

# **The Last Council: Social Security Policymaking as Coalitional Consensus and the 1994-1996 Advisory Council as Institutional Turning Point**

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Dissertation submitted to the faculty of the Virginia Polytechnic Institute and State University in partial fulfillment of the requirements for the degree of

Doctor of Philosophy  
in  
Public Administration and Public Affairs

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July 5, 2007  
Alexandria, Virginia

Keywords: Institutionalism, Social Security, Ideational, Policymaking, Path Dependence

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## **ABSTRACT**

This dissertation traces Social Security policymaking through most of its post-enactment history in search of ideational processes and schema in path-dependent, path-shaping, and path-breaking modes of institutional persistence and change. The study is grounded in the historical institutionalist literature, specifically the recent debate about the utility of path dependence frameworks in incorporating institutional change, with a particular focus on ideas as stimuli.

As a case for tracing path-dependent policy processes, Social Security is overbroad. This breadth requires focusing more narrowly on the interaction between the major coalitions, business/conservative and liberal/labor, on retirement and disability pension (but not health care) issues through the venue of Social Security Advisory Councils. *Council* is used as a catch-all label for the six-decade succession of (mostly) citizen groups appointed by the secretary of HEW, Senate Finance Committee, and, in one case, the president to deliberate questions of Social Security policy and recommend changes, often enacted into law.

A pattern-matching analysis points to a moderate level of path dependence, indicating that the exchange of ideas between coalitions fits the larger consensual pattern of give and take around an existing arrangement. An ideational narrative reveals early negotiations over the emphasis placed on equity versus adequacy, with manifestly ideational exchanges in the 1996 Council's deliberations marking a turning point in the coalitional interaction.

A key implication of this research for the application of path dependence frameworks to U.S. political institutions like Social Security is to buttress moderate path dependence arguments, for instance, those advanced by Hacker and Pierson (2002), and to discount the relevance of path-shaping narratives that have been fashioned from European examples (Cox 2004). Yet the research also modifies understanding of path dependence as a self-perpetuating function of *increasing returns* by identifying an ideational strand that bound both coalitions to social insurance principles. Path-breaking developments apparent in the 1996 Council further

implicated new ideas as institutional factors contributing to the loss of historical consensus on Social Security, bolstering the notion of ideational processes as an element of institutional persistence and pressing the argument for further research into ideas as dynamic elements fostering institutional change.

## **DEDICATION**

To Mary Jo and Lindsay, for their sacrifice and loving patience.

## ACKNOWLEDGMENTS

I wish to express appreciation to my dissertation committee, who showed keen insight and real diligence in seeing this project through to completion. I was most fortunate to work with them.

Although they do not appear until Chapter Six, the central figures in this narrative are the members of the 1994-1996 Advisory Council on Social Security. For those Council members who granted interviews to take time out of their busy schedules is worthy of special thanks. The care with which they recalled bygone events and expressed themselves on many fine points is remarkable. For this I am grateful as a researcher. The splendid service of this Council, a body that labored under an extraordinary charge for little compensation and perhaps even less thanks, shows public-spiritedness of the highest order. For this I am indebted to its members as a citizen.

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## CHAPTER ONE INTRODUCTION

Social Security is an obvious research target. Its scale, historical prominence, and recent topicality make it an important subject. But narrowing the myriad vectors of inquiry that are available bedevils the enterprise of framing a cogent question about Social Security. A few of the readily apparent directions include a political economic vantage on “who gets what, when, how” (Lasswell 1958); an orientation toward equity from a racial, gender-based, or generational perspective; or a comparative view of cross-national patterns and anomalies. Any of these ways of examining Social Security could shed light on important issues: our processes of choosing, societal biases toward slighting or providing, or universal tendencies of political movement. As though the issues tied to this prominent program were not monumental enough, however, this dissertation promises a glimpse of an even more panoramic aspect, with Social Security as the representative of a class of policies that may depend on a broad consensus of the polity to sustain them.

Hardly unique, Social Security exemplifies a group of large policy quandaries the American polity faces—provision of health care, education, and a social safety net—having in common their redistributive nature, using Lowi’s (1972) taxonomy. Such policy areas represent the greatest prospect for direct confrontation because different groups contribute and benefit disproportionately: whether such transfers require the healthy to pay more to address the needs of the infirm, those without school-age children to shoulder educational costs, or current workers to provide for the retirement and disability of former workers and their families. In the last case, the burden of supporting a Social Security beneficiary was shared among 16 workers in 1950, but falls on slightly more than three workers currently, and is projected to shrink within twenty-five more years to roughly two workers (Gramlich 1998: 28). Social Security’s essence—the retired generation reliant on current workers, who provide for their predecessors and trust in the

next generation to provide for them—would seem acutely vulnerable to contributors’ chafing under its inexorably increasing redistributive ratio.

Yet the seemingly consensual character of this program’s past policymaking, which depended on the active engagement of business and labor, not only as powerful political interests, but also as official participants in citizen advisory councils (Councils), indicates that putative opponents nonetheless are capable of an accommodation.<sup>1</sup> *Council* is used as a catch-all label for the six-decade succession of (mostly) citizen groups appointed by the secretary of HEW, Senate Finance Committee, and, in one case, the president to deliberate questions of Social Security policy and recommend changes, often enacted into law. Councils’ composition by representatives of labor and business gave them perhaps their most enduring characteristic. Not only because of the stakes for these crucially involved constituencies, especially given a mainly industrial complexion of the program early on, but also due to the reliable affiliations between business and Republicans and labor and Democrats, these groups made sense as the principals. The expert role was also crucial to the function of the Councils, according to Robert Ball:

The councils also included respected experts. The councils were made up of people who knew a lot about it, but had no inherent constituency, and then labor leaders and business representatives carefully chosen to be influential in their own spheres (1999:12).

Ball had reason to appreciate the expert, having served in that role four times, in addition to his initial role as executive director for the 1948 and 1953 deliberations. He in turn singled out Douglas Brown as a key non-office holding contributor to the program’s development (ibid: 10,

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<sup>1</sup> The Council as a venue owes its anomalous existence to circumstances that arose immediately after passage of the Social Security Act in 1935. A Republican counter-offensive in the 1936 election campaign and subsequent congressional session targeted the projected \$47 billion reserve. Senator Arthur Vandenberg’s vigorous urging ushered in the 1937-38 Advisory Council on Social Security (hereafter 1938 Council) under the joint auspices of the Senate Finance Committee and the Social Security Board, precursor to the Social Security Administration (Berkowitz 1987: 60-61).

13), also in the role of expert member. Even before the Social Security Act was passed, Brown served on the old-age subcommittee of the Committee on Economic Security responsible for drafting the original proposal (Brown 1972: 16). He and Ball had an official role on every Council from 1938 to 1996, except in 1974. Yet business and labor representatives established comparable records of stewardship: Marion Folsom serving in 1938, 1948, and 1964, the last time following his service as the second secretary of Health, Education and Welfare (HEW) under Eisenhower; his business counterpart, Reinhard Hohaus, chairing the 1953 Consultants (similar to a Council) and serving in 1964; and their opposite number, Nelson Cruikshank, representing the AFL, then the AFL-CIO, from 1948 through 1964. This longevity and common service lent decorum, seriousness, and seeming reasonability to the forum, which became known for consensual resolutions of potentially difficult issues (Ball 1999: 12); this represented something of an accomplishment given that business and labor, not surprisingly, tended to stake out positions on opposite ends of the social policy spectrum.

Councils faced high-profile issues (often framed by congressional hearings or other publicized inquiries), and spent from one to two years gathering evidence, deliberating, and developing (usually) consensus recommendations. This policymaking history offers a possible counterpoint to the rancorous debate, hardening positions, and elusive compromise recently characteristic of U.S. politics. Searching for the roots of this consensus in the historical pattern(s) of interaction between constituencies through their roles in Councils represents the foundational inquiry this dissertation makes, upon which the question of a path-breaking disruption of the pattern(s) builds.

The remainder of this chapter will elaborate the research questions and tie them to the introductory theme of sustainable consensus. The significance of studying these issues at this time will then be addressed; next, the situation of the research venue in the Councils. As part of introducing the topic, the author must introduce himself, at least so far as the acknowledgment of

biases that complicate the parsing, organization, and presentation of a mass of historical material. After all, “[h]istory is the most plastic of arts” (McSwite 1997: 56). The chapter will conclude with an overview of the dissertation’s organization.

## **1.1 Research Questions**

Using the apparently consensual history of Social Security policymaking as a foundation, the dissertation pursues two closely linked inquiries: *first, tracing the evolution of policy from an institutional vantage that spotlights the interaction between constituencies within the Councils; then, raising the prospect of a path-breaking change in the pattern(s) of interaction.* This section supplies a brief rationale and sketches the context for these questions.

The perspective of institutional persistence is a time-tested frame of reference, suitable on its face for examining Social Security. The widely accepted programmatic tenets, including contributory benefit structure, employer-employee parity, and universality, reveal apparently stable normative foundations that invite institutional analysis. And history provides a vantage for tracing Social Security’s metamorphosis from New Deal creation that “may have had a radical ring to it” to centrist program that “barely stirs a ripple” (Wamsley and Zald 1972: 38n). This change not only marks the evolving perceptions of the program, but the on-going policy developments: coverage broadened to near universality; benefits expanded in scale (e.g., survivors and disability benefits) and level; and the meaning of Social Security altered—narrowing its scope to exclude economically marginalized groups such as indigent elderly, blind people, and children, before recouping somewhat after the enactment of Supplemental Security Income (SSI). This tension between equilibrium and change contributes to a fundamental dialogue in institutionalism (Orren and Skowronek 1994; Clemens and Cook 1999), which occupies a central thrust of the literature review in Chapter Two.

During the first four decades after enactment, change was the rule. Punctuated by the Second World War and its aftermath (Jones et al, 2003), then almost inertial, Social Security’s

growth attended increased popularity: “American as apple pie, as sophisticated as a dry martini, as solid as the best-run insurance company” (Berkowitz 1991: 65). Given that the program’s programmatic, political, administrative, and demographic underpinnings arguably promoted rather than impeded expansion, perhaps propulsion captures the institutional dynamic better than inhibition (the archetypical institutional effect). Martha Derthick’s rendering of this pattern of incremental growth through the patient efforts of “program executives” (1979: 18) and other members of the “proprietary core” (ibid.: 291) supplies an acknowledged template for this “golden era” (1987: 102), though, as I will argue, ill-suited for explaining later developments.

Labor union representation seeped into Derthick’s core gradually, and during the Eisenhower Administration AFL-CIO headquarters became the de facto policymaking center (1979: 114-16) augmenting the temporarily displaced (Wilbur Cohen) or nominally non-political (Robert Ball) program executives.<sup>2</sup> But the assertion of a prominent business role in public (and private) pension policy development falls to institutionalists Hacker and Pierson (2002), who trace waning and waxing business influence on these policies, placed within an institutional context in Chapter 2. Virtually absent from *Policymaking for Social Security* (Derthick 1979), business power is fragmented among opponents, fence-sitters, the anomalous, socially conscious few, such as Folsom and Gerald Swope (ibid.: 134), and occasional, pragmatic commentators, such as General Motors Chairman Charles Wilson, who propounded the synergy between public and private pensions (ibid.). In this conception, an instrument for muting business opposition was the Council, which, after its debut from 1937 to 1938, was a repeatedly convened group of citizen advisors that prominently featured business representatives, including Swope, Folsom, and Hohaus, who were reliably committed to the program (ibid.: 141-42).

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<sup>2</sup> Wilbur Cohen left government for a position at the University of Michigan (Derthick 1979: 52). Ball maintained a careful line as a career civil servant (ibid.: 75), ultimately receiving a Health, Education and Welfare Distinguished Service Award (Berkowitz 2003: 75) in 1954 as Acting Director of the Bureau of Old-Age and Survivors Insurance. “He and the rest of us were on the inside after that,” according to long-time colleague Alvin David (1997).

[I]t would not be accurate to see the councils as consisting of outsiders who successfully staked out a policymaking role independent of other policymakers. More accurately, the advisory council became for the [Social Security Administration] SSA's executives a convenient mechanism of "cooptation"—in Selznick's classic definition (ibid.: 90).<sup>3</sup>

Although Derthick clearly perceived the policymaking action to be elsewhere, she tempered her view of Councils:

The student of social security policymaking soon learns that he is expected by program executives and close observers of social security affairs to take citizen advisory councils seriously, as places where important decisions are made (ibid.: 89).

Whether the Councils made "important decisions" need not necessarily be established because the issues were at least considered and deliberated in-depth, including pay-as-you-go funding, survivors' and dependents' coverage, disability insurance, Medicare, cost-of-living indexing, and benefit taxation. Acknowledging Derthick's historical virtuosity and recognizing the crucial roles of key elected and appointed policy actors, delineated later in this chapter, the focus on Council deliberations will widen a bit to represent business and labor members as engaging in derivative policymaking—as a microcosm of the actual process. The nature of the abstraction is crucial. If Councils are epiphenomenal, then proximity, as opposed to essential correspondence, defines the level of achievable inference. Just as watching a rhinoceros bird might tell us little about the great beast underneath, aside from its whereabouts and the mite population it hosts, almost nothing obtains from a merely proximate relationship.

But *Forrest Gump*-like proximity to events is not all that the Council venue offers. The caliber of its participants, both affiliated and "public"; the close ties between labor and business

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<sup>3</sup> This definition, "the process of absorbing elements into the leadership... as a means of averting threats to its stability or existence" (Selznick 1949: 13), has been expanded to apply beyond strict organizational boundaries. Cooptation is briefly revisited in Chapter Two before dispensing with Selznick's institutionalism. This reference to "old" institutionalism marks a point of tangency between Derthick's brilliant, but idiosyncratic (as remarked in Chapter Two), programmatic history and my historical treatment to further this ("new") institutionalist analysis.

members and the AFL-CIO, National Association of Manufacturers, and similarly engaged organizations; and the one to two years' investment, albeit intermittent, required of high-profile Council members belie a sham deliberation. Based on the similarity of the issues broached in this venue to those confronting the polity at large, the membership's composition to mimic the constituencies involved, and the correspondence between its recommendations and enacted policy, the Council process should yield a reasonable likeness of the interplay of constituencies. Admittedly, relationships between Council members and their constituencies remain approximations, but hardly unprecedented abstractions given the frequency in the analysis of political institutions with which nations, parties, interest groups, coalitions, and constituent parts of governments are ascribed the attributes of monolithic decision makers in theory, despite acting upon the composite, often complex, preferences of the underlying entity in fact.

Abstracting myriad policy actors to the representative two, business and labor, represents a simplification on one level. Another major abstraction proposes to derive significant inferences about the pattern of policymaking from the Councils' processes, outcomes, and dialogue. Since Chapter Four examines these simplifications along with other choices constituting the research design, it suffices here to restate the research questions based on narrowing the frame of analysis to the interaction between business and labor, as observed through the Council venue. *To what extent did the pattern of Council deliberations reflect path-dependent policymaking for Social Security, and how was the path defined: by lingering confrontation between business and labor over irreconcilable policy disputes or less contentious, more pragmatic negotiation within mutually acceptable boundaries or on-going collaboration in search of cohesive programmatic schemas? Did differences in how Councils deliberated uncover, by the time of the 1996 Council, ideational conflicts behind a path-breaking change in the way coalitions interacted?* Couching these questions within a more self-evidently institutionalist framework will be possible once a range of path dependence perspectives is

developed in Chapters Two and Three, but the essential inquiries will remain intact despite these embellishments.

These research questions appear consequential enough, but possible results of the inquiry may have further implications. To follow these implications for the class of redistributive programs identified at the outset requires a perspective on how policy influences society—beyond the constituencies directly involved in making policy. Schneider and Ingram (1997) discussed the consequences of the social construction of policy targets and the accompanying feedback on long-term policy trajectories. They found political incentives often promote favorable treatment lavished on groups already “advantaged,” who increase their participation, and negative policies meted out to “deviant” groups, who further withdraw, forming a vicious cycle they term “degenerative.” Their prescription for breaking the cycle includes “communicative ethics” (1997: 59), which may counter the social construction of groups as deserving or undeserving and the political expedient tied to that construction.

Where can evidence be found of communicative ethics in practice, not just as an ideal? If Social Security exemplified such communication, then the direct meaningful engagement of constituencies in the Councils could have served to short-circuit this degenerative cycle. Arguably, the largely non-confrontational politics of Social Security served to render an ever-expanding target population, including formerly discounted segments, “deserving,” as Lieberman et al. maintained (Lieberman, Schneider, and Ingram 1995). The mechanisms for conferring acceptance are manifold and beyond the scope of this overview; however, a simple explanation builds on the widespread understanding of Social Security as an insurance program, beneficiaries of which have “paid in.” If this premise is correct, then a steady stream of new claimants have seen their situations, needs, and demands validated by inclusion within the umbrella of Social Security coverage. These added claimants include survivors and dependents of covered

employees, disabled employees, the elderly infirm, and the disabled with limited work history—the most recent category of beneficiaries under the SSI program.

Should the converse prove true and loss of consensus in the wake of the suggested confrontational turn create questions about the presumptive worthiness of beneficiaries' claims, heretofore widely accepted, then negative construction of the target population served by the program poses the eventuality of eroding institutional stability. Before tackling this potential consequence of one of many possible outcomes of the analysis, the basic research must be situated, which will be accomplished within the sections that follow.

## **1.2 The Right Time**

In “Taking Temporality Seriously,” Buthe (2002: 488) invoked King, Keohane, and Verba’s (1994) injunction against privileging the time period that ends when the research project takes place. The fortuitous (from a research standpoint) plateau of progress on revising Social Security policy could be taken as reassurance that if terminating research at the first impasse over “privatization” (in 1994-96) should skew the policymaking trajectory, the distortion would hardly be a passing one, having now persisted for a decade. Although policymaking has ultimately been stalemated, the interim period has been eventful.

When presidential candidate George W. Bush proposed “to allow younger workers to take some of their own money” (in PBS 2000) from Social Security for personal accounts, then won election notwithstanding this foray into “an area where Republicans had been off balance since Roosevelt” (Schieber and Shoven 1999: 185), it seemed that the metaphorical lethality of the “third rail of American politics” might be a thing of the past. As the centerpiece of his first State of the Union speech after reelection, the offer of a “better deal” for younger workers with a “nest egg” that the “government can never take” (Bush in MSNBC 2005) promised to turn the tide of incremental policymaking. But after a year of inaction on this “disastrous effort to add private accounts to Social Security” (Klein 2006: 32), with his job approval rating below 40

percent (*ibid.*), President Bush seemed, if not the victim of some sort of shock, perhaps an illustration of the aphorism that heedlessness of history predisposes one to relearn its lessons.

The fiscal situation on which this unprecedented presidential platform of Social Security reform was predicated had, in the less ominous climate of ten years before, prompted the Council charged with deliberating about coverage, benefits, demographic changes, and other aspects of the financing issue to countenance a dramatic departure from the incremental norm of policymaking: a novel plan to fundamentally convert the system from a pay-as-you-go financing basis to a largely reserve-based system with the capacity to be invested by current workers in accounts they would own. This Personal Security Account (PSA) proposal met the solid opposition of labor union representatives and the rest of the Maintain Benefits (MB) plan supporters organized by Ball, who had first gained national prominence on another Council nearly fifty years before. Just as the lack of support by any congressional Democrats coupled with fragmented positions by the majority scuttled President Bush's plan, the majority of Council members who favored some sort of reform, but split between the PSA plan and an Individual Accounts (IA) plan offered by Chairman Edward Gramlich, could not budge Ball, the union members, or two other MB supporters during months of increasingly stalemated deliberations. Whether the deadlock in the Council over personal accounts represented a harbinger of the intransigence that could be expected from supporters of the traditional program, which should have forewarned the Bush Administration, is mere speculation.

Nonetheless, that this administration freely ignored the Council precedent was demonstrated early in its first term by the commission President Bush appointed to study Social Security. This commission, formally bi-partisan, being led by Senator Daniel Patrick Moynihan, nevertheless was rejected by other prominent Democrats (Berkowitz 2003: 356). Exclusion of major union representation broke a pattern upheld since the first Council and formalized by the tripartite employer-employee-public membership in the 1956 legislation codifying periodic

Council deliberations (Derthick 1979: 89).<sup>4</sup> But this legislation came only after a halting step toward policymaking without unions by the new Eisenhower Administration, whose Health, Education and Welfare (HEW) secretary, Oveta Culp Hobby, engaged “consultants,” including Chamber of Commerce representatives promoting a “blanketing-in” proposal designed to arrest Social Security’s expansion by upending its actuarial structure through the addition of beneficiaries who had not contributed, thus demonstrating its “true” cost (ibid.: 148-149). President Eisenhower sized up the influence of millions of beneficiaries who by now had contributed to the system, abandoned this opposition by conservative voices in his party, and put his administration squarely behind continuity, reportedly concluding: “we’ll get rolled” (Eisenhower quoted in Leff 1987: 34) otherwise. The so-called “Hobby lobby,” ultimately expanded to include labor representatives and more liberal public members, became virtually indistinguishable from its predecessors, with Ball once again directing its staff, and produced recommendations to further extend coverage, even to farmers (Berkowitz 2003: 88).

Recounting the contrasting approaches to Social Security during two Republican administrations separated by a half-century serves to drive home that “history matters” not only to scholars. Moreover, the policymaking environment manifest in the above instances highlights how crucial is the role played by consensus building whenever changes with major consequences for large segments of the polity are considered. The apparent policymaking impasse over private accounts marks the period selected as an appropriate time for considering the role of consensual approaches. The Council as a venue providing a long-term vantage on Social Security policy developments will be justified in the section that follows.

### **1.3 The Right Place**

Adequate coverage of the Social Security’s long expansion and recent retrenchment demands a significant interval, posing challenges for situating this research. The possible venues

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<sup>4</sup> 1994 legislation abolished Advisory Councils, replacing them with a permanent Social Security Advisory Board.

persisting over such a long period include obvious ones: presidential administrations, though these may lack the requisite continuity given the presidency's function as an "order changing institution" (Skowronek 1993), and Congress. Congress generally affords a stabler vantage on national programs, subject to appropriation, periodic reauthorization, and oversight. Yet legislative engagement proved problematic because experts retained control by mastering the technical minutiae necessary to maintain the actuarial balance and contributory principles befitting the insurance imagery:

Combined with its extreme technicality, compromise and ambiguity helped to render the program incomprehensible to all but a highly expert few at the proprietary core of policymaking (Derthick 1979: 291).

Senator Millikin, Chairman of the Senate Finance Committee for the Eightieth Congress, who sought to wield the advisory structure to generate recommendations independent of the Social Security Administration (SSA), confronted this forbidding technicality:

The cold fact of the matter is that the basic information is alone in the possession of the Social Security Administration (Millikin quoted in Derthick 1979: 97).

The direct result of this monopoly of expertise was the selection of Ball, not an employee of SSA during a break in service, as executive director of the 1948 Council, whose recommendations led to the watershed eligibility expansion and benefit increases of the 1950 amendments. It took Wilbur Mills, who chaired the House Ways and Means Committee during five presidencies, to assert Congress's typical prerogatives over the program, but that hardly meant taking control.

While Ball was commissioner and Mills chairman of Ways and Means, policymaking depended on their deliberations with representatives of the Kennedy, Johnson, and Nixon administrations, such as Wilbur Cohen and Republicans Arthur Flemming and Elliot Richardson (Derthick 1979: 339-347). But where could the proprietary core be found by the time of the last Council? Twenty years after Wilbur Mills's disgrace, the retired generation—program

executives, experts, and proponents, Republican and Democrat, who had shared a way of thinking about the program—had given way to new faces whose paradigm was based on pension benefits rather than insurance. Only Ball remained to patiently explain the credo of contributory, defined benefits and the tried and true policymaking parameters, which balanced benefit levels with participant eligibility, years of earnings counted, and other technical factors. Lacking the cohesive group of program proprietors that so dominated Derthick's account, Social Security seems to occupy the position where it began: a political "hot potato" having no obvious resting place. This rootlessness, coupled with my research's focus on key constituencies, suggests the Councils as an apt point from which to observe both the policymaking that resulted in fairly regular changes to the program for much of its existence and its "freezing" two decades ago.

Ironically, the most publicized Council was not nominally an advisory council at all. Rather, it was the National Commission on Social Security Reform, better known as the Greenspan Commission. Paul Light (1985) entitled his in-depth analysis of the Greenspan Commission *Artful Work*: apt, certainly, but implicitly privileging recent history. From the start, Social Security's political balance was "artful." Indeed, President Roosevelt adroitly engineered an indirect founding of Social Security, by creating the Committee on Economic Security (CES) responsible for the initial proposals that became the original Act. Excepting CES, properly viewed as precursor, the inaugural Council owed its existence to conservative disapproval of the expanded public responsibility for economic welfare, sustained after the program's enactment. The resulting body was composed of 25 members drawn from professional and academic areas relevant to social policy, employment, and aging, as well as unions and corporations. Ultimately it dodged the finance question, arriving at the politically viable solution of dissipating the reserve by spending it: expanding the program to include dependents' and survivors' benefits without specifying how it would be financed (Berkowitz 1987: 60-61, 71-73). This deft proposal promoted compromise between program proponents within the New Deal coalition and its

detractors, who included business leaders among other conservatives. The resultant 1939 amendments undercut the factual basis for referring to that title of Social Security as “old-age *insurance*” by adopting the pay-as-you-go financing method that has persisted to the present day.

The happy accident of the Council’s creation was exploited for six decades as bodies convened in similar circumstances and operated under similar norms. Councils faced high-profile issues (often framed by congressional hearings or other publicized inquiries), gathered evidence, deliberated, and usually developed either consensus or strong-majority recommendations over periods of up to two years. Table 1-1 provides an abridged summary of Council actions, culminating with the 1996 Council.

**Table 1-1. Key Attributes and Outcomes of Social Security Advisory Councils**

Date	Advisory Council	Purpose	Chairman	Major Impact
1937-1938	Advisory Council on Social Security	Study advisability of amending Act	J. Douglas Brown	Resulted in the major 1939 Amendments.
1947-1948	Advisory Council on Social Security	Comprehensive Review	Edward Stettinius	Resulted in the major 1950 Amendments.
1952-1953	Consultants on Social Security	Study Extension of Coverage	Reinhard Hohaus	Recommendation enacted as 1955 amendments.
1963-1965	Advisory Council on Social Security	Review Finances and all other aspects	Robert M. Ball	Recommended Medicare and extension of disability to younger workers. (Medicare already on verge of adoption at time of report.)
1969-1971	Advisory Council on Social Security	All aspects	Arthur Flemming	Recommended changes in actuarial estimates-led to 1972 COLA increases.
1974-1975	Advisory Council on Social Security	All aspects	Allen Wallis	Made recommendations for technical changes in financing that were eventually adopted.
1978-1979	Advisory Council on Social Security	All aspects	Henry Aaron	Made broad recommendations on financing, most not adopted. Little impact.
1982-1983	National Commission on Social Security Reform (Greenspan Commission)	Financing issues	Alan Greenspan	Resulted in the major 1983 Amendments.
1990-1991	Advisory Council on Social Security	All aspects	Deborah Steelman	Issued extensive reports. No significant recommendations
1994-1996	Advisory Council on Social Security	Financing issues	Edward Gramlich	Split into three groups with rival proposals. Focused attention on solvency debate.

Adapted from “Research Note #13: Listing of Social Security Advisory Councils & Commissions” (DeWitt 2001).

Excluded from the table was the commission—not a Council in my terms absent labor representation, as discussed above—created by President George W. Bush. The 1957 Council, which was legislatively constrained to issues of technical finance, has also been excluded. Due to their very different constituencies, founding by the private sector (Hacker and Pierson 2002), and distinct policy trajectory, health care-related deliberations have been excluded from the analysis; the exclusions included most of the 1964 Council activity—the expansion into health care (Medicare)—and those deliberations in the 1991 Council that focused on health care after producing initial, vague statements guiding fiscal policy. Although the Greenspan Commission has been included because of its prominence and philosophical continuity with previous Councils, it departed from the usual separation of deliberations from political negotiation and featured the innovation of a publicly high-profile group—unique among Councils for including the head of the AFL-CIO and active members of Congress.

The summary in Table 1-1 demonstrates Councils' involvement with almost every major development in Social Security, during both expansion and retrenchment. As a result, the deliberations represent a virtually continuous pulse of the program's changes and consideration of changes. The dialogue between principals or their trusted representatives provides a record of the articulated expectations, preferences, and program principles, which is almost directly traceable to the major constituencies, business and labor, whence these dialogic elements emerged.

## **1.4 Disclosure**

A disclosure is in order so that the author's acknowledged biases are in plain view; the rest will surely emerge in the course of this document. It is virtually impossible to say more than a few sentences about Social Security's history during the third quarter of the last century

without mentioning two men: Wilbur Mills and Robert Ball. The same may still be said of Ball in the final quarter. This opinion is hardly a personal one, being shared by so prominent a historian as Edward Berkowitz, Ball's unauthorized biographer:

[T]he program's chief administrator from 1953 to 1972 and its chief defender for the rest of the century, ... no one—whatever his or her political orientation—can deny the intricate and intimate connections between the life of Robert Ball and the history of Social Security (2003: 3, 19).

I conducted a single interview and exchanged limited correspondence with Ball and authored a previous article (Gibson 2003) that featured Ball prominently. This slight level of interchange, however, is disproportionate to my full admiration for this administrative colossus, named by Elliot Richardson “the greatest bureaucrat I ever worked with” (quoted in Derthick 1979: 79). Notwithstanding this admiration, I feel no compunction about disagreeing with Ball. Indeed, the referenced article was undertaken despite Ball's rejection of its central premise, even though he remained a principal commentator on the topic. I must further admit, even as his biographer did, to largely sharing Ball's political orientation and, as Berkowitz put so well: “believing that Social Security represented one of America's greatest social policy achievements” (2003: xvii).

Fortunately, as covered in Chapter Four discussing the research methodology, there is no shortage of policy commentators who hold opposite beliefs, even while maintaining a grudging respect: “No one has ever accused Bob Ball of being a poor tactician” (Schieber and Shoven 1999: 280). One of these commentators, Sylvester Schieber, was a member of the 1996 Council and generated an ambitious work that included a detailed account of this Council's proceedings, as well as history, analysis, and recommendations that contradict in important ways Berkowitz's

accounts and those of Ball and other members of what Derthick names the “proprietary core.” These contradictions provide a good source for contrary assumptions to counter my biases. Other safeguards, such as use of secondary sources in structuring research, will be presented along with the development of the conceptual framework and the research approach and procedures in Chapters Three and Four.

## **1.5 Organization of the Dissertation**

The remainder of the dissertation begins with the literature review in Chapter Two, which places this work within a specific institutionalist context and identifies its proposed contribution to that literature. Chapter Three presents the conceptual framework around which the research is structured. Chapter Four explicates the research methodology. This methodology builds upon the conceptual framework by operationalizing the theoretical arguments, thus connecting the chain of concepts to the research design. The methodology also delineates the research principles: for instance, an explicit approach to temporality, as well as identifying the resources from which data were collected, the collection procedures, and the limitations of the research. The chapters that follow present the results. Chapter Five, “Patterns of Coalitional Interaction,” establishes the basic elements of the interaction between the major coalitions, accounting for the historical consensus and the incremental policy trajectory most evident in Council deliberations, and Chapter Six, “Signs of a Turning Point in the Last Council,” develops the evidence to be used in determining the extent to which and the way(s) the 1996 Council represented a turning point in the program’s institutional dynamics. Chapter Seven recapitulates the results and explicitly resolves the research questions. Chapter Eight summarizes the findings, the performance of the frameworks, the contributions to the literature, and the implications for sustaining social policy. In conclusion, I offer suggestions for future study.

## CHAPTER TWO LITERATURE REVIEW

This chapter unveils the schema used to orient the study within the literature on institutionalism. Additional bodies of research are relevant for the conceptual framework and research design, and these will be addressed coincident with their topics, in Chapters Three and Four respectively.

The targeted institutionalist schema is crucial for establishing where within the broad, multifaceted body of research that followed Skocpol's (1992) seminal *Protecting Soldiers and Mothers* the dissertation is intended to make its contribution. U.S. social policymaking was explained, prior to Skocpol's book, as an aberration that resulted from the country's embrace of liberalism (1992: 3-5), handicapping the systematic study of Social Security policymaking due to the absence of applicable conceptual tools and limiting the pertinence of any findings because of their apparent idiosyncrasy. Before Skocpol, the absence of parallels with European cases gave Martha Derthick (1979) license, whether or not she needed any, to explicate *de novo* Social Security's programmatic development. Since Skocpol, it is more difficult to ignore parallel developments in other advanced industrial countries or the pre-New Deal political foundations that the program overlaid. Following Skocpol and departing from Derthick, it is possible for research on this program to contribute to a burgeoning tradition that is societal in frame, historical in perspective, and simultaneously political and institutional in orientation.

Seizing on institutionalism as the body of scholarship targeted for this dissertation is scarcely shocking. Research on political institutions has flourished to the extent that Pierson and Skocpol observe: "We are all institutionalists now" (2002: 706). Yet, four reasons emerge to link the dissertation to the study of institutions aside from merely "following the crowd": (1) the surpassing impression of Social Security as the unshakable anchor of U.S. social policy, a caricature of institutional inertia; (2) brisk movement of the literature toward a congress of the

distinct roles played by institutions as both cause and effect; (3) the increasing prominence of the “policy feedback” dynamic in institutional research as the focus of patterns of path dependence; and (4) reemergence of the normative and cognitive strands of the institutional framework, evident in the recent emphasis on the power of ideas (Lieberman 2002) to explain developments that institutions viewed as stolid masses of rules cannot. These reasons will be explored at length in the last section of this chapter; here it suffices to remark on how the transformative quality of Social Security’s history coincides with the flux apparent in the last three reasons: causal, temporal, and epistemological. That transformation is evidenced at a societal level by the manifestation of a vital role for government in the day-to-day lives of its citizens and at a programmatic level by the regular, significant policy revisions during every administration from Roosevelt to Reagan.<sup>5</sup>

The chapter begins by borrowing from Daniel Béland’s (2005a) treatment of ideas in Social Security policymaking an extensive review of the literature on social policy that spawned the institutionalist literature of interest, which provides a background from which to build. Next, the use of Béland is repeated, this time with a focus on the present wide-ranging literature on historical institutionalism. Then, I depart from the survey of historical institutionalist literature to develop a schema oriented specifically to my research. Finally, the targeted contribution to the literature is explained.

## **2.1 Before Institutionalism**

Before proceeding with the institutionalist schema that applies to this dissertation, a brief background is in order to position the discussion along the “long and winding” path of the term *institutionalism*. Begun by Selznick’s (1949) conception of belief inculcation, which introduced

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<sup>5</sup> This reckoning consolidates the Kennedy/Johnson Administration and Nixon/Ford Administration.

the mechanism of cooptation, whereby groups become complicit in disadvantaging themselves or at least recasting their preferences under a foreign cognitive structure, institutionalism in political science and allied disciplines such as sociology has encompassed concepts so disparate that, taken as a whole, their congruence is nominal rather than actual. Accordingly, the semantic lineage of the term contributes scant perspective on its relevant meaning for the current work in the body of literature categorized as *historical institutionalism*. Tracing it will be abandoned in favor of an overview of the tradition into (against) which Skocpol launched polity-centered institutionalism.

Not surprisingly, the effort to provide a background for Skocpol's departure from the "received wisdom" (1992: 3) that she found when undertaking to explain early U.S. social policy development began within *Protecting Soldiers and Mothers*. Her assessment of the "national values" approach attributing the more generous programs of the Scandinavian countries to their culture of solidarity, in contrast with U.S. liberalism, illustrates Skocpol's aim in developing a new way:

Arguments about national values are too holistic and essentialist to give us the explanatory leverage we need to account for variations in the fate of different social policies, or for changes over time in the fate of similar proposals (1992: 17).

To lend perspective on the conceptual framework Skocpol faced, I take advantage of the retrospective clarity resulting from the extinction of the notions her innovation eclipsed.<sup>6</sup> Daniel

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<sup>6</sup> Just as skirmishing continues after the decisive battle (provided the terrain is uneven enough), holdouts fight on (cf. Domhoff 1983; 1996), though a shift of tactics—from direct assault on the main body to oblique attacks on less defensible positions—may yet hold promise (for example, see Quadagno & Street's [2005] implication of racism in American antistatism). Another adaptation has been to incorporate aspects of polity-centered institutionalism into pre-existing frameworks, which will be addressed below, in the instance of the power resources model (Rueschemeyer, Stephens, & Stephens 1992).

Béland's (2005a) *Social Security: History and Politics from the New Deal to the Privatization Debate* benefits from more than a dozen years' perspective on the watershed in social policy research that resulted from the successes of Skocpol and her confreres, while providing an explicit orientation toward social policymaking research relevant to Social Security.

Béland identifies the alternative (non-institutionalist) policymaking literature as *societal* and classifies three distinct traditions within it. The first, both logically and chronologically, is the economic development perspective (2005a: 12), as typified by Kerr, Dunlop, Harbison, and Myers (1964) and Wilensky (1975), which emphasizes how formerly agrarian societies, transformed by the economic engine of wage-based industry, were unequal to the challenge of mutual care given diminished recourse to the traditional support of family, neighbors, or churches. Béland's next category is termed *culturalist* (2005a: 13); it is equivalent to the "national values" approach (Lipset 1990; Lubove 1968; Levine 1988) remarked above as overbroad in comparison with the sensitivity to community- and organization-level developments marshaled by Skocpol. Finally, distinguishable strands—corporate liberalism (Domhoff 1987; Quadagno 1988) and social democratic (Korpi 1983; Esping-Andersen 1985) approaches—compose the third category, which Béland calls *class mobilization*. Here, the strengths of union and business interests determine the classes' relative advantage in setting social policy: with the ascendancy of enlightened business leaders responsible for minimalist social policies under corporate liberalism (Béland 2005a: 14-15) and unions constituting the social democratic focus (i.e., politically stronger unions imply more generous social policies).

Figure 1 depicts the foregoing literature survey using a modeling technique adapted from Total Quality Management practice, where it is used for root cause analysis. Originated by Kaoru Ishikawa (American Society for Quality 2002: 52), the "fishbone" diagram serves both

decomposition and emphasis: proximity to the “head” coincides with closer connection to the focal point, while movement toward the “tail” implies a more tenuous relationship. The societal perspective, as classified by Béland, is summarized by the lines on the side of the “spine” (which lacks symbolic meaning other than to separate the “societal” portions of the diagram from the “institutional” portions) designated “societal.” Because Béland focuses on institutionalist perspectives and sources, societal perspectives receive somewhat less attention; thus his emphasis is difficult to surmise. Hence, the approaches are arranged by their relative age, with the most recent accorded the greatest relevance, appearing closest to the “head” of the “fishbone.”

**SOCIETAL**  
**INSTITUTIONAL**

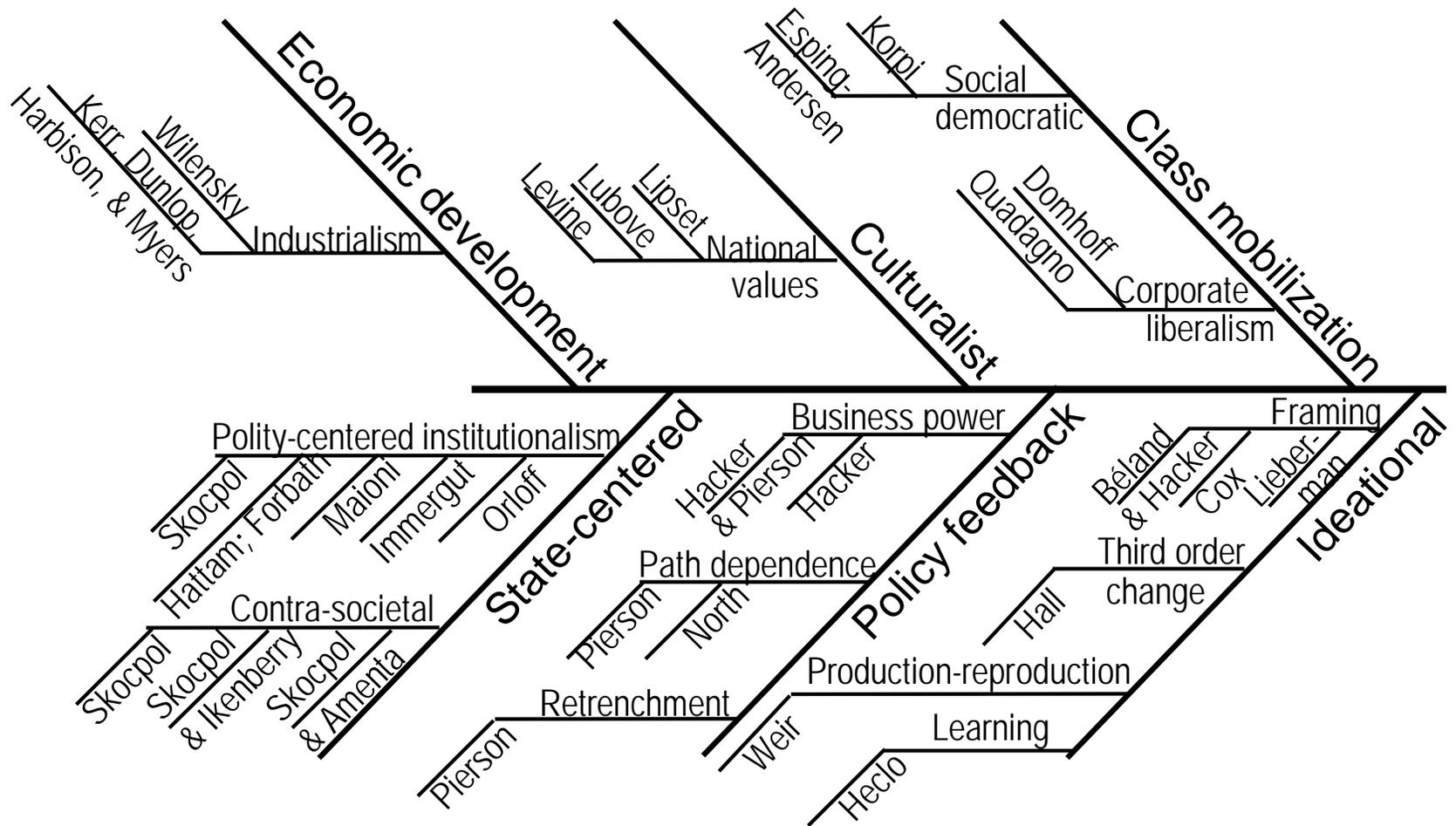


Figure 2-1 B eland’s Schema of Literature Relevant to Research on Social Policy

## 2.2 Historical Institutionalism

Moving from the background to foreground, I represent Béland’s survey of historical institutionalist scholarship—depicted in the lower half of Figure 1 and summarized below—as a conventional schema of this literature, distinguishing it in few but important aspects from this dissertation’s institutionalist schema, developed in the following section. Béland (2005a: 16) marks the determination to “bring the state back in” (Skocpol 1985) as the crucial departure from societal approaches and the beginning of institutionalism applied to cross-national and/or historical (often compatible vantages) policy studies. This departure highlights one key aspect of this state-centered institutionalism as “contra-societal,” because, according to Béland, “such authors as Ellen Immergut, Ann Orloff, and Theda Skocpol have criticized societal assumptions by exploring the impact of political institutions and policy legacies on social policy development” (2005a: 16). Another development was the “evolution toward a more integrated, polity-centered model... well described in Skocpol’s *Protecting Soldiers and Mothers*” (ibid.: 17). This turn emphasized the dynamism that results when some societal components interact around policy options through institutions (and others possibly fail to interact due to unequal access), and, in turn, react to past policymaking.

Because Béland identifies the “polity-centered” approach as an evolution, coinciding with *Protecting Soldiers and Mothers*, the timing of research serves as the crucial factor I use in differentiating the contra-societal and polity-centered bodies of research. Yet his citations fail to cleanly convey this evolution, with Orloff and Immergut designated, along with Skocpol, as critics of societal approaches, though their work followed Skocpol’s seminal research by several years. Accordingly, the contra-societal body of research is populated with Skocpol and her pre-

1992 collaborators (Ikenberry and Amenta). Greater depth of historical analysis characterizes the scholars —Maioni (1998), Hattam (1993), and Forbath (1991)—that Béland associates most closely with the evolutionary dynamic followed in *Protecting Soldiers and Mothers*. Maioni traced party formation and sustainability, and Hattam and Forbath explained the persistence of various labor union configurations—all of them featuring the role of state structures in determining the outcomes that ensued over a significant historic interval. Thus, these researchers have been included with Skocpol, Immergut, and Orloff in Figure 1 under the sub-category of polity-centered institutionalism.

I term the next major body of research Béland addresses “policy feedback” (2005a: 19-20), following his and Hacker’s crisp characterization:

*Often it is the sequence and timing of an event or decision that is the most crucial determinant of policy outcomes. If factor A comes before factor B, the effect may be very different than if B precedes A, even though the same basic factors are involved (Béland and Hacker 2004: 46 [emphasis in original]).*

This category exposes the imprecision and unevenness of taxonomic nomenclature employed in historical institutionalism. Skocpol premised polity-centered institutionalism on policy feedback (1992: 41), in addition to its constitutive aspects discussed above. Conversely, the exemplars of policy feedback Béland (2005a: 19-21) cites consist exclusively of state-centered research. The distinction in the literature chosen rests on the emphasis placed on the feedback. These examples feature unintended, incidental, or corrective reactions and patterns that act to lock in prior-period structures, decisions, and actions—de-emphasizing the original motivation or intentionality that instigated the change.

The sub-categories Béland discusses under the rubric of policy feedback suggest crucial research emphases for the dissertation. The business power argument (Hacker 2002; Pierson and Hacker 2002) connects corporate interests' acquiescence to Social Security's enactment with their historic impotence at the national level during the Great Depression. An accommodative posture toward disadvantageous policies—reflected in the incorporation of the Social Security benefit structure into private pensions—accompanied muted opposition by business, resurgent following the New Deal, but never resulted in a favorable disposition toward a more generous (i.e., living) level of benefits. Moreover, the advantageous policies toward private health benefits and pensions achieved as business-friendly national governments arose in the post-war period—just as other industrialized democracies were expanding their public social programs—circumscribed U.S. program expansion, limiting the public role to poverty-mitigating pension provision. Brief mention of the economic basis (North 1990) underlying studies of path-dependent processes (Pierson 1993; 2000) precedes Béland's discussion of retrenchment (2005a: 19), which reverses the policy feedback-driven expansion described earlier while mirroring its incremental pace. Cautious pursuit of contracted social programs retraces the steps, or at least the spending levels, from more generous to stingier benefits haltingly, with the same veto points and coalitional impedance that governed growth earlier checking the rate of decline.

Having thus far sketched Béland's conventional contrasting of historical institutionalism with the societal approach that (largely) preceded it, I now seize on his innovation—the rationale for launching the institutionalist schema relevant to this dissertation from the foundation he provides. In his emphasis on the role of policy ideas, Béland follows a conceptual path substantially congruent with the framework employed for the work here by departing from historical institutionalism:

Although insightful, this approach tends to relegate policy ideas to the back of the theoretical burner when dealing with welfare state politics. This underestimation of the policy impact of ideas is detrimental to our understanding of social policy reform and, especially, Social Security politics (2005a: 4).

Aptly categorizing the ideational processes used most commonly as based upon learning (Heclo 1974) and paradigm shifting (Hall 1993),<sup>7</sup> Béland distinguishes “framing” as another way for policy ideas to evolve. Whereas learning fails utterly to confront the “struggle between ideological models and policy understandings” (Béland 2005a: 22), Hall’s dynamic does contemplate the clash of ideas (Keynesianism versus monetarism). Yet, paradigmatic confrontation depends on development of revolutionary ideas in the first place: scarcely a given in most policy environments. Weir (1992) differentiated the capacity of different actors to generate or replicate ideas. Framing differs from the foregoing ideational processes because it assumes no accumulation of new stores of knowledge or application of previously untried techniques, but instead involves regarding known situations or approaches differently. Lieberman’s (1998) analysis of race in social policy and Cox’s (2001) of welfare policy reconfiguration are cited by Béland as involving ideational processes that depend on societies’ capacity to absorb perceptual changes. Béland and Hacker (2004) provided an example closer to my policy focus with their examination of U.S. health and pension policy trajectory, which distinguished policy changes requiring path-breaking processes from the path-dependent cases. Here Béland’s conceptual trail, followed for much of this chapter, branches in a direction—his adaptation of Kingdon’s (1995) “policy streams” to ideational dynamics (Béland 2005a: 24-

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<sup>7</sup> The paradigmatic shift is termed “third order change” (Hall in Béland 2005a: 23).

28)<sup>8</sup>—that must be abandoned in order to examine more fully other interpretations of the historical institutionalist literature, plumb conceptual and methodological distinctions whence fissures within this multifaceted literature emerge, and establish thereby a firmer foundation for situating the contribution to the literature that the dissertation targets.

### 2.3 A Targeted Institutional Schema

Departing from Béland in some respects,<sup>9</sup> I next survey definitional scholarship, which is essential for fundamentally interpreting how the literature’s contributors and observers (who more often than not represent the same collection of scholars) apprehend its contours and

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<sup>8</sup> Enlistment of any of the policy process literatures seems an unnecessary addition to Béland’s ideational construct. Kingdon offers some traction from the standpoint of an agenda that is often beyond reach, but opposing ideas play little or no part in guarding or breaching the status quo, which places Kingdon outside of my research vantage. Still more elusive is any progressive aspect within Kingdon’s streams, as they merge or diverge willy-nilly. If a policy process literature were to be leveraged, a much stronger argument could be made for advocacy coalitions (Jenkins-Smith and Sabatier 1993), which at least posits a progressive resistance to change as issues approach the policy core of the respective coalitions. This progression could account, in a way that the policy streams conception cannot, for the long-simmering dispute that Chapters Six and Seven will trace backward from the 1996 Council to objections lodged in members’ dissents two decades before, even as the essential agreement persisted. If advocacy coalitions were used as the conceptual framework to bolster or replace path dependence, the mechanism for the movement of a policy issue would be the progression of the dispute along the levels of belief. The most superficial levels in the advocacy coalitions hierarchy of beliefs are amenable to learning and, to a lesser extent, suasion. The most strongly held beliefs, within the “deep core,” are impervious to negotiation or reconfiguration. Accordingly, the distinction between deep core beliefs and the next level, “policy core,” might account for the ability to reach agreement during the earlier stages of Council deliberations but not toward the end. The superiority of path dependence as a historical framework for this case lies in its emphasis on increasing rigidity over time as one of the phenomena to explain. The emphasis on learning, by contrast, makes advocacy coalitions more feasible if the policy trajectory began with a difficult issue or impasse to be overcome, rather than, as in the case of Social Security, beginning with a very fluid dynamic (in the 1938 Council). Also absent from advocacy coalitions is any mechanism to account for increasing adherence over time to arbitrary policy elements, such as retirement at age 65, which are non-core concerns. But path dependence does account for growing significance of initially arbitrary elements, for example, through the dynamic of increasing returns, which provides for related or ancillary arrangements that tend to bind policymakers to previous decisions, even seemingly arbitrary ones. Thus, advocacy coalitions may well constitute an acceptable framework for some cases emphasizing the role of ideas in policy, but not in this case.

