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Privatizing Social Security. Martin Feldstein (Ed.).

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Robert Halpern, *Fragile Families: Fragile Solutions*. New York: Columbia University Press, 1998. \$ 49.50 hardcover, \$ 17.50 papercover.

In this comprehensive and informative history of social services directed at low income families, Robert Halpern asks why so many attempts to respond to their needs have failed. Although successive generations of social scientists, political leaders and interests groups have formulated innovative strategies to serve these families, the problems of deprivation, neglect and need persist. Child neglect and abuse is widespread, poor housing and health conditions characterize daily life for millions of Americans, and poverty is ubiquitous. After more than a century of systematic social service planning, the social services remain ineffective.

Halpern traces the historical development of the social services from their 19th century beginnings up to recent welfare 'reform' efforts in considerable detail. His style is readable and engaging. His critical approach is not destructive but helpful in understanding the errors and inefficiencies that have accompanied social service policy making and implementation. His narrative identifies a host of relevant factors. These include a lack of coherence in policy making, inadequate personnel, budgetary and other resources, political and ideological differences among policy innovators and, above all, a reluctance to address the fundamental causes of poverty and inequality. Halpern is not optimistic about the future, suggesting that attitudes towards the poor have hardened and that the prospect of concerted action remains slim. His own, somewhat guarded, proposals for dealing with the problem focus on community interventions that mobilize low income families for collective action. While community participation may be laudable, it is questionable whether the massive problems facing poor families can be addressed at the local level. Nevertheless, this is an important book which raises critical questions about the effectiveness of the social services. It should be widely read.

Martin Feldstein (Ed.), *Privatizing Social Security*. Chicago, IL: University of Chicago Press, 1998. \$ 60.00 hardback.

Proposals to privatize social security which would have previously been dismissed, have not only become commonplace today but are now supported by many politicians. Although the

campaign for privatization has been impelled by politicians with strong ideological objections to government social programs, and by commercial interests that will benefit enormously from the introduction of mandatory private retirement programs, it has also been influenced by academic research. Among the leading and earliest academic proponents of privatization is Harvard economics professor Martin Feldstein. Feldstein undertook studies in the 1970s which claimed that social security had a negative effect on the savings. By depressing savings, social security impeded the nation's ability to mobilize capital for economic development.

Although Feldstein's research was challenged by numerous economists, his claim that social security was harmful to economic progress, has found a receptive audience and has been augmented by many other claims about the deleterious effects of social security. In this important collection of country case studies, Feldstein mobilizes international evidence to show that the privatization of social security in countries as diverse as Australia, Argentina, Britain, Chile and Mexico has brought positive benefits not only in economic but in social welfare terms. While some of the contributors to the book are somewhat guarded in their support for privatization, its overall message is that the privatization of social security in the United States would be a positive step. Indeed, Feldstein draws on the international evidence to address major objections to privatization. While there are difficulties, he is confident that they can be overcome.

Despite the ideological force of its message, the book claims are contentious. The belief that social security will be insolvent by the year 2032 is taken as factual, and the problems facing privatization in Argentina and Mexico are minimized. The claim that Britain has privatized its social security system is hardly borne out by the fact that all citizens must participate in the government's basic pension program, and that private occupational pensions form a second tier in the system. Even the chapter on Chile's much vaunted social security innovation is decidedly cautious about the program's long term success. Nevertheless, Feldstein's book poses a major challenge to those who believe that the long term future of social security can be secured through reform rather than abolition. In the ideological battlefield of social policy, the presentation of information is as important as the facts.