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Ignore the fear-mongering on Social Security

Today's Social Security critics use many of the same false arguments of those who tried to stop adjustments, the popular program will easily remain solvent.

August 14, 2010 | By Peter Dreier and Donald Cohen

Alf Landon, the Kansas governor running as the Republican Party's 1936 presidential candidate, called it a "frivolous tax on the American people." The American Bar Assn. and the U.S. Chamber of Commerce, said it was part of President Franklin D. Roosevelt's "socialistic experiment on the American people." The American Medical Assn. denounced it as a "compulsory socialistic tax."

What was this threat to American prosperity, freedom and democracy they were all decrying? It was Social Security. August 14, 1935 — 75 years ago Saturday.

The opponents of Social Security were not right-wing extremists (the counterparts of today's "tea party") but the Republican Party mainstream.

In the early Depression years, more than half of America's elderly lived in poverty. But most business leaders and government officials had a moral responsibility to help senior citizens retire with dignity to be outrageously radical, a policy that predicted that the Social Security tax would bankrupt the country.

As New York's former governor, Roosevelt knew that business groups had opposed the most important pieces of New Deal legislation including the factory inspection law (passed as a result of the 1911 Triangle Shirt Waist factory fire that killed 146 workers), unemployment insurance, pensions for the elderly and public works projects to put people back to work.

Once elected president, FDR viewed Social Security as part of his broader New Deal effort to humanize capitalism. The wealthy people considered him a traitor to his class. They were, he thought, greedy, unenlightened and on the wrong side of history.

FDR outmaneuvered Social Security's opponents, using his bully pulpit to explain why they were misguided.

"A few timid people, who fear progress, will try to give you new and strange names for what we are doing," he said. "Sometimes they will call it fascism, sometimes communism, sometimes regimentation, sometimes socialism, sometimes a complex and theoretical something that is really very simple and very practical.... I believe that what we are doing is what Americans have always been doing — a fulfillment of old and tested American ideals."

Most Americans agreed. Running for reelection the next year, FDR beat Landon in a 60.8% to 36.6% landslide.

Today, Social Security insures families against the loss of income caused by retirement, disability or death. It keeps 35 million people out of poverty. It lifts more than 35 million older Americans out of poverty. One-third of Social Security's budget is spent keeping millions of families with a disabled or deceased breadwinner from destitution.

Americans view Social Security as a central component of the nation's social contract. It is probably the most surprising thing that happened when President George W. Bush tried to privatize Social Security — essentially asking American

market — the people considered it a preposterous idea, especially after they had watched thousands of Enron market lose 38% of its value between January 2000 and October 2002.

Today, 77% of Americans — even 68% of Republicans — believe that policymakers in Washington should "lead the way" in reducing the deficit, according to a national poll in June by the University of New Hampshire. In fact, 75% of those surveyed support Medicare, a New York Times/CBS News poll found in April.

There are still a handful of Americans who bash Social Security. They dress up their arguments in different clothes from those of their counterparts 75 years ago. We can't afford Social Security, they say. It's going bankrupt. It

isn't. America, one of the world's wealthiest nations, can afford to provide an economic cushion for the elderly and adjustments, Social Security will remain vital and solvent for this and future generations. Economists say that applying the Social Security tax to nonwage income or adding a modest increase to the payroll tax could add a billion dollars to the fund.

In retrospect, it is obvious that Social Security's Depression-era opponents engaged in fear-mongering, not economic free-market fundamentalist ideology that abhorred any attempt to use government to improve Americans' lives.

Just as the early battle over Social Security wasn't really about old-age insurance, current fights over public pensions and healthcare reform, tougher financial regulations, stronger workplace safety laws, policies to limit climate change, and unemployment insurance to the long-term jobless. The issues vary, but the mantra is the same: This policy will destroy freedom.

The White House and progressive activists should aggressively challenge assertions about the disasters that will befall workers, seniors, children, the disabled and the environment. Throughout our history, progress has been made by bold ideas and then won a series of steppingstone reforms that redefined the social contract.

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