The Social Security Non-Crisis

Noam Chomsky

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In the debate over Social Security, US President Bush's handlers have already won, at least in the short term. Bush and Karl Rove, his deputy chief of staff, have succeeded in convincing most of the US population that there is a serious problem with Social Security, which opens the way for considering the administration's programme of private accounts instead of relying on the public pension system.

The public has been frightened, much as it was by the imminent threat of Saddam Hussein and his weapons of mass destruction.

The pressure on politicians is rising as leaders in the US House of Representatives hope to draft Social Security legislation by next month.

For perspective, perhaps it should be noted that Social Security is one of the least generous public pension systems among advanced countries, according to a new report by the Organisation for Economic Co-operation and Development.

The Bush administration wants to "reform" Social Security — meaning dismantle it. A huge government-media propaganda campaign has concocted a "fiscal crisis" that doesn't exist. If some problem does arise in the distant future, it could be overcome by trivial measures, such as raising the cap on the regressive payroll tax.

The official story is that the Baby Boomers are going to impose a greater burden on the system because the number of working people relative to the elderly will decline, which is true.

But what happened to the Baby Boomers when they were zero to 20? Weren't working people taking care of them? And it was a much poorer society then.

In the 1960s the demographics caused a problem but hardly a crisis. The bulge was met by a big increase in expenditures in schools and other facilities for children. The problem wasn't huge when the Baby Boomers were zero to 20, so why when they're 70 to 90?

The relevant number is what's called the dependency ratio of working people to population. That ratio reached its lowest point in 1965. It won't reach that point again until 2080, according to Social Security Administration figures.

Projections that far ahead are meaningless. Furthermore, any fiscal problem that might arise in caring for the elderly "boomers" has already been paid for, by the payroll tax rise of 1983, designed for this purpose. And by the time the last "boomer" has died, the society will be far richer, with each worker producing far greater wealth.

In other words, we're already past the crisis. Anything that comes is just a matter of one or another kind of adjustment.

Meanwhile a very real fiscal crisis is looming: namely, medical care. The United States has one of the most inefficient systems in the industrialised world, with per-capita costs far higher than other nations and among the worst health outcomes. The system is privatised, one reason why it's so inefficient.

But "reforming" the health care system is not on the agenda. So we face an apparent paradox: The real and very serious fiscal crisis is no crisis, and the non-crisis requires drastic action to undermine an efficient system that is quite sound.

Rational observers will seek differences between the Social Security and health care systems that might explain the paradox.

The reasons are simple. You can't go after a health system under the control of insurance companies and pharmaceutical corporations. That system is immune, even if it is causing tremendous financial problems, besides the human cost.

Social Security is of little value for the rich but is crucial for survival for working people, the poor, their dependents and the disabled. And as a government programme, it has such low administrative costs that it offers nothing to financial institutions. It benefits only the "underlying population," not the "substantial citizens," to borrow Thorstein Veblen's acid terminology.

The medical system, however, works very well for the people who matter in a system where health care is effectively rationed by wealth, and enormous profits flow to private power for highly inefficient management. The underlying population can be treated with lectures on responsibility.

The US Congress has recently enacted bankruptcy reform that tightens the stranglehold on the underlying population. About half of US bankruptcies result from medical bills.

Opinion and official policy are out of step. As in the past, most Americans favour national health insurance. In a 2003 Washington Post-ABC News poll, 80 per cent regarded universal health care as "more important than holding down taxes."

Social Security is based on an extremely dangerous principle: that you should care whether the disabled widow across town has food to eat. The Social Security "reformers" would rather have you concentrate on maximising your own consumption of goods and subordinating yourself to power. That's life. Caring for other people, and taking community responsibility for things like health and retirement — that's just deeply subversive.

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