



# Neutering Social Security

By [Jim Hightower](#) Hightower LowdownPosted [April 5, 2005](#).

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When George W. says he's going to "fix" our Social Security system, I feel like a dog that's just been told, "We're taking you to the vet to get you fixed."

Whether it's to dogs or to We the People, George's message is the same: This radical surgery is needed for your own good. If, however, you suspect that something besides your welfare is really motivating him ... you're exactly right.

Extremist, right-wing ideology and the insatiable corporate grab for money are the two forces behind Bush's push not merely to neuter this enormously popular and effective retirement program ... but ultimately to kill it. As reported in last month's Lowdown, step one is to portray Social Security as fatally flawed. The promised benefits are a "hoax," the taxes paid into the trust fund are "wasted" rather than invested for maximum return, and "the so-called reserve fund ... is no reserve at all."

Interestingly, these are quotes not from today's alarmist Bushites but from the lips of Alf Landon and the pages of his party's platform when he was the Republican candidate for president way back in 1936! Note that the first Social Security check was not mailed until 1937, so the ideologues and big money interests were predicting doom and gloom and trying to undermine the program even before it started.

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Indeed, dismantling Social Security has been a central tenet of the right wing for nearly 70 years, and it's been an increasingly serious goal of GOP presidential politics since the hardcore right made its grab for the reins of the party's national leadership with Barry Goldwater's 1964 run. Nothing that Bush is saying today is new. Just as George is now doing, Goldwater painted a picture of a collapsing system 40 years ago, declaring that "it is not actuarially sound" and contending that he merely wanted "to make Social Security solvent, to improve it." Likewise, Ronnie Reagan called for the same sort of privatization approach now touted by Bush. "Can't we introduce voluntary features that would permit a citizen to do better on his own?" the Gipper asked.

While politicians from Goldwater to George have portrayed their assault on the program in terms of "saving" it with a curative dose of privatization, it's really the very existence of Social Security that sticks in their craw. (In '64, in a moment of candor about his real intentions, Goldwater said, "Perhaps Social Security should be abolished.") Behind this campaign is the right wing's anti-government dogma, which has trumped the obvious need to guarantee people a basic level of retirement security.

These are laissez-faire extremists who loathe the notion of anything "public," who cringe at the ethic of the "Common Good," and who despise any government program that supports anything other than military and corporate interests. For them, America is not about a people uniting to share society's burdens and to stretch the possibilities of individual achievement, but about people watching out for themselves and being solely responsible for their own gains, unfettered by any concern for the larger society. A leading proselytizer for this self-centered ethic of "everyone on your own" is Grover Norquist, a longtime Washington lobbyist, bagman, and strategist for the far right. He says bluntly that he seeks to shrink government "to the size where I can drag it into the bathroom and drown it in the bathtub."

Because Social Security actually works and is far more efficient than private pension annuities, it is especially galling to Norquist and his allies. Living in an ideological fantasyland, they see the New Deal as the Great Evil that transformed Americans from mythic rugged individualists to weakling drones dependent on the federal government. Starting with Social Security, these sprites of the right intend to make us Americans better people by freeing us from any traces of such dependency.

"Social Security," exclaims a top executive of the privatization-boosting think tank the Cato Institute, "is the lynchpin of the welfare state." Government, such dogmatists contend, has no business worrying about things like people's retirement -- let the marketplace sort that out. If they can drive a spear through Social Security, they say, they can kill the whole beast (which is how they describe our government). In short, their goal is to cancel the basic social contract struck between ordinary workaday folks and rapacious corporate power in FDR's day and to return us to that earlier, glorious age of the Robber Barons, when citizens didn't have a bunch of sissy laws, meddlesome programs, and a safety net to empower and strengthen them.

### **Enter George W.**

All of this frothing at the mouth by the right-ring fringe would merely be silly --

except that the fringe has now moved into Bush's White House and Tom DeLay's Congress and is turning silly into policy.

