting that the economy would remain strong enough so that lower taxes would still produce enough revenue to provide needed government services. Otherwise we would both have our cake and eat it, the theory that produced President Reagan's monumental deficits.

Anyway, Mr. Bush's cabinet officers were in an uncomfortable position. They really thought—every true conservative does, in the deep, secret bottom of his soul—that Social

Security and Medicare were crackbrained communist schemes that should be terminated at once, and with extreme prejudice. But in a nation of fools, many of them unfortunately voters, wisdom cannot be said aloud. The flock must be scared into doing what is best for it.

For one thing, the reports in question are an annual affair. The number of years till the projected insolvency of both funds went up last year, too, and had been going up since 1997. This year's increase, consequently, sounded like old stuff.

In the third place, as the *Wall Street Journal* pointed out, "when the programs finally reach their insolvency dates the government likely would have to slash benefits—a 30% cut in Social Security alone, according to the report—increase taxes, or both, officials said." In 37 years, everybody better watch out. Officials say.

And the Journal says, "Many economists believe the programs represent a burden on all Americans that in the long run is untenable." Many editors probably believe that, too. Certainly most publishers do. From this point of view, the responsible course is to downplay a story which offers only false and temporary hope. The sad but unavoidable truth is that our reckless generosity toward the old, the helpless and the sick will lead, unchecked, only to ruin. That this hasn't happened in the 66 years of Social Security's existence is a miracle that cannot continue.

SS