



The Libertarians Have Been Laser Focused on Destroying Our Social Security System for Almost 40 Years

Author Nancy MacLean names the true author of the agenda to disenfranchise the majority of Americans: James McGill Buchanan.

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The following is an excerpt from the new book Democracy In Chains: The Deep History of the Radical Right's Stealth Plan for America by Nancy MacLean (Viking, 2017):

Never a backslapper, James Buchanan had sought to tamp down the euphoria that swept the Mont Pelerin Society after the elections of Ronald Reagan, and Margaret Thatcher in the United Kingdom. In his address at the Viña del Mar meeting in November 1981, Buchanan warned his comrades, “We should not be lulled to sleep by temporary electoral victories of politicians and parties that share our ideological commitments.” Success at the polls, while heartening, must not “distract attention away from the more fundamental issue of imposing new rules for limiting government.” Much as he admired Reagan—and he did, greatly—Buchanan understood that even such an ideologically driven president could succumb to the pressures of modern majoritarian democracy. That proved a prophetic reading.

Still, most on the right believed that Ronald Reagan would deliver on his word to make tax and spending cuts large enough to undo the mode of government the Mont Pelerin Society had condemned since its founding in 1947. Reagan certainly wanted to, having told the American people in his inaugural address that “in this present crisis, government is not the solution to our problem; government is the problem.” But the actual work of coming up with a proposal for which programs to cut and which tax cuts to authorize fell to the revolution’s field general, budget director David A. Stockman.

Stockman had come to his work in the White House as an avid libertarian. Like Buchanan, he believed that “the politicians were wrecking American capitalism. They were turning democratic government into a lavish giveaway auction” and “saddling” those who created wealth with “punitive taxation and demoralizing and wasteful regulation.” But something went terribly awry in the heady rush of the first year. The budget director, it turned out, had failed to make clear to the president and his political advisers—much less to the American people—that the colossal Kemp-Roth tax cut, as it came to be known, would necessitate tearing up the social contract on a scale never attempted in a democracy. To this day, it is unclear how such a consequential misunderstanding occurred. Was it that the electoral wing of the Republican right had for so long

racially coded “special interests” and “government spending” that they genuinely failed to realize that slashing on this scale would hurt not only poor blacks but also the vast majority of white voters, among them many millions of Republican voters? However it happened, it spelled the end of the libertarian dream of lasting change under Reagan.

“A true economic policy revolution” of the size Reagan and the right had requested, David Stockman explained in the wake of its rout, “meant risky and mortal political combat with all the mass constituencies” who looked to Washington for help. They would have to fight “Social Security recipients, veterans, farmers, educators, state and local officials, [and] the housing industry,” with its mass market of middle-class buyers who relied on their mortgage tax deductions. The president could rail all he wanted about “welfare queens” and government “waste,” but Social Security, veterans’ benefits, and Medicare “accounted for over half the domestic budget”—and were dear to his followers. “Minimalist government” would “dislocate and traumatize” not a minority but the vast majority of Americans, in a “ruthless”—indeed, “bone-jarring”—way before delivering any of its promised benefits. And that was the summary not of a critic but of the policy’s primary salesman.

“By 1982,” Stockman reported, “I knew the Reagan Revolution was impossible.” It simply could not happen in “the world of democratic fact.” Indeed, once the public became aware of just how drastic a plan the president’s economic team intended—including immediate changes to Social Security (as Stockman put it, “a frontal assault on the very inner fortress of the American welfare state,” a program “on which one-seventh of the nation’s populace depended for its well-being”)—the jig was up. Even a South Carolina House Republican squawked, furious that his phones were “ringing off the hook” with calls from constituents “who think it’s the end of the world.”

As powerful groups rallied to protect the popular program, the mobilization to “Save Our Security” worked. A Washington Post headline read, “Senate Unanimously Rebuffs President on Social Security.” From then on, it was over, said Stockman. “The democracy had defeated the doctrine.”