George himself has long been a part of this journey from the wilderness. He's currently squawking like a rooster choking on a peach pit about the urgency of dealing with a looming "crisis" in Social Security, as though this issue suddenly has appeared on his radar. But he's been nurturing privatization as a policy goal from his days as a prep school brat. In 1963, while a senior at Andover, he got a copy of Goldwater's campaign manifesto, "Conscience of a Conservative." Apparently, this is a book he actually read, taking to heart Goldwater's pointed example of Social Security as a government program that would better be put in private hands, making individuals responsible for their own retirement.

Fifteen years later, Bush practiced his privatization chops while running for a West Texas congressional seat, telling an audience at the Midland Country Club that the program "will be bust in 10 years unless there are some changes." Sound familiar? His "ideal solution" back in this 1978 race will also sound familiar. He said that people should be "given the chance to invest the [Social Security] money the way they feel."

Jump ahead another 20 years to 1997, when George was governor of Texas and prepping to run for president. For help in framing his message on Social Security, he brought in Jose Piñera, the architect of Chile's ill-fated conversion to private-market retirement, and Ed Crane, head of the Cato Institute and a determined crusader for toppling Social Security. They did not have to do much selling to Boy George, who not only embraced their dogma but declared, "I do believe that privatizing Social Security is the most important issue facing the nation."

### **The Push**

Today's push for those accounts has nothing to do with the program's long-term finances, as the Bushites and most media pundits tell us, and everything to do with this relentless decades-long campaign by antigovernment zealots to replace our public system with a private one. In a flash of refreshing frankness, Norquist says that Social Security should be privatized "not because the system is going broke, but because it's a lousy program." From this corporate-backed, ideological tower, they literally plotted the demise of the public system, drawing up both the privatization policy they intended to implement and a long-term political plan for getting it done.

These two documents are to Social Security privatization what Paul Wolfowitz's 1992 "Defense Policy Guidance" memo is to the Bushites' mad scheme of unilateral, pre-emptive military strikes on Iraq and elsewhere. Cato's documents have received very little media attention, but they are key to understanding today's attack on our retirement program, for they put the lie to George's assertion that he's merely responding to a financial "crisis" in the system that suddenly has loomed on the horizon.

Indeed, the ideologues have been planning to privatize for the past quarter-century, making a constant and concerted effort to move their radical idea from the fringes of our nation's public-policy discussion to the front burner. Their push began in 1980 when Cato published a littlenoticed, 600-page manifesto on privatization. To give their wacky plan a patina of legitimacy, Cato convened a

1980 Washington policy conference for staffers of conservative congress critters. "I knew this idea was too far out for serious consideration," says the author of the manifesto. "It needed vetting."

Next came the political road map, again from a little noticed document prepared under the auspices of Cato. Written in 1983, it laid out a five-point strategy for creating a political environment that would give privatization a chance:

1. Maintain constant criticism of Social Security to influence the media and to undermine public confidence in the soundness of the program;
2. Build a network of influential supporters of private accounts, including Wall Street brokers who would profit from them;
3. Divide and conquer the opposition by assuring retirees and those nearing retirement that their benefits would be fully paid;
4. Enact laws creating 401(k)s and other private accounts so people learn to accept them; and
5. Have a privatization plan waiting in the wings when a president came along who was willing to claim that Social Security's trust fund faces a shortfall.

Cato's planners called for protracted "guerrilla warfare" against the system and its supporters. "We must be prepared for a long campaign," the Cato document declared. "It could be many years before the conditions are such that a radical reform of Social Security is possible." Then, amazingly, it cited a Communist as a political guru: "As Lenin well knew, to be a successful revolutionary, one must also be patient and consistently plan for real reform."

