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"A Leninist Strategy" for Social Security, Decades in the Making

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Today I read a blueprint for applying the Shock Doctrine to Social Security. It was published by the Cato Institute in 1983, and tweeted today by economist **[Stephanie Kelton \(@deficitowl\)](#)**. It is really chilling. All the moves in the Pete Peterson playbook are in there. Private accounts, "calming existing [elderly] beneficiaries" so they don't galvanize a "vocal and powerful interest group," and "educating the public" that the system is in "serious trouble." You can read it here: <http://www.cato.org/...>

Kelton tweets:

Cato's "Leninist Strategy" on #socialsecurity reform calls 4 coalition of "those who will reap benefits from the IRA-based private system"

Cato's "Leninist Strategy" continues "banks, insurance companies & other institutions that will gain" from privatization of #socialsecurity.

Click underlined hyperlink to read full text of Cato Institute's "Leninist Strategy" for #socialsecurity Decades-in-the-making

The authors, Stuart Butler and Peter Germanis, recommend that the supporters of Social Security must be divided in order to be overcome, and the public must learn to doubt what they say. Although the paper does not propose these specifics, I thought of the propaganda about the system going broke, and proposals for means-testing, chained CPI, and cutting benefits for under-55-year-olds, all of which have been put forward by members of both parties in the last year.

A comprehensive program of economic education must confront people with the facts about Social Security and the problems it faces. The many myths surrounding the system must be dispelled, especially the popular belief that Social Security is an "Insurance" program financed by "contributions" that provide an "earned annuity." That many have come to rely on Social Security as their major or sole means of support, not realizing that it was originally intended only to supplement other sources of retirement income, is apparent from a reading of the popular press. Over the years, the program has become surrounded by a cloak of demagoguery and misinformation, woven by political leaders and interest groups seeking to further their own ends. If the public is ever to support real Social Security reform, this cloak must be removed.

They advocate two strategies: one, add to the IRA system to make it a small-scale substitute, so that when the next crisis presents an opportunity, they would have "an alternative with which the public is familiar and comfortable, and one that has the backing of a powerful political force."

The second main element in our reform strategy involves what one might crudely call guerrilla warfare against both the current Social Security system and the coalition that supports it. An economic education campaign, assisted by modest changes in the law, must be undertaken to demonstrate the weaknesses of the existing system and to allow it to be compared accurately (and therefore unfavorably) with the private alternative. In addition, methods of neutralizing, buying out, or winning over key segments of the Social Security coalition must be explored and formulated into legislative initiatives. The objective of this element of the strategy complements the first. The aim is to weaken political support for the present system when the next financial crisis appears.

Read the whole thing and compare with the propaganda put out by Fix the Debt, Simpson/Bowles, et al. The push to "reform entitlements" in response to a "crisis" is directly rooted in these ideas. This is "Shock Doctrine For Dummies," and it is what we are still facing in a few weeks' time. Or consider this advice:

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How many "liberal" and not-so-liberal think tanks have taken Peterson money, such as the Center for American Progress, the Brookings Institution, New America Foundation, and **many more**? And as Kelton notes, the real support will come from "banks, insurance companies and other institutions that will gain from privatization." What is Fix the Debt, but a bunch of investment bankers and CEOs? Whether you like the fiscal cliff deal or hate it, that fight is over, as **Armando rightly points out**. We cannot afford to pretend that the danger we are staring at is not there or will not really happen. If progressives are divided, they are easily defeated, and we cannot afford to be divided. This coming fight will matter for almost all of us at some point in our lives. Unless you are wealthy, you are likely to be glad that in the spring of 2013 you helped to defeat the latest attempt to "reform" the great benefit programs that have helped to create the middle class, lift the young and the old out of dire poverty, and care for the sick. If reform is needed, it is toward expanding these programs, not shrinking them. The average benefit is around \$14,000 a year. Granny is not living too high on the hog.

Call your representatives and tell them to forget cutting benefits and raising the eligibility age. Tell them that if they cut off all the **sweet deals** in the legislation they just passed, maybe that will get them a little extra cash. And no, Representative Pelosi, chained CPI is not "strengthening" Social Security, except in a world imagined by George Orwell. Tell the White House that our side of the "balance" the President wants has already been achieved through the sacrifices the last four years have imposed on the middle class and the poor. We have had our turn in the barrel. Now it is time for a few oil companies, investment bankers, and defense contractors to enjoy theirs.