The simmering quality of the on-going Social Security stalemate, of course, cannot help but suggest the “punctuated equilibrium” pattern, for instance applied to the early Social Security development (Jones et al. 2003), where it shockingly locates a hiatus during World War II. This outward-in vantage for diagnosing change alerts observers to imminent transitions by the jiggles and tremors felt from the surface, just as geologists might place instruments on peak after smoldering peak to capture an eruption, oblivious to the particular chain of underlying events. But institutional narratives seek to delve beneath history’s events, impressions of events, and cohesion of shared memory in pursuit of the cause, ideational or other. Whereas the “spade work” to unearth causes in this manner yields uneven, messy inquiries, it offers falsifiable explanation, even (rarely) prediction, of which punctuated equilibrium-based analysis heretofore has been incapable.

<sup>9</sup> The departures are delineated below. They may be surmised by examining the lower half of Figure 2, as to the historical institutionalist research that is relevant.

divisions. The broad areas of the configurative resources I invoke, as depicted in the upper half of Figure 2, include *neo-institutionalism*, *historical institutionalism*, and *path dependence*. An obviously unparallel construction is manifested in these categories; however, parallelism is not necessary for utility. Accordingly, the names have been selected for their familiarity, breadth, and lumpiness. This last, stylized criterion refers to the practical consideration that decomposing an uneven and multilevel collection requires that categories be primarily recognizable as groups and secondarily severable. For example, “path dependence” is preferable for the definitional half of the schema to “policy feedback,” arguably the more precise term, as the name for a self-reinforcing, temporal dynamic because much of the research that relies on this dynamic has self-identified by featuring “path-dependent” processes prominently. Finally, the selected categories show progression from general to specific, in keeping with the convention that salience increases from the diagram’s “tail” (i.e., of the “fishbone”) to its “head.” Therefore, the least meaningful literature for the dissertation is shown nearest the tail, including those portions that consider neo-institutionalism’s structure, conceptual underpinnings, and research methods. The next most important literature deals with the equivalent structural analysis of historical institutionalism, which is found mid-way between head and tail. The most salient literature is research specifically on path dependence, which lies closest to the head of the diagram.

**DEFINITIONAL RESEARCH-BASED**

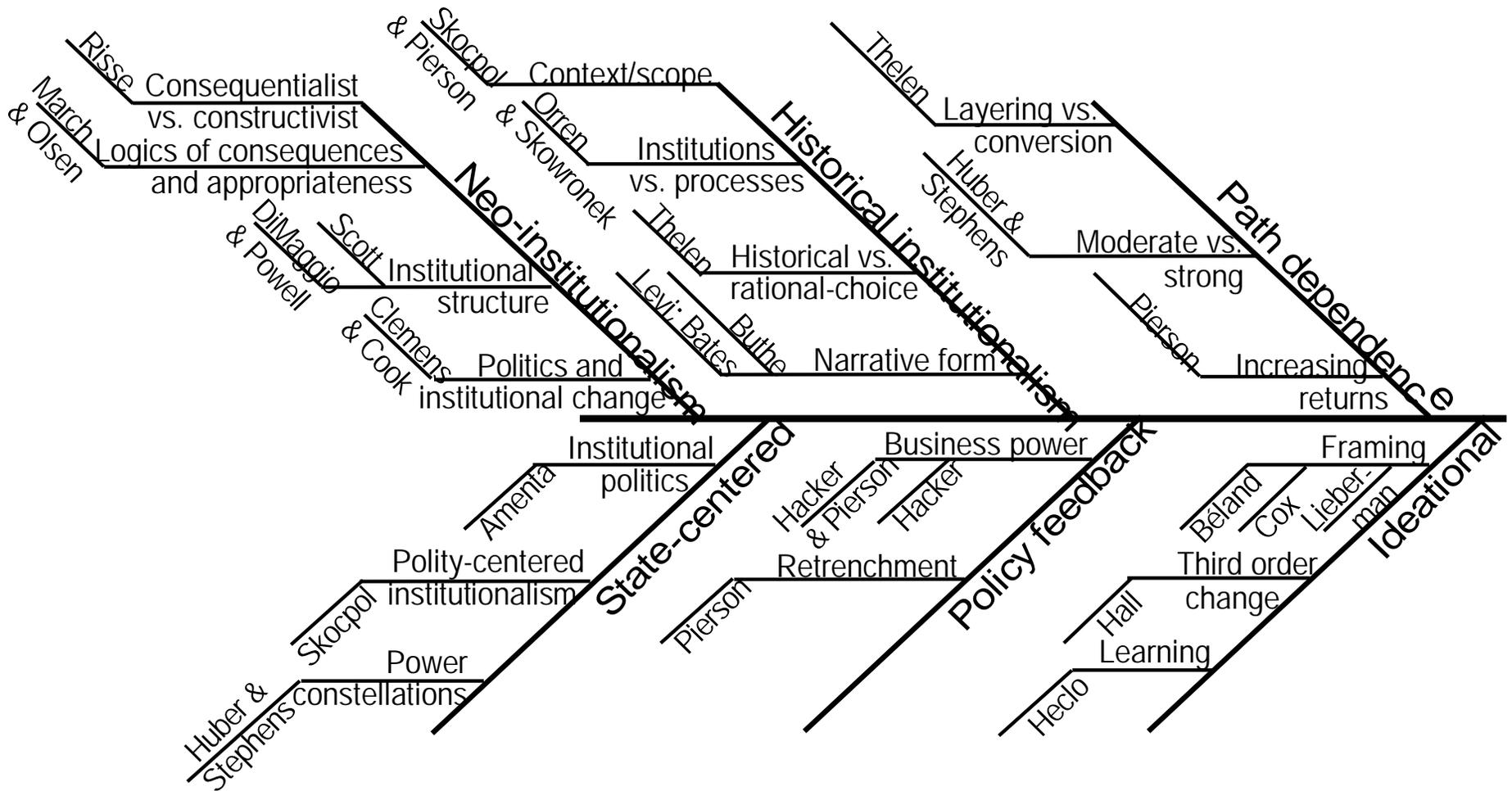


Figure 2-2 Targeted Schema of Institutional Literature Relevant to Dissertation

### 2.3.1 Neo-Institutionalism

Having identified the wellspring of the research tradition to which this dissertation will contribute as *Protecting Soldiers and Mothers* and located the literature where this tradition belongs in the domain of historical institutionalism, the consideration of sources that describe what is usually perceived as the more general category, neo-institutionalism, may seem a backward step, given that it is often described as containing historical institutionalism as one of its three parts (Thelen 1999: 369).<sup>10</sup> Recapitulating the foundational issues thrashed through and (mostly) sorted out in the decade after institutionalism's encore (its debut attributed to Selznick, as noted above) lays the groundwork, in terms of concepts, principles, methods, and core assumptions, encompassed under the semantic umbrella of "institutionalism." Once clarified by the tidying up to follow—of nuances of meaning ascribed to a concept such as preference, of institutional role assignment as cause or effect, and of the use of historical sequence—the body of institutionalist research this study targets for its contribution will be rearranged to locate a suitable position.

The conceptual terrain marked by the consideration of expectations and demands on the one hand and meanings and norms on the other encompasses institutionalism's most prominent distinction: traceable to March and Olsen's (1989) differentiation of the logics of consequences and of appropriateness. This literature regularly revisits the theme, as is evident by considering Risse's (2002) similar (despite being far removed from March and Olsen topically by his focus

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<sup>10</sup> One of the other two areas of institutionalist literature usually is classified as *rational-choice*, which features models built upon micro-economic principles derived from individual-level preferences and self-interested pursuit of explicit incentives. This focus on the autonomous individual contrasts with the societal, normative precepts of the remaining category, *sociological* institutionalism. Thelen points out instances of "cross-fertilization," including the infusion of rational-choice analysis to structure historical models more rigidly through analytic narratives, explored further below; and the opposite tack to meld sociological and historical approaches to "embrace a more expansive view of institutions, not just as strategic context but as a set of shared understandings that affect the way problems are perceived and solutions are sought" (1999: 371).

on international institutions) distinction between consequentialist and constructivist institutionalism. The tension across this divide derives from the consequentiality assumption that behavior results from anticipating situations, calculating options, devising strategies, and evaluating outcomes based on a set of derivable preferences, largely pre-ordained and exogenous to the analytic model. Constructivist perspectives, in contrast, treat structures and actors' preferences and vantages as emergent; thus, the quandary: "If everything constitutes, nothing does" (Risse 2002: 611). As will be seen below when exploring definitions applied to historical institutionalism, this quandary resurfaces throughout the institutionalist literature we encounter.

A more descriptive, as opposed to epistemological, taxonomy is taken from Scott's (2001) *Institutions and Organizations*. Although situated within an organizational context, its three "pillars"—regulative, normative, and cognitive—satisfactorily support any institutional analysis. The viability of quite simple frameworks applied to the analysis of organizations and broader gauge institutions—those encompassing and even spanning nation states—reveals the strength of institutionalism: its capacity for powerfully descriptive shorthand. The relative emphasis placed on each of these "pillars" characterizes the philosophical commitment of the researcher. North (1995) and fellow consequentiality-oriented scholars emphasize the regulative aspect of institutions to establish the "rules of the game" and tend to view norms as, in effect, unspoken but understood rules; the normative aspects serve to extend the regulative ones into informal terrain. In contrast, cognitive emphasis prevails among institutionalists operating under a constructivist framework, yielding norms understood to derive from shared ideas. The cognitive view further complicates the consequentiality assumption of incisive calculation by introducing socially constituted motivation, including sympathy and commitment (Sen 1982), which intrudes on the utility-maximizing individual. Different combinations and emphases of

the regulative, normative, and cognitive aspects yield rich and nuanced pictures of human activity. Much as tiny pixels (dots) of red, blue, and green combine to yield astonishingly lifelike computer-generated displays, layers of regulative, normative, and cognitive motivation account for virtually any institutional manifestation. Unfortunately, descriptive capacity is no guarantee of explanatory power: inference demands that stationary institutional forms be set into motion through time.

Clemens and Cook (1999) provide an apt transition from the static descriptive taxonomy set out above to the fluid temporal dynamic, as well as a focus on politics. The latter serves to enrich the discussion of institutional perpetuation. Bringing politics in augments purely sociological means of transmission, for example through organizational fields (DiMaggio and Powell 1983), by adding the political concept of opposition to the socializing norms of imitation and imposition. But Clemens and Cook's focus is the tension between permanence and impermanence in the study of institutions. Not only can institutions be changed—by temporal impacts of event-driven factors such as critical junctures and the accompanying facets of sequence and dependency—but they also can break. “Social theory, however, frequently asserts that change is determined by the character of prior arrangements, specifically by their internal contradictions” (1999: 449). This insight is crucial for relaxing the primary focus on looming demographic and fiscal threats that Social Security faces. It will be important when considering the focus on policy ideas in Chapter Six to recall that the program ultimately depends on sustaining the commitment manifest in the retired generation's reliance on current workers, who provide for their predecessors trusting in the next generation to provide for them.

### **2.3.2 Historical Institutionalism**

Shifting from the topic of institutionalism in its broadest connotation to focus on historical institutionalism presents an immediate problem: determining what we mean by this

segment of the institutionalist literature. The surveyor of institutionalism encounters noticeable differences among this literature's major divisions taken as a whole, but the methodological and theoretical shifts occur in degrees. As is often the case for superimposed boundaries, the change from one side to the other occurs almost imperceptibly and only becomes remarkable after much of the new terrain is traversed. The lack of stark demarcation and the possibility of "border crossers" (Thelen 1999: 370) between types of institutionalism indicate that apparent proximity, owing to similar subjects, techniques, and even styles, underlies any attempted organization, rather than incommensurable paradigms or other categorical distinctions. Yet, the survey must pick a point of departure. Pierson and Skocpol (2002), having pioneered much of this terrain, reflected that historical institutionalists

pay attention to critical junctures and long-term processes where others look only at slices of time or short-term maneuvers. Researching important issues in this way, historical institutionalists make visible and understandable the overarching contexts and interacting processes that shape and reshape states, politics, and public policymaking (Pierson and Skocpol 2002: 693).

Within this description of persistent components such as "long-term processes" and "overarching contexts" are sprinkled the elements of *making* history: "critical junctures" and "interacting processes." Orren and Skowronek (1994) emphasized the intersection between usually discrete political domains as a source of institutional disruption or reformation. But if structures and orders, like Earth's plates surfing a pool of magma, collide with, override, and subvert one another, then where to find *terra firma* and plant an analytic mechanism? Thus arises the paramount challenge of historical institutionalism: spanning the opposite extremes of fluidity—"stringing details together" (Thelen 1999: 372)—and rigidity, wherein institutions

“explain everything until they explain nothing” (Thelen and Steinmo 1992: 15). Facing this challenge while meeting the often messy and uncooperative onslaught of events, encompassing systematic and special causes, demands methodological innovations such as the narrative.

Proponents of the narrative form advocate explicit incorporation of the factors impacting institutions into the models and admonish against assuming socially constructed attributes to be constant. Buthe (2002: 484-85), for instance, calls for recursive effects on variables, enabling the effect of one period to be a cause in the next. A related form, the analytic narrative (Bates 1998; Levi 1999), has emerged from the more rigid side of the fluidity-rigidity continuum, demanding models clearly explicate the cause and effect dynamic through a chain of motivation that depends on nomothetic preferences: “sacrificing nuance for generalizability” (Levi 1997: 21). Moreover, outcomes must be measurable or unambiguously and consistently classifiable, and the resultant explanation must be comparable with alternatives that are similarly testable (Levi 1999). Narratives require a deliberate approach to temporality (Buthe 2002), taking care not to privilege certain time periods, for example, the ending period imposed by the timing of the research. Or, as Bates (1998) maintains: “narratives describe a birth, a life, and a death.”

### **2.3.3 Path Dependence**

In explaining social phenomena, Stinchcombe (1968) recognizes *historicist* analysis as a distinct category of causal investigation. He does not view as sufficient, however, the noting of regularities repeating through time, but advocates a search for underlying functional causation. The resultant challenge is to “help political scientists think more clearly and explicitly about the role of time, and history, in social analysis” (Pierson 2000: 264) by accounting for the pre-existing conditions, schemas, and actors’ attributes, effectuating processes, and temporal interconnections that give rise to and sustain institutional structures, relationships, and practices. The

path dependence framework formalized by Pierson (2000; 2002) using the increasing returns dynamic adheres to the micro-economic tendency for actors to perpetuate rules, norms, and structures that have proven useful (“profitable”) in the past. The utility of increasing returns lies in rendering explicit the assumptions about how institutions come into being and why they persist, yielding predictable consequences, such as pragmatic accommodation, avoidance of ideological conflict, and pronounced sensitivity to the exit costs from existing arrangements.

The other clear value of the path dependence framework is the availability of ancillary definitions that provide for modulation of the effect through different levels and types of path-dependent processes. Huber and Stephens (2001) identify strong path dependence as dispositive, based on initial conditions, critical junctures, or other irreversibly advantageous dynamics that lock in a pattern into the future, comparable to the dynamic derived from a first-mover advantage in technological applications. They found moderate path dependence more plausible for social policy development because the possibility of subsequently shifting course is retained—a likelier eventuality. Thelen (2002) offers a separate perspective on types of path dependence, which differ depending on the way change is effected: by layering, which involves incremental additions to a program without removing the old, or conversion, which fundamentally alters the core program. Depending on the requirements for effecting conversion (i.e., redefinition of policy attributes, justifications, beneficiaries and so forth), this type of path dependence may be closer to other, less incremental change, such as path shaping (Cox 2001).

#### **2.3.4 Revisiting the Targeted Research**

Having established some of the important emphases and arguments and recent directions of historical institutionalist research, I briefly revisit the research identified by Béland to connect it more closely to the requirements of this dissertation. The discussion may be illustrated by

comparing the lower halves of Figures 1 and 2. The crucial impression to be taken from this comparison is the overall similarity of the two bodies of research, which I posit is attributable to both the largely conventional selections of literature and the departure from conventionality to emphasize ideational processes in Béland's taxonomy and mine.

Under the state-centered category, the largely cross-national research cited by Béland under the sub-category of state-centered institutionalism is not relevant here. The rationale for removing these studies is the less significant role of in-depth historical research. Instead, a link is drawn to the power constellations theory (Huber and Stephens, 2001) built on the in-depth study of social democratic and Christian democratic welfare states, but not explicitly applied thus far to the United States, classified as a liberal welfare state (Huber and Stephens 2001: 89). Because this framework draws on the relative power held by labor or business interests and posits bargaining between constituencies over social policy, it constitutes a relevant tradition for the bargaining model developed in Chapter Four. The framework evolved from the power resources model (Rueschemeyer, Stephens, and Stephens 1992), which lacked a significant state role, addressed within power constellations by the consideration of constitutional attributes such as the prevalence of veto points. Amenta's (1998) institutional politics framework also has been added within the state-centered category. This study of the founding and early development of Social Security posits irresistible momentum from a revolutionary start propelling a half-century's growth—the equivalent of a New Deal-sparked “big bang” hypothesis—fueled by a progressive political party and its constituents. The absence of reinforcing dynamics such as business accommodation (Amenta draws on the older dynamic of cooptation to explain business acquiescence) reveals strong path-dependence assumptions under Huber and Stephens's classification.

Very minor changes apply to the other two categories. Under the policy feedback category, the path dependence sub-category delineated by Béland is not necessary because my targeted schema explores path dependence in greater depth from a definitional standpoint. Within the ideational category, the production-reproduction of ideas is outside the focus of my treatment of policy ideas. Despite not engaging the learning or paradigm shifting dynamics, these frameworks remain in the targeted schema to support description of *framing* by differentiating it from better known processes centered on policy ideas. Finally, Béland's (2005a) history of Social Security has been substituted for Béland and Hacker's (2004) treatment of U.S. social policy because the former focuses on Social Security and reveals greater depth and detail.

## **2.4 Contribution to the Literature of Historical Institutionalism**

The implications of recent threads of historical institutionalist research that emphasize ideas as an adjunct to the dominant path dependence regime in historical research offer new openings into which an ideational narrative focused on social policy may be inserted. The conclusion to this section addresses specifically how the dissertation is oriented to the recently augmented study of policy ideas. The initial question to be answered, however, involves how the research fits within the broad tradition of historical institutionalism.

Whether defined as rules that constrain actions within a society according to North (1995) or norms that indicate appropriate courses to follow as March and Olsen (1989) maintain, the prevailing institutional metaphors convey “stickiness” (Pierson and Skocpol 2002: 700), suggesting inhibition as a salient attribute. Social Security's evident permanence is manifested in its scale—the greatest non-military expenditure and in the Social Security Administration (SSA) the largest independent federal agency—and its reach, touching most of society, including

contributors, current and prospective beneficiaries, and indirect constituents, such as those who would otherwise bear responsibility for retirement- or disability-related needs. As the “third rail” of national political debate, Social Security has famously inhibited policy actors. Cautious, halting policymaking—the expected result given the formidable stature of Social Security—fairly shouts “institutionalism.” Moreover, recent attention to Social Security and closely allied programs (e.g., private pensions) by institutionalists such as Béland, Hacker, and Pierson serve to confirm this connection.

If Social Security has remained static during its history, then the stability and stickiness the foregoing paragraph describes would constitute the whole story. Following Orren and Skowronek (1994), who catalog the reasons why the permanence of institutions represents a barrier to analysis of underlying causes, I delve beyond the surface equilibrium and apparent inertia. By sequencing successive iterations of cause and effect (Buthe 2002), models can juxtapose revolutionary and evolutionary processes to explain outcomes. Repeated modifications to Social Security policy, usually incremental but occasionally dramatic, mark this program as an apt subject, conducive to the treatment of stability and change together. Selection of a time period that spans the growth of the program, the incremental steps to retrench, and the preparation for a potentially path-breaking change in the near future provides a sufficiently long view: if not “a birth, a life, a death” (Bates 1998), then at least birth, long life, then (speculatively) decline or re-birth.

The same factor used as both cause and effect is manifest in policy feedback, particularly the increasing returns dynamic that underlies some path dependence arguments. Lieberman notes “the path-dependence framework is especially well suited to explaining continuity, ... [through] the particular mechanisms by which political processes reinforce themselves and

consequently provide an important opening to the study of political change” (2002: 704). Social Security provides an inviting target for a path dependence argument, not only for present beneficiaries but for other stakeholders as well. Appreciating family members’ reliance on their monthly checks may stoke the expectations of potential beneficiaries. Employers also have vested interests, not just due to current withholding taxes, but also because defined-benefit pension calculations augment the assumed base of benefits estimated from Social Security. As Béland (2005a) emphasizes, Social Security entered its retrenchment phase early, presaging recent reversals of postwar expansions of social policy coverage in European democracies. Yet, retrenchment in the U.S. has not invited the sort of path-breaking change seen in Denmark and the Netherlands (Cox 2001), at least for Social Security. This potential for discontinuous change being imminent or perhaps underway offers a unique window into the tension between continuity and discontinuity, which this dissertation has been planned to exploit.

Diagnosing path-breaking change, however, requires a different focus. Lieberman’s thrust, for example, is to encourage incorporation of ideas as catalysts for breaks from the past. Cox uses the term “path shaping” to describe political leaders “framing issues in ways that generated widespread support for reform initiatives” (2001: 464). This fits Lieberman’s emphasis of the aphorism: “the power of an idea whose time has come” (2002: 697). Leaders do not necessarily generate a new idea but make it suitable for their time by presenting or packaging it in a way that mobilizes popular support. Path shaping explains how a polity’s understanding of issues evolves, coaxed by change agents who employ novel conceptual foundations. This use of ideas is appropriate for the task at hand, having been used in a social policy context, specifically to understand how subtle shifts in understanding serve to animate seemingly intractable disputes.

This research is most closely associated with Cox's inquiry into the role of ideas in the cases of Denmark and the Netherlands. His treatment of the conflicts between the dominant belief systems caused by the eroding demographics and increasing pressures of international trade with its newly global competition reserves a prominent place for the influence of ideas. The difficulty that Cox faces is that processes are recent and still in flux, complicating the task of overlaying an explanatory trajectory onto policy developments that may yet evolve in a variety of directions. The research into Social Security policymaking during the sixty years when Council deliberations took place offers a longer timeframe and richer mix of policy outcomes. This permits a more satisfactory explanatory fit by examining the trade-offs within our belief systems—adequacy versus equity and community versus individuality—consistent with Cox's treatment of the European cases.

In view of the challenge, emphasized by Béland (2005b), of locating ideational processes within historical developments, this dissertation retains the capacity to contribute to the broader tradition of historical institutionalism even when meeting resistance in tracing the explicit impact of ideas. The search for ideological impacts constitutes one type of contribution to a literature that hitherto has downplayed policy ideas as testable factors. Moreover, defining levels of path dependence—from strong to moderate to weak (as Chapter Four describes)—provides greater versatility than would positing a binary policy influence: present or nil. By ratcheting up and down the relative influence of the increasing returns-based factor evidenced by bargaining between coalitions within Councils as compared to the influence of ideas, my design creates a space for the pursuit of alternate dynamics. The explicit influence of ideas remains an elusive factor, but a focus on the sequence of events and the interaction within processes (as proponents of the narrative form advocate) should reveal the influence of ideas if present. In any case, the

viability of alternate patterns, including a strongly path-dependent “institutional politics” (Amenta 1998) dynamic and a moderately path-dependent increasing returns dynamic, similar to the business power-based processes that Hacker and Pierson (2002) found operating in U.S. pension policy, suggests a positive contribution to the targeted literature notwithstanding the multi-faceted results of this dissertation.

## **2.5 Summary**

This chapter’s review of the literature relevant to the dissertation has traced the historical institutionalist literature from an origin in the study of social policy to its current place as a significant body of literature in its own right. Within this wide-ranging literature, an increasingly identifiable collection of research is associated with the phenomenon of path dependence, a concept central to the dissertation. The specific contribution this study targets is the analysis of ideational processes with the capacity to shape the paths that institutions follow. The research therefore is grounded in the heavily idea-based studies of Cox (2001; 2004) and Béland (2005b) and spurred by Lieberman’s (2002) challenge to largely static institutionalist frameworks, which, to be relevant for explaining change, need to incorporate agents such as ideational processes. I aimed to add to this concept of changeable institutions, subject to the influence of ideas, through the example of Social Security, which has been touched upon (Béland 2005a; 2005b; Béland and Hacker 2004). By applying a more methodologically self-conscious design, buttressed by an in-depth historical orientation, the goal of this research was to push on deeper in the general ideational direction, which researchers have pursued thus far somewhat superficially.

The complexity of the literature on path dependence occasions a specific discussion of the dissertation’s framework in the chapter that follows. That examination separates the strands of path dependence in order to clarify the basis for distinguishing among its distinct variants

(strong, moderate, and weak). This decomposition of the broad path dependence framework into discrete categories based on the core assumptions that support each category figures prominently in the research design, as the following chapters explain.

## **CHAPTER THREE CONCEPTUAL FRAMEWORK**

This chapter establishes the conceptual underpinnings that guided the research. Distinct concepts operate at the general, contextual, and applied levels of analysis, addressed in turn. The general conceptual framework establishes my intellectual commitments, which are rooted in broad institutional concepts: how political and economic interests influence policy through mobilization of constituencies and what the role of ideas is. I constructed a contextual framework using concepts chosen for their appropriateness to the domain in which the research was conducted and their role in establishing conceptual plausibility. Applied frameworks are specific to the models developed and will have most direct implications for the research design described in Chapter Four. Finally, I explain the frameworks associated with the exploration of alternative outcomes (counterfactuals) for the 1996 Council, as well as suggest a link between a history of consensual policymaking and the broad acceptance of the Social Security program's target population.

### **3.1 General Framework**

As the survey in Chapter Two reveals, the literature on institutionalism constitutes a broad expanse, necessitating careful attention to the author's intellectual commitments because none may be safely inferred from the label "institutionalist." These commitments begin with a respect for power, rooted in the Stinchcombe definition of institution as "a structure in which powerful people are committed to some value or interest" (1968: 107). Whether purely customary institutions exist in which no vested interest plays a role is debatable but not germane here, as I will be occupied with political institutions, which entangle power, custom, interest,

values, and other enduring attributes of the governing process in a tight knot. Stinchcombe also associated his definition of institution with the “old institutionalism,” distinguished by the notion that “people built and ran these institutions,” as opposed to the current variety “in which collective representations operate on their own” (1997: 2).

Atop this platform of purposive structures erected to serve vested interests and values is overlain the reinforcing mechanism of increasing returns, amalgamating the new institutionalism with the old. This reinforcement simply recognizes the phenomenon of accommodation of the institution by the surrounding environment. In its extreme form, this accommodation generates purely historicist causation (Stinchcombe 1968: 101), whereby the original form is preserved by its imprint on the structures it impacted without any record of the purpose it was invented to serve; it has become a social fossil. Reinforcement based on interest or custom—or a combination conflating the original sources over time, as in the case of gender inequities (Knight 1992: 124)—represents a self-evident factor in institutional persistence, but hardly an intellectually satisfying rationale. Stinchcombe’s premise that commitment is essential, else “the center cannot hold, and mere anarchy is loosed upon the world” (1997: 18), suggests the power of ideas, which serves to animate the research here. The search for ideational processes that bolster institutions by sustaining core principles, suitable for subscription, constitutes a complementary intellectual commitment, mitigating the privileged position of vested interest.

### **3.2 Contextual Framework**

The contextual framework applies specifically to the circumstances being studied, helping to frame the response to Ragin’s apt question: “What is this case a case of?” (2004: 131). Adcock and Collier (2001) make the critical distinction between background (identified as “general” above) and systemized theory necessary for operationalizing concepts in models,

which the remainder of this section discusses. Establishing a strong basis in theory is crucial in supplying inferential leverage when applying a case study-based method.

Answering Ragin, this analysis of Social Security Advisory Councils focuses on constituencies rather than individual policymakers as actors. Following to a degree Derthick's skeptical perspective of the Councils' role in policymaking, discussed in Chapter One, my vantage does not require their deliberations and outcomes to be decisive (though they arguably were at times, for instance, as the prelude to the 1939, 1950, and 1983 amendments), but merely indicative. Clearly, most of the important political actors were not on the Councils; yet their views, especially in the case of the labor union leadership, were reflected by their representatives. Viewing the Council members as "stand-ins" for their constituencies best captures the type of representation I envision. The limitation of this inference is analogous to that of the motion picture "double." The double can replace the actor when the action gets too rough or dangerous, and even participate in faraway "shots" when the principal is absent, but would not be credible in "close-ups." As Chapter Five describes, George Meany did not serve on the Council, but Cruikshank conveyed the feelings of the AFL, then the AFL-CIO, to the Council (as he also conveyed them to Congress, program executives, and other representatives of the presidential administration). For the business executives, it can be argued that such reliable program advocates as Folsom and Hohaus did not represent the business community, but the policy priorities and ideological repertoires of such a diffuse entity would arguably be impossible to capture in any handful of representatives. Their involvement with general business interests, such as the National Association of Manufacturers and the Chamber of Commerce, and with industry associations, insurance for instance, ensured that Folsom and Hohaus were at least cognizant of their colleagues' opinions. The period of the 1960s and 1970s, when policy was

more tightly controlled within a Washington-based circle is, after all, a relatively small slice of the program's history, though it may have disproportionately influenced Derthick's view of the circumscribed role of constituencies, since revised by institutionalists such as Hacker and Pierson (2002). Even during this insider-dominated period, the metaphor of actor and double obtains to the extent that studying the Councils of that time yields a rough notion of the major action, even if it sheds no light on the interplay among Ball, Cohen, Mills and the other "leading men." Thus, the response to Ragin is that this is a case of constituencies working their will through the wider political process, but interpreted through their representatives' decisions and expressions on the Councils.

The next issue that arises is how constituencies manifest themselves in the venue of interest. The establishment of tripartite Councils necessitated that constituencies combine into coalitions, because of a structure that numerically favored public members. To illustrate, labor unions relying on their own members could count on no more than three representatives, usually out of a total of 13, even during the zenith of their influence in the sixties and early seventies. Yet even the most Republican-influenced Councils included reliable labor allies, such as Eveline Burns, who served on the 1953 Consultants. This combination of liberal and labor constituencies, hereafter referred to as the liberal/labor coalition, solidified after the first Council by adopting reliably cohesive positions on most issues, as detailed in Chapter Five. Chapter Five also will trace the progressive formation of the business/conservative coalition, largely ephemeral, while liberal domination of the Social Security Administration kept most Councils free of conservatives other than business members, and the agency carefully screened those to ensure their basic support for the program.

This study of interactions between coalitions relies on parsing the ways political actors encounter one another. First, the relative political influence of labor- and business-based coalitions may mediate their interaction. The premise of bargaining between corporate and labor interests over social policy, with labor's strength in diverse political traditions the principal factor, has been a staple of cross-national analysis using power resources theory. More recently, power constellations theory (Huber and Stephens 2001) has refined this approach by incorporating considerations that include constitutional veto points, as Chapter Two described. The distinction between European Social Democratic and Christian Democratic governments, which exhibit some measure of corporatism, and that of the United States, where it is considered a foreign concept, means that a trial of strength between business and labor is somewhat unconventional as applied to U.S. social policy. The universal susceptibility of employer-employee arrangements to the pressures of cost competition under the current regime of globalized trade, however, provides one illustration of the emerging world economy that renders European examples less "foreign."

The prevalence of veto points in the U.S. system limits the role played by political power alone, inviting a compensating commitment to understanding how dominant and subordinate coalitions might appreciate each other's concerns, adjust their positions, and craft reasonable accommodations. I begin with a straightforward model of such appreciation, adjustment, and accommodation based purely on the assumptions of negotiating power derived from Knight (1995), addressed in greater depth in the following section. This bargaining mode of interaction is reinforced by the increasing returns (Pierson 2000) dynamic, whereby primarily economic incentives shore up existing bargains with collateral inducements that grow over time.

Yet institutional theory contemplates other devices—for instance, the operation of habit, custom, and mutual commitment—to explain persistent arrangements. Even the calculative accommodation of Knight’s model of negotiation requires a threshold for interaction: that parties trust each other to an extent not to make rash moves, realizing what both sides have at stake. Assuming such restrictions apply even to transactional bargaining corresponds with Scharpf’s (1997: 137-38) “weak” level of trust, which requires participants to make sincere proposals, communicate their intentions openly, and forego incidental advantages that arise during the negotiation. Trust as it operates in institutions extends beyond transactional considerations, realizing that there are effects, for example impacting reputation or threatening the stability of the existing order, that go beyond calculative accommodation. Considerations of reputation figure prominently in Greif’s (1995) historical account of the Maghribi traders, who had ample opportunity, considering the long routes and fragmentary legal jurisdiction, for unfair dealing, but were dissuaded by the prospect of a censorious response by the group against disreputable members. As will be evident in Chapters Five and Six, operation of the Councils proceeded in a collegial fashion, with intentions and reactions communicated respectfully and forthrightly. No evidence exists of strategic voting, by which amendments would receive disingenuous support with the aim of scuttling the entire recommendation.

Even dissents, which constituted a significant departure from the norm that developed around consensus, were communicated respectfully. One example is the opposition to disability insurance by Folsom and Albert Linton, both of whom had served on the first (1938) Council and concurred in the rest of the 1948 recommendations. Linton’s experience as an insurance executive provided specialized knowledge of the workability and economics of disability coverage, which had cost the insurance industry dearly during the Depression. The dissent

avoided philosophical arguments, treating specific issues related to employment, verification, and business cycles (“Appendix C – Memorandum of Dissent by Two Members” 1949).

The business representatives’ dissent over disability insurance demonstrates another element of the accommodative dynamic that must be considered in how coalitions functioned on the Councils. Members’ responsibility to those they represented required them to communicate in two directions with often disparate sets of terminology, one for their counterparts on the Council and the other to constituencies, who lacked an appreciation for the specialized language of policymaking. Thus, the long-running dialogue between the major coalitions on Social Security through Council members placed additional stress on addressing the other audience because this rarefied interaction used forms of interchange and description quite removed from the prosaic worlds of citizenship or commerce. As Béland (2005a) catalogs, definitions became stylized over the course of the Councils: contribution meant tax, replacement rate connoted return, and the employers’ contribution was omitted from virtually all computations that assessed the performance of the system. To the extent this language served as an ambiguous institutional shorthand, possibly protecting certain inconsistencies from challenge, coalitional interaction may well have gone beyond the pragmatically accommodative modes that negotiation requires. Chapter Seven will examine the institutional shorthand instituted in 1938 as a possible example of an ideational schema, consistent with Béland’s concept of “framing” discussed in Chapter Two.

For the notion of ideational framing Béland’s explication is most apt and is based on the example of Social Security. Reinforcing the concept of framing, Cox (2001; 2004) employs European examples of path-breaking changes to social programs within traditional welfare states (e.g., Denmark). In this example, Cox contrasts “path-shaping” with path-dependent

policymaking processes, with the divergence from the path explained in part by the positioning of changes within a socially acceptable context requiring a traditional concept to be pressed into service within a new paradigmatic structure. To illustrate, solidarity was revised to represent one’s responsibility to society to work as long as physically able, thereby reducing the use of unemployment benefits. As in bargaining, the applicability of ideational framing to other advanced economies, notwithstanding the generally accepted singularity of the U.S. case, invites consideration of ideational processes as reasonable causes of policy changes. Cox, of course, also includes individual policy entrepreneurs in this process, which this analysis explicitly excluded.

The semantic discrepancies between European and U.S. ideological paradigms require some attention to common terminology. Béland’s survey of “ideological repertoires” is quite satisfactory conceptually, but requires some adjustment, as Table 3-1 suggests. The “Selected Terminology” column constitutes the inventory of “ideological repertoires” chosen for the remainder of the analysis.

**Table 3-1. Ideological Repertoires Distilled from Béland’s History of Social Security Policy**

<b>Ideological Repertoire</b>	<b>Reference<sup>11</sup></b>	<b>Comparable Terms</b>	<b>Selected Terminology</b>
solidarity, interdependence	p. 29, p. 109	universality, community	community
intergenerational equity	p. 30	earned rights, fairness	equity
self-reliance, individualistic discourse	p. 32, p. 190	individualism	individualism
privatization, ownership	p. 34, p. 182		privatization
universalistic social policies	p. 35	universality	universality
redistributive logic, social adequacy	p. 188, p. 176	adequacy	adequacy
personal responsibility	p. 38		personal responsibility
fiscal conservatism	p. 147	soundness, solvency	solvency

<sup>11</sup> References to Béland (2005a).

The ideological repertoires, through which Béland posits policies are framed, constitute the building blocks of ideational policymaking processes. Chapter Six builds a dialogic structure that creates opposing pairs: equity and adequacy, fiscal soundness and privatization, community and personal responsibility, and universalism and individualism. Ideological repertoires rooted in each coalition's formulation of these ideas into conceptual shorthand served to condense broader arguments and trigger allied reasoning. Over the course of Social Security's development, readily identifiable positions grew up around these ideas. Equity and adequacy, already woven into the conceptual fabric of the Social Security by the late-1930s, contrast with late-blooming concerns that pitted fiscal soundness against privatization. But, as Chapters Six and Seven will show, all proved suitable for coalescing allies, choosing sides, and generating opposition.

That Table 3-1 is far from exhaustive can be established from reviewing policy histories (e.g., Derthick 1979; Berkowitz 2003; Schieber and Shoven 1999), in which additional terms are readily apparent, including liberalization/de-liberalization, transparency, contribution, and insurance, to name but a few. The pruning of such terms signifies both that the crucial few terms are sought and that maximum clarity is the aim. For example, liberalization conveys very little without context. Nor does insurance: to illustrate, does "insurance" refer to actuarially underwritten risk abatement or its trappings, as exploited to portray Social Security as an insurance program? Unlike the others, transparency will emerge to play a pivotal conceptual role in the loss of consensus that Chapters Six and Seven explore. But, crucially, transparency does not oppose another idea as part of a dialogic pair. The implications of the "at large" quality that arguments based on transparency had, absent any offsetting ideational counterweight, emerge in the later chapters.

Of course, the terms ultimately selected are not explicit on their own, but they do convey an established meaning within the context of Social Security. To wit, solvency is determined based on 75-year estimates encompassing life-expectancy and workforce demographic trends, calibrated to hundredths of a percent of the national payroll. In some cases, the traditional meaning in the U.S. context differs from the meaning assigned based on international usage. For example, “community” does not convey the same societal identity as “solidarity” does in Scandinavian countries; universality in the U.S. context refers to coverage of all workers rather than universalistic social policy, which refers to the whole population. Finally, the choice between some terms, such as privatization and ownership, has unavoidable political connotations. Advocates of private accounts have rejected the term “privatization” as inaccurate and politically inflammatory, but it serves as a convenient label for a broad category of solutions that apply markets and private asset ownership to public issues. Ultimately, the meanings of these ideological repertoires will be more specifically established by their usage in a historical setting in Chapters Six and Seven, where instances of policymaking and their interpretations are examined.

The wide-ranging contextual framework set out above risks running the gamut of Scott’s taxonomy, from the strictly transactional, institutional only in a *regulative* sense, through the customary accommodation of longstanding partners in an arrangement (*normative*), to the ideational processes that establish perspectives on a set of policies or adapt particular language to the maintenance of consensus (*cognitive*). Chapter Four will sequence the tackling of these very different vantages through an explicit research design, which will begin with the transactional structure of influence-based negotiation to clarify how and when political strength manifested itself in coalitions’ interactions. Establishing the limits and context of using political strength

brings accommodative dynamics to the fore. This permits regulative considerations to recede to the background in order to pursue corollary questions about the sources of a turning point, drawing attention to the residual normative and, especially, cognitive elements of the interaction thrust into examination by the remainder of the research design.

### **3.3 Applied Framework**

The applied conceptual framework, as Adcock and Collier have defined it, makes operational what the general and contextual frameworks set out for consideration: a tall order given the broad-gauge nature of the concepts employed above. Simplifying the problem somewhat for this explanation of the framework is the in-depth consideration of the structured bargaining model alone, following a brief overview of its ideational counterpart. Two main reasons justify this emphasis. First is to clarify that, notwithstanding the tendency of regulative institutional models, especially those applying game theory, to encompass assumptions that stringently limit normative and cognitive considerations, no such limitation is imposed here; second is to generate another structure in support of a subsequent normatively and cognitively based narrative. I postpone discussing this structure because of its subordination to the particular premises accompanying that subsequent narrative. These can only be formed following the disposition of the structured bargaining model and will depend on the assumptions that arise from that disposition. Rather than a case of inability to “see the forest for the trees,” the problem posed by a regulative framework is the inability to see the forest floor through its canopy— an impenetrable rule-based structure vested in the *status quo*. As a forest canopy relies on saplings invisible from above for replenishment, I presume that the institutional forms I study are

dynamic, with their changes detectable once an overarching pattern can be established and followed to its source(s).

The variant of path-dependent process that predominated (strong, moderate, or weak) influences the nature of the ideational narrative. Chapters Four and Five elaborate on this influence. In brief, following Huber and Stephens's (2001) structure, the stronger path-dependence assumptions are shown to be, the earlier the fundamental arguments (and resolutions of conflicts) are to be found. As path-dependence assumptions become less stringent, moving from strong to moderate, reappraising new circumstances and revisiting or even recasting prior arrangements becomes possible. Casting off rather than recasting precedents characterizes the weakest variant of path dependence; this is not path dependence at all as Huber and Stephens contemplate. Policymaking discontinuity in its wake leaves few recurring traces for a historical narrative to follow. Determining which of these sets of assumptions describe Social Security policymaking best is the work of Chapter Five, relying on the structured bargaining model framed in the remainder of this section.

An expediency by comparison with the ideational narrative this research builds toward, the structured bargaining model nonetheless is grounded in the general and contextual frameworks. The commitments to power and accommodation, as set out in the general framework, both clearly anticipate arrangements reasoned out where possible, rather than fought over. Identification of two principal (usually opposing) coalitions in the contextual framework and connection with the corporatist tradition of labor-business contention lead naturally to selection of a bargaining model. Knight (1995) contrasts three elemental game theoretic structures as potential templates for illustrating institutional emergence and change, including arrangements by convention, contract, and bargain. He identifies the salient characteristics of

bargaining models as risk, credibility, and asymmetric negotiating power: the last primarily dependent on the residual resources in case of disagreement. Hence, the outcome reached by the bargainers can be explained in terms of the resources (principally political) that each begins with, their relative sensitivity to failure, and their capacity for credible commitment and threat. These factors, in turn, are based on political and economic circumstances. To illustrate, the termination of the New Deal-Great Society regime by the “Reagan reconstruction” (Skowronek, 1993) decreased the risk to business interests of bargaining failure over Social Security because of new access to alternate venues; at the same time, it decreased the credibility of labor organizations, deprived of their former capacity to reliably deliver congressional support.

The final consideration in framing Knight’s structured bargaining is to touch on the conceptual logic and the use of process tracing to build the deliberative process model in Chapter Four. As conceived by George and McKeown (1985), process tracing draws upon a distinct standard of inference. The inferential standard (“consistency not spurious”) does not eliminate alternative explanations, but attempts to convince by building more traceable connections to the eventual outcome through intermediate paths. Paths link to outcomes predicted by varying the factors of sensitivity to failure and capacity for credible commitment and threat, which ultimately depend on the degree of path dependence assumed and the relative political strength of the coalitions. For example, we might expect to find grandstanding (but not negotiating) between dominant and subordinate coalitions under a strong path-dependence premise; negotiation about incremental tinkering or layering (Thelen 2002) through modifications consistent with moderate path dependence; or partnership in construction of new policy options marking the weakest level of path dependence.

Finding risk-averse coalitions weighing their chances in a test of political strength against the cost of an accommodation is consistent with the foundation built throughout this chapter, the consolidation of complex, interrelated factors into a basic calculation, and verges on oversimplification. Nonetheless, there is a methodological rationale for this simplicity. When using game theory, McKeown (2004) indicates the futility of identifying individual effects issuing from the specific factors, advocating instead treatment of the entire game structure (which incorporates steps, nodes, and outcomes) as a unitary model that relies on a comprehensive set of assumptions. The more crucial rationale for modest expectations of the game structure is that the search for a role for ideational processes limits the utility of the regulative institutional structure beyond an initial outline of the process. The essential differences between a regulative framework that assumes consequences drive behavior and the normative and cognitive bases driven by considerations of appropriateness confine the regulative bargaining structure to an analytic first pass. This preliminary use of the game structure to narrow the context for ideas is comparable to the pursuit of suspects by broadcasting a police sketch, which, following apprehension, is discarded in favor of more compelling evidence. With the general picture sketched, the role of ideas in producing a discontinuity, a turning point in the pattern of Social Security policymaking, can be explored. The underpinnings of the concept of a turning point are addressed next, along with brief mention of other concepts applied to specific aspects of the analysis.

### **3.4 Other Conceptual Mechanisms**

The second research question that Chapter One set out presumes a confrontational turn from consensus to dissensus evident in the 1996 Council. Abbott (1992) likens the contingency

of a turning point to the setting of tumblers in a lock. Using the example of crucial events, such as wars, revolutions, and regime changes, Abbott points out that attempts at revolution may fail absent preconditions, and circumstances primed for revolution may fail without the attempt. Applying this template to the 1996 Council's failure to achieve consensus, the deadlock over personal accounts can be viewed as a departure from the established pattern. From this vantage, the Councils represent a linked chain of developments receding into the past. To illustrate, the inability to resolve underlying fiscal issues during the 1979 Council and the agreement on vague fiscal principles, but no specific changes during the 1991 Council (until concentrating for the remainder of the Council on health care issues) may constitute two elements in a traceable narrative, laying the antecedents for the last Council and prefiguring a turning point.

One narrow inquiry contained within Chapter Seven's broad exploration of the sources of the turning point relies on a counterfactual analysis of the 1996 Council's results, seeking to construct a plausible outcome other than the dissensus that actually occurred. To investigate the plausibility of an ahistorical narrative, I follow Tetlock and Belkin (1996) by minimizing variance from the main course of events given the relative plausibility of alternative courses, and applying a generally accepted theoretical template, in this case the institutional framework built throughout the dissertation. Implicating the principle of "transparency" (see Chapter Six) as a novel argument employed by the business/conservative coalition against the status quo and, thus, a prime contributor to the 1996 Council's failure to reach agreement, is speculative, as counterfactual conclusions must be. The grounding, however, of this counterfactual analysis in the historical patterns established in later chapters yields a plausible, more specific explanation for the outbreak of dissensus than the alternative narratives, which are based on economic determinism accompanying shrinking dependency ratios (Schieber and Shoven 1999),

presidential inattention to this Council's membership (Ball 2001f), or the "Leninist" strategies of right-wing think tanks (Béland 2005a). The plausibility of the narrative matters not only for the resolution of this research question, but also to provide a sufficient structure for treating the 1996 Council's departure from the established pattern as a window on the future implications of that departure.

In considering these implications, this study overruns its research parameters by leaving Social Security's past to suggest the import of recent developments for future policymaking. The hypothetical link between the way policy is made and the institutional foundations that underpin social programs is suggested to come from their common root in the framework of Schneider and Ingram's (1997) social construction of policy. Their framework provides a recognized theoretical template able to account for erosion of popular support: through the (negative) re-construction of Social Security beneficiaries as "contenders" (powerful and undeserving). The idea that explicitly questioning the prior assumptions locked into an existing arrangement could raise collateral doubts beyond the policy, reaching its targets as well, is terrain less traveled. Positing a link between the construction of policy compromises through accommodative framing of ideas and the social construction of Social Security's target populations within the larger polity exceeds the reach of this research, but will be addressed in Chapter Eight as a consideration for future policymakers.

### **3.5 Summary**

Adcock and Collier have supplied a template for connecting the fundamental conceptual themes that frame research with the operationalized constructs needed to formulate a research design. By acknowledging the concepts at the heart of the research, they become subject to

scrutiny, even revision. Most basically, the recognition of vested interests, derived from power but mitigated by accommodation (with both power and accommodation rooted in institutional forms), constitutes my core premise. The search for a role for ideas in crafting policy tempers this assumed primacy of vested interests. The descending levels of Adcock and Collier's template connect, by stages, this core with the research I have undertaken. In this case, institutionalism provides the linkage from structures built upon power to the means of perpetuating the structures and, eventually, modifying them—potentially through the framing of ideological repertoires to enable groups to find commonality where none previously existed. At the base of the conceptual structure, the mechanisms through which the constituencies interact and the process tracing logic for examining the interaction connect the chain of concepts to the research design, delineated in Chapter Four.

## CHAPTER FOUR RESEARCH METHODOLOGY

This chapter describes the framework, design, procedures, and data sources that impelled the research. To begin establishment of the historical pattern, the inferential logic of process tracing distills Council deliberations into a repeated game of coalitions, business/conservative and liberal/labor, confronting each other's differences over Social Security policy. This process tracing logic permits the reduction of myriad influences into an essential pattern for the longstanding consensus on Social Security policymaking, supporting the initial analytical focus of Chapter Five. Of course, this reduction of many discrete events, actions, motivations, outcomes, and interpretations into a straightforward pattern represents a quite summarized and refined history. Yet history remains a significant part of the dissertation, necessitating a balance, which Tarrow (2004: 175) advocated—citing Perrot's (1986) research on union activity—so that social scientists might double as good historians in order to isolate non-systematic causes. Accordingly, both the primary pattern and deviations from it warrant attention, implying that various strengths of path dependence will emerge as relevant factors at some point in the 60-odd years covered by the Council deliberations studied here. Departing from the process-based pattern, new methods are necessary, depending on the strength of path dependence at work in the deliberations, in order to build a summary narrative in the latter part of Chapter Five. Its purpose will be to sketch the essential policymaking trajectory and identify the fundamental factors that bound the trajectory on its path.

Chapter Six's inquiry into how the patterns evident in the preceding Councils unraveled in 1996 follows the diverse origins of dissensus, multiplying rather than reducing potential causal sources. By looking beyond simple explanations such as demographic shifts or political upheavals, like the one ushered in by House Republicans' Contract with America, the focus can

turn to the role ideas may have played in path-breaking policy developments. The congruence sought in Chapter Six's analysis is thematic: picking up the multithreaded ideational processes implicit in diverse causes, rather than tracing a dominant pattern. Thus, the resultant narrative contrasts with Chapter Five's reductionist thrust, expanding the usual institutional factors under consideration to include a role for ideas.

The discussion of methodology here begins with the restatement and refinement of the basic research questions introduced in Chapter One. Next, the description of the research design builds the logical underpinnings that apply to the entire project. The very different methods underlying Chapter Five's pattern analysis and Chapter Six's thematic narrative occupy the following two sections. Then, review of the actual conduct of the research addresses departures from or amendments to the planned procedures and sources, as well as the anomalies encountered that impacted the analysis. A final section reflects on the appropriateness of the research methodology in furthering the resolution of the questions posed.