### **Wall Street's Wallflowers**

Bush's intention is not revolution but devolution, and the big bucks that would flow out of Social Security would devolve not to "the little guys" that George puts on conspicuous display at each stop of his Privatization Propaganda Tour but to the big boys of Wall Street. Imagine: Every year, 118 million Americans would be eligible to divert \$1,000 each from Social Security into private accounts. And each year, Bush, who once said, "We need to make the pie higher," would be creating a \$118 billion pie that he would pass into the hands of stockbrokers, bond houses, mutual funds, insurance hucksters, and the like, all of them grasping for ever-expanding fees, commissions, and other extra slices. OK, not everyone will participate, but Wall Street is drooling at the prospect that many millions of people will be enticed into the game. A Merrill Lynch survey estimates that at least \$70 billion a year would flow from the public pool into stocks and bonds. Think of the endless array of fees now imposed by your bank, credit card firm, and phone company, and you can imagine the money that these financial outfits will rake off.

Yet despite being the big winners if George passes his plan, Wall Street is being remarkably shy about publicly supporting it. When the *Los Angeles Times* recently called the big names of the finance industry for a comment, not one would go on record for privatization -- not even Bush buddy Charles Schwab, who had previously been a particularly vocal advocate for the private accounts, which would be a windfall for him.

Their public reticence, however, is a calculated ploy. "They don't want to appear to be licking their chops too much," observes a New York University business professor. But these financial powers never have to shout to be heard loud and clear inside Washington. Their campaign contributions and cadre of hired lobbyists make them the ultimate inside players. They already have the attentive ear of the Bushites, having bought it in 2004 -- the list below of top corporate donors to Bush and the GOP Congress in last year's election reads like a Who's Who of Wall Street brokers.

While Wall Streeters aren't out front, they are diligently working the back streets. They presently are financing a grab bag of more than 20 right-wing front groups to do their dirty work on Social Security. These tend to have nonthreatening, even sweet-sounding names, like For Our Grandchildren, Progress for America, Freedom Works, and Alliance for Retirement Prosperity. Corporate interests fund these facades, which are run by a small, closely knit group of political activists and old GOP warhorses who've long been involved in "Astro Turf" lobbying for various ultra-right causes. A couple of the biggest and noisiest in this fight are:

**Alliance for Worker Retirement Security (AWRS):** Beware of any advocacy group that has "worker" in its name ... but no workers in its group. This outfit, created by the National Association of Manufacturers in 1998 solely to lobby for privatizing the public retirement system, has about 40 members, including the American Bankers Association, Business Roundtable (the CEOs of America's 200 largest corporations), Paine Webber, Charles Schwab, Securities Industry Association (Wall Street's official lobbying group), U.S. Chamber of Commerce, and Wachovia Bank.

AWRS was a spawn of Cato's ideologues and is tightly wired into the White House. Its first director was Leanne Abdnor -- a former Cato vice president, a member of George W.'s hokey 2001 "national commission" on Social Security, and now head of the PR group called For Our Grandchildren (which in turn is stacked with such Republican operatives as Grover Norquist). Her successor was Chuck Blahous, a corporate lobbyist who also sat on Bush's Social Security commission. He served so faithfully that George then moved him into the White House, where he's now a top presidential assistant and is in charge of -- what else? -- Social Security policy.

Derrick Max, who previously worked at NAM and later ran Cato's Washington lobbying shop, followed Chuck at AWRP. Max wears an additional hat these days as honcho of the Coalition for the Modernization and Protection of America's Social Security, or COMPASS. (Who comes up with these names, and who do they think they're fooling?) The national political director of the BushCheney '04 campaign is a paid consultant to this umbrella group, created by AWRS and funded by the usual corporate suspects. Currently COMPASS is working with the White House to run an outside-the-beltway PR campaign hoping to juice up public support for privatization. Max's two front groups expect to spend some \$150 million in this year's effort.

**USA Next:** This is the rabid attack dog of the loopy right, originally created in 1991 by archconservative direct-mail guru Richard Viguerie as just USA, for United Seniors Association. This paper organization's job was to bombard the elderly with fund-raising mail solicitations and to pose as a seniors' organization

in right-wing opposition to the 55-million-member AARP. While Viguerie's group claimed to be a network of a million senior activists, it has reported no income from membership dues. It doesn't need them, for it received an "unrestricted educational grant" of some \$14 million in 2002 from the drug giants to run political ads backing the industry's prescription-drug bill. It also took oil money to back Bush's effort to open the Arctic Wildlife Refuge to drilling.

