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Reforming Social Security for Ourselves and Our Posterity. Charles P. Blahous III. Review by Martin B. Tracy

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highlighted in the case study data in a digestible and interesting fashion. For example, they use the implementation of workers' compensation to examine the sticky question of whether broad based political movements or narrowly focused economic interest groups are the determining factor in the development of legislation (Chapter 6).

Fishback and Kantor's other significant contention is that "workers' compensation set precedents for government requirements of . . . Social Security, Medicare, and eventually to the entire network of modern social welfare programs in the United States." (p. 1). This point is not as convincingly argued as the authors' other points, particularly in the area of workers' compensation's connection to Social Security and modern social welfare. The authors have underestimated the effect of the great stock market crash of 1929 on the fabric of U.S. culture. For the first time, the general public accepted the possibility that poverty, failure, and unemployment could occur as a result of an environmental flaw rather than a personal one. This shift towards an ecological view of poverty provided the necessary impetus for the passage of Social Security and influenced the creation of modern welfare. Without the crash of 1929, workers' compensation in and of itself would not have led to Social Security and other modern social welfare programs. Furthermore, the contention that workers' compensation's set precedence for Social Security and modern welfare policy is not necessary to the authors' other arguments.

In conclusion, I highly recommend Fishback and Kantor's book for any scholar interested in the creation and initial implementation of workers' compensation in the United States. I also recommend the book to anyone looking to read a piece of model social policy analysis.

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Charles P. Blahous III, *Reforming Social Security for Ourselves and Our Posterity*. Westport, CT: Praegar Publishers, 2000. \$39.95 hardcover.

Few government programs have been the targets of so much public debate for so many years as Social Security. For much of the last half century in the United States there has been periodic

discussion on the fiscal viability of the system. Over the years numerous modifications have, in fact, been appropriately made in the funding and benefit formulae to reflect changing social, economic, and demographic conditions.

Despite the past success in maintaining the integrity of the program, several recent and projected developments have led to renewed concerns, once again putting the system in the lime-light. Not the least of these developments is the well publicised anticipated impact of the baby boomers who, when they become eligible for social security, will strain the capacity of the system to make payments as promised. The situation has been compounded by the shift to the political right where Social Security has been viewed with considerable disdain as an undesirable holdover from a liberal period that is seemingly best to forget.

The rise of politically conservative and centrist Congress and Executive Office has led to an emphasis on social policies that are more focussed on individual self-sufficiency, self-reliance, and as much independence from government as possible. With the notable exception of support for government programs that actively encourage social solidarity at the community level, recent political leaders have worked to limit, if not reduce, the role of government as an instrument of social cohesion and social capital. There is no clearer example of this than the myriad proposals to reform Social Security by increasing its individualistic aspects through partial privatization in the form of "personal accounts."

This book is one of the many attempts to justify giving individuals the option to privately invest a part of their Social Security contributions (payroll tax). It is argued that such an option will not only give young workers the opportunity to receive a much higher rate of return on their contributions, but will also prevent an otherwise inevitable fiscal collapse of the system. The author makes it perfectly clear that there is simply no other viable alternative to fiscal solvency. End of story. Well, almost. There is recognition given to the need to review the retirement age, the benefit formulae, and other miscellaneous modifications, but there is no doubt that the success of reforms hinges most on the adoption of a provision of personal accounts.

In the process of presenting the case for privatization, the book offers a very readable and straightforward account of recent

congressional debates and commission reports. The author has considerable insight and knowledge of not only the content of the main arguments for privatization, but of the decision making processes involved in current reform initiatives. He also provides some interesting observations on the efforts of various lobby groups that have played a major role in helping to prevent fundamental changes in the system.

The primary intent of this book is clearly to make a persuasive case for establishing a personal account option of two or three percentage points of the overall Social Security payroll tax. The author particularly favours a system comparable to the "Thrift Savings Plan" investment option that is available to government workers. Similar to 401 (k) plans, this option allows workers to assume more of the responsibility for funding their own retirement (and reduce the dependency on a faceless bureaucracy).

This book is well worth reading. It presents the arguments for partial privatization in very clear and uncertain terms. And would be a valuable resource for anyone interested in following upcoming developments related to the newest commission on social security reform appointed by President Bush in May 2001.

However, the reader needs to fully recognize that all of these arguments, whatever their intrinsic value, make absolutely no reference to a, if not the, primary purpose of Social Security. Yes, Social Security is an income support system. Yes, Social Security is aimed at reducing poverty among older retired workers and their families. Yes, the system must maintain its fiscal solvency and not pose a financial burden on the national economy. But, NO, the purpose of the system is NOT limited to its role as an entitlement program for individuals who have an account. Although you would never know it by reading this book, the goal of Social Security is not only income.

Indeed, Social Security is as much, if not more, about the social cohesion achieved by one generation supporting another. It is about individuals contributing to the common good for the betterment of all of society. Social security systems around the world have done more to establish social cohesion, build civil society and social solidarity than any public program in history. Yet, there is no consideration of the potentially harmful impact that private accounts would have on the social component of

Social Security. It is not considered an important enough aspect to even mention, must less refute. This is a remarkable oversight, although not an uncommon one in the current debates. It is a pity that experts of the calibre of this author have such a restrictive tunnel vision of social policies. The absence of discussion on the social aspect of Social Security helps keep the public from the role it plays in maintaining civil society.

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Sheila Burke, Eric Kingson and Uwe Reinhart (Eds.), *Social Security and Medicare: Individual vs. Collective Risk and Responsibility*. Washington, DC: Brookings Institution Press and National academy of Social Insurance, 2000. \$20.95 papercover.

Several recurring problems exist in social welfare policy history. One of the most enduring is the tension between individual responsibility and collective responsibility for maintaining adequate levels of nutrition, shelter and other necessities of life. A closely related controversy is the effort to determine how risks such as unemployment, ill health and ravages of old age should be managed. To what extent should government take over managing these risks that occur to individuals, and to what extent should individuals be subject to coping for situations beyond their control? These issues, like the poor, will always be with us. *Social Security and Medicare: Individual vs. Collective Risk and Responsibility* clarifies the impact decisions on these matters have on ordinary people. It is not an easy read, by any means, but the reader will be rewarded with an astonishingly detailed look at both Social Security and Medicare, two of the most important American social insurance programs, set in the context of the "big picture."

Social Security and Medicare is an edited collection of papers and responses from thirty of the most important, influential and knowledgeable experts on these topics, including Robert Ball, Senator John Breaux, Senator Edward Kennedy, Theodore Marmor, and William Niskanen. All thirty were present at the Eleventh Annual conference of the National Academy of Social Insurance, held in January, 1999, just after President Clinton had