#### **4.1 Refining the Research Questions**

The dissertation seeks initially to probe the nature of the pattern underlying the longstanding policymaking consensus on Social Security, as represented in Council deliberations. Chapter One posed the conceptual question:

*To what extent did the pattern of Council deliberations reflect path-dependent policymaking for Social Security, and how was the path defined: by lingering confrontation between business and labor over irreconcilable policy disputes or by less contentious, more pragmatic negotiation within mutually acceptable boundaries or by on-going collaboration in search of cohesive programmatic schemas?*

As Section 3.3 described, the applied framework for this research posits the stability of the coalitional interactions seen through Council deliberations as the manifestations of a path dependence dynamic, which can exhibit strong, moderate, and weak levels of persistence. This applied framework advanced the identification of expected outcomes by deriving the postures of adversarial grandstanding under the assumptions of strong path dependence, of constrained, pragmatic dealings assuming moderate path dependence, and of unconstrained engagement across the spectrum of issues assuming weak path dependence. Further refinement of the fundamental question involves calibrating levels of path dependence within a process modeled on Council deliberations and interpreted through distinct path dependence frameworks, undertaken in the section dealing with research design below.

As a result of tracing paths using a deliberative process model (which the following section describes), each variant tends toward distinct terminal points. Such tendencies, however, rely on surmises about how actors would be assumed to act under ideal-typical variants of path dependence, which entail the imprecision and subjectivity of enormous simplifications of real events to fit pre-cast templates and pose the challenge of selecting an appropriate logical standard. A type of logic well suited to this process tracing design is suggested by Mahoney's (1999) reprise of Mill's system of "concomitant variation," particularly the concept of an ordinal logic. The latter can be defined as "the rank ordering of cases into three or more categories depending on the degree to which a given phenomenon is present" (1999: 1160). The requisite latitude in fitting wide-ranging events to narrowly defined categories is provided because concomitant variation "does not require a pattern of perfect covariation to infer causality" (ibid.: 1161).

Relaxing the expectation of "perfect covariation," however, comes at a price:

[B]ecause ordinal comparison cannot deterministically eliminate rival explanations, this strategy may lead analysts to find empirical support for a great number of explanatory variables (ibid.: 1164).

Inability to eliminate a set of path-dependence assumptions is hardly a drawback given the use envisioned for the results of the deliberative process model. In view of the indicative nature of the evidence sought from this model, directing subsequent analysis (in Chapter Six) to periods of time and forms of exchange likelier to reveal ideational processes relevant to policymaking, there is utility even without a determinate outcome. Collier, Brady, and Seawright (2004b: 234-35) suggest using Bayesian probability constructs for qualitative research designs to advance the question specification over successive trials by progressively enriching the researcher's understanding of the phenomenon under study and refining estimates of *a priori* probabilities. Bayesian techniques for evaluating the results of the deliberative process model will be revisited in conjunction with the results that emerge in Chapter Five. The following possible patterns of the deliberative process model, which reflect the varying degrees of path dependence that Chapter Three described, pose very different views of the coalitional interaction in Council deliberation. Identifying one of these as the predominant pattern serves to establish firmer expectations for when and how the interplay of ideas and other policy constraints occurred.

1) Strong path dependence pattern: More outcomes of the Councils trace paths that correspond with the ideal-type assumption of strong path dependence than either of the other variants. The path(s) frequented evince adherence to existing arrangements under virtually all conditions, even at the risk of compromising the viability of the Council venue.

2) Moderate path dependence pattern: More outcomes of the Councils trace paths that correspond with the ideal-type assumption of moderate path dependence than either of the other

variants. The path(s) frequented evince departures from existing arrangements led by the dominant coalition, but constrained by the subordinate coalition, as well as a preference for the Council as the policymaking venue.

3) Weak path dependence pattern: More outcomes of the Councils trace paths that correspond with the ideal-type assumption of weak path dependence than either of the other variants. The path(s) frequented evince minimal adherence to existing arrangements and maximum involvement of the subordinate coalition in developing resolutions, while maintaining the preference for the Council as the policymaking venue.

Determining the deliberation patterns occupies section 4.2.1 below. Section 4.2.1 derives the templates against which the patterns will be matched in Chapter Five from assumptions about path dependence and the bargaining game. The section also explicitly elaborates the predicted paths using decision trees, so that Council outcomes are associated with a single path dependence variant. Notwithstanding the careful attention given to identifying the predominant degree of path dependence reflected in Council deliberations, the preliminary nature of this result must be emphasized. The purpose of identifying strong, moderate, or weak path dependence as predominant is to provide the point of departure for the potential path-breaking changes that emerged during the 1996 Council, analyzed in Chapter Six where data are marshalled for examining a separate proposition, restated slightly from the research question in Chapter One:

Differences in how Councils deliberated exposed by the time of the 1996 Council the ideational conflicts behind a path-breaking change in the way coalitions interacted.

The connection between the question of the prevalence of strong, moderate, or weak variants of path dependence and the implication of ideational conflict in path breaking change is

based on the distinct ways that ideas are manifested in different patterns of interaction. Identifying the predominant pattern of interaction helps to characterize the expected role that ideas play: as banners to march behind and never retreat from under strong path dependence; as terms for truce to defuse a dispute, subject to interpretation, even encroachment, under moderate path dependence; or as precedents to guide but not bind future resolutions under weak path dependence. The ideational narrative that follows the analysis of the deliberative process model and depends on its results will be further specified in Chapters Six and Seven, which bring ideas to the fore. The very different types of questions delineated above require distinct research methods to be examined in the following section.

## **4.2 Research Design**

Explaining the salient elements of the bifurcated research design—first, establishing a pattern, then tracing a departure from it—straddles very distinct structures, neither satisfactory. One extreme attempts to isolate the logical and historiographical choices reflected in the design from the history on which they are based; the other treats inference as emergent, impossible to anticipate. Much of the plan for conducting this research, especially regarding the pattern matching approach that constitutes Chapter Five’s main objective, is explained in advance below. Yet a significant portion depends on preliminary conclusions reached later, including the nature of the pattern that emerged, and will therefore only be sketched here.

Another consideration in this chapter’s discussion is that fuller appreciation of the direction of narrative development that the research pursued will be possible within the context of major events and key texts’ treatment of them. Accordingly, the research proceeded through the iterative interplay between premise and text, an abductive (Krippendorff 2004) logic, mid-way between deductive and inductive methods:

Abductively *inferring* contextual phenomena from texts moves an analyst outside the data. It bridges the gap between descriptive accounts of texts and what they mean, refer to, entail, provoke, or cause. It points to unobserved phenomena in the context of interest to an analyst (2004: 85).

Krippendorff further insists analysts acquire *warrants* for pursuing a particular direction congruent with the research question(s) (ibid.). To illustrate, treating *Policymaking for Social Security* as an authoritative source while exploiting the premise that Derthick gave short shrift to persistent, significant interactions in Councils between business and labor (aside from their common manipulation at the hands of program executives and others on the inside to further a premeditated agenda) requires a basis for trusting the source and, at the same time, believing latent evidence to lie between the lines, divorced from the conclusions Derthick drew. Briefly, this warrant follows from her narrative's conclusion in the late 1970s on the verge of seemingly rudderless, retrenchment-era vacillation in the quarter-century of policymaking that followed publication. Room for exploration also emerges from Derthick's dismissal of Councils as a coopted forum. Like many of her findings, the Council-as-irrelevance conclusion fortifies the student of Social Security policymaking against unfounded expectations. In point of fact, Chapter Five will reveal no policy demonstrably made within the Councils beyond the early instances Derthick identified, except for the Greenspan Commission (some five years after *Policymaking*), which technically was not a Council at all. But openings arise from her hasty dismissal of the Council based on generalizations such as Altmeyer's on its role in 1938: "We would have made exactly the same proposals even if... there'd been no advisory council" (in Derthick 1979: 106-7).<sup>12</sup> This characterization overruns her book's earlier account (ibid.: 90-91)

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<sup>12</sup> This is not my first experience with Derthick attributing to Altmeyer—an exemplar as public administrator, but hardly a dispassionate observer of his agency's history—an oversimplified account that magnified program

of Altmeyer's anxiety over the body. A richer narrative emerges from Berkowitz's (1987) coverage of the same events that focused on Chairman Douglas Brown's yeoman's efforts in shepherding the 1938 Council to a cohesive conclusion and the crucial roles (described in Chapter Five) that Linton, Folsom, and Edwin Witte played. Of course, a principal cause for Berkowitz's subtler account is its full-length treatment. By capturing the major aspects of the program's development and maturation, the scale and virtuosity of *Policymaking for Social Security* represent a treasure of scholarship and a boon to subsequent researchers, who, like seabirds that feasted on the great fish in Hemingway's novel, benefit from the protagonist's near-mythic struggle with a mammoth quarry.

Leveraging available history through secondary sources advances the warrant whereby the researcher enters a dialogue with the text: gaining a foothold within the historical record and setting the direction for study. To illustrate, Derthick's emphasis of how the 1938 Council "came out all together... [through] an educational process" (Folsom in Derthick, 1979, p. 91) describes a process that seems "cut and dried." Comparing this sense of inevitability with Berkowitz's account of the core disputes, especially between Linton and Witte, the fractious operation of the business-dominated interim committee, and the tendency toward partisanship, ultimately surmounted, draws a distinct contrast between the accounts. In Berkowitz's version, we gain an impression of roiling engagement among representatives of distinct ideas and diverse constituencies brought to a thoughtful resolution, which could well be an indication of a dynamic

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executives' control over events. In investigating the Social Security Administration's location in Baltimore (Gibson 2003), I began (as any Social Security researcher should) with Derthick, who flatly concluded that "Altmeyer decided to locate the BOASI [equivalent to present-day SSA] outside of Washington precisely to protect its independence" (Derthick 1979: 35) based on a single, quite credible source's recollection of Altmeyer's remark: "he did that because... he wanted old-age and survivors to develop without extraneous, outside influences being brought to bear on it" (Mitchell in *ibid.*: 36). Without belaboring the combination of circumstances (including the Second World War), miscalculation, and opportunism that my research implicated in SSA's being headquartered in Baltimore, Altmeyer's reported account of the relocation (omitted from his own oral history and memoir) represents the equivalent of a "Reader's Digest version" of *Romeo and Juliet* captioned "teenagers make good on suicide pact."

role for ideas, largely absent from Derthick's version. In the absence of such direction-setting (i.e., relying on Berkowitz for a different vantage), researchers risk roaming through masses of historical data, following their particular bents for forming an appealing narrative.

One implication of an unfolding dialogue between researcher and text, however, is that the process of discovery could be charted only to a limited extent in advance. Aside from the very structured process tracing design, described below, the arrangement of historical evidence proceeded largely through a logic dictated as initial findings emerged. To illustrate, the type of narrative that might explain how strong path dependence constrained policymaking options differs considerably from one premised on moderate or weak path dependence variants. This examination of the particular ways in which policymaking was constrained and the contexts in which those constraints arose must be less structured, synthesized by narrative, and focused on persistent elements of the traditional consensus that are illuminated by the deliberative patterns. The form this narrative takes depends on which variant of path dependence that Chapter Five finds to have predominated. Accordingly, Chapter Five will describe that portion of the methodology that built upon the identification of strong, moderate, or weak path dependence as the predominant variant using the deliberative process model. This second-pass methodology serves to identify the underlying constraints that held the process in place in Council after Council, thus producing the dominant pattern.

The reliance on secondary sources to provide the basic skeleton of the events and structure of issues that shaped Councils, to delineate their composition, and to describe the actions of related policy actors that impacted their deliberations yields a crucial, widely accessible foundation on which to add archival research. In addition to Berkowitz, Paul Light's (1985) treatment of the Greenspan Commission provides a source that offers a nearly complete

picture of the salient events and issues in a deliberation. Berkowitz's (2003) biography of Ball extends the timeframe Derthick covered by a quarter-century. Given Ball's close involvement with policymaking and specifically his service on every Council throughout the period, including the Greenspan Commission, his biography closely tracks the topics under study.

A reliance on secondary sources to provide structure avoids the doubly risky procedure of the researcher's development of structures and assessment of the archival data—among the least generally accessible forms of observation—consistent with the protocol that Lustick (1996) recommends for social scientists engaging historical issues. His “triage” approach offers the strategy most conducive to my research, given its objective to winnow (to the extent needed) the available perspectives to those most likely to yield compatible research.<sup>13</sup> The triage approach also confronts the work of participant-historians Altmeyer (1966) and Brown (1972) among those whose roles in developing the program inspired their historical contributions and colored

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<sup>13</sup> Lustick recommends the analysis of historiography to support social science—addressing the selection and reference of histories used to test theories temporally. His “triage” approach draws from the available perspectives the most relevant, even if they cross disciplinary boundaries or historiological schools. The triage approach is preferable to alternatives Lustick identifies that depend on classifying sources according to “schools” of historians. The absence of such schools for the detailed history of Social Security means that no clear categories exist from which to select complementary sources. Unfortunately, much of the history applicable to Social Security concentrates on its founding period (Berkowitz 2003: 365). Of the work targeting its development, the program has attracted economists who use its history to advance a position much as Carolyn Weaver (1982) did in *The Crisis in Social Security*, which undercuts the soundness of pay-as-you-go financing. Other social scientists have placed Social Security's development in the context of a corporate elite's minimal response to economic fluctuations, as a form of “safety brake” on the excesses of a capitalist system (Quadagno 1988). The various slants evident in these histories might be considered tantamount to schools, in Lustick's sense, but they, by and large, lack comparability, as some emphasize certain actors and issues and others, different actors and issues. It also is quite rare for anyone treating Social Security's history to devote more than a mention to Councils. Derthick is an exception in both regards: she appears to omit no major category of actors, though she diminishes the role played by some, and she gives ample attention to Councils and the individuals who served on them, not only in the chapter exclusively dealing with them, but throughout the remainder of this history (see, for example, her extensive treatment of the 1971 Council's recommendations on financing). Using Derthick as the foundation for the period that she covers demonstrates one possible outcome of Lustick's triage approach. Berkowitz provides comparably reliable foundations of the record by deepening the detail, as in the case of his account of the 1938 Council (1987), or extending the period of coverage (2003). Another result of this approach entails the elimination of histories lacking balance or effective complements that might provide a check against philosophical excesses. The final outcome Lustick's triage approach envisions is the guarded use of some sources that lack important attributes of scholarly histories, but convey crucial aspects of the history. Schieber's (and Shoven 1999) account of the 1996 Council provides the best example of this middle category of triaged material. Use of the account must reflect the caveat that its author played a principal role in the events he recounts. Nevertheless, his detailed rendering of this Council's process represents the only one of its kind. Its use as a template of events provides a structure independent of my research into primary sources and, crucially, balances any biases emerging from use of Berkowitz's or Béland's more limited accounts of the same events and Ball's extensive oral history observations about this Council as a participant. These authors, as Ball and I do, appear to approach Social Security policy from a liberal orientation, contrary to Schieber's.

their narratives. Schieber's (Schieber and Shoven 1999: 263-88) account of the 1996 Council offers by far the most detailed account of these proceedings at present. Participant scholarship could be expected to blend in advocacy; yet some aspect of the program seems to invite prescriptive analysis, which dominates not only its history, but much of the policy analysis as well. The resulting patchwork of different disciplines (political science, economics, sociology, and others) coupled with varying purposes (often incompatible with rendering a reliable history) yields a very uneven terrain, a further recommendation for the triage approach. Other methods Lustick discusses are quite dependent on comparability between perspectives that come from a well mined historical coverage, which is hardly the case for Social Security after its initial formation (Berkowitz 2003: 365).

With the basis for engaging in historical research established, the questions of specific design proceed first to how the pattern of coalition interaction was established, which is the work of Chapter Five. Next, the expected departure from the established pattern and the role of ideas implicated in that departure, the work of Chapter Six, demand a wholly different type of research methodology. Both of these distinct approaches are delineated in the sub-sections that follow.

#### **4.2.1 Research Design for Establishing a Pattern of Council Deliberations**

The principal objective of the pattern matching approach pursued in Chapter Five is to establish whether the governing dynamic of the process was contentious, collaborative, or negotiated. The logical basis for this research design derives from George and McKeown's process tracing logic, based on their description of the "pattern model of explanation" (1985: 35-36). Construction of a pattern from the repeated Council process follows the basic form of a coordination problem in game theory, for which the classic forms are Hawk/Dove (also known as "Chicken") and Battle of the Sexes. The premise of such games is that results ("payoffs") for all players are optimized when a common course of action is agreed upon.

The traditional bargaining model consists entirely of exchanging proposal and counterproposal (Harrington 1990), whereas there is an important prior institutional question for a Council: that is, to attain relevance as an adjunct entity is to go beyond pre-existing proposals. The point of entry, then, into a meaningful deliberative process entails circumventing the expert rehash of legislative or presidential positions by the Council's commitment to its own deliberations. Lacking such commitment—an entirely plausible scenario given the risks to the established positions attendant in groundbreaking dialogue—confines the deliberations to terrain already staked out by constitutional actors and represents, in effect, a null alternative.

Assuming their positive institutional role—that Councils functioned as a legitimate policy venue, rather than as a surrogate for epiphenomenal sideshows (a possibility attended to closely below), accommodating the Councils' operation to a traditional two-player model draws the focus to labor and business constituencies at the heart of opposing coalitions. A tripartite composition, codified when the irregular meetings were replaced by mandatory intervals (Derthick 1979: 89), included labor, business, and public representatives. Support for labor positions among the public members was more prominent, in the person of Brown, for example, who chaired the 1938 Council and served on all of the rest during the expansionary period except for the 1953 Consultants. The period of retrenchment turned up supporters of business positions more regularly among the public members, such as former Congressman John Byrnes, who had served opposite Wilbur Mills on the Ways and Means Committee, although the public membership was still the province of reliable union allies like Ball, who, as a former commissioner, would be a member of every retrenchment-era Council, with the exception of 1974. Treating public representatives as supporters of labor or business positions simplifies the model, allowing for coalitions of business and conservative interests and labor and liberal

interests—hereafter, business/conservative and liberal/labor coalitions.

The extent to which a two-player model ignores significant contributors to the Council deliberations is addressed as part of Chapter Five in conjunction with some of the relevant history. While a simplification, the bargaining model is compelling for its correspondence with historical Council processes. Ball's characterization is important in this regard, given his involvement with Councils over a fifty-year period, beginning as staff director for the 1948 Council:

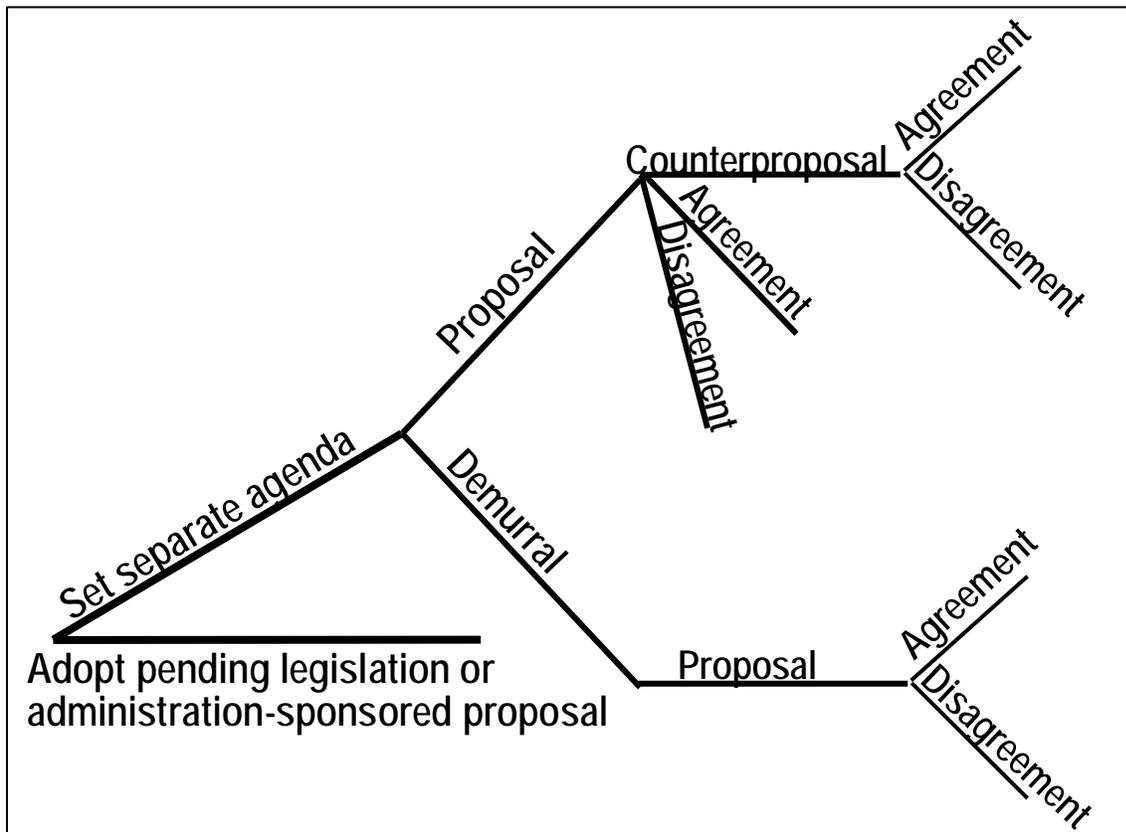
The early councils were really used as a device to negotiate positions between labor and management. The business representatives chosen were influential in business groups and the labor representatives were always selected by the labor movement itself as the people that the labor movement would pay attention to when agreements were reached. So an agreement between the business representatives and the labor representatives within the Advisory Council could easily be a basis for changes in the law because the Congress could take those recommendations; they were already pre-negotiated (Ball 1999: 12).

Derthick (1979: 107-8) reports the acknowledgment of the Council's plenipotentiary role by an appreciative Ways and Means Committee member.

The principal factor driving the deliberative process, drawn from Knight's (1995) framework for negotiation, is the strength of negotiating position, which assigns the dominant role to the party that commands greater resources outside of the negotiation. Rather than macro-level attributes of the political environment, the measure used here to establish relative strength of negotiating position is the relative representation of liberal/labor and business/conservative contingents on the Council. Chapter Five devotes considerable space to determining the relative

power of the business/conservative and liberal/labor coalitions for the ten Councils studied. The basis of differentiating the types of interactions is the source, the dominant or weaker coalition, of the proposal that ultimately was debated and the action taken by the other side. Actions ranged from acceptance or slight exception through personal statement to dissent, the strongest indication of opposition that is tantamount to disagreement.

The wherewithal for modeling the Council process now exists, based on the principal elements that have been established: whether or not an independent course is undertaken from legislative or presidential initiatives; which side, dominant or subordinate, initiates the proposal that the Council deliberates; and what type of final resolution can be obtained. The graphical arrangement of these key components is presented in Figure 4-1.



**Figure 4-1. Principal Paths Constituting the Deliberative Process Model**

The structure of the deliberative model in Figure 4-1 includes decision branches that begin with a decision by the whole and then alternate between actions of each coalition. The logical start (which may or may not mark the first chronological event) of the process is the confirmation of the Council's role by distinguishing its recommendations from congressional and presidential proposals. The Council as a whole, rather than one of the coalitions, is responsible for diverging from congressional and presidential proposals. Although this path could effectively be determined by a sufficiently dominant coalition, the likely affinity between that coalition and the dominant constitutional actors also could provoke the disengagement of the subordinate coalition. Illustrating this possibility of the subordinate coalition opting out of the process is the commission President George W. Bush appointed soon after his election.<sup>14</sup> Another rationale for adopting or ignoring a constitutional actor's proposal to be seen as a decision by the whole Council is that the body's institutional identity is at stake in taking such a step. Members might view choosing among predefined alternatives as a less worthy function (i.e., serving as a "rubber stamp") than taking a "clean slate" approach to their work: of great concern to prominent members who had made significant investment in the body or anticipated such a commitment.

Once embarked on self-directed consideration of policy options, the interplay of coalitions governs the deliberation's progress, characterized by the turn-taking typical of negotiating processes. The second stage of the process, then, is the determination by the stronger coalition to make a proposal or to demur. This demurral could be strategic—the equivalent of a pass in a bidding game—with the effect of transferring the risk to the opposing coalition of adopting an overreaching position, or it could be an authentic lack of a strongly held position to

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<sup>14</sup> The commission was explicitly charged with producing recommendations based on personal accounts. Despite nominal bi-partisanship (because Senator Daniel Patrick Moynihan co-chaired the commission), it was boycotted by other prominent Democrats (Berkowitz 2003: 356).

take. Here, the demurral will be represented as authentically deferring to the other coalition's position, following Scharpf's (1997: 137-38) definition of the threshold of trust required for bargaining in good faith: the presumption that positions signal actors' actual intentions.

Illustrating a straightforward rationale for the dominant group failing to put forward the initial proposal is a possible perception that the predominance of credible or attractive policy options lies with the politically disadvantaged coalition.

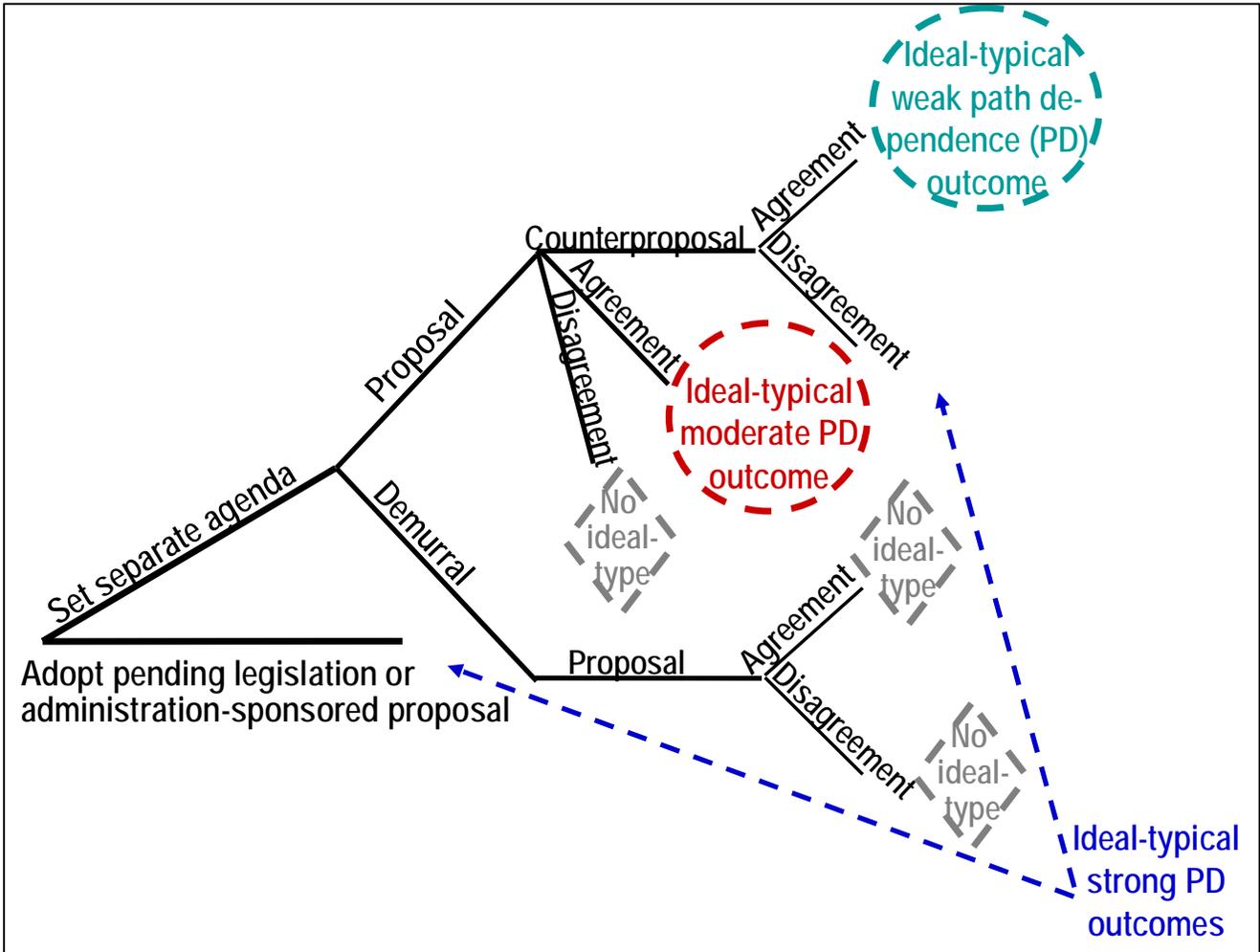
The other option for the dominant coalition is to make a proposal. In either case, demurral or proposal, the subordinate coalition then takes a position. In response to a demurral the only option is the subordinate coalition's proposal, to which the possible responses could be disagreement or agreement,<sup>15</sup> preceded presumably by negotiation or at least attempts. The subordinate coalition's potential responses to a proposal (as opposed to a demurral) by the dominant coalition are more varied, including, in addition to agreement or disagreement, the possibility of a counterproposal. Indeed, formal bargaining models assume repeated iterations of proposal and counterproposal until an acceptable proposal is made by one of the sides. This model, however, contemplates only one counterproposal, with which the original proposer has the alternatives of agreeing or disagreeing. Notwithstanding the simplicity of this model of Council deliberations, a sufficient diversity of routes can be traced to provide for explicit, mutually exclusive patterns. Figure 4-2 projects these patterns of ideal-typical outcomes onto the deliberative process model.

The assumptions associated with the varying degrees of path dependence result in distinct ideal-typical outcomes, which are derived from the different levels of adherence to existing

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<sup>15</sup> The sequence of demurral-proposal-counterproposal is conceivable, but somewhat illogical: the rationale for the dominant coalition to wait until the second stage to make a response to its opponents is unclear. A more straightforward method for the dominant coalition to put forward a position is to offer the proposal originally. Accordingly, the model is based on the simplifying assumption that the dominant coalition's proposal, if there is one, is introduced first, with the option of a counterproposal belonging only to the subordinate coalition.

arrangements under strong, moderate, and weak path dependence. The level of commitment to the policymaking venue also varies among the degrees of path dependence. This commitment is crucial in Knight's bargaining structure, because the credibility of commitments and threats in his structure depends on the alternatives available to each side should negotiations fail. Because of the need for mutually exclusive assignment, some choices were necessary in instances where multiple degrees of path dependence might be logically associated with a particular outcome. For instance, in the case of failure to agree on a counteroffer, any degree of path dependence could reasonably account for this outcome. Because of the bias of both weak and moderate degrees of path dependence toward successful negotiations (as detailed below) and the opposite bias for strong path dependence, the failed outcome is attributed to the strong path dependence assumption. The derivation of the links between path dependence variants and the outcomes of the deliberative process model is explained below; however, one additional aspect of the model must be noted first. Where no set of path dependence assumptions logically accounted for an outcome, the lack of an associated path-dependence variant was noted. In some cases, these unattributed outcomes correspond with the historical results of Council deliberations, but this should not serve to disqualify the model. McKeown (2004: 158) supports the use of ideal type definitions in empirical work, while cautioning that such definitions create the prospect of divergence between models and empirical results.



**Figure 4-2. Ideal-Typical Outcomes of the Deliberative Process Model for Varying Degrees of Path Dependence**

The strongest variant of path dependence in a U.S. social policy context may be found in Amenta's (1998) political-institutional model: irresistible momentum from a revolutionary start propels the expansionary development, the equivalent of a New Deal-sparked "big bang" hypothesis with a liberal party and its constituents at the core. Beginning with such a premise begs the question of the purpose served by a deliberative body such as the Council. Given immutable ideology wed to robust political coalitions, as Amenta posits, the commitment by either side to such a non-constitutional entity is difficult to explain. Engaging yet another venue within a U.S. political system replete with veto points offers the dominant coalition only the prospect of further delay and the subordinate coalition the possibility of further legitimating positions it opposes—assuming the body's makeup would reflect the prevailing balance of power. But the deliberative process model must provide sufficient latitude within the Council venue to accommodate the more limited commitment of adversaries who intend their deliberations primarily for external consumption. Briefly, the obvious prospects for extra-constitutional deliberations under this strongest variant of path dependence are two: the epiphenomenal debate of a viable proposal temporarily removed from the constitutional process—an opportunity for surrogates to joust; alternatively, an unconventional turn in intractable arguments within a consequence-free zone where limits may be pushed and the confines of conventional dialogue exceeded by considering pedantic, untimely, or impolitic topics, perhaps with an eye toward the trial introduction and eventually mainstreaming of the previously unthinkable concept. The first likelihood, debate of proposals generated by constitutional actors by surrogates in the Council, is based on proximity between the positions of constitutional actors and allied coalitions under strong path dependence. This proximity, coupled

with preference for the constitutional venue, where presumably more direct action is possible, make the Council's choice of adopting the congressional or administration's proposal most likely under strong path dependence. Assuming that path is not taken, deliberations can be expected to involve perfunctory proposals met by counterproposals, ultimately leading to disagreements because of the tight ideological cohesion and permitting scant moderation of the kind needed for fundamental compromise.

Conversely, both remaining degrees of path dependence imply that more authentic deliberation would occur. Under moderate path dependence (Pierson 2000; Hacker 2002), bargaining between longstanding rival coalitions suggests the likelihood of pragmatic, "split-the-difference" modes of negotiation, with relatively high opportunity costs of failure to both sides: loss of privilege as agenda-setters (Shepsle and Weingast 1987) once the wide-open constitutional venue invites all comers with the price of access. Given the practical nature of these negotiations, there usually would be little reason to make counter-proposals that introduce unfamiliar elements into the negotiations, especially since counter-proposals advanced by the weaker coalition provide no obvious basis for the stronger coalition to abandon its initial negotiating platform. Accordingly, moderate path dependence should engender largely successful negotiations (agreements) under the terms set by the dominant coalition through the original proposal.

Under weak path dependence (Cox 2001, 2004; Béland 2005a), relaxation of the constraints inherited from established policy affords greater latitude for give and take, including the prospect of proposals and counterproposals with genuine differences to be worked out. Such challenging negotiations could involve careful navigation of opposing beliefs or pronounced red lines to avoid deadlock, inviting periodic failure in the absence of an acceptable negotiating

track. As with the moderate variant, weak path dependence would place a high price on failed negotiations, because of the substantial investment in the deliberative process and the greater difficulty of heavy political lifting in constitutional venues. Accordingly, failed negotiations (disagreements) should be more common than under moderate path dependence due to the more challenging issues engaged, but they should not be the rule, as is assumed to be the case under strong path dependence.

A key limitation of modeling the deliberative process, however, must be acknowledged at the outset. The range of the issues this analysis addresses is significantly curtailed. Such narrowing serves to ensure greater consistency of subject matter among Councils at various times, to manage the amount of information involved (which like the program itself can be overwhelming in scale), and to confine the narrative within the same “path.” Not engaging health care, the foremost limitation, is appropriate for each of these reasons. Unlike issues of coverage, benefit and contribution levels, and inclusion or exclusion of occupations, health care constituted an intermittent topic—confined primarily to the 1964, 1971, and 1991 Councils. Medicare’s complexity moves the dialogue to yet another level of technical sophistication—further beyond the citizen policymaker’s reach. Most crucially from the standpoint of analyzing path dependence is the separate and distinct policy responses by business to the issues of retirement insurance and health insurance. Indeed, the manifestations of path dependence in U.S. social policy has been premised by institutionalist scholars such as Hacker and Pierson to lie in the fundamentally different sequences of public and private entry into these domains, which these scholars maintain accounts for the very different policy trajectories.

Health care aside, sheer enumeration of the issues faced over the course of ten Councils represents an Augean labor, to dubious effect. Accordingly, the outcomes traced through the

Council process will comport with the principal themes of expansion and retrenchment as treated by program historians, such as Derthick, Achenbaum (1986), and Berkowitz. To illustrate, the 1964 Council spent the initial months of its deliberations, considering traditional old-age insurance issues, before tackling Medicare beginning in June 1964. These issues ran the gamut from the symbolically significant (survivor coverage for illegitimate children), to the narrowly tailored (exclusion of Amish farmers), to the circumstantially relevant (curtailment of the retirement test or reformulation of the self-employment contribution). Notwithstanding the relevance of these debates for determining the programmatic reach and effect within limited segments of society, the salience of how much income should be subject to the payroll tax is manifestly greater, from the vantage of the contemporary attention to the issue and its historical role in program viability. Comparable significance attaches to the proposal, also considered in 1964, to extend old-age benefits to the unemployed in certain industries, such as mining, that offered virtually no prospect of further work prior to retirement age. Such a fundamental liberalization represents a possible instance of expansive policymaking in the context of the disability coverage added during the previous decade. In concert with the historical significance of issues, inclusion by participants in their first-person accounts of significant developments—in dissents and other statements contained in Council reports, congressional testimony, and oral history—provides another criterion to guide the incorporation of issues into the deliberative process model.<sup>16</sup>

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<sup>16</sup> Dissents are of particular importance because the views of an identified Council member, frequently joined by fellow business or labor representatives, directly addressed a particular issue or collections of issues. In a body given to quiet, consensual agreement these direct (increasingly so over time) statements of disagreement lend crucial insights. Many of the dissents are identified with major voices in Social Security policymaking, such as Aaron, Ball, and Burns. But others' dissents were not identifiable with social policy philosophies, being confined to specific issues before a particular Council, for example: Linton and Folsom ("Appendix C – Memorandum of Dissent by Two Members" 1949); Hohaus ("Appendix A. Views of One Member on Hospital Insurance Recommendation and on Costs of Recommended Changes" 1965); Siegfried, Tyson, and Wilbur (1971), and Danstedt (1974).

In pursuing the pattern matching that will occupy Chapter Five, acquisition and interpretation of historical data raise a number of considerations. To begin with, accessibility is an important criterion in selection of historical texts, which in many cases is bolstered by use of congressional records. The Council reports, which were submitted to Congress, as well as the testimony of key Council members following their deliberations, are readily accessible through the Library of Congress and the Social Security Administration's Historian's Office. These records meet the additional criteria for reporting of members' views that they were first-hand and contemporaneous.

Because the deliberative process model delineated above requires a simple argument structure, winnowing of issues that occurred in both the official record of Council proceedings and subsequent congressional testimony was necessary. Modeling the essential arguments that engaged the business and labor coalitions was based on these issues being mentioned in supplementary statements or dissents by individual members or in their testimony, although the course of testimony follows the direction of representatives' and senators' questions as well as the witness's intention.<sup>17</sup> The principal cases for which the primary congressional record is unsatisfactory are issues decided by consensus, whether dealing with unanimous conclusions or issues taken off the table. Because issues over which labor and business contended are of primary interest, unanimity did not often need to be explored. The anomalous action of a demurral, explained as part of developing the deliberative process structure in Section 4.2 above, requires evidence of the decision since it is tantamount to inaction. The unique instance of such a demurral (which occurred at the outset of the 1953 Consultants deliberations) was confirmed

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<sup>17</sup> Congressional testimony was obtained from the Library of Congress. Council members whose testimony I reference include: Ball (in *Improving Public Confidence in Social Security* 1989), Danstedt (in *Financing the Social Security System* 1975), Folsom (in *Social Security Revision, Part 2* 1950), Hohaus (in *Low-Income Families* 1955), Marshall (in *Social Security Amendments of 1954* 1954), and Slichter (in *Social Security Revision, Part 2* 1950).

through the meeting minutes, which reveal that Chairman Hohaus initially expressed his intention to pursue a comprehensive review of the “ideal” system for old-age security, but abandoned it (see Chapter Five for a fuller discussion).

Beyond the official records of Council proceedings and associated congressional testimony, oral histories are available for the most prominent participants, the most extensive through Columbia University, where I obtained the histories of several Council members on microfiche.<sup>18</sup> Oral histories from other sources, including two SSA historians’ interviews of prominent policymakers and agency personnel, were available at Social Security Headquarters in Baltimore. In addition, Ball (2000) contributed a long “autobiographical memo” for Berkowitz’s (2003: xvi) use.

Collections of original documents supplement the oral histories. These include minutes of Council proceedings, although the level of detail is uneven, and the transcripts of the 1996 deliberations, which provide a nearly comprehensive record. These original documents are maintained primarily at the Social Security Headquarters. The work also relies on additional sources, such as Ball’s personal papers, housed at the Wisconsin State Historical Society Archives. I examined prior Councils’ records not kept by the SSA Historian’s Office at the National Archives and Record Administration’s College Park facility.

#### **4.2.2 Research Design Applied to the “Last Council”**

The chief aim of the research design for Chapter Six was to illuminate the exchange between coalitions, paying special attention to the role of ideas in structuring how sides were chosen and when barriers could be breached. The elusive nature of ideas in a policy context imposes the necessity of refining statements of position to extract the ideational component.

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<sup>18</sup> The Council members whose interviews were obtained from the Columbia Oral History collection included Douglas Brown (1965), Nelson Cruikshank (1967), Marion Folsom (1965), and Reinhard Hohaus (1965).

Such refinement runs a substantial risk of mischaracterization. Accordingly, my interviews with participants in the 1996 Council yielded overall themes to guide the collection of concept-rich excerpts from the verbatim transcripts. The excerpts were compared with the interview themes to determine whether they fit the overall pattern that participants recall. Absent this template, scattered commentary could be composed into a patchwork unrecognizable to the participants.

Although very different contexts, commonalities between the approaches used in Chapters Five and Six include reliance on secondary sources for structure and safeguards against the danger, through misinterpretation or over-interpretation of the archival record, of creating a narrative from whole cloth. For the 1996 Council, two secondary sources provided the structure within which a detailed analysis of the deliberations could proceed. As Chapter Three described, Béland (2005a) surveys the ideas prominent in Social Security from its formation until very recently, including well traveled concepts such as equity and adequacy, but also those of more recent vintage (at least as applied to Social Security), such as individualism, personal responsibility, and privatization. Using a secondary source to establish the “ideological repertoires” separates the collection of dialogue that exemplifies key ideas in use from the articulation of those ideas. Another structural element, a detailed account by one of the participants, Sylvester Schieber (Schieber and Shoven 1999: 263-88), follows the progress of the deliberations, marking its major milestones, characterizing exchanges of proposals, and analyzing participants’ responses to the course of the proceedings and to each other. The value of this history is to highlight issues with major impact on the deliberations, such as the investment of a portion of the Trust Fund in private equities, and to appreciate the ability of external developments to bring topics to the fore, for instance, introduction of the Kerrey-Simpson proposal that included personal accounts. By providing a context for interpreting

exchanges between Council members, Schieber's account helps to bound the emphasis and characterization of members' statements. More fortunate still is Schieber's orientation, opposing Ball's traditional view of Social Security and, as Section 1.4 described, my own.

Further safeguards against over-emphasis or mischaracterization of dialogue reside in my interviews of several Council members. The relatively small number of members and the variety of viewpoints made it important to conduct as many interviews as possible; yet the lack of interest of a majority of the Council members in participating in interviews under the designated terms constitutes an important limitation of the study, to be addressed below.<sup>19</sup> The minority that agreed to be interviewed, including the chairman and developer of the intermediate proposal, the business representative who co-authored his coalition's plan, the principal labor spokesman, and key supporting members, provide important vantages on the crucial reflections that shed light on these deliberations. The emphases that members place on key issues and developments during the Council deliberations, particularly the role of ideas, guided the interpretation of historical records, primarily the verbatim transcripts of the proceedings.

Although ideas are the focus of the analysis, they were not, by and large, the emphasis during the interviews. Broad initial questions attempted to elicit mention of the terms or issues that generated discussion apart from the technical recommendation track and engaged members' beliefs. The existence of transcripts for the 1996 Council means that the interviews could focus on how members felt about and responded to the events, proposals, and other members, rather than the mechanics of what occurred. These were conducted as elite interviews (Berry 2002;

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<sup>19</sup> The members of the 1996 Council I interviewed for this dissertation included Edward Gramlich (chair), Edith Fierst, Sylvester Schieber, Gerald Shea, and Marc Twinney. In addition, Robert Ball (1999) had been interviewed earlier in conjunction with an article I wrote on the history of Social Security headquarters buildings (Gibson 2003). Part of that interview dealt with Ball's fifty-year involvement with Councils. The interview is part of the Ball papers maintained in the SSA's Historian's Office at its Woodlawn headquarters. Of course, Ball's copious oral histories, given in the wake of his official policy roles, and derivatives of these dwarf this interview [e.g., Ball (2000; 2001a-g) and Trout (2001)].

Goldstein 2002), using an open-ended “active interviewing” technique (Holstein and Gubrium 1995), though one that was not too active (see McCracken 1988). By asking about, for example, the “situations or trends or potential outcomes or constituencies or other factors” (author in Schieber 2006: 17) that members thought important, major themes emerged, while much of the technical content, which was the bulk of the actual interchange, subsided. I departed somewhat from the interview template early on by prompting the interviewees who failed to mention an explicit role for ideas in the deliberations with an inquiry about specific concepts. Perhaps not coincidentally, these respondents were the two supporters of the Individual Accounts plan, which charted a middle path between the Personal Security Account and Maintain Benefits proposals. Supporters of these more extreme plans mentioned a prominent role for ideology, particularly that of their opposite number, without any prompting.

Constrained by framing ideas cataloged from Béland’s ideational review of Social Security’s policymaking history and guided by interviewees’ characterizations of the last Council’s deliberations, the exchanges over the value of, say, personal responsibility versus community and individualism versus universalism can be gleaned from thousands of transcribed pages without the benefit of counting or electronic classification methods, yet with confidence that the result is not unrepresentative of the whole. Transcripts were examined by intact reading and rereading for three types of ideational positions: ideal-type, dialogic, and integrated.<sup>20</sup> *Ideal-*

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<sup>20</sup> Reading thousands of pages of transcripts covering nearly 200 elapsed hours of meeting time seems a daunting exercise, but examining the record for dialogue among Council members proved to be quite feasible for several reasons. To begin with, dialogue usually was based on specific proposals, which came only after Tom Jones’s initiative to invest the Social Security Trust Fund in private markets, including equities. As Schieber details (Schieber and Shoven 1999) and Chapter Six recounts, the proposal by traditionalists for private equity investment spurred counter-proposals contemplating large benefit reductions. The start of proposals and counter-proposals in the February 2005 meetings meant that the first six months of the Council accounted for relatively little back-and-forth between representatives of the coalitions. Another reason for the relatively circumscribed segments of exchanges touching on ideas, even once proposals began to be introduced, was that much of the interaction involved staff and experts, such as economists, demographers, and actuaries. Even inquiries by members often emphasized technical points of projecting collections and disbursements, minor adjustments that produced significant shifts in

*type* statements captured the essence of an ideological repertoire from the vantage of the group using the idea; for example, traditionalists had in mind a different concept when using the term “equity” than those on the opposing side. The *dialogic* interchanges paired corresponding use of the same idea by opposing groups within the same discussion, that is, within a relatively narrow window of time. Finally, the *integrated* ideational exchanges were more prevalent near the end of the deliberations, as the opposing sides refined their own positions and grew more aware of how the other side deployed ideas in response. As the following section describes in greater depth, integrated exchanges combined a number of related concepts into relatively cohesive streams of argument, triggering correspondingly involved responses. Such exchanges capture the essence of the groups’ interaction in this Council’s deliberations, and are therefore reproduced as nearly verbatim as practicable, interrupted by as little commentary as possible so that the unadulterated meaning can come across.

### **4.3 Review of the Conduct of the Research**

This review examines the accommodations necessary to prosecute the research to a reasonable conclusion, although, it must be admitted, not altogether the one originally sought. The initial emphasis dwells on modifications to the design, at both theoretical and procedural

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finances over the 75-year period used for estimates. The shifting role of the executive director constituted yet another reason for the concentration of relatively easily identifiable segments of members’ exchanges. As Schieber reports (*ibid.*) and Chapter Six covers, the executive director’s loss of control over the course of the Council opened the way for members to put forward their own ideas, preferences, and recommendations and react to those of their colleagues. The executive director could be seen to dominate earlier Council sessions—at least through the April 2005 meetings—through lengthy disquisitions that reduced opportunities to introduce issues or concerns by members unable to “get a word in.” His loss of control accompanied the executive director’s relinquishing the floor to a greater and greater extent, allowing more extensive interchange among members. Thus, the reduction of voluminous transcripts to the manageable subset of interest is due to a combination of factors—the timing of exchanges (later) in the Council term, alternation between technical and ideational content, and gradual assumption of the agenda-setting role by members from the executive director—making identification of the type of exchanges that were pertinent quite achievable.

levels. Then, I address specific allowances necessary to obtain and utilize sources of information. Finally, a few specific anomalies of the data and the response to these anomalies are treated.

The theoretical design of switching from pattern matching to thematic narrative required a major adjustment, which is evident in the addition of a second analytic “pass” to Chapter Five in order to delineate the pattern from which a departure could be noted in Chapter Six. As originally envisioned, the pattern matching would illuminate both the predominant variant of path dependence and the constraints that held it in place. This reflected a failure to appreciate that strong path dependence could have multiple sources of strength, as could moderate or weak path dependence, and that determining, say, that a pattern was more apt to break than bend (a working definition of strong path dependence) would not necessarily reveal what the rigidity might be due to. Virtually all of the added methodology necessary to pursue the basis for adherence to the path is detailed in Chapter Five, because the method itself depended on the prevailing variant of path dependence.

Procedurally, the tight control that SSA staff maintained over the agenda from 1948 to 1971 and to a lesser extent in 1974 complicated the assignment and sequencing of proposals. This segmentation of issues into discrete recommendations somewhat complicates placing the events of the Council within the context of the deliberative process template. My response—to essentially credit the liberal/labor coalition with proposals authored by SSA staff during that period—narrowly met the requirement of the process model, but raised the question of conceptual stretching (Collier, Brady, and Seawright 2004a: 204) across fundamentally different processes: one a genuine deliberation and the other a tightly choreographed formality primarily intended for external consumption, as Derthick suggested. Yet the outcomes are varied enough to mitigate fears of preordained conclusions: for example, significant dissents from business

members against disability coverage in 1948 and benefit indexing in 1971; persistent debates arising from labor initiatives on early disability coverage for the structurally unemployed and from conservative agitation against the retirement test; and the perspective of Ball, uniquely knowledgeable of these processes:

[Derthick] has a very different interpretation than I do.... I think they were so successful because they selected people who were influential back in their own groups, and because they were used as forums for negotiation.... [Not] because they had basic agreement, and were part of an elitist approach to Social Security (1999: 15).

Obtaining the requisite information about Council processes presented no special problems. Some synthesis and reconciliation of diverse records—principally between proceeding minutes and contemporaneous congressional testimony—was necessary in the middle Councils (those in which Ball managed the agenda) because disagreements typically were downplayed; for instance, members' votes were not recorded. But hearings often focused on these disagreements; in later years, the proliferation of individual statements clarified members' positions and their rationale for adopting them.

In tracing the ideational constructs at play in the 1996 Council, positions were all too clear. With many members developing extended individual statements, in addition to joining separate minority sections that constituted most of the report, ideology flourished. The difficulties encountered, first in interpreting the interviews and then in navigating the transcripts, involved parsing ideological repertoires similar to those inventoried in Béland (2005a). The issue was not lack of correspondence with the looked-for concepts, such as adequacy, equity, community, personal responsibility, and so forth. Rather, the habitual bundling of ideas into

collections by one group caused the other's perception after a time of an integrated package, whether one idea was mentioned or several, triggering a salvo across a range of issues whenever an adversarial member raised a related idea. So broaching an individualistic theme often elicited scattershot responses involving community, universalism, adequacy, and equity, which might draw a rejoinder touching on all these and more.