Tainted as a mercenary for any corporate-backed GOP policy, this front group changed its name in February, reincarnating itself as USA Next -- but it's the same old nasty piece of work. Armed with a reported \$28 million in corporate funds, Next is now snarling and snapping at opponents of Social Security privatization, initially going after AARP for blocking Bush's plan. "They are the boulder in the middle of the highway," said USA Next president Charlie Jarvis. "We will be the dynamite that removes them."

Jarvis, a former Reagan official, had previously been a top dog at Focus on the Family, the far-right religious group run by James Dobson, notorious as a demonizer of Democrats and as the wacky cleric who recently claimed that the children's cartoon character SpongeBob SquarePants is gay. Apparently taking a page from Dobson's political book, Jarvis has run an internet ad claiming that AARP supports same-sex marriage. The USA Next ad features two men in tuxedos kissing each other and a banner headline declaring this "The REAL AARP Agenda."

Yep, if you oppose privatization of America's retirement fund, you must be a gay-marriage backer! Jarvis says his group will dump \$10 million into such sleazy attacks, "revealing areas where the AARP is out of touch with a large number of their members, including the issue of marriage." Never mind that the staid old AARP has never taken a position on gay marriage, pro or con. Truth will be no barrier to USA Next's political campaign. Jarvis has even hired the same sleazeball hatchet men who were behind the infamous "Swift Boat Veterans for Truth," sliming John Kerry's war record. Backed by funding from Houston developer Bob Perry, the Republican sugar daddy behind the Swift Boat ads, USA Next will soon be smearing AARP on your TV.

### **Surprise, George!**

The ideologues, the corporations, the front groups, and the Bushites thought they had all of their ducks in a row to ram privatization into law, but they didn't count on one thing: You!

All across the country (and cutting across all party, racial, and age lines), people have risen up to give a resounding "No, uh-uh, forget it, go away" to this scheme. Especially bad for George is that he now has less support for privatization than he did before the White House's propaganda blitz. So far his campaign has included forcing the Social Security Administration to tout George's agenda, creating a Social Security "war room" in the Treasury Department, wheeling out the old political hack Alan Greenspan to shill for the plan, exploiting a few black Republicans as props for the false claim that Social Security is unfair to African Americans, and using the full bully pulpit of presidential PR tricks--but to no avail.

It's also encouraging that the public is overwhelmingly rejecting the Bushites' cynical appeal to selfishness. To divide the opposition, George's plan deliberately

exempts people 55 and older from any change in their guaranteed benefits, hoping to buy off these politically active people so they won't object to slashing the benefits of younger workers. But as one Pennsylvania retiree put it, "We refuse to accept this concept of 'you got yours, now back off.' We built the system. We believe it should be available to our children and grandchildren." The latest *New York Times*/CBS poll confirms this strong expression of support for the Common Good, with four out of five people saying it is "the government's responsibility to provide a decent standard of living for the elderly." Seven out of ten oppose shifting to private accounts if that means cutting the guaranteed benefits of the present system. Still, George is stamping his tiny feet and demanding that Congress simply must give Wall Street and the ideologues what they want, even if the people (damn them) don't want it. To try to swing some polls, the front groups will spend tens of millions of dollars in the next few weeks on predictably deceptive TV ads. Bush, Cheney, and a gaggle of cabinet officers and White House staffers are presently barnstorming across the country on a frenetic "60 Cities in 60 Days" propaganda tour (the tab for which, by the way, they're passing to us taxpayers). The problem for these proselytizers of privatization, however, is that the more people learn about the plan, the more they oppose it.