What was not evident then but is now is that this moment became a turning point in the Republican Party, the prod for a historic, albeit unnoticed, three-way split. Stockman represented one wing, a lonely one. He learned from this experience that the libertarian dream had been a dangerous illusion. Sure, “special interest groups do wield great power, but their influence is deeply rooted in local popular support.” Stockman concluded that trying to impose an ideologically driven “exact blueprint” on the people of “a capitalist democracy” was a mistake of the highest order. As important was what he said next. “It shouldn’t have been tried.” The correct inference from the episode, Stockman concluded, was that voters must be told the truth. To have all the things they wanted, from clean air and water to retirement security (to say nothing of military power), Americans needed “a moderate social democracy,” and to get this, they needed to pay higher taxes. It was that simple: higher taxes could solve the problem, without permanent deficits or economic disaster.

The Republican right's political leadership, however, looked on Stockman as a turncoat. Its members followed the president and his advisers on a second path, one that forsook the fact-based universe. Abandoning any attempt to cut core entitlements significantly, but unwilling to give up on their promised huge tax cuts or on their desire for massive military spending, they went ahead with both, even though, as Stockman pointed out repeatedly, the outcome would be a fiscal train wreck. He was shocked: not one member of the president's political team had studied the budget or had the slightest idea how it worked. When presented with dire news that confounded their hopes, they simply refused to believe the bothersome information. The result? By the time President Reagan left office, the deficit was three times larger than the one he inherited from Jimmy Carter. At \$2.7 trillion, it was the worst in U.S. history: the national debt by 1989 accounted for 53 percent of gross domestic product. The path from refusal to face the outcome of their policy to denial of the human role in climate change would be a short one.

The libertarian milieu influenced by Virginia school thinking went a third way. In their view, Reagan hadn't "failed," in Buchanan's summary conclusion; he had "forfeited" his chance "to change the structure of politics." True, the economist said approvingly, Reagan had fed "widespread public skepticism about government's capacities" and about "the purity of the motives of political agents," a crucial contribution to the cause. But the president had proved to be too much of a pragmatist, too deferential to public opinion and those concerned about the health of his party, and so he allowed "the rent-seekers" to continue to practice "exploitation through the political process."

These libertarians seemed to have determined that what was needed to achieve their ends was to stop being honest with the public. Instead of advocating for them frontally, they needed to engage in a kind of crab walk, even if it required advancing misleading claims in order to take terrain bit by bit, in a manner that cumulatively, yet quietly, could begin to radically alter the power relations of American society. The program on which they tested this new strategy was Social Security.

Social Security, as both Buchanan and Stockman had observed, was the linchpin of the American welfare state. The most popular New Deal reform, its very success had made it a far-right target ever since its creation, in 1935. Indeed, one of the radical right's indictments of Dwight Eisenhower and moderate Republicans after him was that they had accepted the legitimacy of Social Security. They did so, quite simply, not only because the overwhelming majority of American voters liked the system and were terrified of facing old age without it, but also because they, too, recognized it as a good program that worked.

Now, no doubt inspired by Chile's conversion to private pensions, Charles Koch's Cato Institute turned to Buchanan to teach its staff how to crab walk. Having relocated from San Francisco to Washington, D.C., in late 1981 to achieve greater influence, Cato made the privatization of Social Security its top priority. Buchanan labeled the existing system a "Ponzi scheme," a framing that, as one critic pointed out, implied that the program was "fundamentally fraudulent"—indeed, "totally and fundamentally wrong."

It was fundamentally wrong in the view of libertarians, but with Buchanan's tutelage, the cause learned that opposing it candidly meant "political suicide," because the majority of voters wanted the system to continue as it was. "There is no widespread support for basic structural reform, among any membership group" in the American polity, the professor warned, *the italics his own*—"among the old or the young, the black, the brown, or the white, the female or the male, the rich or the poor, the Frost Belt or the Sunbelt." The near-universal popularity of Social Security meant that any attempt to fight it on philosophical grounds was doomed.

Buchanan therefore devised and taught a more circuitous and sequential—indeed, devious and deceptive—approach, but one that served the new crab-walking cause well.