One response to this challenge was quite selective reading of the transcripts in search of ideal-type statements of a single idea from the perspective of one group or the other, and occasionally a dialogic pair, say, equity and adequacy, discussed within a narrow range of time. Also, to reflect the broad-gauge disagreement between coalitions and to avoid a highly stylized abstraction of the 1996 Council proceedings, extended dialogues touching on many issues at the same time were excerpted as closely to verbatim as practicable within length constraints, accompanied by commentary on how ideas were (usually) opposed to one another or invested with nuance to increase their effectiveness. Although this technique lengthens Chapter Six, the firm beliefs, force of intellect, and careful attention to, if not appreciation for, opposing views are most evident to the reader, who thus will be better able to understand how thoroughly and on what basis members' positions diverged.

It goes without saying that the failure to interview a majority of the Council was a disappointment. In particular, Carolyn Weaver and Tom Jones, who did not agree to interviews, were quite active in the dialogue, held strong views that they forcefully stated, and played crucial roles in their respective groups. At a minimum, however, it was necessary to speak with one proponent of each plan, as well as at least one representative each of business and labor, and these interviews were obtained. In addition, the Council chairman constituted a crucial source from the standpoint of the management of the debate. His perspective also was valuable, along

with that of the supporter of his middle-ground proposal, for understanding the dynamic of the tripartite split in the Council, denying the main opposing sides in the argument a majority. Quite illuminating as well was the perspective of the member of Ball's group who supported his plan while rejecting many of its particulars. So the interviews, taken as a whole, constituted valuable research and achieved the threshold needed to pursue the project to conclusion, but would have been much more satisfying had they included a greater number of participants. Repeated attempts to enlist the members' participation, including communicating to work and home addresses where available, using electronic and regular mail, and in one case, carrying on extensive correspondence with staff, ensured that those willing to be interviewed had the opportunity to be. Only one interview was conducted over the telephone, the others in person. The depth of the telephone interview, however, was comparable to the in-person interviews, and this interviewee's responsiveness to the questions posed and his initiative in advancing the issues he wished to discuss, appeared to be undiminished.

In a few specific instances, data anomalies complicated the research. For example, reporting of the 1991 Council with regard to issues other than health care (its overriding emphasis) in the official record, and as augmented by SSA, the participants, and secondary sources, is meager. The usually fastidious Ball (2001f), hardly given to overstatement, dispenses with the cash benefit issues this group dealt with in a sentence: "all we really said, in effect, was: 'It's okay, just take it easy, it's not a big problem.'" There is contemporary reporting, however, in the form of internal SSA correspondence (e.g., Ross 1990), which includes informal, unattributed (probably Ross's) notes ("A/ Cou 88: 9/10/90" 1990)—replete with quite accomplished doodles—that characterized some of the positions members took. The discrepancy between this thumbnail sketch of positions held in 1991 and the wealth of information

concerning Councils before and after raises difficulties in leveling the discussion. Of course, some policymakers, including Ball, authored editorial pieces during this period, but it is difficult outside the confines of the Council to establish labor or business positions. With the exception of Ball and policy insiders, Schieber and Weaver for example, it is difficult to find concerted attention being paid to traditional Social Security issues (as opposed to health care, for instance), for as Ball (2001f) said: “between 1983 and the late 1980s Social Security wasn’t at the top of anybody’s agenda... since the Greenspan Commission had recently addressed cash benefits, and that seemed to be working.” Therefore, it seems that this data anomaly accompanies and may be related to a general inattention to these issues during this period.

A more systemic issue was the difficulty of some oral history interviewees to pinpoint the particular years when certain issues arose or to precisely recall names or positions of other policymakers. These difficulties usually were resolved in one of two ways: either a contemporary record definitely established the time of the events, the participants, and so forth; or the essential point being made, such as a lifelong belief espoused by the interviewee, did not require further specification. Astonishingly, Ball’s voluminous oral histories, which together run to nearly one thousand pages, exhibit very few instances of such discrepancies: quite fortunate, as he was quite spare in his comments while active in an official capacity, so that most of the interviews were given as he neared ninety years of age.

Noteworthy for its absence was any problem of retrieving archived records. Considered as a whole, the record relating to Councils is quite full and, apparently, capable of being relied upon in virtually all respects. This nearly plenary record is largely attributable to the focused and conscientious stewardship of SSA’s Office of the Historian, which has set aside a special archive

devoted to recent (since 1964) Councils. Prior Councils' records are less comprehensive, but still obtainable in the collections (including exceptional finding aids) at the National Archives..

Given the ultimately surmountable issues this section has cataloged, the study's research design proved to be feasible. With the benefit of hindsight, however, a brief reflection on the overall structure and direction the research assumed is in order.

#### **4.4 Reflection on the Study Project**

The crucial obstacle for this research, entailing its principal risk, was the level of complexity incurred by both establishing a historical pattern of interaction between coalitions for Social Security policymaking and tracing the recent departure from that pattern. Either of these would have constituted a substantial challenge; the combination resulted in an enormously complex undertaking. A related departure from straightforward analysis came from employing process tracing logic.

Although quite appropriate for matching a pattern on the scale of the subject under study, launching an infrequently applied logical device, in combination with the narrative method required for analyzing ideational processes as constraints in the institutional context, created an analytic mechanism with a large number of moving parts. Although tedious to explain and quite difficult to follow, however, the force of the process tracing argument does gain traction, albeit through the use of additional "gears and levers," in particular, the second "pass" analysis described at the outset of the preceding section.

The final major burden the research took on was the level of abstraction assumed by a derivative focus on the positions of coalitions and their engagement with one another, as seen through Councils. One of the laudable facets of *Policymaking for Social Security* is Derthick's

concrete reporting. Unfortunately, the conflict between examining societal trends through the Council as proxy and focusing on the individuals' roles poses an essential dichotomy, which Andrew Abbott characterizes as one of the "fractal heuristics" or fundamental choices of social ontology: *individualism* versus *emergentism* (the assumption that "social emergents exist, are irreducible to individuals, and can be real objects of social scientific research" [2004: 44-46]). Accordingly, relatively little light is shed on the question of who was responsible. This constitutes an engaging research question, and a number of people have considered it. For example, Ball (2001f) reflected on the genesis of the 1996 Council's failure (in his view) due to the

mistake the Clinton Administration made in not paying enough attention to the people they selected for various jobs, but particularly for advisory groups. They didn't seem to care very much what the people thought and whether they were likely to go along with the Administration's philosophy.

Of course, Schieber holds an opposite view of the Council's outcome, attributing his success in bringing to light a novel proposal to SSA's inattention and, in particular, the role the executive director played in the rudderless early going of the Council (Schieber and Shoven 1999: 265). Notwithstanding the fascination implicit in pursuing questions like those Derthick addressed, the challenge of composing a cogent narrative proved more difficult because the policymaking core has diffused and the central story line fractured into a great many branches. In any case, as Abbott pointed out, concentrating on the role of individuals is a fundamental research choice, and not the one I made. An implication of my focus on the emergent phenomenon of coalitional interaction and the quite involved research design that resulted is that the historical narratives related in the following chapter are somewhat involved. The promise of a more meaningful

result, which may be applicable beyond the confines of the particular issues that Chapter Five's narrative covers, will hopefully compensate for the challenge of following a more involved storyline.

## CHAPTER FIVE PATTERNS OF COALITIONAL INTERACTION

This chapter's narratives establish the basic elements of the interaction between the major coalitions, which account for the historical consensus and the incremental policy trajectory most evident in Council deliberations and the ensuing action by constitutional actors. Examining these elements will require two distinct analytical foci. The first applies the deliberative process model introduced in Chapter Four to reveal the predominant mode of interaction between representatives of business and labor and the second takes a closer look at the commonalities of that interaction in order to spot persistent conflicts or agreements that repeatedly placed policymakers in similar positions.

The chapter begins laying the foundation to specify the deliberative process model by establishing the relative strength of the business/conservative and liberal/labor coalitions. Once the degree of influence is assigned to each of the coalitions, establishing their relative risk tolerances and restructuring crucial events within the process template can proceed. Despite needing to identify only certain elements of the deliberations in order to populate the deliberative process model, this gleaning is couched within an overall historical order. This choice reflects my feeling that history is best conveyed in sequence. Thus, the narrative starts with the path-setting work of the 1938 Council, continues with its successor's course correction in 1948, and follows the largely confirmatory outcomes of the next two Councils, before concluding the expansionary portion of the narrative with the contentious advancement to the peak of policy liberalization in 1971. Subsequent sections trace the retrenchment-era proceedings, in which some of the key attributes of the expansionary era process, for instance domination of the Council proceedings by staff (at least following the first Council in 1938), subsided as the results and assumptions that drove the expansion came under increasing scrutiny. This second part of

the narrative yields an uneven progression by comparison. The modest, uncontroversial adjustments recommended by the 1974 Council and the 1996 Council's fractious, tripartite split bracketing deliberations of varying accomplishment in between—the foremost, the Greenspan Commission, not even a Council formally, despite largely following its institutional norms.

At the completion of the first narrative, which overlays the deliberative process model onto the coalitional interactions in Councils, determining the dominant pattern of path dependence will be possible. Proceeding from that foundation, a distinctly different type of analysis will be required to guide the second pass through Council deliberations. This second-pass narrative starts by explaining the method used, which can be better undertaken once the dominant pattern has emerged. Next, I synthesize the consistencies gleaned from the second narrative to suggest the institutional elements guiding path-dependent policymaking. It is these patterns Councils exhibit over time and elements they share that will enable subsequent chapters to trace departures (discontinuities).

## **5.1 Specifying the Deliberative Process Model**

This section supplies a key missing ingredient, the relative influence of coalitions, needed for tracing the prevalent mode of interaction over the course of ten Council deliberations: contention, negotiation, or collaboration. Relative influence, a derivative of political strength, determines who sets the agenda by going first in the deliberative process model. The model developed in Chapter Four relies on a few basic rules and assumptions designed to lead to the simplified outcomes of the deliberations: either agreement or disagreement. Therefore, the predicted outcomes follow quite directly once the relative strength of the major coalitions' negotiating positions is known.

For this reason, this section begins by establishing the preponderance of influence on the Council: belonging to the business/conservative or liberal/labor coalitions, or to neither. Because Knight (1995) posits that the resources available outside of the negotiations determine which side can be more aggressive and which must strike a comparatively risk-averse posture, strength of negotiating position is the key determinant of the expected course of the deliberations.

Rather than macro-level attributes of the political environment, the measure used to establish the strength of negotiating positions is the relative representation of liberal/labor and business/conservative contingents on the Council. Notwithstanding the establishment of nominally equal representation by law in 1956 (Social Security Act §706), the organizations were not always in a position to nominate their own representatives. To illustrate, the Social Security Administration (SSA) was responsible for selecting business representatives until the 1971 Council (Derthick 1979: 105-6n), resulting in the selection of reliable supporters of the basic program, such as Folsom and Hohaus. This circumstance, along with the influence of the chair, which belonged to friends of the Council such as Commissioner Ball (by statute [ibid.]) in 1964 and former Health, Education, and Welfare (HEW) Secretary Flemming in 1971 (ibid. 347), and the predominance of allied public members such as Brown, gave effective dominance to the liberal/labor coalition, despite equivalence on paper. Table 5-1 displays the relative power of the business/conservative and liberal/labor coalitions for the ten Councils studied.

**Table 5-1. Comparative Strength of Liberal/labor and Business/conservative Coalitions<sup>21</sup>**

<b>Years</b>	<b>Selection of Business-Conservative Members</b>	<b>Selection of Liberal/labor Members</b>	<b>Factors Contributing to Influence</b>	<b>Strength of Coalitions</b>
1937-1938	Business members included Marion Folsom, advocate of social role for business, and Albert Linton, representing large Eastern insurance companies (by and large) not opposed to Social Security. <sup>22</sup>	Labor members drawn from AFL & CIO (latter favored general revenue financing to payroll contributions). Public members dominated by program advocates & CES veterans Witte and Council chairman Brown.	Poor attendance by labor members meant business dominated the agenda-setting interim committee. This <i>de facto</i> business majority balanced Witte's and Brown's leadership.	Neither group of members dominated, but Social Security Board staff & leadership had prominent role.
1947-1948	Folsom and Linton again represented business. Chairman, Edward Stettinius, was Chairman of the Board of U.S. Steel, but had also been in government and academe.	Representatives of AFL and CIO, Nelson Cruikshank and Emil Rieve respectively, were active. Vice-chairman Sumner Slichter, like fellow-economist Brown, had expansionary views.	Minimal participation by Stettinius left Slichter in charge effectively, giving liberal leaning leadership. As executive director, Ball shaped proposals.	Liberal/labor coalition was dominant, but hardly enjoyed overwhelming advantage.
1953	Insurance executive Reinhard Hohaus chaired the "Consultants." Business was also represented by a proponent of "blanketing in" the non-covered elderly: a plan developed by the Chamber of Commerce.	Cruikshank added only after the lack of labor representation on the "Consultants" was protested. Katherine Ellickson participated on an interim basis, representing CIO. Economist Eveline Burns alone counterbalanced conservative views in the initial group.	Lacking liberal leadership (Burns continued tradition of economists' advocacy, but with less influence), businessmen directed the Council. Ball wielded subtle influence as the executive director.	Business/conservative coalition held an advantage: their influence limited by role of SSA staff, led by Ball.
1963-1964	Hohaus again represented business, joined by medical industry representative, due to emphasis on senior citizens' hospital insurance.	Cruikshank headed AFL-CIO representatives. Leonard Woodcock represented UAW. Brown again served as public member. Ball chaired the Council as commissioner (by statute).	Alignment of labor and key public members with Commissioner Ball as chairman represented a strong expansionary bias.	Liberal/labor coalition held an advantage unmatched up to that point in history.
1969-1971	Charles Siegfried, vice-president of Metropolitan Life, represented business, along with the selections of the Chamber of Commerce and National Association of Manufacturers. Independent selection by business groups of their members began here.	Lead AFL-CIO representative was Bert Seidman, replacing Cruikshank. Brown served for the last time. Chairman Arthur Flemming, commissioner in the Eisenhower administration, was picked by Commissioner Ball—had compatible policy views and close working relationship.	Even without selection of business representatives, public members' strong liberal orientation—e.g., including Whitney Young of the Urban League—ensured overwhelming majority in favor of policy liberalization.	Liberal/labor coalition was less dominant than in 1964, but still held preponderant influence.
1974	As in 1971, representatives without Council experience were proposed by national	AFL-CIO President Meany's designees led to impasse with HEW Secretary Weinberger	Without cohesive labor representation the liberal/labor coalition	The coalitions were narrowly divided due to

<sup>21</sup> Unless otherwise indicated, source of Council characterizations prior to 1978 is primarily Derthick (1979), with Berkowitz (1987) contributing for the 1938 Council; Ball (1999), the 1948 Council and 1953 Consultants; Brown (1965), the 1964 Council; *Report of the 1978-1979 Advisory Council on Social Security*, the 1979 Council; *Report of the Quadrennial Advisory Council on Social Security*, the 1974 Council, Light (1985), the 1983 Greenspan Commission; Ball (2001g), the 1991 and 1996 Councils; and Schieber and Shoven (2001), the 1996 Council.

<sup>22</sup> Derthick's analysis of the insurance industry highlighted divergence in policy positions of the "smaller companies in the hinterlands," which resisted social insurance. Council representation was drawn from "more progressive and socially conscious members of the industry" in its "dominant Eastern wing" (1979: 140-41).

<sup>23</sup> Memorandum from Deputy Commissioner Arthur Hess (1974) to Commissioner James Cardwell summarizing the agency's issues with proposed Council members indicates that "Smith is not acceptable because of his position on impeachment" and lays out the options for handling the labor representatives, warning "[t]his could turn into a nasty little flap" and concluding: "it would be unfortunate to get in a situation where the Council appointments started off with a fight with Meany." Hess touched on SSA's other issues: eliminating Faulkner (unsuccessfully) because of "orientation... to the

	business organizations. Former Representative John Byrnes (opposite Wilbur Mills on Ways and Means) balanced the public voice.	over one's political opinions. <sup>23</sup> The other AFL-CIO members, including Seidman, withdrew, so that Teamsters & Building Trades members were picked.	lacked the core of previous Council majorities for liberalizing benefits. Chairman Wallis lacked history of program expansion orientation.	absence of the AFL-CIO and new membership lacking policy history.
1978-1979	As in 1971 & 1975, a slate of business members with no Council experience was proposed. The chairman, Stanford Ross (until late 1977, when appointed SSA commissioner by President Carter), was a corporate tax attorney—with professional exposure to business issues.	AFL-CIO contingent, including Seidman, once again represented unions. Robert Ball and Eveline Burns leant traditional expansionist vantage to public membership. Henry Aaron from Brookings Institution replaced Ross as chairman while most of the deliberations remained.	Expansionists Ball and Burns strengthened the liberal/labor coalition, as did Aaron on most issues, though he would sponsor, along with business representatives, a price indexing proposal. <sup>24</sup>	Liberal/labor coalition regained its advantage, but less so than while Ball was commissioner.
1982-1983	Conservative members outnumbered business members due to the preponderance of political appointees from the tri-partite administration/Senate/House selections for the Greenspan Commission. Half of the ten congressional picks and all five presidential selections were conservative (only one of three business representatives, Mary Falvey Fuller, had served in 1979).	Only AFL-CIO President Lane Kirkland represented labor. Ball represented Speaker O'Neil along with Representatives Claude Pepper and Martha Keys. Senator Daniel Patrick Moynihan was the other liberal member of a cohesive minority.	With Alan Greenspan as chairman and Bob Myers as staff director (former chief actuary—the rare Republican to reach SSA's upper echelon), conservative views were unimpaired by traditional obstacles: e.g., staffing by SSA. But Ball negotiated separate minority staffing.	The business/conservative coalition held unprecedented sway over this body.
1989-1991	Republican-affiliated chair and executive director gave conservative impetus to the deliberations, but a focus on health insurance limited consideration of Social Security.	John Sweeney (future AFL-CIO president) led labor delegation and Ball once again represented liberal interests.	Lack of interest in Social Security issues by chair and executive director left Ball & SSA to set limited agenda of general options.	Attention was so limited that liberal/labor minority could table unwanted alternatives.
1994-1996	Pension expertise accounted for two business members' selection: the third was a Democrat. Public members included former political appointee in first Bush Administration and Carolyn Weaver, Senate Majority Leader Robert Dole's social policy advisor—known critic of pay-as-you-go financing.	AFL-CIO President Kirkland picked labor contingent, headed by Gerry Shea. Representative of self-employed was active in spouses' earnings sharing issue. Public members included Ball and the TIAA-CREF director. Chairman Edward Gramlich was an economist who had written on deficit policy.	Labor representatives plus nominal Democrats outnumbered Republicans, but expertise was more evenly divided (two of the economists were in the business/conservative coalition and the chairman was essentially neutral), which mattered because members authored plans.	Neither coalition dominated due to balance of economic & pension policy expertise and neutral stance of chairman. <sup>25</sup>

right of Bob Myers,” proposing (successfully) an economist, Rita Ricardo Campbell, to replace Arthur Laffer, and acquiescing to John Byrnes.

<sup>24</sup> Later, Ball (2000: 362) would identify Aaron as most nearly sharing his own policy views among social insurance experts, though they diverged on this Council.

<sup>25</sup> Indeed, Ball (2001f) indicated that Gramlich, despite personally liberal views, favored the business/conservative side by overcompensating for his views in the attempt to maintain neutrality.

Two clear examples of preponderant business/conservative influence stand out against the pattern of liberal/labor dominance:<sup>26</sup> the 1953 Consultants, chaired by insurance company executive Reinhard Hohaus, and the Greenspan Commission, which by Light's reckoning included 10 members allied with President Reagan's position and only five on whom Speaker O'Neil could count (Light 1985: 166). The 1938 Council featured modest participation by union representatives, reflecting the lukewarm endorsement by labor leading up to and immediately following Social Security's passage (Berkowitz 1987). The absence of a strong liberal/labor coalition on this issue at the time produced a more even division of influence, given the philosophical congruence of business representation.

The Councils through the 1971 Council were either evenly divided or dominated by liberal/labor coalitions, with the exception of the 1953 Consultants. This reckoning squares with Derthick's account of the Councils as, by and large, under the effective control of program advocates. The 1974 Council broke with traditional practice because representatives of the AFL-CIO were not among the labor representatives. The controversy over President Nixon's political and legal troubles intruded on the AFL-CIO's recommended appointments,<sup>27</sup> and representatives of the Building Trades Union and the Teamsters were appointed instead. The turnabout from the historical domination by program advocates was evident in the self-selection of business representatives, whereas labor representation was constrained for the first time in the history of

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<sup>26</sup> For instance, program advocate Douglas Brown contributed to the original Act as one of three subcommittee members who reported a recommendation on old-age insurance to the Committee on Economic Security, chaired the 1938 Advisory Council, and served on Councils in 1948, 1958 (financing only), 1964, and 1972, but was not part of the 1953 Consultants.

<sup>27</sup> One of the AFL-CIO's recommended representatives for the Council, Lloyd Smith, President of the International Association of Machinists and Aerospace Workers, was not appointed to the 1974 Council, reportedly due to his political activities, for example, membership on the Democratic National Committee (Shabecoff 1974). Secretary Caspar Weinberger referred obliquely to "some adverse reports on him" (Weinberger in *ibid.*). Bert Seidman (1974) protested "a political litmus test by whatever Administration is in power," maintaining that Smith "was vetoed for the sole reason that his political activities, in both the last presidential campaign and subsequently, have not met with the approval of the Administration" and declining his own nomination, whereupon union representatives were selected from the Building Trades Union and the Teamsters.

the Councils. Further complicating discernment of the dominant labor position was Rudolph Danstedt's appointment. Danstedt was executive assistant to the president (Nelson Cruikshank) of the Nation Council of Senior Citizens (NCSC). Leadership of this senior organization by Cruikshank, who had represented labor on Councils from 1947 to 1964, reflected the organization's composition by former union members.<sup>28</sup> Labor's splintered representation may have made little difference in the modest retrenchment this Council ultimately adopted, since no member opposed the de-coupling recommendation (actively promoted by Ball [Derthick 1979: 402-3]), which was enacted in the 1977 Amendments. The contrast, however, with 1971, when business representatives were marginalized, is striking. Labor would return to its cohesive presence on the Council, its representation in 1979 led by Bert Seidman, just as in 1971, but the comparability of the business voice would become a fixture of deliberations from then on. To wit, business representatives backed an unsuccessful, but serious proposal (explained below) by an unlikely ally, Henry Aaron, 1979 Council chair and Brookings Institution economist, that recommended price indexing instead of wage indexing for earnings history—less generous by the factor of productivity growth, usually in the range of one to two percent annually—and likely to produce falling replacement rates (ibid.: 389-406).

These ebbs and flows in the balance of influence between business/conservative and liberal/labor coalitions follow irregular developments in the wider polity and specific policy issues, such as disability coverage, but trace a reasonably coherent pattern over the program's history. Business representatives were more influential participants earlier than might have been predicted by their diminished political standing during the New Deal years and retained influence, at least as a governor on the rate of expansion (Derthick 1979: 132-35), through the

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<sup>28</sup> Light related: "'Old unionists don't die,' a labor official said, 'they just join the NCSC'" (1985: 77). The group was originally created by the AFL-CIO to support Medicare, and it remained allied with labor into the 1980s (ibid.).

Eisenhower years. Then, a period of liberal/labor ascendancy reduced business/conservative representation to bystander status. Their rebounding influence, which peaked with numerical domination of the Greenspan Commission, would not achieve comparable dominance over the liberal/labor coalition. Liberals and labor, though disadvantaged in the wider political environment, were sustained by strong cohesion (Light 1985: 122-28) and the advantage of “powerful feedback effects” (Hacker 2002: 324) from the defensive stance during retrenchment. This understanding is important because of the assumption, established by the model developed in Chapter Four, of the dominant coalition setting the agenda. Indeed, the results of the deliberative process model are totally predicted by relative coalitional influence and the archetypical degrees of path dependence.. The following section develops a representation of the historical record of Council deliberations within the structure of the deliberative process model, so that the results can be compared with the predictions derived in Chapter Four.

## **5.2 Populating the Deliberative Process Model**

Figure 4-1 shows the key junctures of the deliberative process model to be the Councils’ responses to congressional or administration proposals or priorities, submittal of an initial proposal or demurral to an opposing proposal, submission of a possible counter-proposal, and negotiation on the basis of the original proposal or the counterproposal, and, ultimately, agreement or disagreement. These junctures combine to yield distinct paths that can be compared with the results predicted in Chapter Four under varying degrees of path-dependence.. In Figure 4-2, the expected outcome under a strong path-dependence assumption generally is characterized by disagreement, punctuated by frequent counterproposals, as contending sides seek to score debating points (absent a concern for the health of the venue, in which they have relatively little investment) preliminary to the main trial by constitutional actors, which strength

decides. Under a moderate path-dependence assumption, agreement is expected by and large, driven by a tendency toward accommodation of existing arrangements and protection of the coalitions' stake in the deliberative venue, which provides them privileged positions as plenipotentiary for the constitutional process. The least predictive assumption, weak path dependence, affords fairly wide latitude, precisely because of the limited hold that past policymaking maintains on present outlook. Disagreement is less certain than under strong path dependence because positions are less rigidly fortified, but more likely than under moderate path dependence owing to less adherence to proven negotiating tracks. And counterproposals are much more prevalent than under moderate path dependence because they are one method whereby coalitions search for untried solutions, creating the possibility of path shaping (Cox 2001).

The remainder of this section establishes the pattern for coalitional interaction in the Councils using the deliberative process model. The proceedings of each Council will be restructured according to the model's tenets. First, the context of the Council will be examined to determine what initiatives by constitutional actors, if any, demanded a response and the nature of the response that was forthcoming. Next, the process of proposal or demurral and counterproposal will be traced. The final step requires distillation of the recommendations reached by the Councils, or failure to do so in the case of the last Council, into an outcome of agreement or disagreement. This step requires considerable interpretation of the frequently complex results of multi-faceted deliberations, which always involve some aspects of agreement and some of disagreement. This reduction of myriad issues under consideration into a binary result is accomplished by ignoring much of the deliberation where no one took issue, while focusing on a few instances in which the debate between the business/conservative and

liberal/labor coalitions was most pronounced. Such simplification introduces distortion, but is part and parcel of modeling a complex process for the purpose of highlighting some aspect and relegating the remainder to the background. In order to convey a general sense of the political environment and some institutional aspects that took hold over time, the individual Council analyses will be grouped two-by-two within consecutive presidential administrations, with the exception of President Nixon (who initiated two): the initial Councils during the Roosevelt and Truman administrations; next, those occurring during the Eisenhower and Kennedy administrations, followed by the Nixon Councils; then, those of the Carter and Reagan administrations; and finally, the last two Councils, which occurred during the H. W. Bush and Clinton administrations.<sup>29</sup>

### **5.2.1 The First Councils: 1938 and 1948**

This section begins by briefly describing the initiation of the Council venue through the accounts of circumstances leading to and resolutions issuing from the 1938 and 1948 Councils. Afterward, the salient junctures and key conclusions of these Councils will provide the basis for restructuring these proceedings according to the deliberative process model. The remaining Councils will be treated similarly, though more detailed attention will be focused on the initial Councils because of their role in establishing precedents that their successors largely followed.

Inaugurations carry great significance, no less so in the case of the Councils. Because the statutory basis establishing periodic Councils did not come until 1956, the second Council was as significant as the first, because it established an expectation of continuity. In each case, the program faced a crucial challenge. The most far-reaching changes to the old-age portion of Social Security emerged from the recommendations of the 1938 Council (Berkowitz 1987).

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<sup>29</sup> The 1964 Council began its deliberations under President Kennedy and concluded its consideration of the basic program by June 1964 (seven months after his assassination), before considering hospital care for the elderly (which would become Medicare) during the remainder of its time. The 1974 Council extended into the Ford Administration.

Initiated after the Supreme Court's ratification of the founding Act's constitutionality but prior to the first benefit payments, this Council represented a genuinely unknown quantity. This inaugural body owes its existence to conservative disapproval of the government expansion, with the original reserve financing method and its immediate payroll tax and huge accumulation of funds the target of that opprobrium: a "fiscal and economic menace" and "a treasure—all in one place and conveniently eligible for congressional raids all through the years" (Vandenberg in Berkowitz 1987: 60-61). Republican Senator Arthur Vandenberg lodged this suspicion of the reserve within a resolution that advocated drastic curtailment through postponement of scheduled tax increases. At his insistence the Advisory Council on Social Security was launched by the Senate Finance Committee to examine the program's financing over the initial objections and with the eventual grudging acquiescence of the Social Security Board, SSA's precursor (*ibid.*).

In a cogent narrative of this first Council, Berkowitz recounted Social Security Board Chairman Arthur Altmeyer's making virtue of a necessity by embracing the potential for useful change issuing from a body he did not initiate. Changes sought by the Social Security Board (SSA's predecessor and, like the present-day organization, an independent agency reporting to the president) included the expansion of coverage and acceleration of benefits payments (*ibid.*). The resulting recommendation was to dissipate the reserve by spending it: expanding the program to include dependents' and survivors' benefits without specifying how it would be financed (*ibid.*: 70-73).

After a decade, the 1948 Council represented an opportunity to expand and update the old-age insurance portion of the founding Act to blunt the relative advantage of state-based old-age assistance. Derthick (1979: 91-92) credited SSA with reuse of the forum it had happened upon ten years earlier to interject its proposals into the legislative process. The situation that

threatened the program was that inflation, especially during and immediately after World War II, had reduced the purchasing power of benefits. Moreover, covered employment had actually been narrowed by the legislation of the Eightieth Congress to exclude positions newly defined as self-employment, such as newspaper resellers (ibid.: 83). To arrest this erosion of the significance of federally funded Social Security, program executives sought the appointment of another Council to consider updating and expanding the program (ibid.: 91), which it did.

This Council also marked the administrative acceptance of this venue, ostensibly a creature of Congress but drawn into SSA's orbit by dint of the program's extreme technicality. This is not to admit Derthick's verdict of cooptation (ibid.: 106), from which the dissertation departs (see below), but merely to state the obvious. A similar conclusion was reached by Senator Eugene Millikin, who chaired the Senate Finance Committee and sought to wield the advisory structure to generate recommendations independent of SSA, but found it impossible: "The cold fact of the matter is that the basic information is alone in the possession of the Social Security Administration" (Millikin quoted in Derthick, 1979: 97). A final significance of the 1948 Council grew out of this quandary, which constrained Millikin's options for appointing a suitably independent executive director. As a result, Ball, a relatively unknown public quantity after only four years at agency headquarters, and temporarily separated from SSA from 1945 to 1949 (Ball 2001g), garnered his first national policymaking role.

#### Process of the 1938 Council

The first hurdle to be cleared before investing particular significance in the process of Council deliberations is to establish this venue's institutional *bona fides*. Since Derthick placed Councils within the constellation of program executives and other members of the policymaking core, Councils charting their own course yields evidence of independence from that coopted

orbit. So a rejection of congressional or administration proposals translates in the deliberative process model into an institutional turn, arising from members' opting for fresh consideration of the issues. Independence from constitutional actors' positions clearly does not imply resistance to administrative influence, but the crucial question of a contributory voice, as opposed to a merely derivative role, will be engaged first through the process tracing method established above.

The 1938 Council's refusal to condemn the funding reserve in a press release, thereby validating the government's handling of the taxes collected to that point (Berkowitz 1987: 68-69), marked the business members' departure from the Republican attack on the program's fiscal soundness, while withholding their endorsement, sought by program advocates. Finessing the reserve issue by dissipating funds before they accumulated—through expanded survivorship benefits for spouses and children and accelerated benefits based on average rather than accumulated contributions—the Council's plan effectively defused the issue without moving beyond its interim statement approving the reserve's handling regardless of how much should be accumulated. In so doing, Berkowitz found the Council

proved capable of discarding their political personae and endorsing a major change in the design of social security with only the slightest hesitation (1987: 69).

Rejection of the partisan route marked the Council's prime decision to engage the contending issues, which had already spawned proposals and counterproposals. This second stage of the deliberative process can be traced to the second day of Council meetings, preceding by six months resolution of the financing questions, when Albert Linton, President of the Provident Mutual Life Insurance Company (Derthick 1979: 139), conveyed his opposition to the

gradual expansion of benefit payments funded by a growing reserve and posited the incongruity of applying the principles of private insurance, as he advocated instead the expedited payment of ultimately more modest benefits (Linton in “Minutes of the 1938 Advisory Council November 7, 1937, morning”: 28-44). Whereas Linton denied that his presentation was a specific proposal, calling it instead “the theory of the reserve in a little different form” (ibid.: 28), Chairman Douglas Brown reacted by complimenting its clarity, economist Alvin Hansen associated himself with its diminished reserve, and Altmeyer disputed the “proposal” by aggressively questioning both Linton and Hansen (ibid.: 45-48). Linton’s alternative was based on the twin concerns about dissipation of the reserve fund through increased benefits and other spending and the inability to sustain a graduated benefit structure while old-age assistance presented too tempting an option for elderly in need, rendering the insurance side unviable. He feared the discipline provided in the original Act’s slowly rising benefits illusory: “I am afraid that with the benefit form we now have we may be caught in a trap.... If we put in survivors’ benefits it [payroll tax] may go up to 15% and even higher... I feel that if you start higher and have a lower progression it would be much more satisfactory.... The percentage of pay roll tax would be about 6 [the sum of the employee and employer contributions].... We can’t stand a 9½% tax” (ibid: 43-44).

Reinhard Hohaus, like Linton an insurance executive, presented to the Council a concept of *social insurance* that provided language for dealing with the issues Linton had raised, finding “social insurance will not remain intact if considerations of equity are emphasized more than those of adequacy” (Hohaus 1937). The following month’s meeting saw Linton further specify his proposal in response to Hohaus’s presentation:

This is the objective—to raise the pension to be as near the ultimate at the outset as possible.... Mr. Hohaus pointed out to us yesterday that adequacy was the

essential of social insurance. As far as that is concerned, it is the essential also of private plans when they are established. The equity plan does not work out because it doesn't meet the situation. Now there is another thing which I have been wondering for months and finally Mr. Altmeyer gave me the figures.... For an individual the medium [old-age *assistance* benefit] was about \$19.20 a month, but if a couple, both eligible, were living together the amount was \$33 to \$34, and I hadn't finished reading that letter when it crystallized an idea in my mind that we should arrange our benefit structure in Title 2 [old-age *insurance*] so you will get one amount if you are single and alone and another amount if you have a wife living with you (in "Minutes of the 1938 Advisory Council December 11, 1937, 9:30 – 10:45": 36-37).

The alternative of more generous early benefits than those payable under the reserve-financed system and concomitant sacrificing of the program's contributory ethos through a flatter benefit trajectory (achieving the "ultimate" as soon as possible) than then planned as the program matured marked Linton's approach as more conservative, as Berkowitz explained (1987: 63). Berkowitz found an irony in the defense of the ostensibly conservative reserve fund falling to public member Edwin Witte, a "liberal and a friend of the Roosevelt administration" (ibid.) and, by his chairing the Committee on Economic Security (CES), an architect of the founding Act, who

wanted to use conservative means to protect liberal ends. Linton exactly reversed the process. Witte wanted to preserve the notion of people paying into an insurance fund. Linton, an insurance executive, preferred to drop the insurance

analogy and move, at least partially, to a pay-as-you-go scheme funded from general revenues (ibid.).

As “messenger boy” between staff and Council, chairman Douglas Brown presented a series of proposals designated “AC-1” through “AC-13” (ibid.: 65-71), which constituted “counterproposals” under the deliberative process scheme to Linton’s hastily matured system and its flattened benefit progression. For one key element that implemented Linton’s proposed benefit acceleration, Brown (1965: 47) credited agency staff, particularly Wilbur Cohen, for originating the plan to pay based on average rather than accumulated earnings, with the effect that substantial amounts might be paid to earlier cohorts than under the founding Act. Though staff-generated, the presentation by Brown marks earnings averaging as the program advocates’ position, hereafter the liberal/labor coalition. Perhaps this was a “coalition” in name only in 1938: Leo Pressman of the CIO concluded that Brown “lacked social conscience” (ibid.: 71), despite his longstanding relationships with union executives (Brown 1965: 21), because of his fiscal sensibilities, having been quoted as saying that “you don’t want to give away the kitchen stove” (ibid.: 135). Nor did businessmen automatically coalesce, as Marion Folsom’s initial opposition to survivors’ benefits demonstrated (Berkowitz 1987: 65).

Eventually, Folsom dropped his opposition. He was not alone: “most of us to start with were not sold on the idea” (Folsom 1965: 203). Derthick (1979: 91) largely credited agency staff for the turnaround, to which Folsom lends credence, while pointing to a more fundamental understanding:

[W]e got through with a long discussion—we had the Social Security people in from the department—we all went along .... We all realized what social insurance

was all about: you had to take a social lead and not base your benefits on what a person had actually contributed himself (Folsom 1965: 203).

But the rejection of proposal AC-13, which provided for disability coverage, and substitution of a general sentiment for its pursuit as a future objective (Berkowitz 1987: 71) also occurred under the eyes of agency staff, who favored the proposal. Moreover, Berkowitz recognizes Brown as the “referee who kept the opposing factions from deadlocking” (ibid.: 64), a characterization with which Folsom concurred:

Doug Brown was, of course, the ideal chairman for a group like that. I notice that the labor people will take things from him which they wouldn't from businessmen... [W]hen the college fellow speaks, he hasn't got any ax to grind (1965: 118-19).

Brown also was credited with shouldering, along with the “interim” committee of Altmeyer, Witte, and the principal labor and business representatives, the “brunt of the work in dealing with this issue [reserve financing]” (Berkowitz 1987: 68). There is no disputing the prominent staff role, an increasing one, as will be seen, as the Council venue matured along with the program. That representatives balked at the crossing of “red lines,” however, for which disability coverage constituted a prime example, serves as a caution against overselling this source of influence. For this Council dropping the disability benefit coupled with the finessing of the financing issue contributed to a largely consensual outcome, marking a considerable accomplishment in view of the distance traveled from the original Act to the recommended modifications, which were largely enacted as the 1939 Amendments.

#### Process of the 1948 Council

Staff prominence in the 1938 deliberations merely anticipated its role in the Councils that followed. Presentation of another comprehensive alternative, such as Linton had attempted, would not be repeated for four decades. In lieu of comprehensive proposals, Executive Director Ball presented first to the interim committee (responsible for the Council's agenda, set during executive sessions), and later to the body as a whole, a series of issues to be considered and potential recommendations to be decided on, establishing the process Councils followed for the next thirty years. So inculcated were these procedures that Ball remembered

an extremely strong reliance on the staff to the extent that once something came up in the council discussion that I had not given them any background material or proposal on, and Sumner Slichter, the Harvard economist who was chairing, got mad. He said: "This is highly unusual. You haven't given us any recommendation on this. How are we supposed to discuss it without a recommendation?" (1999: 24).

This segmentation of issues into discrete recommendations complicates somewhat the sequencing of Council proceedings within the context of the deliberative process template. As in the preceding example, staff recommendations will be credited to the liberal/labor coalition due to the program advocacy of that group, usually in close accord with that of program executives. One of the recommended positions did separate the 1948 Council significantly from the agency position: its stand on eliminating the "increment" (Derthick 1979: 106). The need to dramatically increase payment levels in order to staunch the tide of beneficiaries to relatively more generous state old-age assistance, as Linton had warned, demanded increased near-term funding, recommended by Ball as a substitute for the long-term cost of the year-by-year incremental benefit increases (Ball 2000: 44), which Linton also had opposed in 1938, but Altmeyer held to

be in accordance with the contributory, or equity-based, principle of social insurance. Whether Ball acceded to the preferences of his members, acted to save his former and future colleagues from their rigid notions of insurance, followed his own programmatic instincts or preferences, or some combination of these motivations is a question beyond the scope of the present inquiry. The effect, however, was to perpetuate the slight, but perceptible, distinction between Council and agency, which sustains the former's institutional standing.

Limiting the maximum taxable earnings represented a less stark, but no less crucial challenge, as Folsom remembered:

[O]ne of the things we generally can't agree on is the wage base. The labor people want it as high as possible and the employers want it down. You've generally got to compromise on that (1965: 202).

This issue, and later disability, marshaled the now firmly allied liberal/labor contingent on the 1948 Council. Despite the impact of inflation on the relative level of the ceiling during the years since the original Act, when the \$3,000 ceiling had covered 96 percent of earnings, business representatives opposed any increase (Folsom in *Social Security Revision, Part 2* 1950: 492). There were not, however, straightforward counterproposals akin to the flatter benefit structure Linton had favored ten years before, despite his presence once more as a business member. The decision by the Council's majority to approve a limited increase resulted in a statement about the disagreement, just as the preference by labor members for a higher threshold than approved was noted (*Old-Age and Survivors Insurance: A Report to the Senate Committee on Finance* 1949: 64-67). Yet these differences were presented within the context of the overall Council recommendations for higher benefits paid to a greater number of program participants. Another hallmark of the acceptability of a basic program to the business/conservative coalition was the

dramatic increase in covered employment through the inclusion of domestic and farm workers along with many categories of self-employed. The only disagreement over this expansion found both major coalitions on the same side, favoring the inclusion of not-for-profit employees over a minority of the Council that opposed it because of resistance to introducing taxation to a previously exempt sector (*ibid.*: 63; Berkowitz 2003: 67).

As in 1938, the broad core of the Council did not recommend extending the program to cover disability. The subsequent consideration of disability, after other recommendations had been formulated, the packaging of this issue as a separate report, and the conceptual differences with old-age and survivors coverage mark disability as worthy of separate treatment. The AFL representative, Nelson Cruikshank, “learned the lesson that you should not compromise too early ... on that Council” (1967: 104). This early compromise was “[i]n the vain hope of winning support from two business dissenters... [as] the council kept tightening the language of its proposals” (Derthick 1979: 298). Derthick reports program executives’ and labor’s frustration at having “got a disability proposal and... compromised and compromised on it” (*ibid.*: 58).

From the extent of these negotiations, it is clear the lengths to which program advocates would go to avoid dissents during the expansionary period. The way this dissent was formulated raises an important consideration. Whereas Derthick finds it bluntly worded (*ibid.*: 299), its emphasis—drawing on Linton’s specialized knowledge of the workability and economics of disability coverage, which had cost the insurance industry dearly during the Depression—largely reflects workability concerns while avoiding obvious philosophical arguments about, say, the rampant liberalization of a young program. He instead treated specific issues related to employment, verification, and business cycles. The sole indication of partisanship on the part of

this “active Republican” was an allusion to the prospective electoral advantage the party administering the program might derive from generous provision of benefits:

The mere expression of an attitude toward the treatment of claims would be sufficient to determine the votes throughout the whole country of large numbers of beneficiaries, actual or potential, and their families. There would also be wide open opportunity for political favoritism in handling claims which any political party in power could use with great effect if it so desired (“Appendix C – Memorandum of Dissent by Two Members” 1949: 39).

The contrast between the 1948 Council’s treatment of old-age and survivors insurance—achieving the decade-delayed realization of a viable system (Berkowitz 1991: 56-64) first conceived by the preceding Council—and its consideration of and deadlock over the disability conflict coincided with the legislative path of the two policies. The Council’s majority recommendation to create disability insurance marked roughly the halfway point in the decade-long legislative fight waged from Wagner-Murray-Dingell’s defeat until the passage of a disability benefit in 1956 (Derthick 1979: 298-304). Whether or not this Council deliberation represented a missed opportunity to realize disability insurance earlier or more consensually, the lesson surely could have been drawn that business opposition signaled a drawn-out struggle. The conflict over disability marked the first instance of open disagreement, not only within the Council but also in the wider constitutional venue.

### **5.2.2 An Established Course: 1953 and 1964**

The next two bodies to deliberate policy alternatives (the first of which was termed “Consultants” rather than Advisory Council) differed in their genesis and authorization, their composition, and the political environments they encountered. Yet the 1953 Consultants and the 1964 Council perpetuated the direction established by their predecessors. The reckoning in this

section does not count the 1957 Council, the first set by statute to come at regular intervals, because of its express limitation to the review of financial soundness and its correspondingly limited recommendations (DeWitt 2001).

Given its origin as a manifestly one-sided advisory group the Eisenhower Administration established to come to terms with the New Deal's creation, characterizing the 1953 Consultants as a confirmatory body that shared any attributes with the 1964 Council appointed by President Kennedy's HEW, where Wilbur Cohen set Social Security policy, appears, on its face, a strange idea. The so-called "Hobby Lobby"—named after the first HEW Secretary, Oveta Culp Hobby, who appointed them—began as a menacing presence due to its proximity to high-level policymakers and conservative leanings, having been identified with the Chamber of Commerce's "blanketing in" proposal, described below. Once expanded to include organized labor, after complaints that its absence would de-legitimize ensuing recommendations and augmented with staff, supplied from SSA and led by Ball (Derthick 1979: 148-149), the menace subsided.

Connections between the two bodies were particular in addition to thematic, including the central role of insurance executive Hohaus, selected to chair the 1953 Consultants and to serve, along with the perennial Folsom, on the 1964 Council.<sup>30</sup> Cruikshank lent continuity from the labor side and Ball consistent structure: as executive director in 1953 and statutorily designated chair in 1964, by virtue of his appointment as Social Security Commissioner by President

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<sup>30</sup> Folsom was precluded from serving on the 1953 Consultants by his role as Undersecretary of the Treasury in the Eisenhower Administration, before replacing Hobby, to whom the Consultants reported, to become the second HEW Secretary. His advice, nonetheless, was crucial in establishing the Consultants' membership and formulating the Administration's accommodationist approach toward Social Security (Derthick 1979: 104; Folsom 1965: 196-97; Ball 2001a; 2001c). Hohaus dissented from the 1964 Council's recommendation on hospital insurance (Medicare), but not from the recommendations applying to old-age insurance ("Appendix A. Views of One Member on Hospital Insurance Recommendation and on Costs of Recommended Changes" 1965).

Kennedy.<sup>31</sup> Another common thread was the support provided to the Council through the agency's research and analysis function, headed by Alvin David, who, along with his staff, collaborated closely with Ball (Ball 2000: 60).<sup>32</sup>

The significance of these bodies lay outside of the core old-age insurance issues they considered. Derthick found the abandonment of the Chamber of Commerce's "blanketing in" plan noteworthy given the seriousness of the proposal and conservative ascendancy following Eisenhower's election, coincident with Republican control of Congress. But she identified philosophical, practical, and political reasons why the conservative goal of expediting realization of the program's "true cost" instead of postponing the reckoning for the future obligations garnered by an expanding system (as Linton had proposed in 1938) met with no more success in 1953 than it had earlier (1979: 148-53). The 1964 Council's significance was clear, because Ball recalled

no other important recommendations outside of the Medicare system... Except an interesting point is that the Council accepts the view that pay-as-you go financing is the right approach. And we actually made recommendations to delay the scheduled contribution rate increases because they will produce what we then considered an excess of assets, and we wanted to keep the development of assets down (2001b).

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<sup>31</sup> The 1956 Amendments established periodic Advisory Councils, to be appointed by the secretary of HEW, chaired by the commissioner of SSA, and composed of membership drawn from employers, employees, and the public. The first statutory Council in 1957, after Republicans' experience with expansionist Councils, was limited to financial issues (Derthick 1979: 93-94; DeWitt 2001).

<sup>32</sup> Ball had leapfrogged David shortly after rejoining SSA following his crucial role on the 1948 Council, but by dint of long friendship, compatible philosophy, and (reciprocated) professional regard, the two maintained a close, collegial, and productive association. Berkowitz's biography of Ball devotes some attention to the friendship (their families briefly shared Ball's house on David's return from World War II) and early professional relationship between them (2003: 45-46); also, David's professional regard for Ball. Their reciprocal collaboration across a range of policymaking endeavors, including Councils, is apparent from a sampling of the "PA-4" and "PA-15" (policy old-age, survivors, and disability insurance) subject files of the correspondence of the Office of the Commissioner while Ball held that position.

This development emphasizes how thoroughly the principal debate of a quarter-century before had been decided against a funded reserve. Derthick (1979: 330-34) devotes most of her attention for the 1964-1965 developments in Medicare to the House Ways and Means Committee and its adversaries, Chairman Wilbur Mills and ranking member John Byrnes.

As a result of the important action having been perceived as being elsewhere, relatively little coverage of these bodies can be found in secondary sources. Accordingly, additional attention to primary sources characterizes the following descriptions of these proceedings. The absence of startling developments contained in these records is consistent with the business-as-usual tenor of Derthick's and others' treatment of the 1953 and 1964 deliberations.

#### Process of the 1953 Consultants

The Consultants met for a shorter period of deliberations than any of the Councils, so that what they did not do is arguably as important as what they did. For example, the Consultants did not consider a "blanketing in" plan, despite an advocate of the Chamber of Commerce proposal being a member and the presence in the initial proceedings of Representative Carl Curtis ("Minutes of the Consultants on Social Security, Second Meeting" 1953: 1), who introduced legislation that contained many facets similar to the Chamber's plan, and his aide (Karl Schotterbeck had very publicly opposed Social Security and played a key role in the hearings Curtis initiated attempting to discredit the program by undercutting its basis as insurance [Derthick 1979: 154-56]).

Failure to introduce the Chamber of Commerce proposal for Council consideration by the presumably stronger business/conservative coalition not only reinforces a distinct institutional role for the body, but also marks deferral to the subordinate coalition by the stronger coalition, the only occasion of this path being taken during the ten deliberations studied. Of course, the

convention of its being incumbent on the more strongly represented coalition to initiate proposals is somewhat arbitrary, especially in light of the staff's responsibility during most of the Councils for formulating specific, issue-by-issue recommendations. Hohaus's ("Minutes of the Consultants on Social Security, Second Meeting" 1953: 3) express intent to revisit the "ideal system" once the issues of coverage were decided indicated business/conservative dominance, at least initially, of this venue. When this second main purpose of the group receded further into the background as the deliberations progressed, the Council focused on extending coverage to groups such as farmers and previously uncovered laborers. The report finally dismissed the ideal:

it has not been possible for us to make a study of certain other features of the old-age and survivors insurance program.... [thus, it] falls short in certain respects of providing all the various advantages... the system can have for the country

(Consultants on Social Security 1953: 81).

Sacrificing conservatives' ideal without a "shot being fired" signaled a demurral in no uncertain terms; Derthick's litany of reasons why this ideal may have proven elusive offering the only ready explanation (1979: 152-53).

Ultimately, there was agreement because the only topic discussed was extension of coverage, which remained a bedrock agreement between the major coalitions. Consideration of extension to farmers occasioned the membership of a National Grange representative, Lloyd Halvorson—the first time when farmers' organizations were explicitly represented. Periodic presence by other constituencies on the Councils (e.g., municipalities, public sector pension groups) served to reinforce that the major coalitions occupied privileged positions by their universal representation in this frequently meaningful venue.

#### Process of the 1964 Council

Because the Council's recommendations on health care for Social Security beneficiaries followed the introduction of Medicare legislation, and given Ball's regular updates on the bill's progress (e.g., "Advisory Council on Social Security: Second Meeting" 1963), a legitimate argument can be made regarding health care that the Council relinquished its institutional prerogatives and accommodated the constitutional actors by endorsing their actions. When the question was put to Brown in the same year that this Council's report was released, he pointed out the myriad provisions of the traditional program with which the Council dealt:

We covered benefits, contribution, coverage, including the coverage of doctors—we get into the question of certain religious groups, all sorts of things, state coverage, federal relations.... (Brown 1965: 91).