Folks are figuring out what George's proposal means: tossing out the guarantee of retirement security; slashing benefits and raising the retirement age; no spousal benefits or disability payments; promised stock gains that are iffy at best (check the decline in your own 401(k)); and Wall Street fees and fraud that will devour any gains. Many old folks recall that we tried privatized retirement in the past. It was called the Great Depression. And some folks already know what privatizing retirement means, because they've seen that future ... and recoiled from it.

Nebraska, West Virginia, Montana, Michigan, Ohio, and Florida have tried shifting their public employees into do-it-yourself, private retirement accounts, but the efforts failed. Once the employees saw the plans, very few took the bait, and those that did generally ended up with lower benefits than they would've gotten from the public system they left.

### **Failure in Chile and Britain**

Likewise, the rush to privatize pensions in Chile, England, and elsewhere has not ended happily for retirees. In Chile, the government now has to pour billions of dollars annually into the private system, for it can't provide enough benefits to poor workers to assure even basic needs, and middle-class retirees find that hidden fees in the private accounts take as much as a third of the money they had put into them, leaving retirees with far less than they would've gotten under the public system. And England's 20-year run with its privatized system has produced fraudulent brokers, exorbitant fees, taxpayer bailouts, and the harsh reality that at least 75 percent of those with private accounts will not have enough in them at retirement time for "adequate pensions."

True conservatives, including many corporate CEOs, go slackjawed when they learn that the real cost of converting to Bush's private accounts will be \$15 trillion over the next 40 years -- a nuclear explosion in federal debt that will sock it to young people (the very ones Bush claims to want to help), force interest rates up, and threaten the stability of the dollar. Essentially these trillions would be spent on benefits owed to retired workers, while the trust fund is collecting a

third less in taxes from present-day workers, since that portion would be going into Bush's private stockbrokered accounts.

When a price tag reaches 15 followed by 12 zeros, you're talking real money, and even corporate chieftains can recognize that a due bill of that size means that money won't be available down the road for things America will need, including things on the corporate wish list.

## Solutions

Then there's the infuriating reality that Bush & Company are deliberately and cynically ringing a false alarm, proposing an extremist dismantling of a successful public program that needs only fine tuning to continue delivering retirement security for every American for generations to come. There are numerous small steps, such as raising the minimum wage to a living wage level, which would mean more Social Security tax money flowing into the system. But the most obvious and most effective reform would be simply to remove the plutocratic cap arbitrarily placed on income subject to retirement taxes.

At present, Social Security taxes affect only the first \$90,000 of a person's wages. The vast majority of us make less than that, so every penny of our yearly income is taxed. But the likes of Bill Gates, Donnie Trump -- or, hey, George W. -- make way more than \$90,000. The cap gives them a "wealth exemption," letting them hide away the bulk of their salaries, bonuses, stock options, and other pay. Remove that wage cap, and the retirement system is flush. If you applied the tax not merely to wages but also to the stock payouts, currency speculation, and other unearned income of the superrich, then America's lowerincome folks (say, less than \$30,000 a year) could have their Social Security taxes lowered, turning what is now a regressive tax into one that's progressive while also pumping new grassroots spending into the economy.

Actually, the Bushites might have done us a favor by making this greedheaded and ideological lunge for our Social Security money. First, their audacious move has solidified and energized progressive forces to fight against it. Second, it rips away the "compassionate conservative" and "family values" masks that Bush has been wearing. Third, it opens up the big debate about what kind of country we want America to be. Will we be an I-got-mine, you're-on-your-own society, or a nation of people who continue striving for America's egalitarian ideal of the Common Good. This is more than a fight over our retirement (as big as that is). It's a fight for America's democratic soul. It's also a fight we can -- and must -- win.

*Jim Hightower is the best-selling author of Let's Stop Beating Around the Bush from Viking Press. For more information, visit [jimhightower.com](http://jimhightower.com).*

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Posted by: carol on Apr 5, 2005 4:27 AM

I couldn't agree more. Too bad this article isn't printed on the front page of every major newspaper as well as every Pennysaver in the country.

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