

# Social Security: False Consciousness and Crisis

By John Attarian  
Transaction Publishers, 2002

**T HIS BOOK IS BOTH VERY GOOD AND VERY BAD.** As a longtime Social Security aficionado and former employee of the Social Security Administration, I enjoyed tremendously the author's deeply researched and meticulously documented presentation of the program's history, particularly the early years.

This historical tour, which fills 240 of the book's 360 pages, begins in the late 19th century when Germany implemented the world's first "social insurance" program, continues through the 1935 enactment into law of the U.S. Social Security program, follows with the political and legal challenges to that program through about 1960, then carries the reader along to the late 1990s.

The journey is fascinating, full of direct quotes from newspapers, congressional testimony, and Supreme Court briefs. All of the giants of Social Security's early years are represented, including two nonagenarians who are still with us, former commissioner Robert M. Ball (who held that position during 1963-74) and former chief actuary and later deputy commissioner Robert J. Myers (1947-70 and 1981-82). With masterful editing, Mr. Attarian really brings to life critically important debates from half a century ago and longer.

Unfortunately, the book approaches all of this interesting history from one narrow perspective. The author relentlessly harps on the point that Social Security is nothing more than a *law* manifesting a political deal: Current beneficiaries receive benefits funded primarily by the Social Security taxes of current workers, who pay those taxes with the expectation that future workers will do the same when current workers reach their time to retire and become beneficiaries.

While this is the essence of pay-as-you-go Social Security, the author regards it—correctly, to a great extent—as a fraud perpetrated upon the American people. Mr. Attarian shows how the early designers of Social Security "stole" the language of insurance—over the objections of the insurance industry, interestingly—to sell the program to the public, how taxes were described as "contributions"

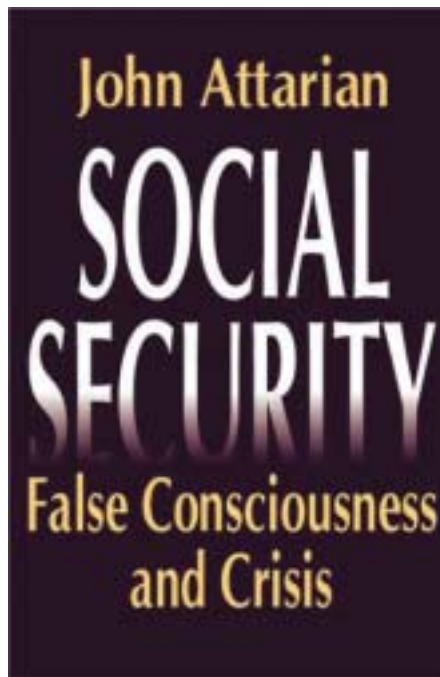
or even "premiums," and how Social Security, which Congress has always retained an explicit right to amend, was described as a "contract" even though no legally binding contract ever existed and no enforceable property rights were ever created. Those few people who pointed out these contradictions between the language of Social Security and the underlying reality were largely ignored. This is the "false consciousness" of the book's title.

The government's hypocrisy regarding Social Security's very nature is starkly illuminated in this book. While the government was burying the public in millions of pamphlets extolling the insurance-like benefits of Social Security, it was simultaneously telling the Supreme Court in two landmark cases, *Helvering v. Davis* (1937) and *Flemming v. Nestor* (1960), exactly the opposite: that Social Security was nothing like insurance!

In the first case, the Supreme Court ruled with almost lightning speed and very little legal reasoning that Social Security was constitutional. The author makes a persuasive case that the court was mostly protecting itself against President Franklin Roosevelt's court-packing scheme then playing itself out in Congress. Immediately thereafter, the government greatly increased its use of insurance-like language to describe Social Security, going so far as to change the formal name of the program in 1939 to Old-Age and Survivors *Insurance*. (Disability insurance was added in 1956.)

In the second case, the Supreme Court ruled that Social Security benefits could be taken away (from Nestor, who had been deported to Bulgaria as a Communist), because they didn't entail any property rights. This 5-4 decision received little publicity.

The author, however, downplays the significance of the political promises represented by Social Security. Of course, experts in contract law will agree that the Social Security Act creates no contracts, but it certainly creates political promises that are broken only at great peril to the politicians doing so. The author sees these political



promises as having no particular value and, in fact, recommends breaking them!

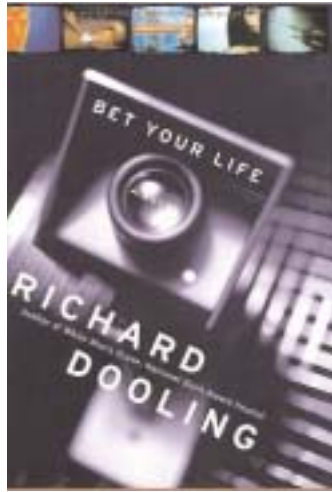
The last 60 pages of the book veer off into a sort of political never-never land. Fifty of those pages criticize all known Social Security reform proposals, from all corners of the political realm, for continuing to foster—one way or another—the false consciousness that has gotten us into our current trouble, in the author's view.

The last 10 pages are used to present the author's own reform plan (which he calls "a modest proposal"—apparently ignoring the fact that Jonathan Swift's original "modest proposal" in 1729 was not intended to be taken seriously).

Mr. Attarian would shine a bright light on Social Security's lack of enforceable property rights and in effect just wipe the slate clean. Beneficiaries with incomes over \$30,000 per year would simply lose their Social Security benefits altogether (but they will "suffer no real hardship"). The existing Social Security trust fund, which of course is invested entirely in U.S. government bonds, would be written off (but "its cancellation would entail no loss of economic welfare"). The payroll tax would be repealed, and general revenues would be used to finance any remaining Social Security benefits.

In summary, the author can speak for himself: "... this proposal strips away the veil which the false consciousness has created and reveals Social Security for what it really is: a general-revenue-financed, means-tested, poverty prevention welfare program—and scales it back to provide a floor of protection."

Of course, Mr. Attarian's reform proposal probably wouldn't get a single vote in Congress. And if it somehow were enacted into law, the violent overthrow of the U.S. government would be a very real possibility, in this reviewer's opinion. Still,



this book is mostly very interesting and worthwhile reading. But read it for the history.

—Bruce D. Schobel

### **Bet Your Life**

**By Richard Dooling  
Harper Collins,  
2002**

The viatical business is tailor-made for a thriller. When done right, viaticals provide much-needed cash

for those who need it. Done wrong, they can become an unregulated breeding ground for chicanery, skulduggery, and mayhem—the perfect material for a noir thriller.

Richard Dooling is the ideal guide for

plumbing the depravity potential of viatical settlements. Viaticals are insurance, after all, and anyone who can make insurance sexy is not to be trifled with.

The plot of *Bet Your Life* concerns a trio of insurance investigators for Reliable Allied Trust in Omaha (*Schmidt* territory). Lenny Stillmach dies under mysterious circumstances and his co-workers, Carver Hartnett and Miranda Pryor, try to figure out who done him in and why. Except that Miranda seems to have an agenda she's not anxious to talk about. And Lenny may have been into something (other than designer drugs and cybersex) way over his head.

The writing is smart, edgy, funny, and state-of-the-art. The plotting is torturous, but insurance pros should have no trouble following it. Dooling not only seems to know his stuff, but he has a grand time showing it off to advantage. ●

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