In an instance of opposing rather than following legislators, the Council debated the voluntary participation by the Amish and agreed:

The Commissioner should feel free to say that this matter was discussed in the Council and that there was no support for the idea of excepting the Amish from coverage. The Council recognized the serious public relations problem involved but felt that in principle they had to oppose the move ("Advisory Council on Social Security: Second Meeting" 1963: 18).

Brown underscored the difficulty for the legislative venue on the religious question, contrasting the Council's clear position, which confirmed previous stances in support of a universal program: "[T]he Amish, for example, we absolutely refused to allow exemptions, but the Congress under pressure made the exemption" (Brown 1965: 144). With regard to the existing program—as opposed to the new health benefit—this Council appeared to safeguard its institutional position as plenipotentiary for the constitutional actors.

Another example of the sustenance of program principles was the request for a Council statement against liberalization of the retirement test, coming from Hohaus, supported, unsurprisingly, by Cruikshank (“Advisory Council on Social Security: Second Meeting” 1963: 20-21). Labor’s antipathy toward relaxation of the retirement test was logical and longstanding, constraining as it did a source of potentially under-priced labor. But business support for the retirement test appears to have represented allegiance to something beyond economic interest, reflecting the principle of distinguishing replacement of employment income due to retirement, death, or disability from a straightforward annuity. With regard to the process for settling differences between coalitions, this Council’s consensual approach to the existing program failed to register in Ball’s oral history anything noteworthy relative to “who was on what side of what” (2001b). But Brown’s interview, coming about a year after the fact, addressed the push by Leonard Woodcock for the liberalization of early retirement benefits to compensate for the exclusion from disability standards of economic utility considerations, in response to the plight of miners and similar workers who were unemployable due not only to physically debilitating occupations but also to economic downturns in their industries, so-called *technological unemployment* (Brown 1965: 143). In this case, principle was applied in opposition to liberalization, as Brown persuaded Woodcock that generally higher benefits would provide marginal help for the particular situation while preserving the actuarial consistency with the retirement standard of age 65. Whereas this exchange fails to match the scale of proposals and contested issues of past Councils, it illustrates the largely consensual processes characteristic of this stage of the program’s expansion.

### **5.2.3 Pushing and Pulling Back: 1971 and 1974**

Derthick identifies three substantial expansions to Social Security. The resistance by the business/conservative coalition to the first, disability coverage, has been addressed above, and

the second, Medicare, lies outside of the scope of the present inquiry. Derthick surmises that the third fundamental expansion, labeled simply “bigger cash benefits” (1979: 339), failed to elicit in advance the same level of resistance because “[o]nly in retrospect does it seem an increment so sizeable in degree as to amount to a change in kind” (ibid.: 374). Yet an unprecedented dissent by the business/conservative representatives on the 1971 Council (Siegfried et al. 1971) to the entire package of recommendations, on the grounds that it represented an unaffordable level of benefits and that adoption of automatic indexing would propel the expanded system into the future, pointed to a fundamental change.

Had any of the 1971 business representatives served on the subsequent 1974 Council, they might have taken some satisfaction that events had borne out their warning, but the time of business “trustees,” to borrow Brown’s term for Council members’ long-term association with the program (Brown 1965: 89), serving repeatedly in the manner of Linton, Folsom, and Hohaus, was over. In fact, none of the members on the 1974 Council had served before (*Reports of the Quadrennial Advisory Council on Social Security* 1975: xii). This was symptomatic of a broader change in the political environment. Ball was no longer commissioner; Mills was no longer Ways and Means Chairman; and, by the time the Council finished its compressed deliberations, a new president had taken office. Broader societal changes suggested that the long expansionary tide the program had ridden— demographic, economic, and political—may have reached its zenith. Declining fertility rates made it obvious that the baby-boom population wave had crested. The heretofore unknown phenomenon of “stagflation” afflicted the economy, which pressed the program’s finances under the least favorable scenario, low-growth and rising prices; this was acutely deleterious for the recently enacted “double indexing” approach that simultaneously escalated earnings and benefits using a price index. Politically, the disgraced

former president was not the only harbinger of creeping disillusionment. The influential, stalwart Mills, who had governed more than anyone else the program's steady, incremental growth during the previous twenty years, exited public life after a drunken romp with an Argentine stripper in the capital's Tidal Basin.

Social Security, however, with Ball gone only a year (and quite accessible by dedicated former staff) and much of the management cadre he had groomed and trained in place, did not brook faddish measures. The changes this abbreviated Council recommended (*Reports of the Quadrennial Advisory Council on Social Security* 1975), finally enacted in 1977 after no more palatable alternatives surfaced, were the most narrowly targeted since 1953. The semantically slight, but financially significant “de-coupling” of beneficiaries’ payments escalation and current workers’ benefit schedules—a shift from price-indexing to wage-indexing of earnings histories—was applauded by program executives, including Ball (Derthick 1979: 402-3), for stabilizing replacement rates (the proportion of pre-retirement income paid to the beneficiary). The one-time 1972 benefit increase, coupled with indexing, which had ushered in the “new Social Security program” lauded by Ball (in *ibid.*: 339) and threatened the deficits that faced the 1974 Council, now was thought to be under control: a well behaved component of the still reliable system. This complacency would not last the decade.

#### Process of the 1971 Council

As the summary above implies, the clearest aspect of the 1971 Council’s process was that it ended in disagreement: the most fundamental rejection of a Council recommendation by one of the major coalitions. One of the members of the dissenting business/conservative coalition, Charles A. Siegfried, an executive of the Metropolitan Life Insurance Company (just as Hohaus [1965: 1] had been), told Derthick he “found the 1969-71 advisory council a ‘dismal

experience' ... [and] sensed the chairman, who was a former secretary of HEW, was leading the group toward predetermined results with the support of Commissioner Ball" (1979: 105-6). Ball later recalled a similar sentiment with regard to his own service as a public member on the 1996 Council:

I got quite annoyed at one point with the Commissioner of Social Security who came to a meeting and laid out a position that I didn't think was the right position. But it was, I thought, inappropriate to be openly trying to persuade the Council to support an administration policy, as against providing the pros and cons (Ball 2001f).

He also acknowledged the possible genesis of Siegfried's feeling, "[t]hough I must say that I had done it, in, I think, a more subtle and diplomatic way, in earlier years" (ibid.).

It is doubtful, however, that Ball was influencing the Council to back an administration position *per se*, because the Nixon administration, though it did support automatic indexing, did not envision the level of one-time increase that the change to dynamic financing assumptions made possible and was a crucial decision of the finance subcommittee of that Council. Derthick (1979: 352-53n) emphasized that Ball and David actually wrote the section of the report in question after the final meeting. She included Ball's response that

at issue was how to write up in actual report form something that had been agreed upon. There's nothing unusual about the staff taking on such a task and checking it with the chairman of the subcommittee before final submission to all the council members... [whereupon] it was approved by them (Ball in ibid.).

Tracing this storyline back further, Derthick found the responsibility for reviewing the assumptions of the Office of the Actuary fell to this subcommittee, including the shift away from

the level earnings assumption, patently unrealistic but with the past effect of providing margin in long-term actuarial estimates, which periodically produced a dividend of sorts that policymakers tapped to fund larger benefits without compensating contribution increases. She also discovered questions addressed to the subcommittee, which Commissioner Ball had drafted, constituted the most explicit possible invitation to recommend dynamic assumptions (1979: 353).

There are further twists, beyond the scope of this inquiry and well documented by Derthick, in the pursuit of the question of the extent to which SSA engineered the “bigger cash benefits” that constituted such a major change in the program, but it suffices for the present analysis to surmise that the 1971 Advisory Council proved to be extremely accommodating of the policies that SSA pushed. There are many contributing elements, however, besides an extraordinarily professional agency led by a deft, capable, and well connected commissioner, that Derthick also covers well (345-62). Some contributors to the watershed increase included, for example: the Chairman of Ways and Means, who for reasons of his own broke with his prior conservatism as well as his position of the year before to advance indexing, in addition to a large one-time benefit increase; the President who was not in a position to firmly oppose such an increase; and a cadre of sympathetic Republicans, including Arthur Flemming, who chaired that advisory council, and Elliot Richardson, Nixon’s HEW Secretary at the time. Ball noted the nominal Republican philosophies of these key players in the 1971 recommendations:

Flemming was a Republican by accident in many ways. He and Elliot Richardson both had views very similar to, not just Democrats, but liberal Democrats, on most things (Ball 2001c).

Summarizing the considerable influence brought to bear on the 1971 Council, from SSA undeniably but also from a broader political environment quite conducive to its eventual recommendations, it is not clear that the Council sacrificed its institutional prerogatives in going along. Or if it did, then there was a considerable line of political institutions, beginning with a powerful committee of Congress, continuing with the responsible cabinet departments such as HEW and Treasury, and even extending to the White House, that appeared to have reached the same conclusion. Indeed, the dissent of Siegfried and his fellow business representatives (Siegfried et al. 1971) stands nearly alone as an opposing opinion to the benefit increases that turned out to carry at least some of the risks they indicated.<sup>33</sup> Accordingly, the deliberative process of the 1971 Council will be classified similarly to the 1948 deliberations on disability: disagreement in response to a proposal by the liberal/labor coalition.

#### Process of the 1974 Council

The hasty deliberations of the 1974 Council, which prompted the complaints of several members, were followed, as noted above, by quite leisurely adoption of its recommendations to decouple escalation applied to beneficiaries' payments and to future benefits for current workers, replacing the latter with wage-indexing rather than price-indexing of earnings histories. It was understandable that constitutional actors would not act swiftly to enact significant cuts visible to least a few cohorts of imminent retirees, creating "notches" between them and beneficiaries paid under the coupled system, and addressing a technicality that, absent Mills, hardly anyone who was not an economist or SSA actuary could appreciate. Similarly, it is not surprising that the group of first-time Council members and SSA staff tackling this issue found themselves uncrowded, in a clear contrast with 1971, by credit-claiming politicians. Further isolating this

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<sup>33</sup> Derthick (1979: 363-64) highlights disparaging comments on this deal made by John Byrnes and Barber Conable, who were presumably joined only by members of Congress either (like Byrnes) unconcerned about future elections or (like Conable) representing very safe districts.

group from the wider political environment was the period when they met, the four months preceding and the four months following the resignation of Richard Nixon. The institutional safeguarding of the Council's plenipotentiary role with jurisdiction over a potentially unpopular and little appreciated policy decision was easy in 1974. The constitutional realm, with problems enough of its own, did not offer any tempting shortcuts for the advisory council process.

Left to its own devices and those of Ball's lieutenants at SSA, though missing his and David's sure sense of the political landscape, the Council split into three committees to deal with the financing problem, the issues raised by the changing roles of women in society and the workplace, and the principles of Social Security, which the Council found important to articulate. The foremost advocate for articulating principles was the chair of the committee, former Representative John Byrnes, Mills's longtime Republican counterpart on Ways and Means, in the apparent hope that formalizing the "purpose and role of the OASDI program within the Nation's overall system of income maintenance for individuals and families" might keep the program from straying where it was not intended to go ("Minutes of the Advisory Council on Social Security Fourth Meeting—August 4 and 5, 1974" 1975: 5). None of the recommendations produced by these committees generated large-scale opposition. Danstedt, representing the labor-associated NCSC, took issue with the general revenue financing recommendation of Hospital Insurance (Danstedt: 1975). He was also joined by one of the labor members in supporting liberalized treatment of older disabled workers ("Minutes of the Advisory Council on Social Security Sixth Meeting—November 3 and 4, 1974" 1975: 13). Both because the position of the liberal/labor coalition is unclear without a cohesive stance by union representatives, attributable to the AFL-CIO exclusion or boycott covered above, and because this aspect deals ostensibly with health care (although for financing questions there was frequent blurring of the

distinction during this period), Danstedt's plan will not be classified as a counterproposal; nor will his dissent be judged a disagreement because it was confined to the aforementioned financing issue and opposition to liberalization of the retirement test (Danstedt 1975). Joined in opposition to language inviting but not specifying retirement test liberalization by the union representatives, who, regardless of their coziness with the Nixon Administration, shared Danstedt's disdain for "scab labor" (in "Financing the Social Security System" 1975: 133), if not his bluntness, this tussle between business/conservative and liberal/labor representatives was bound to recur, given the economics, and would be joined eventually by senior citizens' lobbies, once they eclipsed the NCSC.

Because labor representatives' statements, including Danstedt's, did not oppose the Council's recommendation on "de-coupling" using a wage-based index, which was the primary policy question at issue, this Council's outcome is classified as an agreement. The argument over retirement test liberalization, with no specific change recommended, was largely symbolic, but foreshadowed a wider conflict to come over retirement age.

#### **5.2.4 Brinkmanship: 1979 and 1983**

Between the 1974 Council and its successor, the stakes rose considerably when the lasting implications of the major boosts and indexing of the early 1970s first became clear, following the de-coupling fix of "double-indexing" in the 1977 amendments that finally implemented the 1974 recommendations. What first brought the financing question to the fore were cuts recommended by the Carter Administration, with an instinct for fiscal conservatism but lacking the feel for the traditional Democratic base, particularly unions. In response, program advocates did not deliberate but mobilized, forming the Save Our Security (SOS) organization. Ball recalled,

It was precipitated entirely by proposals made in a Democratic Administration to cut back on Social Security... That led us, Wilbur [Cohen] and me really, to bring together all the senior citizens organizations, many of the disability organizations, and the labor movement—the most important of all—in a coalition.... SOS was after the 1977 amendments, when the Administration was just trying to make a budget. They were just trying to save all the money they could. This was an initiative entirely from the Department—from Stan Ross at SSA and Califano at the Department. They made the proposals. The President went along with them without even knowing that there was any big potential problem for a Democratic administration to ask for cuts (Ball 2001g).

Should it appear incongruous that the former commissioner remained a factor in policy decisions three decades after coming on the national scene, the incongruity is Ball's. After a brief stint as a paid think tank scholar, a traditional post-government career track, Ball embarked on a less beaten path: volunteer policymaker at large (Trout 2001). According to Berkowitz, the Carter Administration had need of volunteers, even before the SOS debacle; their proposals on the de-coupling fix had benefited from the touch of the politically surefooted Ball, who had helped shepherd this tough legislation—a first down-payment on the retrenchment bill coming due on Social Security—through a Congress accustomed to claiming credit through decades of program expansion (2003: 246-52).

A Carter Administration friend and occasional gadfly, Ball saw nothing incompatible in these roles:

So, did I find a conflict of interest between my role as adviser to the Carter Administration and the position taken by SOS? On the contrary, I was acting in

the role more or less as a friend, as an ally, of the President. I was warning him that he should not do this, that it was terrible and he should retract it. And he did withdraw it, after our case was made. And he was pretty annoyed with Califano, not with us. That was close to the time that the President went up to Camp David and when he came back, Califano left the Administration (Ball 2001g).

Berkowitz (2003) chronicled the odd alliance between consummate insider and self-proclaimed outsider candidate that predated the election, tracing a thin thread of consistency through the administration's Social Security policy in its reliance on citizen Ball. Whether Carter got more than he bargained for is an open question, but at least Ball worked cheap, although not, as it turned out, for free. Securing an appointment on the Advisory Council that began meeting in 1977 through his relationship with Carter, Ball returned to the policymaking vessel he had helped craft in order to focus on the serious challenges on the horizon (ibid.: 253). While operating in obscurity, especially compared with the famously "artful work" to come in 1983, the 1979 Council faced the consequences of providing a decent retirement for middle-class beneficiaries. The arguments that ensued, shaking up the traditional alliances, persisted throughout the remainder of this history, but are traceable to the 1979 Council. By resisting "deliberalization," a coalition of program advocates relied on an inviolable standard having been set, diminution of which constituted inadequate (at the lower range) or inequitable (at the higher range) distributions. Chapter Seven addresses this conflict in depth.

If Carter's stand on Social Security policy was hard to make out, the problem disappeared with his successor. Reagan's reconstruction of the New Deal-Great Society regime, nearly a half-century old, challenged the assumptions on which Social Security was based, even contemplating voluntary coverage (Light 1985: 175). Another idea was to separate the claims instituted by the

founding Act from those ushered in by the 1939 Amendments and afterward. Including non-workers as beneficiaries upheld the social insurance principle, as Ball rebutted, in response to the Reagan Administration's attempt to privilege the original contract:

They seem to feel that supporters of Social Security can be divided and that somehow retirement benefits for the worker have a superior standing to spouses' benefits, disability benefits, survivors' benefits, etc. This is nonsense (Ball in Berkowitz 2003: 282).

While clear, these proposals went nowhere. Into the breach, President Reagan pushed a national commission, with membership drawn along political lines as opposed to the citizens' advisory council model. The Greenspan Commission (formally the Presidential Advisory Commission on Social Security) was not really a Council technically, but it has been included in the roster of advisory councils because of its prominence and philosophical continuity with previous Councils, holding to incremental change within the established social insurance orthodoxy. It departed, however, from the previous separation of Council deliberations from negotiations by elected officials and featured the innovation of a prominent group—unique among Councils for including the head of the AFL-CIO and members of Congress. The reason for enlisting principals could have been the frustration with the “fourth study commission” during the early Reagan Administration (Light 1985: 101), evoking the reaction voiced by a House committee aide: “The problem wasn't finding ways of solving the crisis. . . [it] was finding the courage to do what had to be done” (quoted in *ibid.*).

The ideological divide that initially stalemated this commission as well was between the benefit cuts Republicans demanded and the tax increases (most) Democrats preferred (Light 1985: 174-181). The critical element, but by no means the only compromise that made a deal

possible, was to tax Social Security benefits, which could be claimed by conservatives as a benefit cut and by liberals as a contribution increase. Because of its high-profile membership and high-stakes policymaking, the Greenspan Commission did not labor in obscurity like its conventional predecessors, but achieved lasting prominence for “saving” Social Security from looming insolvency.

### Process of the 1979 Council

Originally chaired by Stanford Ross, not yet tapped to head the Carter Administration’s SSA, the 1979 Council, like its predecessor, faced the implications of an unbalanced system, but operated free of the constraints the 1974 members complained about. Buttressed by long-time advocate Eveline Burns, a reconstituted labor presence once again dominated by AFL-CIO in the person of Bert Seidman, and the formidable Ball, program traditionalists seemed to be in an unlikely position to relinquish the Council’s institutional prerogatives to constitutional actors.<sup>34</sup> Nor did they. Although Ross genially lobbied his former colleagues, now headed by Henry Aaron of the Brookings Institution, for a favorable disposition toward the Administration’s package of benefit cuts (“Minutes of the 1978-79 Advisory Council on Social Security, February 2, 1979”), they were unmoved: the Council rejected it (*Reports of the 1979 Advisory Council on Social Security* 1979: 185-91).

The now familiar process of considering topics in an issue-by-issue sequence determined by staff based on their recommended alternatives, which were tentatively selected or rejected by the Council then valued according to cost in percentages of payroll, worked up to a point. But the Council failed to reach a consensus on very much. There was a recommendation to borrow from general revenues, to which business and conservative representatives objected (Davis et al.

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<sup>34</sup> In sharp contrast to the entirely new membership of the 1974 Council, tenure was again in vogue, with Ball’s experience stretching back to the 1948 Council and Burns’ to the 1953 Consultants. By comparison, Seidman was a virtual newcomer having served only in 1971, though appointed in 1974—declining due to the AFL-CIO’s boycott.

1979a), and a recommendation to study increases in the normal retirement age, to which the liberal/labor coalition objected (Ball et al. 1979). Over the business/conservative coalition's objection, labor representatives achieved their greatest progress toward the longstanding goal of general revenue financing, albeit through borrowing under narrowly circumscribed conditions. Business representatives supported phasing out the earnings test applied to those of retirement age (Davis et al. 1979c) and opposed "liberalizations" that "sought to extend OASDI benefits to persons with little or no attachment to the work force" (Davis et al. 1979b: 221-22). As a result of the level of disagreement, the resulting collection of agreements to be formulated into a recommendation lacked cohesion: the portion of the report dealing with the Council's minority views and supplementary statements is nearly as long as the part describing agreements. Because the decisions the Council was able to reach relied to such an extent on the support of the public members and in view of the disagreement between labor and business representatives on virtually every contested issue (*Reports of the 1979 Advisory Council on Social Security* 1979; Aaron et al. 1979; Burns et al. 1979; Glasser et al. 1979), the 1979 Council's outcome must be counted a disagreement in terms of the deliberative process model, notwithstanding crucial accomplishments that set the stage for future progress on a viable financing solution.

Another novel aspect of the 1979 Council was the reappearance, after four decades, of the counterproposal. Owing to the presence on the Council of an expert economist, its chairman, and the impulse on the part of business representatives for more fundamental reform of the program than the alternatives presented, the "double-decker" plan (Aaron et al. 1979) represented a viable alternative to the package assembled from the diverse agreements. Its basis was a change from wage-indexing of earnings history to price-indexing, a seemingly technical difference of the one- two percent rate of productivity growth in the economy, but an enormously significant change

when figured with compounding. This plan included protection for low-income beneficiaries, the lower deck of the so-called double-decker (ibid.). Its anomalous introduction by a policymaker thought reliably liberal<sup>35</sup> and substantial departure from the orthodoxy of incremental change served as harbingers of future challenges to the assumptions undergirding the system, which would come to fruition in the 1996 Council. One more incongruous development, though insignificant for the Council's deliberations, was the request to produce an analysis of the rate of return represented by benefits as a return on contributions (Ross to John Snee 1978). The puzzlement that this request generated for agency staff prefigured more questioning of assumptions that had seemed solidly reliable up to that point (Snee to Larry Thompson 1978).

#### Process of the Greenspan Commission

The political straits that led to the appointment of the Greenspan Commission have been sketched above. Yet the gravity of renegeing on the promised Social Security benefit amounts, not sometime during the 75-year forecasting period but within a year, can hardly be overemphasized. This dire situation, coupled with the extraordinarily public character of the membership, ensured that, unlike its predecessors, this body would operate in the full glare of media scrutiny. Despite an occasional aspect of theater, such as the angry debate between Senators William Armstrong and Daniel Patrick Moynihan (Light 1985: 168) that briefly enlivened what had been "soporific academic discussions" (Ball in ibid.), the Commission had yet to harness the intellectual and political horsepower at its disposal. The cause of the ruckus, instructions contained in the Senate Budget Committee preliminary resolution for the Senate Finance Committee to "plug" \$40 billion in Social Security finances, presumably through benefit cuts, was neutralized by full

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<sup>35</sup> When Ball founded the National Academy for Social Insurance, Aaron was one of his first two colleagues, along with Alicia Munnell, "who were outstanding experts and who were good friends of mine. I knew we had similar views and interests" (Ball 2001g). Ball's views and Aaron's "are almost always close to agreement on Social Security policy" (Ball 2000: 362).

Senate action the following day, and no further meaningful action took place on the political front. The question of distinguishing this commission *qua* Council as an institutional entity differentiated from constitutional actors is complicated by the presence on the Commission of so many politicians, whose roles, given their involvement in many cases on the committees having jurisdiction over Social Security, seemed to overlap. As a commission, however, recommending elements of the final package that were enormously risky for the politician-members differentiated the institution from the broader political process. An example of this institutional identity is the adoption of benefits taxation, which the Senate had rejected twice previously (ibid.: 187), but which formed a crucial part of the final package. Ball recalled, “there was absolutely zero support for this idea when we started” (2001e); yet their decision to back it, albeit without attribution (Light 1985: 187) showed that service on the Commission had altered the elected officials’ roles.

Light chronicles a number of initial moves, including floating of numerous proposals, which led nowhere. The stealth with which the “gang of nine” (a subset of the Commission plus White House staff) conducted its deliberations undercuts the categorization of proposals and counterproposals. For instance, it appears that the genuine negotiations began with Richard Darman, White House deputy chief of staff, presenting a proposal (Light 1985: 180) that had been authored by conservative Democrat Alexander Trowbridge (then head of the National Association of Manufacturers), which included the President’s mark-ups, after calling Ball to ask: “would I agree to ‘a meeting that would never have taken place?’” (Ball 2001e). Such skullduggery frustrates orderly process diagramming. Yet Ball’s rejection of the Trowbridge plan, and his countering with a proposal that required 100 percent tax increases (Light 1985: 181) indicated a negotiating process, no matter how murky.

Indeed, the final weeks of negotiations, largely between the White House's James Baker III and David Stockman and Ball (2001e; Light 1985: 182-84), but with frequent caucuses, bore little resemblance to Council proceedings, in which the majority of the business had been conducted on the record and seldom if ever engaged parties outside of the Council. The Greenspan Commission, however, is unique in these regards, as in so many others. It bears noting, however, that in its essential negotiating points, including taxation of benefits where there was agreement, raising retirement age where there was not, and coverage of Federal civil servants, to which the AFL-CIO objected, the positions taken in the Greenspan Commission were consistent with those of the 1979 Council (Glasser et al. 1979; Burns et al. 1979), buttressing the Commission's *bona fides* as a Council in substance, in not in form.

The taxation of benefits lends the hallmarks of collaborative interaction to the Greenspan Commission because it clearly could have been interpreted as either a tax (contribution) or a benefit cut. The genesis of this proposal was one-sided, originating with Ball

years and years before. We got absolutely nowhere, zero, because people opposed to the taxation of benefits really misled... the older people of the country... when the truth was that all but a relatively small group of well-off older people would be exempt.... It's basically a way of making Social Security somewhat more progressive by moving some of the benefits of higher income people in effect into the benefits for lower income people.... I talked up the idea of taxing benefits being part of the solution right along, even before the Commission, and after the Commission started, before this negotiation. I went to see people like Barber Conable, who... thought it was a reasonable enough idea but that Congress would never vote for it because it would be too unpopular to tax Social Security

benefits... there was absolutely zero support for this idea when we started; and it was completely accepted at the end because it was such an important part of solving the overall problem (Ball 2001e).

The support for this change, it appears, was tactical and expedient, rather than offering any conceptual innovation. Promoting this idea did not involve changing anyone's mind, other than concerning the political calculus of its passage, and did not produce any constructs of the kind 1938 Council members pointed to when describing "social insurance" beyond the obvious semantic ambiguity (Light 1985: 187).

### **5.2.5 Loss of Consensus: 1991 and 1996**

The Greenspan Commission represented the last significant movement in Social Security policymaking. Not only have no additional strides been made legislatively in addressing the long-term fiscal imbalance that has loomed since the low-birth cohorts of the Great Depression era began to dwindle among imminent retirees and were replaced by far more numerous baby-boom cohorts, who, in turn, are being followed into the workforce by relatively small later generations. The dialogue has stalled as well. The issue of prospective program shortfalls goes beyond demographics, as the following chapter will cover in depth, because of the nature of a mature pay-as-you-go retirement pension system, which is limited to the growth obtainable from population growth and productivity increases, and the additional financial burdens of disability coverage. These factors have been understood and this fiscal situation predictable in a general way since the days when Linton forecast funding requirements might cost 15 percent of payroll. He has been proven right.

In addition to the program showing its age, its institutional support appears enfeebled. Ball reflected on Councils' declining influence in addressing the 1991 and 1996 proceedings:

[T]heir getting together—with labor and business and expert—meant that their proposals were sooner or later almost always adopted—with modifications it's true—but almost always adopted. So this is the beginning of that less-effective role for advisory councils (Ball 2001g).

The very nature of “labor and business” has changed immensely since the early Councils. With the replacement of the industrial base by a knowledge economy and the sharp decline in union membership relative to the workforce, it is difficult to envision six individuals being selected whose agreement could be considered representative of employers and employees. But one of the lessons of studying institutions is that their forms and conventions persist despite inefficiency relative to newer potential methods of accomplishing similar outcomes. Accordingly, it should be considered that when public figures, such as Service Employees International President (and future AFL-CIO President) John Sweeney and future Secretary of the Treasury Paul O’Neill, who served together on the 1991 Council (*ibid.*), have chosen to lend their time and talents to a venture, then opportunities for accomplishment should not be written off. Ball’s comments above would appear, however, to indicate the beginning of a trend of diminished returns from Councils. And there is no disputing that the 1991 Council accomplished virtually nothing, either on its primary focus of health care or on Social Security, to which portions of two meetings were devoted. Ball concluded that the apparently solid position of program finances after the nearly complete adoption of the Greenspan Commission recommendations, coupled with the fiscal boost of the baby-boom generation reaching their prime-earning years, satisfied policymakers (Ball 2001f).

The 1996 Council evinced a range of perspectives, but satisfaction was in short supply. Even though Ball and his liberal and labor allies downplayed the extent of the problems facing

the system, advocates of more fundamental reform remained unconvinced. Sylvester Schieber, one of the business members, maintained that the disagreements in this Council resulted from the inevitable economic implications of pay-as-you-go financing—early dividends to relatively low numbers of retirees compared to the working population that are exhausted once the system matures—which in turn undercut the support for the system among later generations who receive a poor “investment” on their and their employers’ payroll taxes (Schieber and Shoven 1999: 229-41, 288). He believed that the type of changes Ball recommended amounted to camouflaging the problems (ibid.: 271-73). Ball thought the opposition to conventional types of adjustments that he recommended, joined by the labor representatives and two liberal members, came from an ideological desire on the part of one member in particular, Carolyn Weaver (Ball 2001f), who had written against pay-as-you-go financing for years (see Weaver 1982). Schieber and Weaver formed the core of a group that supported substantial personal accounts. The chairman, Edward Gramlich, reacted against both plans, one as too risky and the other as insufficient, and created his own plan, which made cuts to benefits more substantial than Ball’s and (ultimately) supported individual plans much smaller than Schieber’s and Weaver’s (Schieber and Shoven 1999: 286-87).

The inability of the 1996 Council to agree on a comprehensive slate of recommendations represented a startling development when viewed from an institutional perspective because of the diminished capacity that disagreement implied for a venue that had served a large number of interests substantially during its history. The genesis of this disagreement occupies the whole of Chapter Six and much of Chapter Seven, where the 1996 Council is situated in the context of longer term developments. A brief summary of the proceedings, in keeping with the high-level

treatment of earlier Councils, follows, along with an even briefer overview of the 1991 discussions regarding Social Security.

### Process of the 1991 Council

Because the entirety of the discussion about Social Security occurred during a few days taken away from the 1991 Council's major focus on health care, the range of topics and depth of coverage for each were slight. The outcome of these deliberations was a brief statement released as an interim report that Social Security financing should be shored up by restoring fiscal balance to the overall budget. Even that perfunctory conclusion was subject to debate, as Ball threatened to withdraw his support should Medicare funding be negatively impacted by the implications of a "Social Security first" approach to fiscal discipline.<sup>36</sup> In addition, topics such as covering state and local government employees and raising the retirement age apparently were addressed without introducing any new twists on established positions. The agreement, inasmuch as it represented a policy position, evidently reflected a consensus, although the process that produced it cannot be established. The discussions that yielded the 1991 result were so meager that any process pattern beyond the simple proposal-agreement variant, which describes routine endorsements of the program in 1953 and 1964 as well, is not warranted based on the sparse record.

### Process of the 1996 Council

Schieber's (Schieber and Shoven 1999) account of the 1996 Council marks the introduction of the Kerrey-Simpson legislation as the watershed that legitimized the concept of

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<sup>36</sup> The reference to Ball's concern is a somewhat obscure comment in Mary Ross's (1990) notes of these meetings, the only notes on the subject in SSA's extensive archive on the 1991 Council. Ball, however, mentioned his concern (in response to a plan by Senator Moinihan) during the period following the Greenspan Commission that payroll tax collected in excess of the requirement to pay Social Security benefits should not be diverted until Medicare financing was secure (Ball e2001f).

personal accounts, leading to his and Weaver's sponsorship of a personal accounts plan more substantial than in Kerrey-Simpson. Despite using this proposed legislation as a springboard, the group supporting personal accounts did not endorse Kerrey-Simpson. Nor did the group with Ball and the labor representatives at its core, because they opposed the idea of "carve-outs" of existing benefits to pay for individual accounts. Therefore, the Council's three plans included no version patterned after the most prominent proposal offered by constitutional actors, sustaining, in this if nothing else, the institutional commitment to a separate process beyond the orbit of congressional and presidential policymaking.

As Chapter Six will show, the introduction and adjustment of plans by Ball, Schieber, and Gramlich marked the 1996 Council's process, but not negotiation. Indeed, this absence of dialogue about what constituted minimally acceptable positions struck the labor representative and former professional negotiator, Gerald Shea (2006: 2). Shea, along with his fellow labor members, opposed one of the few recommendations the majority of the Council approved: coverage of state and local government employees. The dialogue excerpted from the deliberations, contained in Chapter Six, features exchanges that are spirited but not rancorous and apparently genuine efforts to communicate differences with the opposite side. But the divisions that emerged early only deepened as the proceedings wore on, until the final product was "three different reports" (Ball 2001f), and the nearly sixty-year consensus over the core Social Security policies had vanished.

### **5.2.6 Summary**

Some observers, such as Ball, have attempted to explain the outcome of the 1996 Council as an anomaly in terms of the Council's composition, external organizational factors, or the external political environment. And these factors will be addressed as part of Chapter Six's detailed examination of the 1996 Council. Yet others, such as Schieber, have tried to situate this

Council against the backdrop of long-term trends. Pursuing the latter aim, the rest of this chapter attempts to brush away much of the detail contained in the foregoing series of histories, with the objective of elucidating patterns, which subsequent chapters compare with the 1996 Council in an effort to discover its deeper significance.

### **5.3 Interpreting the Deliberative Process Model**

Thus far, the deliberative process model has been set up by assigning relative influence to the major coalitions and has been populated by tracing the processes that Councils followed. In this section, the logic of the model, applied through a Bayesian construct (discussed below), leads to preliminary conclusions about the principal mode of interaction between coalitions. These conclusions are subjected to further examination in the following section.

The initial part of this section explains the basis for determining preliminary results using Bayesian statistical analysis. Then, a “null hypothesis” of sorts is briefly addressed. Next, the Council-by-Council histories are summarized. Last of all, the overall pattern is interpreted to conclude whether contention, negotiation, or collaboration is the most compelling narrative to overlay onto the long, rich, and multifaceted trail of occurrences and reflections on the occurrences that have been presented thus far.

#### **5.3.1 Application of Bayesian Statistics to the Deliberative Process Model**

As Western (2001) explains, the framework of Bayesian statistics is expressly suited for assessing macrosociological phenomena. The practice of historical analysis, which is all macrosociology has to work with, yields contingent results, which is what Bayesian statistical analysis was developed to assess. Western defines the Bayesian construct as follows:

Bayesian probability describes a researcher’s degree of belief in a theory, conditional on observing particular cases. Consistent with the paradigm of

complex explanation, the data have identity for the Bayesian. Bayesian conclusions refer to specific cases, and not a general class from which those cases might be drawn (2001: 361).

The implication of this construct is a more general standard for determining results: “theory refers to any statement that allocates probabilities to observations” (ibid.). Using this way of looking at the model developed in Chapter Four to determine the predominant mode of interaction between coalitions, the expectation may be simply stated: “the expression of a contentious mode of interaction, consistent with strong path dependence, is a relatively high number of processes traced into the area of the model designated for predominantly contentious outcomes.” And so forth, for negotiated or collaborative outcomes. This standard is entirely consistent with Mill’s ordinal logic, as explained by Mahoney. Where Bayesian probability yields additional clarification is the building on prior results, another hallmark of macrosociological studies, to improve confidence in (always) contingent theory: “it allows that some predictions may be more or less likely, not just possible or impossible” (ibid.: 362).

The mechanisms for achieving this progressive or declining confidence are prior and posterior probabilities (ibid.). For the dissertation, prior probabilities of strong, moderate, and weak path dependence should be approximately equal for *this case*. Although much theoretical work has been done regarding social theory in general, maturation of Social Security has been studied somewhat less than its European counterparts. Yet both the strong and moderate versions have credible treatments, by Amenta and Hacker respectively, as Chapter Three described. While the weak path dependence variant has not received similar scholarly attention, its path within the deliberative process model (counterproposal opposed to original proposal resulting in agreement) seems somewhat less probable on its face than the other variants’ predominant paths:

the equivalent of a two-carom pool shot. Gauging that weak path dependence theory is somewhat less likely and the associated proposal-counterproposal-agreement outcome is empirically less likely serves to roughly equalize the ratios of prior outcome probability and prior theory probability—the basis for a Bayesian comparative test (ibid. 362-63). Therefore, treating strong, moderate, and weak path dependence results as equally confirmatory or disconfirmatory seems the most reasonable standard of assessment.

Once results suggest the likelihood of one level of path dependence over the others, however, then posterior probability for that theory increases, which leads to confirmatory testing where the expectation *a priori* is formed by the posterior probability of the preceding test (ibid. 370). Accordingly, an attempt to bolster the results of the first narrative will employ a second narrative to leverage the enhanced prior probability when approaching a second test to build still greater confidence in the first result, as well as more specific knowledge of the case. This is because the second test is not a strict repetition of the first, because the case has changed, its definition having been enhanced by the additional specification of the first test results. These generalities of the Bayesian construct will be explained more particularly for the dissertation in a subsequent section, but first the null hypothesis will be treated using the logic developed here.

### **5.3.2 Disposition of the Administrative Dominance Thesis**

As Chapter Four discussed, this research proceeds, using Krippendorff's terminology, under a warrant (2004: 85) to depart from the conclusions of Derthick (principally) and others, while utilizing their texts and in many cases relying on their interpretations. These conflicting vantages on a text, to wit, *Policymaking for Social Security*, cannot be resolved, but at least must be addressed. Quickly recapitulated, Derthick's hypothesis is that Social Security policy was pushed by a cadre of insiders, mostly SSA program executives (1979: 18-19), who painstakingly and incrementally placed issues, typically advancing program expansion, on the national policy

agenda when the time was right.. This basic explanation incorporated others in the proprietary core when the occasion warranted, such as Chairman Mills, who dominated the House Ways and Means Committee.

The problem this explanation presents for the dissertation is that there is very little gap between the conclusions of Derthick's explanation and the coalition-based model developed and tested above under an assumption of moderate or strong path dependence. Both stronger variants of path dependence envision a dominant coalition for most of the period under study, the liberal/labor coalition, which either negotiated with or bullied its opposite number to achieve a favorable arrangement. As Ball illustrated while describing the dynamics of the Greenspan Commission and the 1996 Council, there were only a few areas of disagreement between his positions and the AFL-CIO's, most of which he attributed to the association of different perspectives represented by a composite organization composed of widely differing views. In particular, Ball explained AFL-CIO opposition to equity investment of Social Security Trust Funds ("the UAW doesn't think much of corporations and their stocks") and ("because of one or two unions") to incorporation of state and local government employees into Social Security (Ball 2001g).

To address these overlapping vantages between Ball, who better than anyone else exemplified Derthick's program executive, and the principal partner in the liberal/labor coalition, I apply a heuristic that Western derives through the logic of Bayesian statistics that, other things being equal, the simpler theory that accounts for a given outcome should be preferred to the more complex theory (2001: 365-66). Far simpler is Derthick's explanation, centering on a cohesive group trying to influence policy, than one based on coalitions, which requires at least two actors who choreograph their movements sufficiently to maneuver within the same policy

domain without colliding. By an extension of the same logic, simpler explanations are more readily falsifiable as well, which will be the aim of the remainder of this section.

Looking critically at Derthick's explanations for the impetus of expansionary policy changes, only two instances noted above demonstrate any differences between the outcome sought by program executives and the result achieved: the first, the refusal of the 1938 Council to add disability coverage, and the other, dropping the annual benefit increment in 1948, which resulted in a less contributory system than Altmeyer (1979: 106), the other archetypical program executive, favored. Yet on balance identifying even a handful of differences between what SSA was trying to achieve and what the coalitions agreed upon, as interpreted through the Councils' deliberations and decisions, would be unconvincing. Therefore, the simplicity of the explanation will be exploited to put Derthick's administrative dominance thesis to the less complex test of extending it for the two decades between her narrative's end and the 1996 Council.

A brief recitation of recent departures from the tightly circumscribed forum Derthick chronicled demonstrates that the administrative dominance thesis has not aged well. Schieber finds the agency's abandonment of the 1996 Council a contributing cause to the free hand he and his allies wielded to create a plan for personal accounts. But while Schieber, citing Derthick, finds this departure from the classic use of Councils a new phenomenon (Schieber and Shoven 1999: 288-89), it had been a long time coming. SSA traditionalists, whom Derthick credits with wide policymaking latitude under Robert Ball's tractable successor, Commissioner James Cardwell, could hardly have deemed it advantageous to populate the 1974 Council completely with first-time members, having fought unsuccessfully, as Chapter Five detailed, against conservative appointments Byrnes and Faulkner and for stalwarts such as Cruikshank. The next Council rejected the Carter Administration's package of fiscal economies in favor of a proposal

to tax Social Security benefits, despite Commissioner Ross appealing to his former colleagues on behalf of administration policy. Four years later, the Greenspan Commission used external staff, headed by former chief actuary Robert Myers in lieu of SSA personnel. Further independence emerged in its endorsement of the 1979 benefits taxing recommendation, rejected twice by previously by the Senate (Light 1985: 187). The prominence of Myers and Commission member Ball as a vigorous program advocate, after they had separated from the agency for a decade, in comparison with any of its contemporary leaders, demonstrates the demise of the “cooptation” premise. SSA’s arms-length tracking of quite limited 1991 deliberations on old-age insurance evinces no discernible agenda.

There are numerous possible explanations for the unraveling of agency control over its ostensibly coopted interest groups. The most obvious change was that the program executives moved on, taking their influence with them. When Altmeyer and Cohen left, however, there was Ball to replace them. Of course, Ball relied, as had Altmeyer, on the capable support of Alvin David and his colleagues. Unless SSA functioned as a cult of personality, there is no reason why another dynamic program advocate should not have followed Ball, if not immediately, then under a Democratic administration. Perhaps the agency suffered from mismanagement or external meddling that took a toll on its ability to develop the next-generation management cadre. Yet SSA executives Larry Thompson and Steve Goss, who interacted with the 1996 Council, will be shown in the next chapter’s account to be devoted and competent; indeed, all sides of the 1996 Council effusively praised Goss. What Schieber and Ball both saw was an agency lacking the intent and focus to work its will on policy. Although this dissertation has not undertaken the monumental task of updating Derthick, which, in view of the virtuosity of the first effort, may be impossible, it offers one last possible explanation. Perhaps the effectiveness

of agency advocacy and the dynamism of its program executives lay in their relationships with the coalitions involved, so that mutually they built the economic bulwark and political totem that is Social Security. But these musings are beyond the reach of the task at hand. Having shown that the administrative dominance thesis seems limited to the expansionary phase of the program's history, the theory is not entitled to the presumption of preference over the coalition-based narrative that has been developed and will continue with the identification of a dominant variant of path dependence to explain the histories related above.

### **5.3.3 Resolution of the Dominant Path Dependence Explanation**

The balance of this section will interpret the results of Sections 5.1 and 5.2, which have established the ability to project the deliberative processes that Councils followed onto the stylized paths modeled in Chapter Four. The outcome of Section 5.1, which assigned relative levels of influence to the coalitions, can be very simply summarized based on the contents of Table 5-1: liberal/labor dominance of the 1948, 1964, 1971, and 1979 Councils; business/conservative dominance of the 1953 Consultants and the Greenspan Commission; and relatively comparable division of influence in the 1938, 1974, 1991, and 1996 Councils. Thus assigning relative influence to the coalitions, the analysis proceeds to trace the major junctures according to the deliberative process model and to interpret the outcome.

**Table 5-2. Councils' Major Junctures and Outcomes in the Deliberative Process Model**

<b>Years</b>	<b>Initiative by Congress or Administration</b>	<b>Council Response</b>	<b>Initial Proposal</b>	<b>Selected Issues in Contention</b>	<b>Counter-proposal</b>	<b>Agreement or Disagreement</b>
1937-1938	Sen. Vandenberg proposed elimination of reserve fund.	A Council press release affirmed government's handling of tax collected up to that point.	Linton wanted flatter, initially higher benefit.	1) Relationship of reserve funding & tax increase 2) Adding survivors' and dependent benefits 3) Creating disability benefits.	Brown proposed average wage vice cumulative wage to accelerate benefits. Also, survivors & dependents benefits were added.	Agreement on survivors' & dependent benefits, higher initial levels (by averaging earnings), and designating disability coverage a future goal worthy of pursuit.
1947-1948	SSA instigated these deliberations to raise benefits and expand coverage,	Council agreed with essence of SSA proposals, but eliminated "increment" despite opposition from Altmeyer.	Issue-by-issue recommendations developed by staff (led by Ball, not at the time a SSA employee)	1) Level of maximum taxable income 2) Coverage of religious organizations 3) Creation of disability benefit.	None	Agreement on higher benefits, newly covered employment. Compromise on taxable earnings ceiling. Disagreement on disability coverage.
1953	Rep. Curtis introduced "blanketing-in" proposal similar to that of Chamber of Commerce	"Blanketing-in" never seriously considered notwithstanding Curtis attending initial meetings.	Despite intent stated in first meeting to revisit "ideal system," no larger issues raised.	Coverage of occupations not covered in 1948 recommendation (farmers)	None	Agreement on extension of coverage to occupations considered.
1963-1964	Major issue for Congress and Kennedy-Johnson Administration was health care.	Council spent more than half its time on old-age, survivors, and disability (OASDI)	Issue-by-issue recommendations developed by staff (led by Alvin David of SSA, working closely with Ball).	1) Level of maximum taxable income 2) Lower retirement age for economically non-viable occupations (miners) 3) Exclusion of religious order (Amish)	None	Agreement on keeping retirement age at 65 and not exempting Amish. Compromise on taxable earnings ceiling.
1969-1971	Major issue for Congress and Nixon Administration was reform of "family assistance." Benefit increase was a major political issue also.	Council chair paid close attention to progress of legislation. Ball briefed legislative activity in most sessions.	Issue-by-issue recommendations developed by staff (SSA's Alvin David directed staff).	1) Indexing of benefits 2) Level of maximum taxable income 3) Liberalization of retirement test. 4) One-time increase of benefit level..	None	Dissent by business representatives to recommendation in its entirety (although they agreed with the program's goals).
1974	No significant action due to Nixon Administration turmoil and President Ford's transition.	No response was required.	Issue-by-issue recommendations developed by staff (SSA's John Trout directed staff).	1) Method of indexing benefits. 2) Liberalization of retirement test.	Partial proposal by Danstedt (National Council of Senior Citizens) joined by part of labor group.	Agreement on "decoupling:" using wage-based index. A dissent by Danstedt and labor members' statements did not take issue with this. No explicit change on retirement test.
1978-1979	Carter Administration recommended benefit cut package.	Council voted on package and rejected it.	Issue-by-issue recommendations developed by staff (SSA's Larry Thompson directed staff).	1) Method of indexing benefits. 2) General revenue financing. 3) Taxation of benefits 4) Increasing age of normal retirement.	Aaron and business representatives proposed price indexing of benefits. Business representatives also proposed cuts in	Narrow decisions on issue-by-issue basis to tax benefits, study raising retirement age, and introduce general revenue borrowing in specific

				5) Reduction of disability benefits.	disability benefits.	situations. Benefit indexing method and disability unchanged.
1982-1983	Senate Budget Committee targeted \$40 billion “plug” in Social Security (presumably benefit cuts) in its instructions to the Senate Finance Committee. .	Senate rejects \$40 billion “plug” before Commission has to act.	Conservative Democrat Alexander Trowbridge’s proposal adopted by Reagan Administration as negotiating position.	1) Increasing age of normal retirement 2) General revenue financing. 3) Taxation of benefits 4) Cost-of-living adjustment change 5) Coverage of federal civil servants.	Ball told Richard Darman that Waggoner proposal was non-starter, and crafted “Group of Five” response that became basis for negotiations with White House.	Agreement on one-time general revenue infusion, six month COLA deferral, coverage of federal civil servants, and benefit taxation. Disagreement on raising retirement age.
1989-1991	Focus of the Council was health care (including Medicare). In the wake of Greenspan Commission, minimal attention to Social Security.	No response was required.	No substantive proposals.	1) Increasing age of normal retirement 2) Mandatory coverage of all state & local employees.	No response was required.	Agreement that budget discipline should be instituted so that accumulated Social Security reserve was protected.
1994-1996	Kerrey-Danforth and Kerrey-Simpson got prominent media coverage: “Carved out” from existing benefits to finance individual accounts.	Council rejected Kerrey-Simpson because of price indexing of benefits and related cuts.	Ball proposed private equity investment of a part of Trust Fund, along with a variety of adjustments.	1) Increasing age of normal retirement 2) Mandatory coverage of all state & local employees. 3) Personal accounts 4) Investing a portion of the Trust Fund in private equities.	Major proposals by Schieber and Gramlich both rejected private equity investment of Trust Fund and included individual accounts. Gramlich curtailed existing benefits to stay within existing tax rates. Schieber instituted “flat” benefit structure supplemented by large personal accounts.	Disagreement about the essential aspects of the three plans (by Ball, Gramlich, and Schieber). Of major issues in dispute only coverage of state & local employees was agreed, although labor representatives disagreed with this recommendation.

The reduction of the historical interactions of coalitions, either with alternative constructional venues for policymaking externally or with each other, into a single table leaves out a great many salient issues and occurrences. Before assessing these patterns, the irregularities in the foregoing analysis must be stressed. Most crucially, the bargaining presumed to be taking place between cohesive coalitions can only be divined by overlooking a substantial number of complications, exceptions, and gaps in the narrative.

To begin with, identifying two primary coalitions covers over a number of sizable holes and ignores considerable fuzzing at the edges. The liberal/labor coalition failed to cohere until 1948 when, as Cruikshank (1967) reports, initial skepticism about Social Security had dissipated:

“we were strong for it.” Labor itself only spoke with a stable, consistent voice in a little more than half the Councils studies: splits between the AFL and the CIO roiled the first Council; the liberal UAW splinter was evident in the 1964 and 1971 Councils; and the Nixon Administration’s selection of a less threatening labor constituency in 1975 surfaced a crack between these official labor representatives and the more traditional union views of the NCSC. Nor is “liberal” a consistent label for the program advocates whose stewardship of the social insurance principles they evoked seemed to tack occasionally against the prevailing progressive pushes for, say, general revenue funding, as labor advocated from the start (Shea 2006: 8). But the perspectives of Brown and Ball, who between them had an official role in every Council except in 1974,<sup>37</sup> had to be considered in light of their official capacity. For example, Brown justified his stance against a liberalized interpretation recognizing economic disability for miners and others laid off from heavy industry employment—not candidates to be re-tooled for other occupations, but too young to qualify for Social Security—based on the difference in the risks posed by economic hardship versus old-age rather than his policy preferences (Brown 1965: 84). Ball developed the Kennedy-Mills bill for universal health care, but only after leaving his official duties (2001a).

Similar inconsistencies marred the congruence of the business/conservative coalition. Their coalescence was delayed even more than their counterparts insofar as Councils were concerned, because conservatives were kept largely on the outside, as they were from Social Security policymaking generally. Indeed, the experience of conservative opponents of Social

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<sup>37</sup> Of course, official roles can be misleading when it comes to Ball, who never had to be asked to be involved where Social Security policymaking was concerned. The “interlinked” Council and SSA staff while he was in government reflected his view of the importance of this venue (Ball 1999). After chairing the 1964 Council as commissioner, the change in the law to require a citizen chairman hardly diminished Ball’s involvement, as reflected by his regular updates to the 1971 Council on legislative progress and his authorship, with Alvin David, of much of the final report (Derthick 1979). Even without an official role in 1974, the former commissioner was informed “surreptitiously” by “one of his SSA protégés [who] was staff director” (Trout 2001 “Chapter Four”: 8), which included his review of the draft report (John Trout to Mary Ross 1975; Ball 1975).

Security, such as Carl Curtis, consisted of a series of false starts, such as Curtis's 1954 introduction of a blanketing-in proposal, which was not even granted a committee hearing (Derthick 1979: 154-55). Whereas the businessmen who were involved were conservative by comparison with the representatives of labor and its allies—Linton was described as an “active Republican” (ibid.: 299) and Folsom served in the Eisenhower cabinet as Treasury undersecretary before becoming the second secretary of HEW—they largely acquiesced in the kinds of expansions that many other conservatives opposed. But even conservative opponents of the program occasionally revealed a pragmatic side, as Derthick illustrated with the example of Robert Taft, whose philosophical opposition did not “carry conservative principles as far” as casting a problematic vote against the 1950 amendments that issued from the 1948 Council recommendations (1979: 249). Linton's and Folsom's successors on the Greenspan Commission reportedly had to be pressured to go along with the bargain that Republican politicians very much needed, suggesting that their views may have moved closer to the conservative minority, including one Democrat, who opposed the Commission recommendation (Light 1985). The first effective alignment of business representatives with a strict conservative (having “*bona fide* credentials as a conservative Republican” [2006: 26]) arguably came on the 1996 Council, a possible result of the relaxation (Ball 2001f) of the selectivity exerted over the Council membership by the Clinton administration and SSA, which tended to reject conservative candidates. To illustrate, the dissent by Charles Siegfried and his business colleagues on the 1971 Council (Derthick 1979: 354) opposing the one-time benefit increases and automatic indexing certainly would have resonated with conservatives generally, had they not been drowned out by the chorus of fellow Council members, agency experts, program advocates, credit-claiming

politicians, and prevailing liberal sentiment: such was the case at the apex of the expansionist domination of the agenda, even during a Republican administration.

The final oversimplifying factor is setting the number of coalitions at two: ignoring, for instance, the powerful presence of the “gray lobby” beginning in earnest during the late 1970s. Less powerful, but a factor in the deliberations of the 1996 Council, were the younger generations, who stand to inherit the obligations accumulated under the current structure. In addition, many other organized interests have played distinguishable roles: farm associations, church organizations and other not-for-profit groups, pension providers, public employee unions, taxpayer organizations, and associations of financial, legal, and accounting professions—to name but a few categories of those who have been active in Social Security policymaking.

Notwithstanding the imprecision implicit in such a reduction of myriad occurrences and issues, the utility of the emergent pattern (see Figure 5-1) compensates for the reformulation of the actual cases into a synthesis that loses many attributes of the originals, but hopefully retains something of their essence.

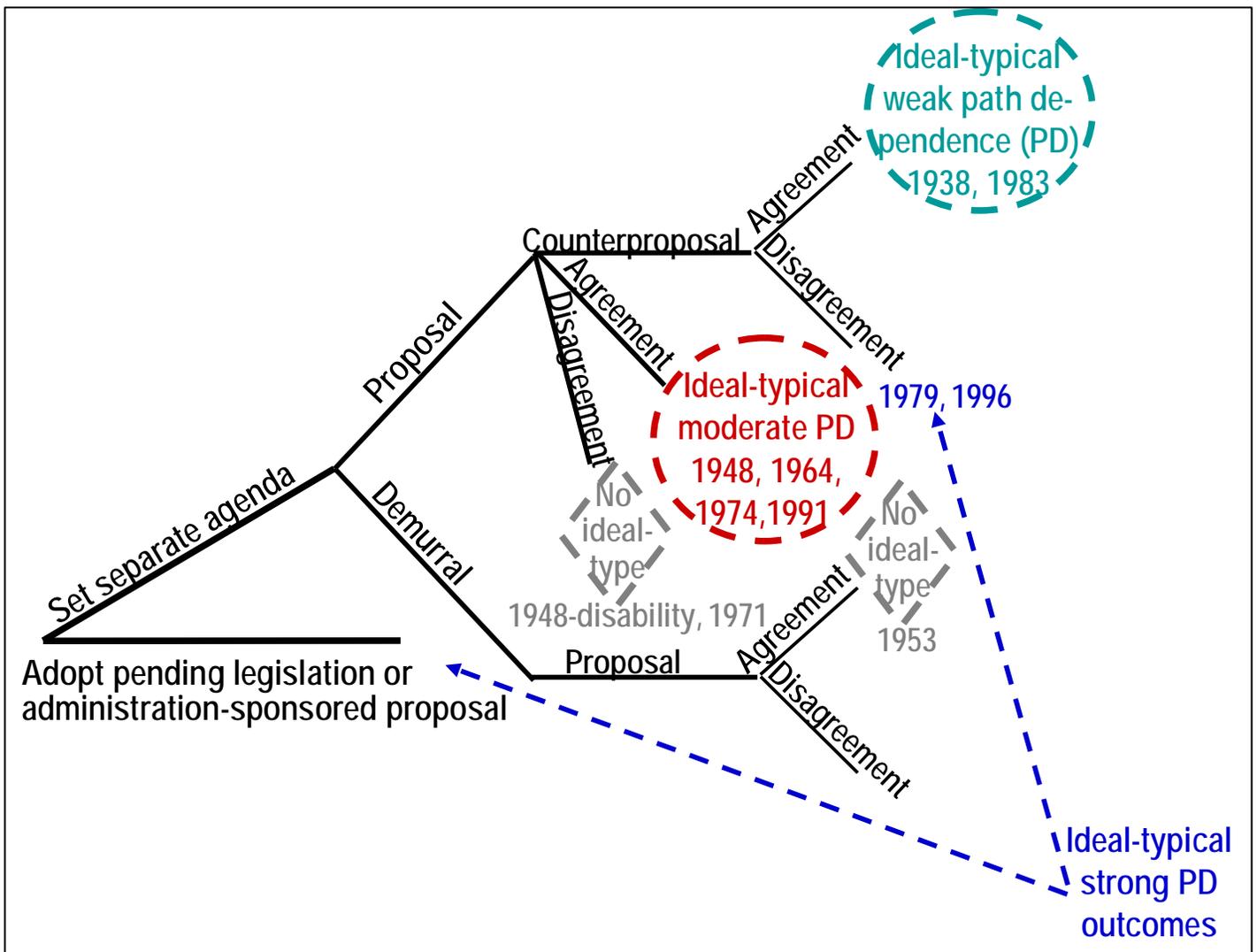


Figure 5-1. Predominant Path Followed by Each of the Ten Councils Studied

Reductions of Council deliberations into a history of each one's salient aspects from the process vantage that has guided this chapter's analysis thus far represent the conglomeration of many cases of individuals and other actors pursuing diverse interests, upholding idiosyncratic and shared principles, engaging at various depths and intervals, and interacting on many levels, encompassing personal relationships, rivalries—individual as well as organizational—and alliances, and commitments of diverge origins. Further reduction of those histories into the preceding figure represents each Council's process as a single terminal point: the outcome. Each of the seven distinct outcomes represents the combination of a number of choices. The Council could adopt a congressional or administration proposal or go its own way. The dominant coalition could make a proposal or demur. The response to the other side's proposal could be a counterproposal or an immediate negotiation in terms of the proposal received. Finally, the negotiation could result in agreement or disagreement. Witness that each of the paths in Figure 5-1 terminates in either an agreement or a disagreement, except for the decision to adopt an external proposal originated by Congress or the president. Adopting the external proposal places the Council in the position of “rubber stamp,” an implicit agreement.<sup>38</sup>

While Councils remained agreeable (prior to 1996), neither Congress nor the president, by and large, were the parties they agreed with; SSA was far more influential, as Derthick pointed out. But agreement in 1948 over the benefit increases and program expansions that SSA sought bridged a gulf between government activism and anti-New Deal reaction then looming quite large, and suited business and labor members far better than partisans on both sides and, in the case of abandoning the increment, better than SSA's leadership. The 1974 recommendation

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<sup>38</sup> A simplifying assumption to eliminate extraneous paths is that disagreement with a congressional or administration proposal results in an independent proposal, which is the “upper” branch of the first choice.

represented an equally hard-headed compromise, and all of the agreements between 1948 and 1974 cemented the pattern of pragmatic path dependence in accordance with the ideal-typical assumptions of moderate strength.

There were, of course, exceptions, even within this pattern-reaffirming period. Disagreements, however, marked business/conservative resistance to encroachment, as objections to disability in 1948 and higher benefits in 1971 were signs that the middle-ground staked out in 1938 had been abandoned, at least in the views of the business/conservative dissenters. Yet the return to affirmation in 1953 and 1974, as opposed to escalation of the conflict, signaled that the inertial expansion begun after enactment followed an accommodative logic of increasing returns, allied with the moderate path dependence framework (Pierson 2000). Even though the 1953 result did not fit the pattern of negotiation and agreement based on the initial proposal, as was the case for the 1948 (aside from disability), 1964, and 1974 deliberations, failure to fit the assumptions of negotiation based on strength rather than a departure from the pattern of agreement is the reason that 1953 is not counted as another instance of moderate path-dependent accommodation.

If the squabbling in 1979 over almost everything revealed the fissures within the four-decade compact on Social Security, it is no accident that this Council began the retrenchment-era debate in earnest. Even program advocates found little fault with 1974's fix of double indexing. Revisiting the promises produced within an expansionary policy trajectory is disagreeable work! Although 1979 marked the end of an era, consensual policymaking had not run its course. For Ball to characterize the 1991 findings on Social Security thusly, "It's okay, just take it easy, it's not a big problem" (2001f), confirms that disagreements continued to be suppressed well into the retrenchment period. Moreover, as was the case in 1953, classifying the Greenspan Commission

as an exception to the prevalent mode of moderate path dependence had as much to do with the simplicity of the model and its inability to delve beneath the surface pattern to distinguish path-shaping versus path-hugging discussions as it did with the substance of the deliberations. Ball's pragmatic ethos during 1983 belies a fundamental debate: "The thing to do to get agreement is forget about why you're for this.... Try to get agreement for whatever reason on specifics" (1999: 21). Indeed, I will argue below that reticence about thoroughgoing discussions in 1953 and 1983 was the crucial ground-rule for sustaining agreement.

Inasmuch as the purpose of the deliberative process model to sketch an overview of the interactive pattern has been served, further quibbling over its shortcomings seems unwarranted. Instead, an in-depth exploration of this enduring agreement's contours will build upon the basic pattern.

Although Figure 5-1 demonstrates some support for the expectations associated with each degree of path dependence, moderate path dependence accounts for somewhat more ideal-type outcomes than either the weak or strong variants. Therefore, the weak path-dependence shown by the 1938 Council's crafting of novel policy recommendations out of the authentic exchange of diverse perspectives (treated in depth in Chapter Seven) was a notable exception. Equally exceptional was the stand-pat entrenchment of 1996 Council members behind ideological lines (detailed in the next chapter), suggesting no possibility other than strong path dependence. These exceptions aside, the main thrust of the intervening half-century marked a pragmatic, accommodative approach characteristic of moderate path dependence. Even some of the minor deviations from the prevailing pattern can be portrayed, upon closer inspection, as consistent with a pragmatic ethos, which for the most part dominated Councils until 1979. Accordingly, the

next section furthers this theme of pervasive pragmatism to lend further validity to the initial indications of the deliberative process model through application of a confirmatory procedure.

#### **5.4 Confirming the Pattern of Historical Coalitional Interaction**

This section builds upon the general pattern established above to provide additional grounding for the result achieved through process tracing: negotiated agreements reflecting moderate path dependence. The parameters of moderate path-dependent change, as set forth by institutionalists Hacker (2002) and Pierson (2000; 2002; 2004), are stasis and incrementalism, implying gradual and halting steps during the expansionary period mirrored by a reciprocally incremental retrenchment path. Accordingly, a traditionally path-dependent policymaking progression can be expected to “stick” at comparable points during both expansion and retrenchment. Tracing the arc of policy trajectory on opposite sides of waxing and waning phases should yield a twofold refinement in the preceding analysis. First, such reciprocity would confirm the preliminary finding of moderate path dependence based on accommodation. This expectation obtains from the pragmatic, habituated basis of moderate path dependence: the same factors that allow bit-by-bit increase in the scale of the program should work in reverse, because policymakers are not required to break new ground, but to retreat gradually, tit-for-tat, from what has been built up. Conversely, strong path dependence, which depends on imposition of change marshaled by fusion of fixed ideology with a dominant political configuration, is more rigid and therefore must be broken because it will not bend, yielding an expectation of a critical juncture, and not a ratcheted diminution. On the other extreme, malleability rather than rigidity characterizes weak path dependence, yielding an expectation that policy changes should drift further away from the terms of earlier agreements with the passage of time: as new ground is

steadily broken, traces of the old debates should be obscured by fresh arguments. In either case, strong or weak path dependence, there is no reason to expect symmetry.

The second refinement expected from comparing expansion-era and retrenchment-era Councils is to gain an appreciation of what holds path-dependent processes in place. If common conceptual threads can be traced from early Councils to recent ones, then their persistence, across two to three decades in some cases, would reveal stable foundations shown to have outlasted transitory issues. It is this analysis that attempts to identify the roots of path dependence, the aspects of policy necessary for continuity and essential if the policy is to be sustained. It is the uprooting of these familiar ways of doing and viewing things that is required for path-breaking change.

This portion of the analysis proceeds from a methodological explanation, which is needed to guide the second pass through Council deliberations, this time based on pairwise comparisons of expansion-era and retrenchment-era proceedings. Next, a narrative—as opposed to the more structured process-tracing model above—follows the layer-by-layer exploration of each Council pair’s commonalities. Finally, a synthesis suggests the essential patterns guiding path-dependent policymaking from which possible departures will be traced in subsequent chapters.

#### **5.4.1 Structure of the Symmetric Expansion-Retrenchment Narrative**

The narrative below examines paired Councils mirrored on opposite slopes of the watershed: the expansionary peak marked by the “new Social Security program” inaugurated by the 1972 Amendments according to Ball (in Berkowitz 2003: 210). As shown through the above application of Bayesian inference to the earlier results, this structure makes sense only as a derivative of the preceding analysis tracing the preponderance of paths through the deliberative process into the domain of pragmatic negotiated agreements between accommodative and dominant coalitions. Therefore, formulating a test for constraints that are comparable between

Councils separated by decades presumes a persistent structure—the bargain—to which deliberations conform time after time.

The pairings of the ten major Councils reflect an even division between the expansionary era that concluded with the 1972 Amendments and the period of retrenchment that followed: five Councils in each. Beyond the symmetry between expansion and retrenchment, the scope of the Councils' deliberations and the topical areas contributed by the broader policymaking environment that determined their agendas provide a basis for matching them. An illustration of such comparability comes from pairing the 1938 and 1996 Councils: each ranged over a wide scope compared with the intervening Councils, and both were absorbed with the basic financing structure of the program—reserve funding versus pay-as-you-go. This comparability emerges notwithstanding the huge differences in the respective vantages: the first Council examined a fresh policy, and the last was informed by more than a half-century's operation of the policies crafted in large measure along the lines of the first Council's recommendations. The 1953 Consultants on Social Security and the Greenspan Commission also shared the possibility of fundamental policy change, as they both faced a political landscape redefined by conservative hegemony, after the 1952 and 1980 elections respectively. The Councils that preceded the 1953 Consultants and the Greenspan Commission—in 1948 and 1979—are comparable by their focus on disability, as are the two Councils that focused primarily on health insurance, in 1964 and 1991. Although health care is outside of the scope of this study, its attention-getting character, in both its inaugural and restorative stages, had the effect of crowding out “cash only” issues, and, for that reason, limited consideration to only the most crucial non-health-related issues, narrowing the 1964 and 1991 deliberations insofar as Social Security issues *per se* were concerned. The very satisfactory arrangement of comparable deliberations based on a topical

rationale, which also results in an interval of approximately three decades between each pair, except for the outermost, separated by nearly sixty years, leaves by default the two most proximate Councils as the last pair: 1971 and 1974.

Given the ideational cast of the investigation at hand, conceptual range rather than practical impact takes precedence, so that the scope can be held to have narrowed during the expansionary period from the fundamental restructuring deliberated by the 1938 Council to the recommendation of benefit indexing that resulted from the 1971 deliberations. Deliberative scope grew over time during the retrenchment period, culminating in the reexamination from 1994 to 1996 of the basic financing structure put in place as a result of the first Council.

#### **5.4.2 Comparisons of Expansion-Era and Retrenchment-Era Councils**

By comparing Councils separated by decades in most cases, the expectation is that comparable deliberations considered at very different points in time will confirm the moderate path dependence style of change: incremental and symmetric, retracing cautious steps forward under expansionary assumptions; by still more cautious steps, due to resistance to change, during the retrenchment era. Sequencing the pairwise comparison of Councils will begin at the expansionary apex, bracketed by the 1971 and 1974 Councils, and proceed backward in time on the expansionary side and forward on the retrenchment side until the pairing of the 1938 and 1996 Councils is reached.

A variety of special factors limit the usefulness of this pairing of the 1971 and 1974 Councils. One factor that impairs the comparability is time, in two ways. First, these Councils' separation by just three years from the end of the first to the beginning of the next allowed scant time for accumulating issues. The second time-based limitation is the difference between the periods of deliberations: the 1971 Council, which began in 1969, the longest lasting to that point, contrasting with the eight-month deliberations of the 1974 Council. This latter abbreviation

arose from the immediate challenges facing the Social Security program following the flawed implementation of indexing by a formula. Because the impact of price escalation caused near-term benefit allocations far in excess of parity in replacing working income and could be expected to produce erratic future fluctuations so that unwanted outcomes were likely (e.g., “notches,” intervals when cohorts of beneficiaries would receive lower levels of benefits than their predecessors), it was generally acknowledged that something had to be done about indexing quickly. Accordingly, the acute situation faced by the 1974 Council necessarily narrowed the topics it addressed.

The 1974 deliberations are instructive, notwithstanding their brevity, for the necessity to confront for the first time constraints arising from programmatic progression that would not right itself with the passage of time. The system could not simply grow its way out of the issues facing the Council. The response, separating the insurance amount computation from the retiree benefit escalation and indexing each differently, was technical-sounding and seems incremental in the extreme. Given this technicality, it is perhaps reasonable to expect members to defer to the expertise of SSA staff and technical panels of prominent economists and allied specialists and to seize on the recommended approach presented to the Council.

While time constraints limited to an extent the latitude of the 1974 Council, it still bears inquiring into the rationale of business and conservative representatives for helping to resolve a situation that their predecessors had opposed. Indeed, former Representative John Byrnes, one of the first conservative public members to serve on a Council, had spoken out strongly while in Congress against the 1972 Amendments, which had largely implemented the 1971 Council’s recommendations (Derthick 1979: 363-64). The contrast between the broadside dissent of Siegfried and his colleagues in 1971, implicating the entirety of that Council’s recommendations,

and the extremely narrow focus of the 1974 business and conservative representatives on fixing the indexing problem indicates a quite pragmatic stance. Moreover, the accommodation of the business/conservative coalition to the program, even after the bounds of lower-middle income coverage had been exceeded in 1971, is evident in the unwillingness to exploit this vulnerability in order to exact concessions or promote major changes.

The 1979 and 1948 Councils offer an appropriate contrast because they faced similarly significant challenges to the program, the 1979 Council dealing with the fiscal implication that, in part, resulted from major changes the 1948 Council made in raising the level of benefits. One patently obvious observation in contrasting Councils across the expansion-retrenchment divide is that benefits can be seen to go up quite easily on the former side, while resisting decreases on the latter side. That inherent reality of political decision-making aside, other implications of the 1948 Council for its successor might not be so easily guessed.

A crucial disagreement between business/conservative and liberal/labor coalitions on the 1979 Council was over raising the retirement age. The suggestion that the normal retirement age even be studied was strongly opposed by a minority composed of liberal and labor representatives, although a notable exception, Eveline Burns, favored not only studying but implementing retirement age increases (Burns 1979). Similarly, Burns's predecessor, fellow economist and chair of the 1948 Council Sumner Slichter, who supported liberal positions such as increasing the upper extent of the earnings ceiling to at least \$4800, had testified that he saw nothing wrong in workers continuing past 65 (in *Social Security Revision, Part 3* 1950: 2121-22). On the contrary, he recommended that incentives, such as credits to companies retaining older employees, should be created to encourage the practice. The subsequent firm resistance to an option that may have been considered reasonable in an earlier time, ironically a time when life

expectancy was lower, is an archetypical illustration of the increasing returns dynamic Pierson (2000) places at the core of moderate path dependence. Decisions that lack any clear rational basis, such as setting the retirement age at 65 (Brown admitted as much with regard to this decision by the Committee on Economic Security [1965: 115-16]), ossify and become more and more resistant to change, as the effect of the intervening three decades between 1948 and 1979 in making retirement age non-negotiable demonstrates.

Another contested issue in 1979 demonstrates a different kind of path-dependent effect, that of momentum rather than resistance. The coverage of federal civil servants, though opposed by unions in 1979, was an outgrowth of the strong tendency toward universal coverage initiated by the 1948 Council. As discussed earlier, the backdrop of this Council included steps to tighten coverage by excluding occupations newly defined as self-employment. Yet the 1948 Council's recommendation expanded coverage dramatically, establishing the expectation that coverage would eventually reach all occupations.

The major disagreements between the business/conservative and liberal/labor coalitions on disability benefits in both the 1948 and 1979 Councils suggest that lines drawn in the earlier Council remained. In addition to disability insurance, for which these Councils constitute the most substantive deliberations of the ten bodies covered herein, another core issue negotiated was the practical meaning of adequacy. The 1979 stance by business representatives in favor of price-based indexing—as opposed to wage-based indexing, which typically is more expansive (Derthick 1979: 389-406)—was based on the argument of sufficiency to “avoid severe hardship” (Aaron et al. 1979: 224). A parallel argument by business representatives in 1948 that it was unnecessary to raise the ceiling on taxable earnings shows a consistent preference to pay benefits to lower-income beneficiaries—in social insurance terms, a preference for adequacy over equity.

The 1953 Consultants on Social Security and the Greenspan Commission are linked by more than their anomalous naming. These figurative Councils<sup>39</sup> turned out to be consistent with the statutory Councils in between, if not in name, then through incremental policymaking within the established framework. Despite their other distinction, as the only bodies in the ten Councils studied that business/conservative members supported, there was no effort to pursue a distinct conservative agenda. Reticence to push the blanketing-in proposal in 1953 foreshadowed the unwillingness by the Greenspan Commission to pursue any of the stringent “reforms” initiated by David Stockman, such as sharply curtailed early retirement benefits (Light 1985: 119-23). As a consequence, the business/conservative majority found itself facing an agenda that Ball crafted, just as the Consultants had thirty years before. Taxing a portion of benefits was borrowed from the 1979 Council (not coincidentally pushed by Ball there), evincing continuity with previous policymaking, just as the coverage expansions recommended in 1953 sustained the direction set in 1948. Ultimately, the Consultants and the Greenspan Commission are more significant in the present analysis for what they did not do—reverse or shift the track on which policy proceeded beforehand—than what they did.

The comparison of the 1964 and 1991 Councils provides the least amount of information due to their overriding attention to health care. Even in view of the abbreviated consideration of Social Security in 1991 during the two short meetings devoted to retirement issues, the topical constriction suggests a program that had exhausted its suppleness, and would resist further

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<sup>39</sup> The anomaly of not naming these bodies “advisory councils” arose from their *ad hoc* formation—at the behest of the first HEW Secretary, Oveta Culp Hobby, in 1953, and President Reagan in 1983. Other coincidental similarities connected these bodies: both had an earlier, ideologically purer instantiation before adding liberal representation to gain legitimacy. Hobby broadened her original “consultants” half of whom were affiliated with the Chamber of Commerce to include labor members and technical experts, such as Evelyn Burns (allied with program advocates), as well as Robert Ball as staff director. Reagan’s original “gang of seventeen” (Light 1985: 142) had no labor members, but the tri-partite administration/Senate/House appointments to the Greenspan Commission included AFL-CIO President Lane Kirkland, representing House Speaker Thomas P. “Tip” O’Neil (O’Neil also named Ball as a commission member).

modification. Discussions of raising the retirement age, which liberal and labor representatives opposed, and expanding coverage to state and local government employees, on which the coalition split, predictably went nowhere. Focusing the recommendations of the 1991 Council on fiscal policy to curtail other claims on the federal budget could indicate a flagging interest in program principles, of the kind that Hohaus, the insurance executive, and labor's Cruikshank stressed in 1964 when together they advocated clarifying why the retirement test was essential. If this consensus on the retirement test demonstrated the endurance of old agreements on the 1964 Council, its struggles also recalled the past:

One of our big problems this last time [1964] was the [maximum earnings] ceiling. We finally came to the conclusion of \$6,000 immediately and \$7200 later, which Congress has adjusted to (Brown 1965: 92).

Brown further emphasized, "advisory council studies ever since [1938]... have watched very carefully what the upper limit covers in terms of normal payroll" (ibid.: 61). He then put the figure in historical context: "if we had been able to keep the relative position of the maximum covered to the normal income, we would be up to maybe \$12,000 by now" (ibid.: 61-62).

Remarking the continuity of explicit principles and issues on the 1964 Council creates a contrast with the 1991 Council's vague endorsement of programmatic solvency:

The Council believes that a strong and growing economy is important to maintain a strong Social Security system. This will be particularly important when the large baby boom generation begins to retire in about 2010.... The Council believes it is desirable not only to reduce the Federal deficit, but also to achieve a surplus in the total Federal budget.... The Council believes that the growing Social Security reserves should not routinely be used simply to offset other large operating

deficits in the rest of the Federal budget (*Interim Report on Social Security and the Federal Budget* 1990: 21).

Yet the need for the 1991 Council to recommend some unified action, even if it papered over the inability to take genuine steps, possibly represented a minimal response to the expectation for broad support left over from the program's 1964 heyday.

The continuity that has been evident to this point, though diminished in the 1991 Council, disappears in the comparison between the 1938 and 1996 Councils. The differences in the results of these two bodies, which form the core of Chapter Seven's analysis, are not attributable to comparing a recent discussion with an outdated one. Both Councils debated equity versus adequacy and chose between flat benefits and higher, more equity-oriented structures: only the terminology has been updated.<sup>40</sup> But the 1938 consensus when, as Folsom noted, the Council "came out all together" (in Derthick 1979: 91) differed markedly from the 1996 dissensus, which Chapter Six details.

## 5.5 Summary

The preceding pages of middle-level history have traced a complicated story. Perhaps the complexity follows from choosing a level of historical detail in between the simple (such as the Council's days were numbered as an institution by Republican hegemony after the Contract with America) and the intricate (say, Derthick's narrative, which by including hundreds of actors facing thousands of issues must, like a very long hymn, rely on a familiar refrain—insiders rule!—to keep the assemblage from wandering). This history, however, was undertaken with another purpose than to explain what part a minor, little known actor, the Council, played within

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<sup>40</sup> No one was referring to the rate of return in 1938, with the exception of an exchange between Linton and Altmeyer over the wisdom of the reserve fund charging interest ("Minutes of the 1938 Advisory Council November 7, 1937, morning" 1937: 45-48).

a massive policy domain. By singling out the two coalitions that were prominent from the beginning of the history to the end, albeit more prominent within the Councils than outside, a common thread can be traced that touches both a seemingly changed world where privatization represents a very real option and a traditional one very familiar to Derthick's readers.

The commonality of actors, the business/conservative and liberal/labor coalitions, is necessary because of the premise at the heart of this narrative: traceable, related occurrences are under way.<sup>41</sup> Parting this narrative somewhere in the middle into, for instance, a developmental program history (after Derthick, a wasted effort) and a mature program history, beginning with *Artful Work*, definitely simplifies matters. Yet it would overlook the principles that the 1953 Consultants shared with the Greenspan Commission, to name but one of the pairs analyzed above. Thus, a more tortuous narrative results, in part, from expectations of tracing a common thread from 1938 up to its fraying end in 1996.

The synthesis of both elements of the chapter's analysis reveals an incremental bias, most evident in the middle years of the analysis, from 1948 to 1974. Staying close to the proven path, so characteristic of moderate path dependence, was attributable to numerous conflated factors for much of this time: strong agency influence, consistency of policymakers within and outside of government, and a prevailing liberal tide, which both the Eisenhower and Nixon administrations were loathe to fight. Yet another factor, related to members' consistent service on Council after Council, was the stubborn adherence to notions about policies that crossed coalitional lines. An example was the agreement by business and labor members on the 1964 Council about the

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<sup>41</sup> A potential contradiction with this premise—observable from the pattern arising from the convergence of the “middle” pairings as compared to the divergence of the “outside” pairing (1938 and 1996)—is these latter Councils may mark the beginning and the conclusion of a process that follows the middle Councils more closely. If this cursory proposition could be borne out, then extending a model of the relatively more consensual and constrained dialogues of the middle Councils to 1938 and 1996 might illustrate conceptual stretching (Collier, Brady, and Seawright 2004a), with the methodological response of conducting three distinct analyses. Because identifying the prevalent set of path-dependence assumptions constitutes a preliminary step, leading to a different vantage on the history covered above, the potential anomaly in this chapter's results is noted, but will not be pursued further.

importance of understanding the retirement test as consistent with Social Security's role as a retirement rather than an investment program. Moreover, the retirement test depends on an artifact of the original law, that retirement normally occurs at age 65. Coalitions' differences also persisted, such as perennial haggling over the maximum covered earnings.

But the retrenchment-era Councils also reveal an underlying consistency when compared with their expansion-era analogues. Conservative unwillingness, fresh from major electoral shifts in 1953 and 1983, to stomach a struggle over the basic premises of Social Security showed a lack of allegiance to alternative conceptions of social policy, such as the blanketing-in proposal tabled by the 1953 Consultants and the rollback of added coverage categories under the aegis of the founding Act, not even considered by the Greenspan Commission. Indeed, the progressive narrowing of the agenda under consideration restrained policy options to the extent that the adjustment from wage-based to price-based indexing was rejected out of hand by Ball and fellow program advocates on the 1979 Council. This occurred despite the indexing of benefits having just been added during that decade. Four years later, the neutral mechanism of taxing benefits—pitched by Ball since the 1950s—rescued the Greenspan Commission from the seeming impasse caused by resistance to structural change, which had left only one-time benefit adjustments on the table from the liberal side. At the same time, the path to universalism was so well trodden that majorities in both 1979 and 1983 felt free to recommend coverage for Federal employees, over unions' strong opposition. So this chapter's theme of cautious incremental policymaking becomes somewhat nuanced, as some boundaries became more rigid, restraining the path, while other ways forward were easier and better traveled over time, as change (e.g., toward universalism) became the norm.

Notwithstanding an overlay of consistency, the deterioration of coalitional interaction is apparent in the Councils' latter stages, as business/conservative and liberal/labor sides spoke in vague generalities in 1991 and could only find vague generalities to agree on in 1996. If this fraying, however, can be traced back to the common thread started in 1938, then the research design set out in Chapter Four can progress by establishing the genesis of the change from the predominant pattern evinced in this chapter's analysis. This will constitute the major work of the following two chapters.

## CHAPTER SIX SIGNS OF A TURNING POINT IN THE LAST COUNCIL

This chapter develops the evidence to be used in determining the extent to which and in what way(s) the 1994-1996 Advisory Council on Social Security (the “1996 Council”) represented a turning point in the program’s institutional dynamics. Consistent with the analysis in the preceding chapter, this Council’s deliberations serve to illuminate the interplay among constituencies. That earlier analysis provided the foundation for identifying a turning point by establishing a pattern: moderately path-dependent negotiation between business/conservative and liberal/labor coalitions set within the construct they framed together in 1938. But the observation, introduced below, of a decidedly different result, dissensus, from the 1996 Council than had happened before poses the issue of a departure from the established pattern.

To search for the path-breaking departure from a consensus around ideas, an introductory overview is helpful for identifying the other factors at play. To illustrate, SSA’s role is one of several factors apparently implicated in the Council’s anomalous failure to come to a majority decision. SSA had played such a prominent a role in past Council deliberations so as to support Derthick’s (1979) cooptation thesis. Its diminished role in supporting the 1996 Council occupies a prominent place in participant-observers’ explanations of an unprecedented dynamic (Schieber and Shoven 1999; Ball 1999). Yet, as Abbott (2001) explains the concept of turning point, the crucial change often does not come about at once; rather, multiple necessary pieces must fall into place, like tumblers in a lock. SSA’s relative inattention to this Council compared to previous ones yields quite a limited explanation, contributing to, but not solving, the policymaking puzzle.

The inquiry this chapter poses is altered from that of the previous chapters due to the pursuit of a potential break in the policymaking pattern as opposed to its establishment or continuation. Novelty is our currency when investigating a turning point. Because Social

Security had been characterized by consensual policymaking, breaking the established terms of the consensus is the type of novel occurrence that is sought. Accordingly, the aim of this chapter is to compile the evidence bearing on an ideational contribution to the apparent demise of consensus, as revealed through this last Council.

The emphasis therefore is on the function of ideas within the Council, and how a new configuration of ideas may have been key to a confluence of factors that combined to thwart the achievement of an agreed recommendation. Given their gravitation to the background or attachment to concrete aims, ideas often present an elusive quarry in the policy context: seldom do issues surface, such as amending the Constitution to outlaw flag burning, that are mainly ideational constructs. Accordingly, proceeding from the context and composition of the Council, through its major steps, debates, and recommendations, ultimately, to the residuum of ideas—figuratively “panning for gold”—offers a sequence whereby prominent impacts can be recognized and examined briefly, then set aside to pursue less obvious, fragmentary, perhaps even insignificant-seeming bits of ideational framing.

After briefly sketching the anomalous result of the 1996 Council, this chapter’s early thrust catalogs those aspects of the Council’s formation and its organizational, political, and economic context suggested to have borne on the deliberations’ departure from the past. The next step in securing a vantage on the exchange of ideas encounters the formal outcome of the Council. A basic fillet of the tripartite recommendation entails a high-level examination of the concrete differences between the proposals and the competing rationales of their proponents, both of which are fortified by ideas among other things.

Finally, by analyzing individual interchanges patterns emerge in the exchange of ideas whereby ideational arrangements become kinetic, deployable for enlisting support and drawing

opposition, as well as, from time to time, crafting consensus. Thus configuring idiosyncratic views into ideological repertoires that are mutually recognizable by proponents and opponents, deliberations take shape: establishment of first principles to advantage—fixing a broken system or dispelling a crisis mentality; contention between constructs such as community versus personal responsibility and adequacy versus equity; and configuration of criteria—money’s worth and intergenerational fairness—in ways seen as either inventive or misguided. Discerning in this chapter how ideas were used in the last Council permits a conclusion in Chapter Seven about the extent to which patterns established by the historical analysis in Chapter Five persisted or yielded to new ways of thinking about Social Security policy.

## **6.1 The 1996 Council as a Departure from Consensus**

The Council appointed in 1994, which finally produced an inconclusive report more than a year after the original deadline in January 1997, has received scant attention from scholars, with the notable exceptions of Béland’s (2005a) placement of its deliberations within the context of Social Security ideational processes and Berkowitz’s (2004) conclusion of Robert Ball’s half-century of policymaking with the Council and its aftermath. Public attention, as measured by media notice and political significance following from its non-decision, waned quickly after an initial burst of interest.<sup>42</sup> Participants who have gone on the record about the process have viewed this Council as an anomaly, but for different reasons. Sylvester Schieber (Schieber and Shoven 1999) seized on the posited juncture in Social Security policymaking identified with this

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<sup>42</sup> Newspaper coverage sandwiched the official release of the Council’s report. Members commented on early drafts obtained by reporters, exhorting the country to “raise national savings for retirement” (Gramlich in Pear 1996), to “participate fully in the economic miracle that we call America” (Schieber in *ibid.*), or to “have a communal system” (Ball in Rodrigue 1996) through adoption of their respective plans, while objecting to “short-term fixes” (Gramlich in Pear 1996), “pre-conceived notions” (Schieber in Rodrigue 1996), or “the idea that some of us are going to be winners and some of us are going to be losers” (Twinney in Rodrigue 1996) attributed to opponents. The official report’s release elicited calls for action: “prevent these ideas of radical reform from getting beyond the fantasy stage” (Shea in Pear 1997); “[launch] a major educational campaign” (Weaver in Calmes 1997); and “begin to evaluate our options” (Gramlich in Dahl 1997).

Council to mark a significant departure: one that he advocated as a principal author of the Personal Security Account (PSA) plan supported by a substantial minority of five members. Ball (1999) drew on an unparalleled vantage as a veteran of almost all Council proceedings subsequent to the first in viewing the divided recommendation as a (mis) step on the path to progress on the program's long-term solvency—the generally acknowledged focus of the 1996 deliberations.

What is generally agreed, however, is that a consensual outcome was the norm, as Chairman Gramlich learned after his appointment:

[P]revious Councils had all been fairly unified. Lots of times the Council would agree on a 9 to 3 vote to do X, Y, or Z, so it wasn't totally unanimous. But I think there was a high degree of unity (2005: 2).

Yet he faced a challenge: "It took me one meeting to figure out that we would be unlikely to have that high degree of unanimity" (ibid.). Some members perceived this disunity with less equanimity: "my labor colleagues thought the Council was just a mess" (Shea 2006: 17). Schieber distilled an underlying order from the decision by a majority—combining the supporters of a proposal for small personal accounts and his own plan for much larger personal accounts—who chose "to significantly alter the system in ways that were contrary to the traditionalists' view of how it should operate" (Schieber and Shoven 1999: 288). Their choice represented a definite departure in light of the "independence that prior councils never expressed" (ibid.). Béland found the "controversy... illustrates the growing influence of the financial paradigm during the 1990s" (2005a: 169).

Whether the novelty of the 1996 Council lay in the dissensus that precluded a majority decision, the fundamental debate that superseded the traditional incrementalism, or the

financially driven logic that conflicted with the social insurance paradigm, it seems clear that these deliberations broached issues hitherto unexplored within the confines of sanctioned Social Security policymaking. The sources of these unforeseen developments are manifold, having their origins at a minimum within the Council's formation and its institutional context, which are addressed in turn below.

### **6.1.1 Formation**

However atypically it ended, this last Council began ordinarily, as mandated by the Social Security Act—amended in 1956 to require periodic advisory councils, comprising a “chairman and 12 other persons...[who] represent organizations of employers and employees in equal numbers, and represent self-employed persons and the public” (Social Security Act §706 in *Report of the 1994-1996 Advisory Council on Social Security, vol. 1, Findings and Recommendations [hereafter, 1996 Council Report]: 5*). Chairman Edward (Ned) Gramlich, dean of the University of Michigan's School of Public Policy, attributed his selection to acquaintance with Council Executive Director David Lindeman and Social Security Associate Commissioner Larry Thompson, both of whom he had known since their service together in the Office of Economic Opportunity (2005: 1).

For the rest of the membership, Gramlich indicated that “sort of a Noah's Ark approach” (ibid.) led to selection of representative membership. AFL-CIO President Lane Kirkland's designation of his assistant responsible for health and pension policy, Gerald Shea, was traditional, especially given his own past responsibility for that area. Two union presidents who sat on the AFL-CIO's Executive Council, Gloria Johnson and George Kourpias, completed the labor representation. Marc Twinney (2005: 1-2) attributed his selection to not only the Chamber of Commerce endorsement, but also the fiduciary reporting by the Ford Motor Company, where he directed pensions before retiring, to the Pension Benefits Guarantee Corporation (PBGC),

Lindeman's agency, which confirmed that Ford took pension funding very seriously. Schieber also represented business, although he had worked in SSA prior to his private pension practice, and had known Lindeman since their service together within the Department of Health, Education, and Welfare (Schieber 2006: 1). Lindeman had consulted Schieber about potential choices, both for the Council and its technical panels (*ibid.*), before

the question came up, what kind of role I [Schieber] was interested in. I think he was initially thinking more of me in the context of the technical panel, but I told him, "If I'm going to spend time on this, I would rather be involved in the real thing than the behind-the-scenes thing" (*ibid.*: 1-2).

Schieber had known Twinney, through their involvement in the University of Pennsylvania's Pension Research Council, but not the third business representative, Joan Bok, who chaired the New England Electric System's Board of Directors (*ibid.*: 5).

Former SSA Commissioner Ball, like Schieber, had some responsibility for his own selection: "They really didn't know how to turn me down when I made it clear that I would like to be on it" (in Berkowitz 2003: 346). Ball felt that the Council membership, with himself, of course, an exception, reflected Thompson's wish for a group amenable to a plan for add-on individual accounts, which at the time Thompson believed to be the only politically feasible source of additional funds beyond the payroll tax (Ball 2000: 337). The appointment of Carolyn Weaver, like Ball a public representative, was attributable to the influence of Senator Robert Dole (Berkowitz 2003: 347), who would become the 1996 Republican presidential nominee and whom she still advised on Social Security after having worked in his office a decade earlier (Schieber and Shoven 1999: 283). There also were public members, including Baldwin Park, California Mayor Fidel Vargas and Teachers Insurance and Annuity Association-College

Retirement Equities Fund (TIAA-CREF) President Thomas Jones, who represented traditionally participating sectors, state and local governments and their pension funds. Vargas also was demographically a member of “generation-X,” and as such represented those on whom the burden for meeting the fiscal deficit would fall in large measure. Ann Combs, who “had served as the deputy assistant secretary of pension and welfare benefit plans at the Department of Labor during President George Bush’s administration” (Schieber 1999: 277), added to the formidable pension expertise represented by Schieber, Twinney, and Jones. Edith Fierst, an attorney in private practice who had worked in the Department of Labor, attributed her selection to involvement on women’s retirement issues, particularly earnings sharing (Fierst 2006: 1).

In addition to technical proficiency, other differences with the past emerged. A point of departure from the Councils that Derthick observed was the manner in which members reflected a “sense of proprietorship” (1979: 101). Proprietorship largely had meant identification with the program’s traditions. Although Ball clearly held this kind of proprietary stake in the proceedings as the chairman recognized, acknowledging he has “given his life to Social Security and the country owes him big-time” (Gramlich 2005: 3), other members were less identified with program’s current embodiment, offering “different assessments of the long-term viability of the current pay-as-you-go system” (Weaver in *1996 Council Report*: 162) and expressing willingness “to abandon some of the traditional financing structure, but not the fundamental principles of the program” (Schieber 2006: 21). This broader proprietary sense came not just from the membership but from the charter as well, encompassing, in addition to the long-term solvency of and associated public confidence in the program, the capacity of the program to achieve adequacy and equity in its benefit structure, the impact of trends such as increased participation by women in the workforce, and the relative roles of public and private retirement

systems (1996 Council Report: 2). The breadth of the charter violated one of Derthick's dicta for agency cooptation of the venue: confining Councils' deliberations to "topics the SSA's leaders judged to be timely...[lest] groups of outsiders would get out of control and produce unwanted recommendations" (1979: 100).

Yet another departure from Derthick's summary of the perennial SSA recipe for keeping recommendations within acceptable ranges was the failure to enlist only members who were "in general supporters of the program" (ibid.). Weaver represented a path-breaking appointment from this standpoint as evidenced by her book *The Crisis in Social Security* (1982), which dismissed the program's pay-as-you-go financing as fundamentally unsound. Although tempting, for its simplicity, conclusiveness, and continuity with the powerful history that Derthick has related, to assign the dispositive role to SSA's heedlessness—a kind of *administrative neglect* hypothesis—in the formation of a policymaking venue where it historically held sway, other important factors emerge from a broader look at the environment and a deeper look at the proceedings.

### **6.1.2 Institutional Context**

Institutional factors exerted significant influences on Councils, no less in 1996 than in the past. Though distinct from the permanent organs of government, the Council reflected their make-up. Because members were appointed by Department of Health and Human Services Secretary Donna Shalala, the Clinton Administration's political orientation was relevant, so that, for instance, there might be no avoiding the AFL-CIO's selections for the Council, as in 1974 by the Nixon Administration. Conversely, Weaver's appointment acknowledged Republicans' influence in the Congress (Ball 2000: 343), even stronger after their majorities ushered in by the 1994 mid-term elections. As these specific influences illustrate, the Council's processes and

results cannot be considered apart from the obvious impacts of powerful institutional actors on a transient entity lacking any political base.

An institutional orientation to the Councils begins with their relationships to other institutions. As Chapter Five cataloged, the record is mixed of Councils' adherence to the path set by legislative and executive policy proposals. Recapitulating the major decision points of the 1996 Council, the key legislative initiative, Kerrey-Simpson, was rejected by one of this Council's consensus recommendations that endorsed the cost-of-living-adjustments (COLAs) as "one of Social Security's most important contributions to individual security" (*1996 Council Report: 17*), thus proscribing any permanent impairment of benefits indexing—the principal cost-saving mechanism Kerrey-Simpson proposed. Nevertheless, treating the Council deliberations in isolation merely because its conclusions were not demonstrably guided by the congressional agenda would constitute an oversimplification as crude as positing an "administrative neglect" explanation. To illustrate the environmental tug of the wider policy domain, it is sufficient to consider the influence vested even in the ultimately rejected Kerrey-Simpson, introduction of which "legitimized consideration of policy options that the council staff had adamantly avoided bringing to the table on a timely basis" (Schieber and Shoven 1999: 288). Weaver marked the bill's introduction as an occasion to object to the Council's insularity, emphasizing the relevance of the

proposal from two live sitting members of the U.S. Senate, that that proposal be given no less weight in regard and analysis than the distinguished chairman and the distinguished former Commissioner of Social Security's proposal. I think, to, to be taken seriously, this panel has to take that proposal very seriously (Weaver in Transcript, June 2, 1995: 262).

Holding other actors at arm's length could scarcely be considered a surprising development given that Councils had exhibited "their own corporate pride" (Derthick 1979: 100) due to their plenipotentiary role in the policymaking process. Ball, a champion of the forum, maintained:

[A]n agreement between the business representatives and the labor representatives within the Advisory Council could easily be a basis for changes in the law because the Congress could take those recommendations; they were already pre-negotiated (Ball 1999: 12).

Ball encouraged his colleagues' adoption of an expansive view of their role, reminding them of instances when their predecessors had led rather than followed:

[Y]ou can do amazing things as part of a package. Look at '83. The Senate had earlier taken a vote when the '79 advisory council suggested taxing benefits. They didn't wait for a piece of legislation. They passed a resolution, which in effect said[,] "we will never tax that." Everybody on the '82/'83 group, all the politicians on it, told me: ["]there's not a chance to do that. Forget it. You've got to get it some other way.["] Until the last three weeks, when we really had to face it. It became a very important part of the final (Ball in Transcript, June 2, 1995: 167).

Even so, practical considerations also were evident in his early calculus: "I don't think we can make our recommendations without any regard to the possibility... [of] the country and the Congress dismissing it out of hand" (Ball in Transcript, February 11, 1995: 118). There were early signs, however, that "corporate pride" might be blooming within the Council:

I guess my sense is that there's some things that we can come to agreement on that we think should be done, but the Congress in its current level of enlightenment might not embrace (Schieber in *ibid.*: 119).

The early mode of consensual operation is evident during this February meeting in the mutual sense of an expansive Council mandate: "Oh, we ought to do it anyway" (Ball in *ibid.*); "I agree we ought to put a stake in the ground" (Schieber in *ibid.*); "I agree with that" (Ball in *ibid.*).

Spurring the Council's independence, some members came to believe the Council's role was to inform rather than to necessarily produce practicable policy recommendations, as Vargas made clear:

[W]ho are we and who is Congress to make those decisions? I mean, this is a system that affects Americans. If Americans decide that this is the system that we want, then that's what Americans decide (Vargas in Transcript, April 22, 1995: 100).

By the end of deliberations, Schieber was prepared to jettison practicability: "even if this proposal isn't implemented by Congress... it lays out on the table what it is that we're really talking about" (in Transcript, December 14, 1995: 83).

The Council's independence extended not only to Congress, but to SSA as well. Indeed, Schieber came to the conclusion as a participant-observer that the lapse of the agency's past attentiveness to Council proceedings was the crucial factor in allowing him and his collaborators, including Weaver, to set a new direction in Social Security policymaking (Schieber and Shoven 1999: 288-89). A crucial figure in this regard was the executive director. Although not a member, Executive Director Lindeman merits mention because his position was historically important, the role through which Ball first gained prominence in 1948, setting the standard as a

staff director who “controlled the council’s agenda and, as much as anyone, composed its recommendations” (Berkowitz 2003: 6-7).<sup>43</sup> Lindeman, “nearing the end of his public service career,” which included very relevant experience though not in SSA, was described in very different terms:

[A] knowledgeable analyst with a deep background.... More suited to be a teacher or a philosopher than a staff director and manager of a diverse study group, Lindeman ultimately lost control of the agenda and the analytical work surrounding proposals being considered (Schieber and Shoven 1999: 265).

Lindeman’s loss of control and premature departure proved an auspicious development for tracing members’ interactions owing to their assumption of responsibility for production of the report and much of the analytical work. Boasting economists Gramlich, Schieber, and Weaver and the professional pension contingent noted above as well as lifelong program advocate and technically adept policymaker Ball, the Council could apply the requisite expertise to make up for the staffing lapse. With devotion to their task and expenditure of time, members were able to speak for themselves to a remarkable extent.

If Ball had set the standard for Council staff direction, then his longtime SSA colleague responsible for policy analysis, Alvin David, had demonstrated comparable virtuosity in providing support from the agency, co-authoring, for instance, with Commissioner Ball, a crucial financial recommendation of the 1971 Council after the members had finished meeting (Derthick 1979: 352). His absence from this Council (due to retirement) symbolized the agency’s inattention. To illustrate, Council members were responsible in 1996 for not only editing but generating the main body of the report as well, with the staff-written sections relegated to the

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<sup>43</sup> Also testifying to the criticality of this role to SSA is Thompson’s service as executive director for the 1978-79 Council. He might have followed further in Ball’s footsteps to lead the agency except for the failure to pay taxes for a domestic employee (Ball 2000: 337).

appendices. The writing of the document was emblematic of the entire process, in which analysis and development of proposals fell to members. Both Schieber and Shoven (1999) and Ball (1999) remarked on the lapse of attentive staffing that historically characterized SSA engagement in Council deliberations—in the same breath noting the professionalism and dedication of agency actuarial work that supported them—as a crucial factor in the agency’s diminished influence in Council deliberations. This final omission, of strong agency staff support, from the ingredients Derthick (1979: 100) found essential for a successful Council provided yet another factor contributing to the break with the past.

Although the Council was a governmental body—Twinney found the taking of his oath a memorable occasion, harkening back to his Navy service (2005: 5)—private organizations also played a role in its deliberations. Béland (2005a: 170-71) documents the intense interest by conservative think-tanks, such as the Cato Institute and the American Enterprise Institute (where Weaver directed social policy studies), in social policy, which augmented the traditional interest from the opposite side of the political spectrum, including the Brookings Institution, the Urban Institute, and the National Academy of Social Insurance (NASI). Representatives of these groups weighed in on key policy decisions, some as technical advisers to the Council, others as *ex officio* policy advisers, as Gramlich remembered: “We had two technical panels and there were a lot of people who were involved in the Social Security issue and most of them ended up on technical panels” (2005: 2). The Leninist strategy that Béland (2005a: 170-71) attributed to the scholars who wished to replace Social Security with a more market-based system surfaced issues ultimately considered by the Council, such as growth of the unfunded liability for future beneficiaries, replacement of a defined benefit by a defined contribution system, and the other ramifications of the financial paradigm identified with rate of return comparisons and related

metrics. The impact of these debates spilling over into the Council deliberations was to supply terminology and elemental concepts that members could apply in building their arguments.

Beyond identifiable institutions, wider environmental factors abroad in the society had a demonstrable impact on Council discussions. The second installment of the Reagan reconstruction ushered in the failure of the Clinton Administration's efforts to institute a national health insurance program, and the ensuing House Republican "Contract with America" reinforced the famous pronouncement that "government is not the solution to our problem; government is the problem" (in Skowronek 1993: 414), placing the defenders of public institutions decidedly on the defensive. Finally, the "demographic time bomb" (Béland 2005a: 171) represented by the retirement of the "Baby Boom" generation posed the most inexorable environmental factor. To wit, the burden of supporting a Social Security beneficiary was shared among 16 workers in 1950, but fell to slightly more than three workers at the time of the Council, and will shrink to two workers before relenting slightly (Gramlich 1998: 28). Béland connects the economic and philosophical strands:

For the advocates of generational equity, Social Security takes money away from young workers to finance excessively generous pensions that may not be available to them a few decades in the future. Social Security is depicted as a Ponzi scheme that would likely run bankrupt when baby boomers retire (Béland 2005a: 171).

The impact of the wider environmental factors, less pronounced at the beginning of the Council than at the end, as will be seen, has to be taken into consideration when examining its deliberative processes in the remainder of this chapter.

## **6.2 Coming to Different Conclusions**

To further the orientation into the direction the last Council's deliberations took, it is helpful to understand how the three competing proposals addressed the primary issues the Council confronted and how those proposals were arrived at. Detailed technical analysis, justification, and comparison, though ultimately the focus of the members' final deliberations, descriptions of the three plans within their report, and advocacy through interviews, testimony, and editorials all miss the point of ideational interchange and framing. Furthermore, promotion of each plan and its differentiation from competing plans, which consumed the bulk of the report, mark the conclusion of efforts to broaden support and reach common understanding. Those efforts, to the extent they occurred at all, may be found in earlier going of this Council, which is where our attention belongs in the search for the breakdown of consensus. To orient that discussion, however, this section summarizes the outcome of the 1996 Council and traces the major steps that it followed.

### **6.2.1 Results of the 1996 Council**

The analysis of the Personal Security Account (PSA), Maintain Benefits (MB), and Individual Accounts (IA) proposals touches on the major aspects of each and compares their primary differences. Table 6-1 summarizes some of the distinguishing characteristics of each proposal. One aspect that requires explanation to all but devotees of Social Security policymaking is the percentage of payroll, which has served as the traditional yardstick for assessing the program's actuarial balance, rather than, say, present value of future deficits in trillions of dollars. To illustrate, the revenue available to the program is, as it was in 1994, 12.4 percent of payroll: 6.2 percent withheld from the employee and 6.2 percent from the employer. At the time of the Council, the program's obligations through the 75-year actuarial horizon were

14.57 percent of payroll, leaving a shortfall of 2.17 percent of payroll. Thus, the various recommendations selected for inclusion in the table below can be scaled in proportion to the 2.17 percent “problem” the Council set out to solve.

**Table 6-1. Major Recommendations of the Three Competing Proposals**

<b>Proposal</b>	<b>Principal Benefit Reduction (Percentage of Payroll Saved)</b>	<b>Principal Benefit Increase (– Percentage of Payroll Required)</b>	<b>Additional Tax</b>
Personal Security Accounts (PSA)	Impose flat benefit. (3.82 percent)	Establish personal investment accounts. (–4.6 percent)	1.52 percent of payroll over 75-year transition (employer, employee 0.76 percent each) to pay benefits of current & imminent retirees while personal accounts accumulate.
Maintain Benefits (MB)	Expand earnings computation period from 35 to 38 years. Three of MB group did not support this: two favored tax increase instead; one favored indexing retirement age to longevity. (0.28 percent)	None.	1.6 percent of payroll beginning in 2045 (employer, employee 0.8 percent each).
Individual Accounts (IA)	Reduce middle and top marginal rates used to calculate primary insurance amount—payable at the normal retirement eligibility age. (1.32 percent)	Increase guarantee to aged survivors: 50→75 percent of couple’s combined benefit. (–0.32 percent)	1.6 percent of earnings to individually invest in centrally held accounts, converted to retirement annuities.

Confronting the complexity of even a quite summarized presentation of the competing recommendations produced by this Council can be daunting. Yet certain conclusions may be drawn from the array of numbers and potentially arcane terminology that likely would be accepted by all but the most partisan proponents or opponents of each of the plans. The PSA proposal represented the most dramatic departure from the status quo and Maintain Benefits the least. These conclusions are warranted based on the scale of the impacts: the flat benefit proposal advanced under the PSA reduced benefits by more than ten times the level of reduction of the largest change to the benefits structure put forward under the MB plan. Reciprocally, its new benefit—an account in the taxpayer’s name—represents a fundamental change in what is offered under Social Security because of its distinct essence: the claim on a personal asset with

many apparent attributes of property, such as the ability to be spent at will, invested, or bequeathed. By contrast, no benefits are added under the MB plan. The increased benefit to aged survivors that was included in the IA plan had originally been part of the MB proposal, but, under the fiscal constraints imposed on the plans, could have been retained only at the expense of an existing benefit (Ball in Transcript, December 14, 1995: 116) and, accordingly, was dropped. The impacts of the IA plan fell in between the extremes of major and minor change, as is evident from examining the largest benefit reduction, which flattens somewhat the benefit structure by reducing the marginal addition from higher income levels to the primary insurance amount without flattening it completely. The IA plan's individual account provision has been classified with the tax increases rather than the benefit changes, because it was funded as an addition to the existing payroll tax. A significant difference on the "ownership" dimension exists between the Personal Security Account and the Individual Account, which could be only annuitized, that is, converted into a comparable supplement to the Social Security benefit.

Notwithstanding its spare and high-level characterization, the foregoing summary of the competing proposals supported by five (PSA), six (MB), and two (IA) of the Council members respectively almost certainly would satisfy none of the proponents. PSA plan supporters (Bok, Combs, Schieber, Vargas, and Weaver) could fault the absence of a rate of return computation, which was central to their assessment of both the current system and the alternatives for amending it, and showed their proposal as the most advantageous. Moreover, they might object (as Weaver [*1996 Council Report*: 33(n)] explicitly did) to the presentation of the MB plan on the same basis as the others without remarking on the revenue shortfall caused by the retreat from the equity investment assumption that occurred after the last meeting: "supporters of the MB plan... have urged for study and examination a plan that would eliminate the remaining 0.80

percent of payroll deficit by investing a portion of future trust fund accumulations in stocks of private companies indexed to the broad market” (1996 Council Report: 25).

The reciprocal objection of MB supporters (Ball, Fierst, Johnson, Jones, Kourpias, and Shea) would oppose the PSA proposal’s inclusion, along with the IA plan, (seemingly) among the “three best plans for obtaining the financing objectives agreed to” as “deceptively agreeable” because they were “completely opposed to any plan which substantially reduces current Social Security protection as defined by law and substitutes in part a compulsory savings plan with that part of the protection dependent on earnings from individual investment...[and] would not select them as a second choice, or a third or a fourth choice” (ibid.). Aspects of the MB proposal highlighted by the attributes selectively presented in the table also could prove objectionable to its proponents. Many of its features, after all, are not included in the table, and those that are seem to emphasize internal disagreement or worst case contingency: i.e., the large tax increase toward the end of the actuarial period. Exclusion of elements of the MB plan that realized the bulk of its deficit reduction, for example the CPI recalibration, is warranted based on their applicability to the other plans as well, in the interest of evenhanded scoring. Moreover, many of the recommendations of the MB plan were crafted so as to defy neat categorization: “things that don’t have to be scored as either benefit cuts or tax increases.... I don’t think extending coverage to state and local or taxing, taxing benefits—you can score it either way you want it.... I’m picking up pieces all over the place, here and there, this and that” (Ball in Transcript, June 2, 1995: 194, 204). And it was in fact the case that supporting the MB plan’s aim—minimal impact to the current system—did not imply approval of its elements, as Edith Fierst explained when the “straw vote” was called at the penultimate meeting: “I voted for maintaining benefits, but I don’t

necessarily buy onto the particulars of the plan presented. In fact, I don't" (Fierst in Transcript, December 14, 1995: 177).

Indeed, the lack of cohesion in the group begs the question of common ground. A strong pull toward the MB plan's thematic character was necessary to overcome individual differences such as the one illustrated in the exchange between Fierst and Ball mid-way through the Council's deliberations: "[R]aising the retirement age has to do with how much we have to save somewhere else.... It seems to me that whatever plan we go with, I would want to do that" (Fierst in Transcript, May 19, 1995: 138); "So any plan we go with, I would not want to do that" (Ball in *ibid.*).

The objections of IA supporters (Gramlich and Twinney) were voiced—albeit less starkly, befitting their position in the middle—against the excesses on either side:

I do think, with all deference, that both the big PIP [Personal Investment Plan—eventually, the Personal Security Account plan] and the maintain benefits option require something significant of society, and if society is not willing to go along with that, it's helpful to have another one on the table (Gramlich in Transcript, December 14, 1995: 177).

Gramlich addressed his rationale for coalescence around this compromise alternative—"aimed at integrating the dominant financial logic into Social Security without taking away existing payroll tax money" (Béland 2005a: 169)—outside of the Council because the internal audience was not forthcoming:

This alternative failed... [because] it was not radical enough for council members interested in "carving" private savings accounts out of the existing programs, and

it was perceived as a Trojan horse for privatization by Social Security advocates (ibid.: 168-69).

The Personal Security Account (PSA) proposal is the most noteworthy product of the Council, because of its fundamental departure from the longstanding pattern of incremental policymaking. The PSA proposal was remarkable even by the standards of the 1996 Council, because it formally debuted during the December 1995 meeting, after nearly one and one-half years of deliberations, though Weaver had repeatedly broached the central concept, as her colleagues noted. “[T]hat is where Carolyn Weaver started to raise her voice and said, ‘Well, it is about time we get to this. Let’s go look at individual accounts and do some of these explorations that we ought to be doing about how we might address this in some fashion outside of the narrow confines of what we’ve got’” (Schieber 2006: 12); and “Carolyn Weaver—she was the one who raised this. She said, ‘I raised it and raised it and nobody’s paying any attention to me.’ So we did” (Fierst 2006: 4). Individual accounts constituted the heart of the PSA proposal: the upper deck of a double-decker system—building on a flat benefit paid to everyone who met the minimum work experience. This bifurcation of the benefit structure satisfied the intention of PSA supporters to separate Social Security’s adequacy and equity objectives, each linked to a specific tier. Equity became simply defined as getting back what was invested in the individual account with whatever return or loss resulted from the funds selected—a defined contribution basis for pension provision. Adequacy would be identified with the flat benefit. These concepts will be covered in greater detail below in conjunction with the description of ideational processes.

### **6.2.2 Council Process**

Council deliberations began in June 1994 with the usual ceremonial trappings—including a short presentation by HHS Secretary Donna Shalala—but got down to business with

presentations on Social Security’s financing, policy parameters, and public perceptions. Public perception of Social Security—based on polling sponsored by NASI, in which Ball served as the “founding chair”—was mixed: positive perception of the program itself, but doubts about its long-term financial viability (Transcript, June 24, 1994). The deliberations would last more than two years, with the last meeting held in April 1996. Participants wrote their sections of the report for months afterwards, which delayed publication of the final report until January 1997—more than a year later than originally scheduled. Schieber’s detailed account follows the progress of the deliberations, marking the major milestones. Table 6-2 summarizes this account (Schieber and Shoven 1999: 265-87).

**Table 6-2. Presentations Made, Issues Discussed, and Positions Taken in Key Meetings**

<b>Meeting(s)</b>	<b>Presentations</b>	<b>Major Issues Deliberated</b>	<b>Members’ Policy Positions</b>
July 1994 – January 1995	Background presentations to “serve as the basis for considering the financing issues facing the program.”		
February 1995 (sixth meeting)	Member Tom Jones presented the option of obtaining higher returns for trust funds through equity investment. Barry Bosworth of NASI presented a paper on equity investment, which emphasized the need for an increased savings rate to realize higher returns. TIRS panelist Stephen Zeldes raised the idea of investing through individual accounts as a way to increase public support for benefit cuts.	Were the choices before the Council limited to raising taxes versus cutting benefits, or were there other options, such as investment in equities?	Gramlich held that increased national savings is necessary for economic growth and actual improvement in the program’s fiscal status. Ball maintained that raising taxes immediately was politically infeasible. Ball opposed benefit reductions making the structure any more redistributive.
March 1995 (seventh meeting)		Should the need for advanced funding be established by determining specific benefit and tax policies before making trust fund investment policy decision?	Weaver proposed consideration of alternatives, such as individual accounts. Ball favored advanced funding provided it was not through individual accounts.
April 1995 (eighth meeting)	Ball presented a proposal assuming a recalibrated consumer price index and proposing benefit taxation in excess of contributions, longer period to average earnings, inclusion of all state & local workers, and some equity investment. Schieber proposed an alternative with higher retirement age, gradual phase-in of flat benefit, and voluntary benefit re-purchase using private savings.	What were the considerations of taking incremental versus fundamental steps to bring the system into balance? Was it legitimate to examine the basic aims and assumptions underlying Social Security or should the discussion be limited to specific modifications within the context of the current program? Did equity investment distract from the choice of tax increases or benefit cuts: a “magic bunny” in lieu of real fixes?	Gramlich observed the advantage for a smaller system given low rates of return. Weaver and Vargas “argued that the veil of complicated redistribution should be made more transparent.” Fierst insisted that the linkage between contributions and benefits be maintained. Shea pointed to differences in the impact of later retirement based on occupation.

May 1995 (ninth meeting)	Gramlich proposed a plan that "adopted several of the features from the flat benefit that had been discussed and rejected at the April meeting" (p. 276). It achieved benefit reductions mainly from upper incomes.	How could appropriate program size be established: tied to the level of benefits or the level of payroll taxes?  Was larger rate of return warranted for current workers than low or negative rate than expected under current law?	Ball opposed benefit cuts skewed to upper incomes.  Jones favored keeping tax increases on the table.
June 1995 (tenth meeting)	Fierst proposed FICA tax should be applied to employer-funded fringe benefits.	How relevant was the discussion of individualized accounts: should it be considered as an option?  How fair was benefit distribution across generations?	Jones and Combs opposed taxation of fringe benefits because employers may be discouraged from providing them.
July 1995 (eleventh meeting)	Lindeman (executive director) presented Kerrey-Simpson proposal.	Does the current Social Security system contribute to national savings?  Does public opinion favor tax increase or benefit decrease and should poll be released	Weaver advocated study of two-tiered approach in lieu of further attention to incremental change proposals.
August-September 1995 (twelfth meeting)	World Bank's Dimitri Vitas and Louise Fox presented two-tiered and three-tiered approaches from other nations.  Cato Institute's Michael Tanner presented an approach for replacing current system with individualized accounts.	How should individualized accounts proposal be developed and how much detail can be generated in remaining time?	Members in favor of developing plan for individualized accounts (Bok, Combs, Schieber, Twinney, Vargas, Weaver) develop outline of plan.  Shea requests development of plan, though does not expect to support it.
*December 1995 (fourteenth meeting)	Ball presented revisions to MB plan.  Gramlich presented "double deck" plan.  Schieber presented PSA plan.		Straw vote on plans: Ball, Fierst, Johnson, Jones, Kourpias, and Shea support MB plan.  Gramlich and Twinney support "double deck" plan.  Bok, Combs, Schieber, Vargas, and Weaver support PSA plan.
April 1996 (last meeting)	Gramlich presents revised IA plan with add-on individualized account.		Supporters take responsibility for writing their plan descriptions.

\* Schieber does not specifically address October 1995, thirteenth meeting, other than to say detailed design of PSA proceeded during this period.

The overriding impression of disorder that emerges from tracing the foregoing steps dispels any notion of choreographed movement. It is difficult to plot any consistent course from beginning to end. If achieving a majority decision had been the firm resolve of the Council, the participants seem to indicate that it was a possibility. Gramlich concluded as much:

This Council could have come up with a joint plan. I think the thing that hurt it was the open meetings and the fact that there really is a big ideological schism. And I think even with the big ideological schism, it would be possible to sit down and negotiate. They did that in 1983 and we could have done it, too (2005: 11).

The possibility of a decision is also suggested by talk of compromise sprinkled amid the proceedings. An area of middle ground was suggested, not as a proposal but as an observation by Carolyn Weaver: “Take Bob’s proposal and raise retirement age and that probably would have gotten a majority vote,” while protesting that it “would violate the spirit” of the Ball proposal (Weaver in Transcript, August 31, 1995: 246).

Given the prominence of ideology, however, for Council members “to sit down and negotiate” would have required a concerted effort. Signs of such an effort never were forthcoming, according to Shea, who anticipated

real negotiations, which was they were going maybe some way to increase income and to reduce expenses. Our goal was to minimize the hit on benefits, e.g., raising the retirement age, and not to do any kind of radical restructure. But obviously there was going to have to be compromise to get this done (Shea 2006: 17-18).

But finding the nexus for negotiations to commence proved futile for Shea, who thought:

[t]here always had been some place between the staff and Ned—and I’m not critical of Ned... there wasn’t much that any of them did to try to force the issue, to bring it to closure either by confronting people with options, which is one way to do this kind of thing, or to work in between meetings to see where you could build bridges (Shea 2006: 21).

The chairman’s effort to stake out a compromise position ultimately was ineffective. According to Shea, “he wanted the middle ground.... But it was more his own views as opposed to consensus building” (2006: 18). Perhaps given a background in negotiations, a certain degree of preparation by the labor constituency was to be expected:

We certainly had a lot of internal discussions about how you could mix things, and one of the things that I said to my labor colleagues, is that there are some of these things, which are really hot items among some of our unions, for instance, the addition of public employees who were not then included. The firefighters would go wild. The hit on the states would be very big.... I said... “if we are going to get to ‘yes,’ that’s going to have to be on the table,” because people from all sides raise that (Shea 2006: 18-19).

Yet the labor representatives’ readiness to negotiate was not perceived by the members on the opposite end of the spectrum, who saw intransigence instead:

I put on the table a proposal that would have retarded benefit growth and raised taxes and tried to explore the trade-offs that people were willing to make in the context of the current system. And Gerry Shea and Bob Ball sat across the table from me—it was a U-shaped table and we were both down on the legs of the “U”—and Bob said, “Well, we couldn’t possibly be talking about raising payroll taxes now. You know, people don’t perceive that the system is running out of money now.” My position was that if we, in the mid-1990s, couldn’t talk about practical solutions to the problem in the context of the current construct, then it seemed to me that we needed to start talking about alternative constructs (Schieber: 2006: 11-12).

A crucial juncture followed on the heels of the lack of interest shown in Schieber’s proposal: introduction of the Kerrey-Simpson proposal. Indeed, the point at which the Council began to depart from the tradition of incremental reform is most plainly traceable to the May and June meetings, only two weeks apart, that featured interest, first by Weaver and then by other

members of the business/conservative coalition, in Personal Investment Plan options such as Kerrey-Simpson, which pushed the Council into ever more fundamental exchanges. The conventional deliberations over adjustments to various factors, such as earnings computation period, bend points, and retirement age (contained entirely within the current framework) gave way to probing the conceptual foundation. In so doing, fissures emerged between the ideological repertoires that will be explored in detail in the next section.

Shea communicated his alarm at these developments:

Carolyn referred to what kind of a report we should or shouldn't have and, if I understood her correctly, she was suggesting that we need not have or we need not—I guess is the only way I can say it—a consensus report. Perhaps she also meant we shouldn't really even necessarily try for that. I feel very strongly that we should try as hard as we can for a consensus report because of the prominence of various proposals—she referred to one set of them from Kerrey and Danforth—to dramatically change the system in ways which we think would be very harmful and so we would be willing in that context to consider some things that might not be our druthers. For instance, this investment policy which we have just been looking at. We would support this investment policy even though we have not. That would be a departure for us from what we've done in the past because we agree that it's a reasonable proposal if all these things sort out in the model we're talking about doing and one that is credible in terms of the political process as well as the economic process (Shea in Transcript, April 21, 1995: 173-74).

If this offer to abandon the labor representatives' "druthers" represented an offer to compromise, it was either misunderstood or ignored. Proposals would compete rather than converge from this point in the process.

The question of whether the business/conservative side had been similarly preserving negotiating leeway depends on interpreting its position. Unlike the coalition of labor and program advocates, the business/conservative position was not trimmed to mitigate controversy. Since, for example, the level of "meaningful" personal accounts ranged between three and five percent of payroll, as proponents indicated (Weaver in Transcript, March 11, 1995: 141), the choice of the higher amount clearly opened their position to more criticism: "Every argument against this is increased the more you do" (Ball in *ibid.*: 141). By contrast, the decision to soft-peddle the investment in private markets in the final MB plan served to blunt criticism from opponents:

I think in the end there was enough reservation on our side on the whole idea of equities investment.,, and enough criticism, hot criticism from the Right about this at that point, Carolyn and people were just piling on this idea and talking about government taking over the stock markets and all this kind of stuff. I think we just decided to sort of like step back a little bit to just lessen the heat (Shea 2006: 9).

Similarly, maintaining cohesion around an unambiguous proposal precluded recruitment of additional supporters, which fractured the business coalition by Twinney's support of "the middle course" rather than the "fairly extreme" PSA plan (Twinney 2006: 11-12). Schieber tentatively explored common ground with this middle course:

Ned [Gramlich] and I chatted a time or two. We explored a little bit whether or not we could get together. At that juncture I wasn't willing to take on the extra baggage of going back and seeing whether I could get Carolyn to move. It just seemed to be that we were exploring a range of options here. It was pretty clear that we were not going to get a consensus in any event, and that we were probably better off having the range of options on the table than trying to get consensus (2006: 31).

The one business representative who participated in crafting the plan but demurred in its recommendation, Twinney, identified its degree of departure from the *status quo* as the rationale.

We had the middle Gramlich proposal and then we had the “stand pat, don't do anything to change much at all” by Ball, and then at the very end we had the business and cost-conscious people come up with the fairly extreme Personal Security Account. This was based on a “carve-out” concept (Twinney 2005: 12).

Twinney's stance could have reflected the vulnerability of the automobile industry, where he had spent his whole career, its incrementalism, and the traditional pension structures tied to the level of Social Security benefits, as his views on how retirement eligibility might be raised seemed to reflect:

[I]n the end if we have to provide life incomes that are adequate, we'd just have to supplement it early versus lifetime....The other part of the problem we have is that the solution being suggested to handle the age reductions in the lower tier is to take money away from the middle and upper tier, and that's where a lot of my employers are.... It will hurt different industries quite differently.... Stability is an

important issue to employers and labor in making these long range plans  
(Twinney in Transcript, July 28, 1995: 424-27).

But divisions in the business constituency cannot convincingly be attributed to parochial interests causing a divergence between the interests of traditional manufacturing sectors, such as automobile, and those of more dynamic sectors, such as financial services and energy. Indeed, Twinney's sensitivity to the issues of industries dependent on high-skilled labor with attendant lifetime pension obligations seemed not to color his determination of a recommended outcome:

Nevertheless, we want to have a sound system and if we're looking at a no payroll taxes solution, I think we have to do something like that, sacrifice. I think we do it in the spirit for the whole country and not getting all upset because it has different impacts on different industries.... The efficiency thing is important for all of America. Our productivity, we have to pay attention to that (ibid.: 425-26).

Thus, the dynamic among the business/conservative representatives reflects the preference for a pure solution on the part of most, even at the expense of the split in the coalition.

By contrast, the group supporting an incremental approach, with the labor representatives at its core, demonstrated so much internal flexibility as to be characterized as a "political consortium" (Schieber 2006: 9, 14). For instance, Fierst signed on to the MB proposal, despite substantial reservations:

I'm for some in some of them and not in others. I mean, for example, I think it's important to increase the survivor annuity [not part of the MB plan]. I think it's important to give people credit for all the work they do without changing the [earnings] computation period. But there are other things I'm not for that may be part of other plans, other plans that have that. Raising the retirement age is

another separate issue. I don't know how we deal with all of these possibilities.... I'm not that comfortable with it that I want to endorse it. I have written my own paper, which some of you may have read, explaining why I'm not for any of these three plans. At least Bob's has been substantially changed to meet some of my objections, but not all (Fierst in Transcript, December 14, 1995: 168).

Finally, Ball's disappointment with his inability to attract Bok, a Democrat, or the IA supporters to his position indicates that the failure to compromise may have included at least some degree of miscalculation (Berkowitz 2003: 348). Schieber indicated satisfaction with outcome: "I look at the Council as being a success because it has stimulated further discussion... [C]ertainly we tried to come up with real economic solutions to this problem" (2006: 6, 26). He received validation from an unlikely quarter: "Bob [Ball]... looked over at me and said, 'Well, Syl, you should be happy.' I said, 'Why is that?' He said, 'You got everything you wanted here'" (ibid.: 25).

### **6.3 Ideas at Work in Exchanges between Members**

The profound disagreement exhibited by the fundamental opposition to each plan by the others' proponents and the fierce advocacy of the competing policies after the Council concluded its work belies the continual, civil, and apparently forthright dialogue in which members engaged one another during their extraordinarily extended deliberations. Schieber's recalled that Council discussions were "elevated and serious and got into the technicalities of what we were considering" (2006: 24). Given the capacity of Social Security to evoke acrimonious debate, as was witnessed in comparable public sessions held by the Greenspan Commission (Light 1985: 168), the accomplishment of a group conducting hundreds of hours of meetings while detained beyond their original commitments and maintaining civil, collegial relations despite fundamental disagreements is noteworthy.

Notwithstanding the laudable content and tone, the deliberations exhibited real contention among positions, much of which was evident in the competing proposals, crafted to showcase to greatest advantage the arguments of their respective proponents. Thus, ideas have already been shown to be at work in the arguments posed, terminology used, and the data or authorities cited or dismissed. In formal argument, however, ideas may become refined—alloyed, no longer ore—by their conversion for internal compromise and external consumption from more prosaic forms.

In this section, members will be directly observed deploying ideological repertoires to advance their aims. Crafting coalitions where there is congruence, recognizing opposition by its absence, and formulating constructs that dissolve past bonds (path-breaking) or synthesize shared meanings (which Cox [[2001; 2004] terms “path shaping”) all reveal ideational processes. Manifested most clearly by individual voices, appreciation of the elemental role of ideas in the deliberations comes from analyzing my interviews of the members, their contemporaneous statements, and, most directly, the transcribed proceedings. Transcripts preserve the raw record of members enunciating their positions, sharpening and contrasting alternatives by presentation and debate, and fashioning perspectives in common or at odds with other members.

For example, limited tactical maneuvering suggests a more fundamental core of the PSA plan supporters’ cohesion: “[T]he whole group embraced very knowingly what we were doing. It was not a political consortium that we had formed. We formed around ideas” (Schieber 2006: 9). Schieber’s volunteering this assessment of his confreres provides crucial evidence. Neither Gramlich nor Twinney volunteered specific ideas of the kind that are the focus of this section. For example, asked about equity and adequacy, Gramlich replied:

Those are important issues in Social Security in general. The adequacy issue is: whether Social Security benefits are okay with respect to the poverty line. With

the exception of aged widows I thought they were. So I didn't think that was huge—that's an important issue for Social Security—but I didn't think that in the mid-1990s we had to address it. I thought it was okay. That's adequacy.... [Equity?] The system is fair horizontally between like-situated individuals, I think, so I didn't think that was a particular problem. And what economists call vertical equity—does it treat high- and low-income people the same—as you know, I did change that tilt in a fairly minor way by... changing the bend points. So that was a slight bowing to low-income people, but not a huge change (2005: 6).

While the interviews provide an effective guide to distinguish the salient from the trivial, the transcripts yield not only the contemporaneous record, but also a nearly comprehensive record, because discussions while the Council was meeting (through December 1995) were conducted as “almost all open business” (Schieber 2006: 32). Accordingly, direct interaction occurred during the meetings, with members clarifying meaning, sharpening definitions, negotiating—to the extent this happened, and engaging in argument and counter-argument. From thousands of pages transcribed during the deliberations, comments could be selectively excerpted that would cast the discussions in a particular light. The interviews, therefore, also serve to characterize the interactions from the various sides. To the extent viewpoints oppose each other, this opposition should be evident from the participants' recollections, which figure prominently along with the records of the proceedings in the remainder of the chapter.

### **6.3.1 A Dialogic Structure of Ideas**

Equity and adequacy. Fiscal soundness and privatization. Community and personal responsibility. Universalism and individualism. These ideas emerged over the course of Social Security policymaking, as Chapter Three delineated. Each pair consists of ideological

repertoires, which serve as conceptual shorthand to condense broader arguments and trigger allied reasoning. They mark readily identifiable positions: suitable for coalescing and generating opposition. Although arranged here as dyads, no dialectic forms because they are not necessarily antithetical. Selecting one side or the other of a pair merely affords the means of following specific lines of reasoning while avoiding others, as opposed to direct confrontation. Arrangement of the pairings reflects the tangencies whereupon, oftener than not, exchanges can be seen to switch rhetorical tracks.

Without saying that the discussion of equity does not relate to advocacy of a position based on community, it follows less readily than countering equity with adequacy, which have been contrasted and traded off since the beginning of the program. Through the analytic latitude implicit in coupling these terms, exchanges come into sharper relief, which emphasizes ideational contention. This dialogic structure imposes a filter, as any reduction would. My approach sought to impose minimal meaning not attributable to the participants. As Chapter Four described, interviews provided themes against which to check for biased collection. Several of the members, specifically Tom Jones, Fidel Vargas, and Carolyn Weaver, who were not interviewed, nonetheless expressed themselves forcefully and at length, making their remarks easier to characterize cleanly—by checking for a consistently articulated position. Although largely unstructured interchanges permitted quite fluid shifting between topics, arguments often returned to familiar paths, as Weaver remarked when advocating that a plan for personal accounts be formulated: “there hasn’t been a great deal of movement, I would guess, for about six months in people’s positions generally” (in Transcript, August 31, 1995: 239).

### **6.3.2 Equity and Adequacy**

Foremost among the contending ideological repertoires were equity and adequacy, which after all represented the twin program objectives commended to the Council’s consideration in

its charter. This was no accident. Derthick opens her chapter in *Policymaking for Social Security* entitled “The Balance of Equity and Adequacy” with a description of the inherent tension between the two:

The central policy choice connected with social insurance is the purpose to be served.... The basic choice is between giving benefits according to need and giving them in proportion to individual tax payments; in the American program, policymakers came to phrase this choice as one between “adequacy” and “equity” (1979: 213).

These fundamental choices were apparent to key Council members: Ball had played a central role in developing the modern system and both Schieber and Weaver had studied Social Security policymaking, each publishing a book on the subject, coincidentally, in 1982. This scholarship erupted in the March 11 meeting when Schieber posited that the equity and adequacy objectives of the system were “tearing each other apart” (in Transcript, March 11, 1995: 132). He followed in the next meeting with an “illustrative” plan to place each of these objectives on a more explicit and separable financial basis (Schieber and Shoven 1999: 273), addressing his plan to the conflict he perceived.

It seems to me that our current system, as it is configured, has got some conflicting goals, specifically the adequacy and the equity goals. These were accommodated during the start-up decades, really, leading right up to the present time because we could provide relatively high rates of return to even high income people.... On the other hand, we’ve got the adequacy sets of concerns... declining pension coverage among the same group of people that are having low wage histories (Schieber in Transcript, April 22, 1995: 4-5).

Linking equity to rates of return sparked the initial conflict between very different conceptions of what should serve as the basis of the Social Security's retirement function, as the exchange with Ball after Schieber's presentation shows:

[Schieber] I think the equity concerns in the marginal context is really, in some regards, a false issue. First of all, the economic returns for many of today's workers are already negative. Larry Thompson ... looked at the rates of return for the people going into the system today. At the high wage levels today, young workers cannot expect to get back even their own contributions (in Transcript, April 22, 1995: 60-61).

[Ball] I'm not for a moment arguing about whether the return is the key issue or not. I'm just saying from your own presumption[,] from where you start, it seems to me you're saying, "since we've got a bad return, let's forget all about it" (in *ibid.*: 63).

[Schieber] Well, I think that we've got a problem with the current equity issue on a going forward basis (in *ibid.*).

[Ball] So do I (in *ibid.*).

[Schieber] I think it can't be the basis of the policy decisions that we make because it has become a false issue (in *ibid.*).

[Ball] Well, to me, that argues that you don't finance it by a wage related tax (in *ibid.*).

Ball's apparent willingness to consider other taxing structures, such as value-added taxes or taxes on capital (*ibid.*: 62-63), appears tactical: further differentiating his more incremental

approach from the fundamental departure he perceived in Schieber's "old double-decker approach" (ibid.: 72). Discussing the fundamentals met Schieber's preference:

Well, it seems to me that there are some fundamental principles that we should at least be discussing. For example, what is the relative importance of adequacy and equity? As we begin to look at adjustments in the program, we can tamper with the benefit formula.... One of the goals I had here in terms of putting this together was to get some of these issues up on the table in some pretty stark terms. We finally, this morning, started talking about adequacy and equity. We've talked a lot more about equity, interestingly, than we have about adequacy.... The equity issues are raised by this proposal. And you know, at some juncture, we can fuss around and find little fixes. And Bob is right, at some point, we've got to get some options. We've got to get them up on the table, but there are some fundamental principles that we should not completely ignore. And that's part of the goal here (Schieber in Transcript, April 22, 1995: 106-7).

Weaver's reference to Aaron's advocacy of a double-deck approach that included price indexing—supported by the 1979 business representatives—places the origin of this dispute much earlier than this April 1995 meeting (Weaver in ibid.: 75), providing an example of the type of analysis the next chapter undertakes. Given the programmatic knowledge (Schieber and Weaver) and the programmatic history (Ball), the antecedent conflicts were accessible during the 1996 deliberations. Schieber summarized:

[I]f you go back and you look at the history of Social Security, there has always been a competing set of forces between equity and adequacy of benefits. During the start-up phases these could be all muddled, and I have written about this at

length. It was covered in the book I did with John Shoven afterwards, but I wrote that section. These forces had been muddled, and as the system was coming to maturity, the muddling of the forces was beginning to make it very difficult to continue to support the program on an equity basis (2006: 9-10).

The fundamental debates joined in the 1979 Council—use of general revenues, curtailed indexing to fit fiscal constraints, and adjustment of normal retirement age<sup>44</sup>—remained unresolved through the Greenspan Commission and the 1991 Council. Indeed, Weaver’s reference to reconsideration by the 1979 Council’s chairman and business representatives of the advisability of continuing wage-indexing initial benefits links the business/conservative stances during the two Councils. The stance during the 1996 Council’s middle stage in support of the Gramlich plan, which proposed increasing the retirement age, slowing growth of upper tier benefits, and stabilizing the payroll tax rate (diverging by only 0.2 percent from the target their earlier counterparts had set!) mirrors the positions held by the business representatives during the 1978-79 (and opposed by the labor/liberal coalition in each case). The unease that 1979 business members felt about the promise to the low-wage earner two generations later (2045) of a level roughly equivalent to the highest benefits payable in 1979 emerged in the supplemental statement Weaver referred to:

[A]s real incomes continue to rise, it is not so easy to justify the requirement that workers and their employers “save” through payroll tax contributions to finance ever higher replacement incomes, far above those needed to avoid severe hardship (Aaron et al. 1979: 224).

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<sup>44</sup> Although the Greenspan Commission did not reach agreement on raising retirement age, Congress added a gradual increase to age 67 as part of the financing gap left unspecified by the commission (Light 1985: 209-10).

Thus disputing the wisdom of the wage-based indexing to which business representatives had acquiesced in 1974 pitted the adequacy objective (“to avoid severe hardship”) against the equity objective (“to finance ever higher replacement incomes”). This opposition to the status quo by the business/conservative coalition<sup>45</sup> represented a push to renegotiate the implicit terms of the social insurance contract, as Ball put it succinctly, “to protect the person entirely” (in Transcript, July 27, 1995: 212).

Having deferred this philosophical conflict, the stalemated debate joined around the issues debated in 1979 drifted largely intact—with the exception of benefits taxation—into the 1996 Council. Schieber’s explanation of the quandary the later Council faced—the goals of “adequacy and equity tearing each other apart”—was comparable to conclusion arrived at by the business representatives, as articulated in the *Reports of the 1979 Advisory Council on Social Security* (1979: 223-25), albeit expressed more grippingly.

Yet the settled lines of the equity-adequacy debate reflected entrenched definitions: of equity linked to the average earning power established by (eligible) wage history; and of adequacy tied to the poverty level. Introducing rate of return permitted a flanking maneuver around these positions because it enabled the comparison of cohorts—a measure of inter-generational equity. Making this repositioning visible involves extended citations from the transcribed record of a single day’s deliberation. While extensive, these exchanges are worth reviewing because they reveal the progressive refashioning of the debate—between Ball’s plan and Gramlich’s, which had inherited some features of Schieber’s as well as all of its

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<sup>45</sup> In the 1979 Council, coalitional assignments are less clear than for the 1996 Council because, as Weaver points out ironically, the chairman, Henry Aaron of the Brookings Institution (identified in Ball’s autobiographical memoir [2000: 362] as a policymaker whose views considerably overlap Ball’s), who was “not a noted conservative” (according to an ironic Weaver [in Transcript, June 2, 1995: 86]), co-authored the statement along with the business representatives and another Brookings economist. Another strange development was the support by Eveline Burns (1979), an unqualified program advocate, along with business/conservative members for immediate steps to increase the age of full retirement eligibility. Nevertheless, “business/conservative coalition” is referred to as such in the interest of consistent usage.

supporters—primarily in terms of what is meant by “equity.” Though the leading roles, as well as the positions, taken by Weaver, Schieber, and Ball are predictable, other members’ contributions to the dialogue yield insights into the ideational processes that played out in considering how equity should be addressed within the fiscal constraints.

During the discussion of the particular issues for covering low-income workers under private plans, Jones questioned the presumed “superior design” of such plans (in Transcript, June 2, 1995: 85) whereupon Weaver raised another framework for viewing the issues:

I don’t know whether your concern is that Social Security needs to provide low-income people with a means of saving for retirement or whether you’re talking about needing to, to give them something, and that’s a very big difference. It has to do with this whole question of whether we’re going to stick with basically the intergenerational transfer, take it from Fidel’s generation, the next generation, in order to subsidize all retirees, including low income, or whether... we’re talking about redistributing within a cohort, taking something from high income and giving it to low. And I think we can’t have a coherent conversation about low-income people and the inadequacy of private pensions without addressing the issue “Do you mean we need to find a new vehicle for them to save because it doesn’t exist in the private sector,” or “There’s a reason it doesn’t exist. They don’t want to commit a whole lot more than 15 percent to retirement savings and therefore you want them to have a higher income anyway and you want to generate subsidies.” And then the question is who pays for the subsidies, high[-] income retirees or future generations? (Weaver in *ibid*: 87).

This point, explicitly focused on the adequacy concern and suggesting a departure from the traditional definition of equity, resonated with members of the business/conservative coalition, as Combs stated:

I would like at some point to go back to the, to the—to what Carolyn put on the table, I think, in her last remarks about—it was interesting to me thinking about what are you trying to do in terms of, of lower income folks? Are you really trying to force some level of savings or are you trying to create a social safety net and say that, you know, these people need to be kept at the poverty line, or whatever. And I, I haven't really thought it through in those terms, and I think that's kind of – I thought that would be useful, a way of putting it on the table. And I'd like to come back this afternoon to that at some point too (Combs in *ibid.*: 115).

Combs's admission of having not “thought it through in those terms” suggests the construction of new ideological repertoires occurring. She resumed the line of argument initiated by Weaver in her assessment of the two plans then (in June 1995) under consideration:

I think we ought to explicitly discuss whether that is our goal... it's getting back to what we talked about briefly this morning, whether it's to do something for the lower wage earners, and that I think is the, is the start of this difference between your [Ball's] plan and Ned's plan.... I think this is, this is an equity and adequacy issue... and it seems to me that where I'm coming down is, is that we do need to do more for the lower wage earners, that the private system isn't now delivering or likely in the future to really deliver adequate retirement income to them.... I think we should have some kind of forced savings for those folks through a

payroll tax system, probably the current—it might be the current payroll tax system is sufficient, but then there also is some transfer cross-subsidy that has to go on to make the benefits more progressive, and the question is, as Carolyn phrased it, is do we want to do that across generations or do we want, do we want to do that within cohorts. And I think we should just very explicitly discuss that (Combs in *ibid.*: 189-90).

The scattering of comments around the reframing of the concepts of equity and adequacy as potentially opposing goals as one thread of discussion during a day-long meeting indicates that ideational processes wove through rather than dominated the deliberations. Among the concrete issues discussed during that day's meeting were the treatment of the portion of the Social Security portion of FICA devoted to Medicare Hospital Insurance, selection of a rate of return for equity investment, reduced indexing of benefits for COLA, imposition of the FICA tax on employer contributions to pensions, and the pros and cons of the principal proposals (Gramlich's and Ball's) presented to that point.

By reframing the concept of equity in intergenerational terms by the money's worth (rate of return) argument, the business/conservative coalition made much more than a semantic distinction, and went much farther than a financial refinement. Whether this change signaled retraction of this coalition's acquiescence to the ratcheting of equity's real significance—in Ball's shorthand to "protect the person entirely"—will be analyzed in the next chapter. What has been shown through tracing the distinct ideational repertoires deployed by the different coalitions is the prospect of abandoning shared meanings and the concomitant basis for common ground regarding the equity of retirement benefits.

### 6.3.3 Fiscal Soundness and Privatization

Notwithstanding the emphasis that Schieber placed on the “muddling” of equity and adequacy (2006: 9), in both speaking and writing about the issues the Council faced, this subtext would be a misleading caption for the overall Council’s major concern. The bulk of his commentary and that of his colleagues dealt with the fiscal viability. The primacy of the fiscal situation unified the Council as little else did. The interviews reveal the extent to which the long-term solvency of the program dominated the Council deliberations. This central issue emerged prominently in the following members’ interviews: Fierst, “[A]t that time people in general didn’t know that there was going to be a problem with financing Social Security, which turned out to be the issue” (2006: 2); Shea, “Everybody agreed that there needed to be something done to address the long-term solvency of Social Security” (2006: 5); Twinney, “So my concern on the Council was to make sure that we followed out the mission about making the system solid again, getting it into actuarial balance” (2005: 6). For Schieber, the problem resembled the private pension system that he had been analyzing:

[B]y the early 1990s, I was writing and suggesting that this was going to be a major problem: as the Baby Boomers aged towards the end of their careers, we would be required to make much larger savings contributions than some employers might be able or willing to make.... [T]his led me to believe that we understood in Social Security what was coming up. I had been working on trying to translate it to pensions, and we showed the demographics for the two systems were exactly the same. We’re all working and living in the same society, in the same economy. (2006: 18-19).

The nexus of public and private pension systems contributing to a retirement funding imbalance was also worrisome to Shea:

Then, more concretely in terms of Social Security, there were plenty of signs by then of the problem with retirement security overall: whether it be the way health costs went up in the '80s and the fact that the tradition of providing healthcare and retirement was then stagnant; or it was the amount of money that was being put into private pensions over the years basically hadn't increased at that point in 15 or 18 years (2006: 4).

As economists, both Schieber and Gramlich responded to the macroeconomic imperative to increase savings:

[Schieber] Anything that we could do that would begin to accelerate funding would get the Baby Boomers actually contributing more and accumulating that wealth. So there were two parts: let's figure out how to coax people into putting more money into the system, and let's figure out how to get them to accumulate that wealth in real terms, in real assets that can be used productively (2006: 19).

[Gramlich] I thought then and still think that there are essentially two problems: one problem is that we've got to bring the present system into balance.... Now, on the other side I also have long thought and still think that a set of people—a pretty big set, maybe half the people—don't save enough for retirement (2005: 4).

From Twinney's perspective, solvency was not only paramount, but obscured the other issues to be considered:

[T]here were a lot of smaller principles, I would say second-level ones, that they developed on the benefit changes on the spouses and the survivors and whether or not the disability benefits were too big or not. Those weren't the primary concerns that I had. My primary concern was to find a solution to actuarial

balance that would start now, use the lead time to make gradual change gently over the future, and to make the system solvent (2005: 25).

The juxtaposition of fiscal soundness and privatization, unlike equity and adequacy, was not inherited from previous Councils. Jones's proposal to invest part of the Social Security Trust Fund in equity markets and Ball's incorporation of equity investment into his plan broadened the discussion of fiscal soundness beyond the gap of 2.17 percent of payroll between projected expenditures and revenues. Once private markets entered the discussion, a fundamental debate on the public-private boundary accompanied the remaining steps of the Council's eventual path. With Ball incorporating the idea of improving the rates of return by changing the investment strategy, the Council embarked on a fundamental discussion of the role of the markets quite incidentally:

[T]he package that I'd like to see would reduce the deficit in the present plan by one-half right away without looking at the contribution rate increase... by extending coverage to state and local employees, by taxing Social Security benefits the same way other retirement income is taxed, and increasing the averaging period to which the formulas apply from 35 years to 38 years.... Then with... investments that do increase the interest rate roughly one percentage point above the way that it's now computed, I'm presuming that an immediate tax rate increase... would be—considering the kind of things we're talking about, surprisingly small (Ball in Transcript, February 11, 1995: 97-98).

Ball's expedient use of private capital markets to augment the investment revenue in lieu of large tax increases does not imply a paradigmatic shift, because management of the fund would be an entirely governmental function. But the other thread of this debate—introducing the

confidence-building potential of private markets—justifies a role for private markets in preference to “trusting the government”:

[I]t’s kind of counter[-]intuitive perhaps because you don’t need to have individual accounts with people’s names on them necessarily. But I think in some ways younger workers would have more confidence, even though it’s a riskier investment strategy, I think they would actually have more confidence if they thought the funds were invested, at least a portion of them, in the private market and not totally held in government debt.... I think a lot of young people have more confidence in the private markets than they do in government. I think there is a complete total lack of confidence in the federal government in all aspects and... they think it would really be there as opposed to trusting the government. I don’t think it makes sense, but I think it’s a perception.... But I don’t think you’d need to go all the way to individual accounts in people’s names (Combs in Transcript, February 10, 1995: 267-68).

The perception of a “complete total lack of confidence in the federal government,” characterized by the former high-ranking official in the H. W. Bush Department of Labor (and future assistant secretary of labor in the George W. Bush Administration), captures the anti-government sentiment in the wake of the Reagan reconstruction. Also noteworthy is the explicit exclusion of the individual account concept from the contemplation of private investments.

Ball continued to distinguish the augmentation of investment yield from any broader significance for private markets. For instance, he followed an early, extensive philosophical discussion of equity versus adequacy, excerpted in the preceding section, with an appeal to incorporate the private investment assumption into the technical level of the Council’s work:

This is a little beside the very important issues that we've been talking about. Wouldn't it be useful in any future staff work that's comparing one thing with another, if we accept the idea, at least tentatively, that whatever the plan is, we're going to switch to building a fund and investing it differently than the past so that the goals of correction are substantially different than if you look at 2.17 and work that out. I think if there's pretty good agreement on the desirability of running up the fund and investing it differently, we, very considerably, decrease the size of the problem about which we then differ as to how you fix it (Ball in Transcript, April 22, 1995: 107-8).

Ball tried to limit private market participation in the policy solution to the confines of the investment policy, making clear his unease with greater reliance on the private sector and his mistrust of its provision for the bulk of Social Security recipients:

[T]he average worker covered under Social Security is what most of us think of as a somewhat low-paid or low-wage earner, 26,000 a year. Now, I don't personally want to reduce Social Security benefits for people around that level, or 35 [thousand], around that level on the theory that somehow 401(k) plans are going to move in and supply real streams of retirement income for that group in a way that would make up for it. I don't think that's going to happen. And that's way down the road. There's no reason to think that ordinary regular pension plans of either variety are going to do it. The only thing that's grown significantly is 401(k)'s. And so when you're cutting, you're really cutting your whole retirement system... [c]utting Government with the expectation it'll be made up for (Ball in Transcript, June 2, 1995: 191).

Yet “cutting Government” precisely fit the agenda of those outside his group of traditionalists, as Schieber’s distillation of the non-incrementalist position made clear:

[I]n an economic context we had gotten a fairly large system that is not necessarily particularly efficient in terms of the economics of its operations. And if we were going to fix it, to the extent we were going to expand resources going to it, we wanted those resources used efficiently. And if we were not going to use them efficiently, we didn’t want to expand the program (2006: 10).

The financial paradigm, based on the rate of return, proved intellectually appealing, on the basis of economic theory, to Gramlich, who inserted economic discipline into the deliberations:

On the one hand, you could certainly modify Syl’s scheme to make some sort of marginal increase in benefits for the higher payroll contributions. But if it is a sub-market rate of return, even though it’s higher benefits, it actually could make people worse off. So, I’m not sure that does them any service. On the other side, on Bob’s point, this is jumping too far. It sounds like you might be more positive toward this if the payroll tax were moved in the direction of a lump sum tax, or a poll tax.... more just a flat charge (Gramlich in Transcript, April 22, 1995: 81-82).

Ball’s response makes clear that the perceived threat is to sustaining the public presence for the preponderance of the national pension system:

That’s much better, but I’m saying, that doesn’t make me want to do it. I want a variable benefit proposal for a lot of reasons that have nothing to do with anything you’ve talked about yet. I want a benefit related to wages starting with the idea

that Social Security is the pension system for six out of ten workers. It's not some kind of a system that's aimed solely at the prevention of poverty (Ball in *ibid.*: 82).

Ultimately, the incrementalist argument of shoring up system finances was challenged under a foreign paradigm representing rate of return as the most significant measure of system health. Ball (2001f) reflected that rate of return

became very important in that Council. It had never really bloomed before. It arose because we had reached the point that Doug Brown anticipated, where the rates to be paid in earmarked Social Security contributions were at the borderline whether under a strict actuarial basis you could say people were going to get their money's worth. That put a spotlight on the issue, and of course it was to the advantage of the people who wanted to change or get rid of the system—to emphasize that compared with a new program or a different program people were not getting as a good a return for their money as they had reason to expect and hope.

While this characterization of the Council debate reflects Ball's pronounced traditionalist stance, his linkage of choosing rate of return as the salient measure of program health with rejecting an incremental policy approach captured a crucial dynamic—one that colored the remaining ideological repertoires examined below.

#### **6.3.4 Universalism and Individualism**

While not topics of deliberation explicitly introduced by the Charter, as were the previous sets of ideas considered, universalism and individualism emerged as ever more important concepts as the deliberations unfolded in establishing the foundations of belief that underlay the

development and consideration of plans and the formulation of recommendations. On one level, they are non-controversial. The reach of the program has been steadily expansive, including categories of workers and categories of benefits—including dependency, survivorship, disability, and inability—not covered by the founding Act. This creeping universality has grown to the extent that State and local governments that except themselves from the program constitute the last corner of uncovered employment. A consensus recommendation favored elimination of this last exception, with only the three labor representatives objecting. Similarly, the freedom of the individual to exert substantial control over the other two legs, private pensions and personal investments, of the retirement “stool” is acknowledged in Social Security, even though those legs are “short” making the stool “unsteady” according to program advocates (Ball in Transcript, April 22: 82).

Convergence on the policies related to universal coverage constituted one development in this Council. As indicated in the discussion of impediments to compromise above, labor’s intransigence on coverage for State and local workers was relaxing somewhat, as is evident from Shea’s ambivalence, which followed Vargas’s statement opposing this coverage.

The AFL-CIO is traditionally opposed to mandatory inclusion, even of new hires, because of the possible disruptive effects that Fidel has been referring to.

However,... given the current situation and the need to support Social Security or secure it, in our view, and also with regard to the support for establishing truly universal coverage, which is a principle that we strongly support, and for practical reasons of coverage, particularly as it related to some of the benefits that are in state pension systems that affect other members of the family and certainly the kind of factors Bob mentioned— inflation is one—we’re in the process of

reviewing this and I can't tell you where we're going to come out at this point. But if we wound up taking the position that we couldn't support this, it would be with mixed feeling because we see plenty of reason to do it, but I'm just not sure where we are on it (Shea in Transcript, April 21, 1995: 172-73).

Vargas joined Shea in acknowledging the possibility of movement on this particular issue, although the fundamental solution for which he indicates flexibility in his position would likely not be the type of package appropriate to "secure" the program (using Shea's terms).

[T]o me, the issue is more fundamental than just the fact that -- I would agree that it would make sense, that it would be fair and maybe my position is a little selfish. I may go that far. But to me, the bigger issue is when I look at the Social Security system and again, to me, that's fundamental because if we're talking about certain things that are departing or that are creative or bold or some may say radical, then it might for me make sense to see that it be truly universal. But if it's not and I don't fundamentally think that the way it's going to be is going to be fair in the long run, why would anyone -- or why would I want to see people going to that system knowing the problems that I would perceive that could crop up in the years ahead? (Vargas in *ibid.*: 178-79).

Schieber articulated the consensus position, reflecting the distance traveled on this issue in the refusal to countenance parochial interests:

One of the problems with fairness and unfairness is it's always in the eyes of the beholder. But there is something to be said for us all being in the same puddle. To an extent, I think there's been some fussing going on about Social Security not providing very good rates of return and things like that and I can understand why

certain elements of society may believe that, but it seems to me to give special exemptions is one that's hard for us to explain and this is very clearly a special exemption from what is, for all practical purposes, a national program.... I know that there are fiscal problems, but it is a national program and these people ultimately benefit and they ought to pay just the same as everybody else does (Schieber in *ibid.*: 179-80).

As in the case of equity, the universal nature of Social Security was subject to divergent interpretations. Because universalism was so difficult to oppose on its face, even for the labor representatives who had traditionally done so, it gained a common currency that was atypical for these deliberations. Yet, like freshly frozen ice, much fluidity lay underneath the apparently solid appreciation for a universal program. Opponents of individual accounts perceived less-than-wholehearted support for the system in the business/conservative embrace of this reform, envisioning a very different future than the universalism idealized in the Council:

[T]his last suggestion of reducing the return to higher paid workers in the Social Security system, even more, in order to get the same redistribution you have today by putting into the individually controlled retirement accounts.... You weaken clearly the support... for the basic Social Security system. I think you [will have] started an unraveling which says, "Let me out of that" (Ball in Transcript, March 11, 1995: 108).

The labor perspective, as articulated by Shea, perceived a resistance to the traditional defined benefits system raised because "on the conservative side, many of them genuinely feel this is depriving individuals of individual choice and their initiative" (Shea 2006: 628). Labor's perspective was also perceived to be in character; Twinney remarked on unions' "high sensitivity

to equality of treatment” (2005: 22). This tension between a premium on “equality of treatment” and the countervailing premium on “individual choice and initiative” was especially evident on the opposite sides of the fundamental versus incremental solution camps: “organized labor in particular was not willing to have an individual element. It was this idea of collectivism and solidarity” (Schieber 2006: 15); it was the prospect of solidarity’s converse that troubled Ball, envisioning a future political environment where

the constituency for the remaining Social Security system is pretty brittle. If this is so good for above-average earners as compared to what they would get under Social Security, why won’t they want to pull out? And what stake do they have in continuing the basic Social Security system? I would think a great percentage of workers at the above-average and top level would find, compared to this, a different system, much more attractive. That is, take the [Supplemental Security Income] SSI system where the money that’s going from them to other people, instead of going into such a system of benefits that are paid as a matter of right to lower income people that they’re subsidizing to such a high degree and getting so little themselves, why wouldn’t they prefer a straight-forward program out of general revenues, like SSI, maybe improved a little bit... out of the goodness of their heart (Ball in Transcript, March 11, 1995: 128-29).

Weaver’s response reveals a distinct and seemingly incommensurate basis for formulating policy:

Don’t you think though we’re really talking about long-term and long-term reform? We know that those pressures will be at work, in any event, given the declining rates of returns. There’s only so much you can do.... I think inevitably

people will be looking for ways to get their money, at least some money, into a Defined Contribution plan (Weaver in *ibid.*: 130-31).

This exchange demonstrates the impact of the financial paradigm, as insinuated into the competing visions associated with the emphasis on rate of return: Weaver's sense of "inevitability" and Ball's skepticism:

I don't find, in my mind, that it's convincing to put quite so great an emphasis on rate of return as some of you do because it seems to me that if you reduce the Social Security benefits substantially...I see necessarily a substantial increase in the SSI program.... And all the rate of return stuff and all the money's-worth stuff seems to act like Social Security is... an isolated phenomenon.... But the consequences of what you're doing with Social Security will be felt in the [m]eans-[t]ested [p]rogram, and I'd like to look at both of them (Ball in *ibid.*: 133-34).

The argument over universalism and individualism mirrors the equity versus adequacy debate; this time with the liberal/labor coalition refashioning the concept of universalism to mean prospective commitment to interdependence:

I think reducing the socialization of this risk is just crazy. I mean, that's my reaction to it. I think creating the bigger private piece and a smaller piece, particularly one that essentially looks more and more like a welfare program to me and I think would... destroy the political support for the system.... Even though there may be a large number of problems from many different points of view with the current system, I would argue it has proven to be rather durable in terms of its political support up until this point. Secondly, from the point of view

of low to average wage workers, the evidence would be that they're much better off with a pool situation than with an individual situation, for whatever set of reasons. I think the basic logic of a universal insurance system and coupled with private savings bankism is really still the soundest structure here. The question to me is, what needs to be done to make that structure workable under current economic and demographic [conditions] (Shea in Transcript, April 22: 94-95).

The reciprocity between the ideological repertoires of universalism, as interpreted by program advocates, and of (intergenerational) equity, as interpreted by advocates of fundamental change, is made clear by Weaver's rebuttal:

Socialization over time or across time? You mean high to low wage, or do you mean picking the pockets of future generations, if you'll pardon that extreme statement?... the two elements imbedded in Social Security through the redistribution, through the quasi-pay-as-you-go, the transfer toward present elderly generations versus the issue of collectivizing[-]socializing across income levels? (Weaver in *ibid.*: 94).

There are obvious parallels between the universalism-individualism tension and that between community and personal responsibility, which will be addressed next. The distinction will become more evident below, but it should be clear that the foregoing discussion highlighted the issues of interdependence and risk mitigation rather than concern and responsibility, which are more explicitly normative concepts.

### **6.3.5 Community and Personal Responsibility**

Unlike universalism and individualism, which it is possible to construe at least neutrally, community and personal responsibility represent unassailably positive concepts in our political

lexicon. The value of these terms is such that, predictably, no group would be likely to cede any rhetorical ground relative to these ideas. Once prompted, the scrupulously neutral IA supporters strongly ratified the centrality of these ideas:

[Gramlich] I think, as compared to a privatized world, there is more community involvement here because society is enacting a program that deals decently with everybody's retirement. If you went to privatization or large-scale investment accounts or something like that, that might be true probabilistically on average, but it's not going to be true for everybody. I suppose the present structure of Social Security could be defended on community grounds, but in my thinking it was mainly because I wanted to put in place a decent standard of living for everybody (2005: 7).

[Twinney] I think that we felt that the Social Security was the most developed form of community caring. All those things had been established and we were going to carry that on. We weren't going to change that (2005: 30-31).

Vargas exemplified the individualized nuance of the community-personal responsibility by characterizing the personal accounts proposal as the sweetener to “sell” support for the unfunded liability:

We might have to come back to the table and we might end up paying—I've heard estimates from people that have reported to us—anywhere between 16 and 20 or 25 percent of payroll, depending on what we do....[T]his is an easier proposal to sell. I can say, “look, we have a responsibility,” as Carolyn said, “to maintain and to honor those commitments and the promises that have been made to people that have been in the system. We're not going to get as much out of it.”

But there is hope. We can have a second tier where we know that we're contributing money into it that we're going to get back.... I know what the arguments are for the political support of the program and why the political support would deteriorate. Because this, in a sense, could be characterized as a socialist or welfare system (Vargas in Transcript, April 22, 1995: 96-97).

To Vargas's straddle of the personal responsibility-community continuum, with the latter labeled uncomfortably close to the taboo "socialist or welfare," Shea countered with the tried-and-true differentiation between social insurance and welfare. The latter is a typical appeal by program advocates to conservatives, going back at least to the Eisenhower administration (David 1997: 13), while Vargas emphasized the responsibility of a clear-eyed social contract to support prior generations.

But Fidel, I think though that the political history is pretty clear that we have much stronger support for Social Security than for welfare programs in the country.... you make this more of a welfare then I think you really endanger it.... What troubles me is lack of confidence arguments, which is essentially what you're making here, is that it is all based on we can't, as a society, trust ourselves to do this. There's no such thing as a national community that can function reasonably. I think that is not only wrong in terms of its practical application, but it is politically so destructive to the fabric of this country (Shea in Transcript, April 22, 1995: 798-99).

[Vargas] Maybe I'm being naive and idealistic...but I would tend to think that if you really sat down and talked about being responsible, about taking care of the needs of people who really have those needs, that this kind of a proposal could, in

fact, get support and would keep the support. Because it would be promising something very fundamental, which is allowing people to retire with dignity and not living in poverty, and I'm not against that at all. I'm willing to take that chance (in *ibid.*: 100).

Just as Vargas's remarks betrayed some unease with community taken to an extreme, Fierst showed reciprocal discomfort with heightened expressions of personal responsibility:

When people wanted to privatize Social Security, I thought that was not saving it and I still think that. It's part of the Republican philosophy that people should be responsible for themselves and, if they fail on that responsibility, they'll be poor.... [I]t stems from the philosophical position. I mean they have the same view on health insurance. They think there should be health savings accounts. If you haven't saved the money, then you wouldn't have the money to pay your bills. I don't believe that our society should say to an 80 year-old woman, "Well, it's too bad you didn't save or work when you were young, so go get a job." A lot of people can't. So my position is quite the opposite. I mean I think Social Security is the greatest program we've ever had. It's so wonderful how it saves people (Fierst 2006: 16).

Support for the community basis of Social Security and antipathy toward a personal orientation may help to explain Fierst's support of the MB proposal, while she was at odds with so many of its particulars. Indeed, the ethos of group advocacy seemed key to her congruence with the labor representatives:

[T]here was an affinity between those of us on the worker side and a couple of the other members of the Council. Edith Fierst, for instance[,] was a very forceful and

effective advocate for improving the benefits for women in Social Security and certainly not diminishing them (Shea 2006: 6).

Fierst's insight into the diverse situations informed her opposition to the idea that people had to be responsible for themselves....I think that is impractical. There are a lot of people who can't be. Think about the diversity of population that we have, the millions of people, the roles they play in society. You know some people are married happily, some people aren't. Some people are married unhappily, and it used to be real problem about whether women could work when they wanted to. I remember my mother saying to me once that she would have liked to be a social worker but she felt it would embarrassing for my father if she went out to earn money. That's a very old-fashioned view now, but it existed and there are still people alive who are affected by it (Fierst 2006: 20).

The nuanced and mainly non-confrontational expressions about community and personal responsibility indicate a less contentious debate on these issues. The reduced traction on this continuum marks a decided contrast with some European countries' re-framing of the social policy debate. Cox (2001), for example, found that personal responsibility provided key conceptual leverage in public acceptance of the reforms in Denmark and the Netherlands. If differences on the conventional ideational constructs show distinctly American attributes, the next idea appears not only idiosyncratic to the U.S, but also novel to the last Council.

### **6.3.6 A Demand for Transparency**

Beyond the conventional ideas intrinsic to Social Security as the core of U.S. social policy and exhibited through its developmental history, a novel concept emerged during the 1996

Council. Without some explication, transparency had little to do with the programmatic essentials, which were clear enough, as Gramlich observed:

[T]he present system is pretty transparent. Not only can you find out the formulas, so you can put it together, but Social Security mails out your earnings statement so you can know what your earnings level is. So there may be some way Social Security could get even more transparent, but I think it's pretty transparent already (2005: 7).

For members who would eventually support the PSA proposal, the issue manifested readily:

[Schieber] I think the idea was that we needed to, to an extent, bifurcate elements of the system and clarify exactly what these were about and find efficient mechanisms to make both of them work in a way that was compatible in a national policy context (2006: 10).

[Weaver] I have always believed, since I was old enough to know about government, that people, ordinary people should know what they are buying with their money. They should know the costs and the benefits. They should know who paves the highways and who pays for it. I've always thought the same thing about Social Security. And it may threaten something for people to know, but I think what's threatening is this lack of—I think one of the problems we're dealing with right now in my doing a lot of speaking among young people, is they now perceive Social Security as a black box. Social Security used to be perceived as... magic money machine capable of producing windfall transfers for everybody... just doing wonderful things: getting people off poverty, paying benefits, this great rate of return—and people also thought they were paying for it. All of the smoke

has cleared about there are no piggybacks and we're not paying for what we get.... People are looking for a system they understand and I think that's part of— maybe Syl's proposal, certainly once it was fully implemented, would move in that direction but I think that's part of what we're dealing with here. It is, “are you willing to produce a system that can be better understood?” If so, “how do you do that so that you honor commitments and yet move towards something that is more comprehensible?” Comprehensible can include redistribution. It has to be broadly shared as desirable redistribution. And as you all know in the complexity of the current system, we have a lot of fancy redistribution that goes on that would not be supported if put to a majority of well informed votes, I would suggest. This is not intended to be a filibuster. I just want to say that as a practical matter, transparency to me is very important (in Transcript, April 22, 1995: 100-103).

Like the financial paradigm associated with rate of return, transparency colored other arguments, such as the adjudication of the equity-adequacy trade-offs, for which Weaver emphasized the “need to make things more transparent... to tell what's welfare, what's redistribution, what's pure savings and pension” (in *ibid.*: 75). She emphasized how crucial she believed it was to “untangle these components of the system” (*ibid.*). Schieber weighed in with a thoroughly congruent approach:

Another key element of this as long as we're going to hold out this equity issue, I think we're going to see increasing presentations by the [T]hird [M]illennium and the Peter Ferrara's of the world coming in and telling us it's a farce.... I think people are willing to support this program as long as we're honest with them about what we're doing. Now, the early generations could achieve both the

adequacy and the equity goals because they got very high rates of return.... And the rate of return for some people, it's undoubtedly going to get a lot worse, and I think there's some basic philosophical issues here, at some juncture, we ought to talk about (Schieber in Transcript, March 11, 1995: 132-33).

Re-framing the argument on community also was possible in the context of transparency—the informed public-mindedness idealized by Vargas, which he contrasted with the implicit community advanced, for instance, by Ball or Shea:

What I take that to mean is to further educate people about what the Social Security system really is today. It is redistributive. It would just be more redistributive under Syl's proposal. What you're saying and what Bob is saying is very true. The political support—people might realize what Social Security is really doing and they might not support that. Maybe they won't; maybe they will. But the point behind it is that at least you're being candid about what's really happening here (Vargas in Transcript, April 22, 1995: 96-97).

Transparency was deployed especially often in response to Ball's proposals to achieve ambiguous—not clearly benefit cuts or tax increases—parts of the overall solution for bringing Social Security into actuarial balance. One example was the anticipated revaluation of the Consumer Price Index (CPI), which Schieber resisted:

We're going back and fundamentally reviewing the measure we are using as a mechanism to cut benefits so we can rationalize to people that we're giving them less but not cutting benefits (Schieber in Transcript, April 21, 1995: 118).

Unlike the other ideological repertoires analyzed above, there was no complement, no pairing that suggested a path of resistance. The insurance imagery, collectively framed by advocates and

acquiescent neutrals during earlier struggles between liberal/labor and business/conservative coalitions, was vulnerable to this new ideological repertoire. Under the old insurance paradigm, pay-offs based on contributions underlay the conception of equity, notwithstanding ubiquitous transfers: preconceived, to low-wage workers through “bend points”; predictable, to earlier recipients from later recipients; inevitable, to the short-lived (through their dependents) and long-lived from those in-between; or inadvertent, to the baby boom generation from their progeny.

The loyal defense of the traditional system was prosecuted in strictly pragmatic terms:

I think Syl has done a good job of laying out a set of alternatives which I think are designed under what I would call current cost constraints. That is, he has explicitly tried to develop a package which is based upon current revenues to the system, both the payroll tax revenues and assuming the continuation of current investment rates of return, At the same time, it’s clear from the earlier discussion that reasonable people would view your package as—the adjective I will use is—a fundamental change in the nature of the Social Security system.... By definition, there’s no need for fundamental change unless you tell people you’ve got a broken system. I object to that. I don’t think we have a broken system that requires us to depart from the kind of historical evolutionary pattern of change which has served the country well for a 60 year period. That case has not been made.... At the same time, I would be comfortable if we were to say in our report that if the Congress or the public is not willing to support the kind of package that Bob has defined here... I think it’s perfectly consistent to say that if the Congress or the public chooses, that they think it is wiser to have a strictly defined current cost system, that we would be prepared and have within our report, perhaps a

proposal similar to what you have outlined here as an alternative way to go. If the desire is to keep a smaller system, I think we would need to discuss a little bit more exactly how flat we mean by flat—departure from wage related benefits and so on. But I do not think that this approach, Syl, should be our primary orientation because I don't think we have a system that requires this degree of surgery (Jones in Transcript, April 22, 1995: 104-6).

Unlike the preceding sections, ideas were pitted against each other, prevailing based on their ability to convince and comport with other situational factors. In the case of transparency, in contrast PSA supporters deployed an ideological repertoire against a largely pragmatic defense. This instance thus has a particular potential to display traction obtaining from ideational processes in a policy context. The potency of this new idea, in combination with the aforementioned ideological repertoire of intergenerational equity founded on rate of return computations, is on display in the following synthesis of the ideological repertoires considered thus far.

### **6.3.7 Synthesis of Ideological Repertoires**

In this section, the exchange of ideas emerges through an intentionally unvarnished interchange between members once the repertoires had matured, during the penultimate meeting in December 1995. It was at this meeting that the straw vote determined the degree of support for each proposal. It was conducted with the usual cordial engagement—Shea joked with Schieber that the PSA proposal packet had been misinterpreted: "I thought maybe Syl was just late in his holiday cards. So I was getting mine Federal Express" (Shea in Transcript, December 14, 1995: 158). Yet a greater intensity pervaded this session. Accordingly, a series of exchanges distills the integrated ideational processes with serendipitous efficiency. This extended exchange is presented nearly in full, accompanied by minimal commentary.

Following the presentation of the PSA proposal, Vargas personalized the appeal for inter-generational equity. Shea countered with the fundamental ideational construct of the traditionalists:

[Vargas] I understand also the inherent political risks of making any fundamental change that would for all intents and purposes put out on the table the obligations that are currently being undertaken by Social Security. So, in other words, I mean, what do we owe now already?... I have to say that I have faith in people, that ultimately, you know, it's an educational process, and it's one well worth undertaking because the alternative is letting people stay in the dark about how to manage their money and how to plan for retirement, and that's not something that I'm willing to advocate (in Transcript, December 14, 1995: 81-85).

[Shea] To make this kind of a shift would, I believe, disrupt the basic social understandings around the system, and as problematic as they may be because of the changing demographics, I believe that all the evidence in this political context points to the triumph of individualism over community, and that this system[,] which is one of the I would say supreme achievements of the notion of community and of, if you want, caring from generation to generation that we've achieved in this country[,] is one that we need to be very, very careful about (in *ibid.*: 86).

Vargas's rebuttal reveals a contrary position: disputing the deleterious impacts of rampant individualism while envisioning a potentially complementary interplay.

I would argue that the program as it exists today is not a true test of the community, of community spirit in our country, because it isn't transparent what

those obligations are. If you want a true test of the spirit of community in this country—and, see, I don't know how you feel about this, but personally I have faith in individuals and people wanting to be part of a community and wanting to take obligations that are going to guarantee people that don't have anything to do with them having the ability to retire with dignity. In other words, explicitly saying to me that I know that seven percent of my payroll tax is going to go to insure that people who are low wage workers when they retire retire with dignity, and that I'm going to get something back, but it's going to be much less than I have put in, but by the same token I'm getting a private security account where I'm putting my money, that to me will be a true test of community because then you will really see how people react to that. And from what I'm hearing, the fear is that people once given that choice will say, "To hell with everybody else. I'm looking after myself," and you know, maybe that's where we don't—I have a fundamental belief, and maybe I'm naive and maybe I'm too optimistic or have too much faith in people, but I believe that young people already know that that's the obligation that they have. This option makes it very transparent, and people will choose. People will say... forget the altruistic or community, you know, motivations... if I were given the option of a PSA with a minimal guarantee of some return over time that would put me off better than where we are today and even knowing that seven percent is going to go to somewhere else, from an economic perspective it makes sense. So even if I'm incredibly selfish and don't want to maintain that level of retirement for people, you know, for my grandparents or my parents, if I'm given the choice from the way the proposals

are now being, I think, in general terms structured, then it's very clear (Vargas in *ibid.*: 87-89).

Schieber pursued the issue of willingness to maintain the underpinnings of the system:

There has been a consensus in the country built around the current structure of Social Security, and I think there's been a lot of support for the system over the years. I guess one of the things that concerns me is that the foundation for that consensus does seem to be changing. It was relatively easy to build that consensus during an era when virtually everybody who retired, at least generation to generation that retired, was going to get back more from the program than they had put into the program, and we know that that situation is beginning to change, and on a going forward basis, we know that it's going to take more political will for people to stand with the system than it's taken for people up until the present time to do so (Schieber in *ibid.*: 90-91).

Weaver emphasized the countervailing idea of transparency, refuting the constructed community of the program, which Shea rebutted:

[Weaver] I think that from my point [of] view, individual accounts, one of its strong points is that it creates a much more transparent system. It is much clearer what benefits are based on and how you accumulate credits for benefits and the like. The present system for most people is a very large black box. They have almost no idea how their benefits are computed and what they will be receiving at the time of retirement. But I think the fear of somehow making the system more transparent, that is, that individual accounts will somehow lead to an unraveling of this system, is based on the premise that if people more clearly understood who

got what and who paid for what, and if we more clearly understood the amount of deficit that's been accumulated under the system, that that would somehow weaken support for the program. Possibly it would, but if it's for the reason that people more clearly understand, have a fuller understanding of the way that government program works, that presumably should be on the board, on the table for discussion (in *ibid.*: 92-93).

[Shea] It's precisely the point I'm trying to raise, that currently we seem to have shifted from a traditional community sense of value, if I can, to an individual sense of value, and that we don't judge[,] all of us, the citizenry in general, don't judge programs based on their overall or long-term or community or social value. We judge them in what is their immediate return, and it has a lot to do with the alienation from government, I believe. And it's almost as if there's a government program that has a direct return to me, then it's a good idea. If it's not a direct return to me, it's a bad idea because it's going to cost money and I pay taxes, and that's a tremendous oversimplification, but that's the dynamic I think you see in all of the current congressional debate. And in that context my point is if you raise the issue of Social Security, you might get exactly the result, Carolyn, of people saying, "Well, I don't want to pay for anybody else. I just want to pay for me," and that's when this whole thing—it's that notion that we lose in this process if you're not careful, I believe, or at least you endanger it (in *ibid.*: 93-94).

The essence of the arguments is best appreciated by intact (re-)reading. Members repeated the ideological repertoires analyzed in the preceding sections, posing virtually nothing new. Yet their attempts to wage convincing arguments in the face of implacable opposition convey a real

sensibility to their ideological opponents and deep belief in their own positions. Familiar appeals come from the expected quarters: the labor representative for insurance-based equity, community, and continued universal participation (as opposed to “unraveling”); and business/conservative representatives for intergenerational equity, individualism, personal responsibility, and, above all, transparency. Although these arguments were oft-repeated, their usually quite cogent, unscripted quality and largely direct responses to their counterparts testify to the quality of the debate.

## **6.4 Summary**

This chapter has examined the 1996 Council deliberations for signs of ideational processes at work in the exchanges between members, as representatives of their constituencies and as individuals within larger coalitions. These coalitions included the one that joined labor and traditional program advocates and the other that combined conservative and most business representatives as well as the only representative of generation-X. Of the debates joined, the imperative of solvency and the allure for some and fear for others of a privatization plan for Social Security lay closest to the surface. Next, the longstanding tension between the aims of equity and adequacy came to the fore because of Schieber’s in-depth historical knowledge of the program, coupled with his sensitivity to the acute economic tension surrounding these issues and the presence of the institutional counterweight Ball, who was able to engage the historical, philosophical, practical, and economic issues that came with the basic trade-off. As the following chapter will address, these thoroughgoing debates had a precedent, dating back to the first Council, but had lain dormant for a long time.

The paramount concern over solvency and even the renewed tension between equity and adequacy could have been anticipated given the program’s history and context, as well as the institutional trappings of the Council (its independence and members’ sense of stewardship). Yet

to the practiced observer of these proceedings, other questions appear to have come out of the blue. Novel debates—between the values of community and personal responsibility and the principles of individualism and universalism—were joined because of the pervasive power of the Reagan reconstruction, with its emphasis on non-governmental institutions and individual freedom, the inexorable logic of a financial paradigm associated with the primacy of rate of return, and, most unavoidably, the pending demographic time bomb that inevitably confronted pay-as-you-go financing.

By picking up these strands, loosely connected thematically, and weaving them into a cogent alternative conception to the status quo, advocates of the PSA plan led by Schieber and Weaver used the redefined issue of *intergenerational* equity (marked by the rate of return promised to each new group of claimants) to counter the existing emphasis on replacement rates that had been the standard of equity. Coupled with the notion of transparency, introduced into the Social Security debate with such sudden effect, the “Heathens in the Temple” (as Schieber described himself and his confreres [Schieber and Shoven 1999]) challenged the traditionalists in a new manner. The ideational basis of the challenge, particularly the combination of emphases on individualism, personal responsibility, and the revised conception of equity, represented an unparalleled threat because it undercut the foundational idea of social insurance by means of a comprehensive alternative.

The preceding chapters lacked the rich record availed by the relatively fresh recollections of participants, buttressed by a largely unabridged transcribed record that this chapter has drawn upon. Yet comparable sources, even if not as deep and contemporaneous, are available to support assembly of the ideological repertoires deployed in previous Councils into a pattern sufficient to make the comparison of the 1996 Council with the past. Chapter Seven will undertake this work.

## CHAPTER SEVEN      RESOLUTION OF REMAINING RESEARCH QUESTIONS

Earlier chapters have provided substantial insight into the inquiry set forth in Chapter One. This dissertation faced the question of whether the pattern of coalitional interaction traced a path-dependent history, and, if so, whether deliberations followed a strong, moderate, or weak variant of path dependence. From Chapter Five's analysis, a dominant pattern of negotiated agreements emerged and was quite stable for most of the Social Security program's history. This accommodative, pragmatic variant of path dependence, exemplifying the increasing returns dynamic propounded by institutionalists such as Pierson and Hacker, drew a marked distinction with Chapter Six's account of coalitions clashing over manifold issues, with distinct sets of ideas at the core, and failing to reach a conclusion in the 1996 Council. Together, these two developments set the stage for resolving this research question by addressing its last portion.

Because the original structure undergirding path-dependent processes receded further with each accommodation superimposed over time, Social Security deliberations gradually came to appear as though conducted between congruent parties inasmuch as the ideational core was concerned. So the circumspect negotiations Chapter Five featured and the contention that characterized the 1996 deliberations detailed in Chapter Six both play distinct roles in uncovering the framework of agreement. Just as particle accelerators depend on collisions to examine the atomic core, the "smashing" of opposing ideological repertoires (instead of atoms) by contending coalitions in the 1996 Council exposed the inner workings of the framework of agreement, largely hidden during a half-century of mostly accommodative policymaking. The contrast between the 1996 Council and its predecessors thus serves to illuminate the ideas at the core of the longstanding consensus. Because the pragmatic negotiations during most of the

policy's development tended to obscure the role of ideas presumed to have been framed in the 1938 Council and ratified afterward, this chapter retraces the path that Chapter Five's analysis established, with a focus on the background ideas that the dissensus covered in Chapter Six surfaced.

After establishing, in the first part of the chapter, the extent to which ideas are implicated in the dominant pattern of Social Security policymaking, the remainder addresses how policymakers used ideas to reframe the discussion. This presumed change in the trajectory of Social Security policy addresses the other major research question Chapter One posed:

Did differences in how Councils deliberated uncover, by the time of the 1996 Council, ideational conflicts behind a path-breaking change in the way coalitions interacted?

This examination points to a potential role for ideas as an essential source—apart from political, economic, demographic, and organizational shifts—of *path-breaking change* that led to a turning point in Social Security policymaking. The 1996 Council's failure to agree on a recommendation and its fundamental reconsideration of established premises that had seemed to be givens during the prior half-century of incremental policy change marked the hypothetical turning point, while the subsequent decade of stalemate has served as confirmation.

This chapter begins by refashioning the key results of Chapter Five: interweaving ideas into the major points of separation between the coalitions that were usually bridged in the course of the deliberations. Next, the open ideational contention that was the focus of Chapter Six will be reprised, highlighting the crucial disagreements that prevented a majority recommendation by the 1996 Council. With the earlier portions of the dissertation thus refashioned into an ideational template, the framework will be in place for charting a turning point Social Security's policy

trajectory. Then, the broader institutional themes woven into the amalgam of American “social insurance” will be shown to be threatened by the liberal/labor intransigence over retirement age, in tandem with the demand for greater transparency by the business/conservative coalition, which emerged in the 1996 Council. Finally, the foregoing results are distilled into a resolution of the questions of a turning point in Social Security policymaking and the role ideas may have played in it.

## **7.1 The Role of Ideas in Historical Coalitional Interactions**

The premise of this dissertation, running as a consistent thread through the research questions confronted, the literature targeted, the methods applied, and the sources used, is that ideas played a prominent role in Social Security policymaking. Yet ideas were not, by and large, paramount in the negotiations between the predominant coalitions, business/conservative and liberal/labor, over the course of the ten Councils studied. Nonetheless, Chapter Six detailed how the supporters of personal security accounts, having “formed around ideas” (Schieber 2006: 9), brought ideological repertoires to the forefront during the 1996 Council. Relegated to the background historically, a crucial ideational component nevertheless underlay the coalitional interactions, surfacing occasionally, for example, in dissents by members who perceived the program’s philosophical foundation to have shifted. While much of the evidence for the role of ideas is discernible under close scrutiny of Chapter Five, the long-term perspectives of the program’s business, labor, and public proprietors, buttressed by other retrospective views, lend a more cohesive quality to the ideational narrative.

Gathering up the strands of ideas that permeated Social Security policymaking for much of its history requires recasting some of the longstanding arguments. To illustrate, it will be

necessary to view the haggling over the level of maximum taxable earnings not only as an economic issue, but also in terms of its ideational underpinnings. The initial foray into an enhanced role for ideas tackles the key themes occupying the early negotiations over the resources devoted to the program and their allocation between the aims of equity and adequacy. These two concepts provide the foundation for the other ideational analysis for several reasons: first, they are identified by observers as diverse as Derthick and Schieber as key to understanding social policy; second, they were featured prominently in Chapter Five's account of the 1938 Council, providing an initial connection with the existing path dependence-based narrative; and third, dichotomies support simple models, in this case, the negotiator's game (Scharpf 1997), which allows a basic framework of agreement to be sketched. To this framework of agreement, issues that anticipated the stalemated 1996 Council can be added, including an about-face during the late expansionary phase from emphasis on adequacy to emphasis on equity and a reemergence of tensions between individualism (the key concept in Béland's narrative) and universalism sparked by the "Reagan revolution."

### **7.1.1 The Original Bargain: An Imperfect Arrangement**

To illustrate the broad themes in Social Security's early policymaking history, traced in Chapter Five through the initial Council deliberations, I introduce oral histories by the early business, labor, and public representatives, heretofore referenced quite sparingly. The reason for relying on the decades-long vantages of Council principals, is that such retrospection, bolstered by similarly broad-gauge perspectives from other sources, contributes a long-term, reflective quality to augment the largely contemporaneous data that underlay Chapter Five's narratives. These institutional perspectives, gained on multiple Councils, in the main convey the originators' allegiance to the institution they re-formed in the 1938 Council. The chairman of that first Council, Douglas Brown, who, as a member of the Committee on Economic Security had been

an architect of the founding Act and was thus in a position to observe the differences, remarked the change “from a semi-industrial type of social insurance to a true social insurance scheme” (1965: 90). The changes to which Brown refers—benefits paid to survivors and dependents of those covered—represented in his view a shift of objectives away from equity and toward adequacy. Marion Folsom, whom Brown identified as his long-term counterpart among industrial representatives (1965: 81), also underscored “the radical change,” observing that “many people in this country don’t appreciate it yet, what social insurance really is” (Folsom 1965: 204). The other long-time participant Brown named (1965: 81), Nelson Cruikshank, began to represent labor on the 1948 Council, which coincided with labor’s genuine engagement on Social Security. In the first Council, Brown tried to engage labor representatives, who often failed to participate, and bring them along as the deliberations progressed (1965: 136). Whether attributable to a predominant role by business over labor or program executives’ intent, as Altmeyer indicated (recall from Chapter Four in Derthick 1979: 106-7), the result was clear, as Berkowitz’s summary of the 1938 Council’s outcome and resultant legislation showed:

[T]he system tilted closer to adequacy than equity. . . . The discipline of the “insurance approach” to social insurance gave way to a more pragmatic program that balanced social needs against available funds (1987: 75).

Part of the reason that, as Folsom observed, the *social* insurance aspect established almost from the start is not generally appreciated is that the equity portion of the system—contributions paid in translate into benefits paid back out—remaining from the original Act was emphasized using *private* insurance imagery. Mark Leff’s (1987: 42-43) meta-history of the program explains this irony:

American old-age insurance thus spent its youth... in an environment that challenged its inadequacies. Sometimes those pressures, ironically, pushed the program toward a self-protective conservatism; the sanctification of fiscal soundness and insurance principles was partly designed to block proposals for excessive pensions from being grafted onto the program.

Notwithstanding widespread miscomprehension of program mechanics due to “sanctification of... insurance principles,” the key participants well understood the symbolism involved. Reinhard Hohaus, the primary business/conservative representative after Folsom joined the Eisenhower Administration, acknowledged that “[t]hough differing in important respects from individual and group insurance,” Social Security had “borrowed the name ‘insurance’ from them because of certain important resemblances” (in *Low-Income Families* 1955: 181). This insurance imagery accompanied freedom from the “subjection to a test of means” and “stigma of charity” due to a “specific consideration in the form of contributions or earmarked taxation... required” (ibid.: 182). But this loan of terminology to create the concept of social insurance was scarcely uncompensated, because conservatives exacted consideration of their conception of its appropriate role in society. Hohaus articulated the paramount consideration of adequacy in providing the

minimum of protection... that income which society feels is necessary and economically practicable for the subsistence of individuals comprising it... [J]ust as considerations of equity of benefits form a natural and vital part of operating private insurance, so should consideration of adequacy of benefits control the pattern of social insurance (1938: 77).

As Chapter Five demonstrated through struggles over raising the income thresholds in every Council during the expansionary era, the consistent position of the business/conservative coalition was to fight expansion of the system when equity was the goal, while acquiescing to improvements in adequacy within the framework of the 1938 agreement. As Ball remarked of Hohaus:

He was very strong generally on keeping the maximum coverage base down, which controls the level of payments to middle income and higher income people (1999: 17).

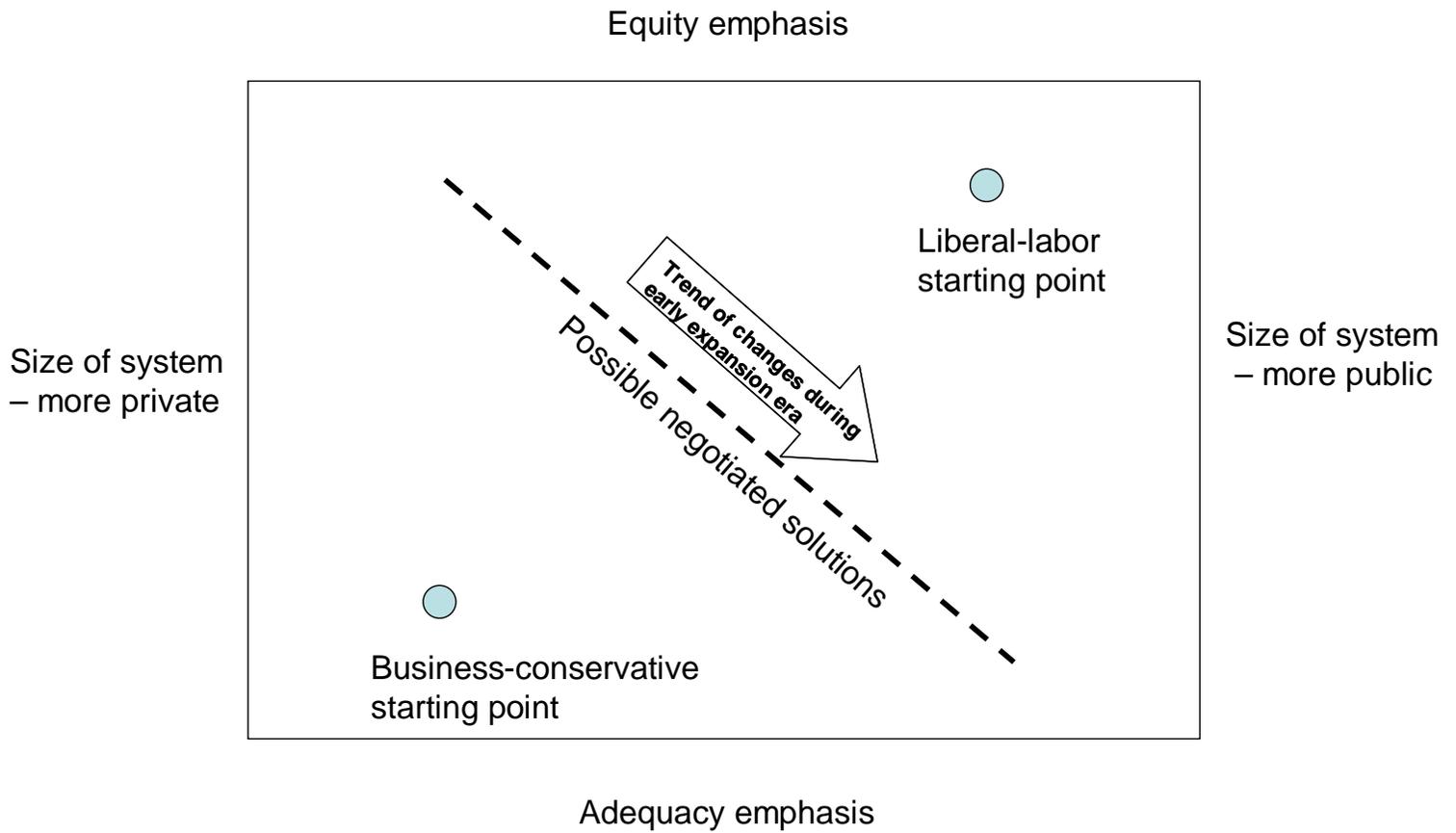
This was not an isolated conception on Hohaus's part, but his understanding of how coverage, benefit levels, and financing combined "as an inseparable trinity... [whereby] a soundly designed benefit formula needs to take into account the financing arrangements and the extent of coverage" (in *Low-Income Families* 1955: 183). Chapter Five related how the 1953 Consultants, chaired by Hohaus, turned this constellation of factors toward greater coverage within unchanged benefit and financing considerations, resulting in an expanded system still further oriented toward adequacy. Yet the symbolism of insurance bound conservatives as well as liberals, as the fate of the Chamber of Commerce's "blanketing-in" proposal demonstrates.

This larger, universal system with a single objective of adequacy was ultimately not given serious consideration by the Consultants (though the member representing the Chamber did propose it as an adjunct recommendation in his congressional testimony [Marshall in *Social Security Amendments of 1954*: 484-97]). While this case of consideration by the business/conservative coalition of a larger system than that supported by the liberal/labor coalition is anomalous, still its total reliance on adequacy as justification is consistent with the general thrust of allocation to lower rather than middle or higher income beneficiaries.

Derthick's (1979: 152-53) inventory of the reasons why promoting blanketing-in was an unattractive proposition for Republicans located any subscription to equity aims in the category of "liberal Republicans"—appropriately applied to Nelson Rockefeller and Arthur Larsen as two of the least conservative members of the Eisenhower Administration but scarcely an apt description of Folsom or Hohaus, regardless of their Social Security positions. Her pragmatically themed account understates business/conservative program proponents' core rationale for maintaining an aim of equity, albeit subordinate, within the concept of social insurance:

(a) that it provides some measure of individualistic treatment; (b) that it acts as an impetus for the proper payment of the prescribed contributions; and (c) that it causes the benefits to reflect... some of the differences among individuals and as between geographic regions in costs and standards of living (Hohaus 1938: 78).

Shown graphically as an application of the negotiator's game (Sharpf 1997), the basic negotiating positions between the business/conservative and liberal/labor coalitions take shape. In Figure 7-1, the contours of the negotiations delineated in Chapter Five are depicted along two dimensions: equity versus adequacy and social versus private insurance. As discussed in the penultimate section below, the constraints of the ideational commitments levied by the respective coalitions limit the applicability of this model to negotiations within the re-framed structure (in 1938), which excluded disability benefits.



**Figure 7-1. Relative Positions Preferred by Coalitions Depicted as Negotiator's Game**

This graphical arrangement of preferences depicts a line of reliable negotiated solutions. At the upper-leftmost extreme, diminution of the public program is the concession the business/conservative coalition demands for private insurance-like equity considerations. Points of likely compromise extend to the lower-rightmost extreme, where greater allocation to adequacy makes possible greater overall commitment of resources to social insurance. Movement along this downward, left-to-right trajectory to a larger system, but one geared more to modest earners, marks the early history of the program, as Brown (1965: 61-62) emphasized in noting the reduction of the earnings ceiling in real terms between the 1938 and 1964 Council recommendations. Ball assigned the cause for this decline:

Increases in the wage base have always been a problem for conservatives. Partly... there is just an additional cost. But, partly also, because it is an expansion of the role of social insurance, as against private insurance. You are now making the program more effective for middle-income people. That's who an increase in the wage-base affects, and at a level that insurance companies think they can sell private plans.... [T]hroughout the history of the program, it has been something of a problem (Ball 2001d).

Adjusting this arrangement, ratified by a quarter-century of policy establishing that Social Security should be a modest but universal system, required moving into positions more objectionable to the business/conservative coalition. This push into less favorable territory in the view of the business/conservative coalition contrasted with the movement along the previously accepted line. This line represented points of indifference; a larger system accompanied a more adequate system, which had represented neither a gain nor a loss to the business/conservative

coalition. Chapter Five documented the progress after 1964 toward a more relevant program for middle-income earners, which required an ideational foundation—not just political strength. The liberal/labor push rested on the establishment of the poverty line as the measure of adequacy. Derthick reported that an economist in the Nixon Administration HEW “complained of social security program executives that ‘privately they talked replacement rates [proportion of pre-retirement income paid to the beneficiary] but publicly they talked poverty’” (1979: 395n), causing Derthick to observe: “Lifting the poor ‘out of poverty’ had more appeal than raising anybody’s replacement rate” (ibid.). Anchoring the lower benefit range to the poverty line meant that tilting the original bargain toward equity did not endanger adequacy, because a bound was established below which benefit levels would not slip.

When considering the reformulation of benefit levels in the late expansionary stage, Derthick observed that this change in degree signified a change in kind (1979: 373-74). Steady opposition by the business/conservative coalition to “a new Social Security program,” as Ball (in Derthick 1979: 339) pronounced it following the 1972 Amendments, became evident from insurance executive Charles Siegfried’s unprecedented dissent to the entire package of recommendations by the 1971 Council, joined by his fellow business representatives (ibid.: 354). So successful was the linkage of adequacy with poverty prevention that, as Chapter Five revealed, the business/conservative coalition could publicly fight only the upper-tier expansion of the system. To illustrate, a 1979 dissent that promoted curtailed benefit growth, joined by businesswoman Mary Falvey, envisioned a program only sufficient to “avoid severe hardship” (Aaron et al. 1979: 224). Four years later, her participation in the 1983 Greenspan Commission majority, which largely sustained benefit levels, was reportedly (according to a fellow member) obtained only through President Reagan’s personal appeal:

I'll never forget the look on Mary [Falvey] Fuller's face after she got her call. She was as white as a sheet and told us she was going to support the package (Light 1985: 191).

Rearranging coalitional interactions along the two dimensions—adequacy versus equity and social versus private insurance—highlights the bargain struck early on that envisioned a system with aggressive growth in coverage coupled with more modest progress on benefit levels. Such a bargain, swapping higher benefits for wider coverage clearly emerged in Chapter Five and above as the bargain that Linton, Folsom, and Hohaus supported. But a new emphasis on benefit levels, breaking the pattern of early expansion, corresponds with later business and conservative unease over fiscal sustainability. In important respects this interpretation parallels Derthick's narrative of cautious, incremental growth driven by program executives' long-range vision of the program objectives they pursued. Indeed the two accounts are not mutually exclusive, but could countenance a partnership of sorts. It should be remembered that experience in retirement plans initially resided in the business community. Neither Witte nor Altmeyer, whose Wisconsin experience lay in unemployment insurance, nor Brown, whose field was labor relations, was a pension expert. Linton, Folsom, and Hohaus all were. And their experience pointed away from the reserve-funded, equity-based original conception toward the pay-as-you-go, adequacy-based system inaugurated in 1938 and ratified by key decisions in 1948 and 1953. Derthick (1979: 106) chronicles Altmeyer's persisting allegiance in 1948 to the former emphasis in his preference to retain the annual increment that rewarded long-term participants with increased benefits realized in the 1960s. But the politically surefooted Ball counted the increment as a trifle in a deal struck for the program's ascendancy over state-based old-age assistance, a goal shared whole-heartedly by that Council's business representatives. Because the work here

deals with coalitions rather than program executives, establishing the choreography between them is unnecessary, except to establish a freestanding and helpful, from the standpoint of the program's ultimate acceptance, role for these citizen representatives, while the program learned its steps.

If willing sponsorship characterized the business/conservative coalition's role in old-age and survivors insurance, these developments showed obvious distinctions from the analogous changes that occurred outside of the 1938 recommendations, the clearest instance in the history covered above being disability. Because no agreement existed in 1938 (or 1948) between business/conservative and liberal/labor coalitions, the terms of the debate in many respects did not change appreciably. The dissent written by insurance executive Morton Miller in 1979 could, with relatively few changes, well have been authored in the 1950s, so similar were the concerns about containing the attractiveness of disability compared to work for certain conditions: "causes of such disability are mental and emotional disorders that may or may not actually be disabling, real or imaginary (or feigned) back pain, and real or imaginary chest pain" (1979: 235).

Indeed, Derthick's agency-centric narrative of the program's expansion would be compelling, as applied to the liberal/labor coalition, provided the intent she ascribed to program executives could be freely attributed within a monolithic position of program advocacy. Such a narrative would unfold with program advocates arriving at the best arrangement obtainable with the business/conservative coalition within the common ground delineated above, a pragmatic stance necessitated because political strength alone could not achieve the robust program foreseen by advocates and their allies. Assuming these developments, a refashioning of proponents' strategy following the Republican high-water mark under Eisenhower would be

entirely understandable, as would business resistance, once an altered basic arrangement—as opposed to new policies being layered upon the traditional program—became visible in the 1971 Council.

The possibility of covering Derthick’s perspective on policy developments during the expansionary phase and a comparable coalition-based explanation within virtually the same narrative is unsurprising. Indeed, Cruikshank admitted labor’s subordinate role in direction-setting, its role being instead, to “furnish the muscle for the development of these coalitions” (1967: 201). But the conjoined narratives diverge once business is considered. If pragmatically wed to the program whatever its form, formulation of a stand on principle by business representatives seems incongruous. Nor would the adherence by the business/conservative coalition to the language of the original bargain be expected. Yet business representatives took precisely this stand (*Reports of the 1971 Advisory Council on Social Security* 1971: 80-84), reformulating the pronouncements of founding fathers, Hohaus and Folsom,<sup>46</sup> to refute the new *status quo*, much as a nation under attack might protest by invoking the terms of an anachronistic treaty, rendered irrelevant by the aggressor’s presence within its borders. But a resort to already breached defenses would fall by the wayside as ideological developments to come promised an explicit business/conservative stance and increasingly antagonistic dialogue.

### **7.1.2 Seeds of Dissolution: Individualism and the Rate of Return**

If the last thrust of Social Security’s expansionary trajectory, substantial increases in benefit levels, rode the trend of generally more prevalent government services, then a reversal of those advances was to be expected once the theme of the Reagan reconstruction gained ascendancy: “government is not the solution to our problem; government is the problem” (1993:

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<sup>46</sup> Schieber unconventionally referenced not Linton, but Altmeyer (Schieber and Shoven 1999: 329-30), as an advocate of conservative financing, though many of the references were to Altmeyer’s congressional testimony, usually not the most accurate reflection of an administrator’s unvarnished point of view.

414). The accretion of such sentiments was evident to the members of the 1996 Council considering contemporary perspectives toward the time-tested formula. 1996 member Ann Combs observed:

I think in some ways younger workers would have more confidence...in the private market .... I think there is a complete total lack of confidence in the federal government in all aspects (Combs in Transcript, February 10, 1995: 267-68).

Indeed, another supporter of individual accounts, Fidel Vargas, as a member of Generation-X himself, exemplified the individualized philosophy of the personal accounts proposal and revolutionary vantage it engendered concerning the traditional system:

[T]his is an easier proposal to sell .... I know what the arguments are for the political support of the program and why the political support would deteriorate. Because this,... in a sense, could be characterized as a socialist or welfare system (Vargas in Transcript, April 22, 1995: 96-97).

Although an unprecedented focus of the 1996 Council, this issue was not new, as Schieber, a scholar of the program as well as a policymaker, observed: “it had been in the literature for awhile to the point that in the ’83 amendments, Bob Myers finally wrote a fairly lengthy memo about rates of return on Social Security—and I think there is a widespread concern that Social Security is not worth the dollars that we’re paying into it, or many people perceive that” (2006: 10-11). But reframing of the concept of equity in intergenerational terms using a money’s worth (rate of return) argument went much farther than a financial refinement. Ball (2001f) emphasized the predictability of the strictly financial arguments by noting that

Brown, the economist, had “anticipated” returns would decline to “borderline” rates; Ball viewed the focus on it as tactical:

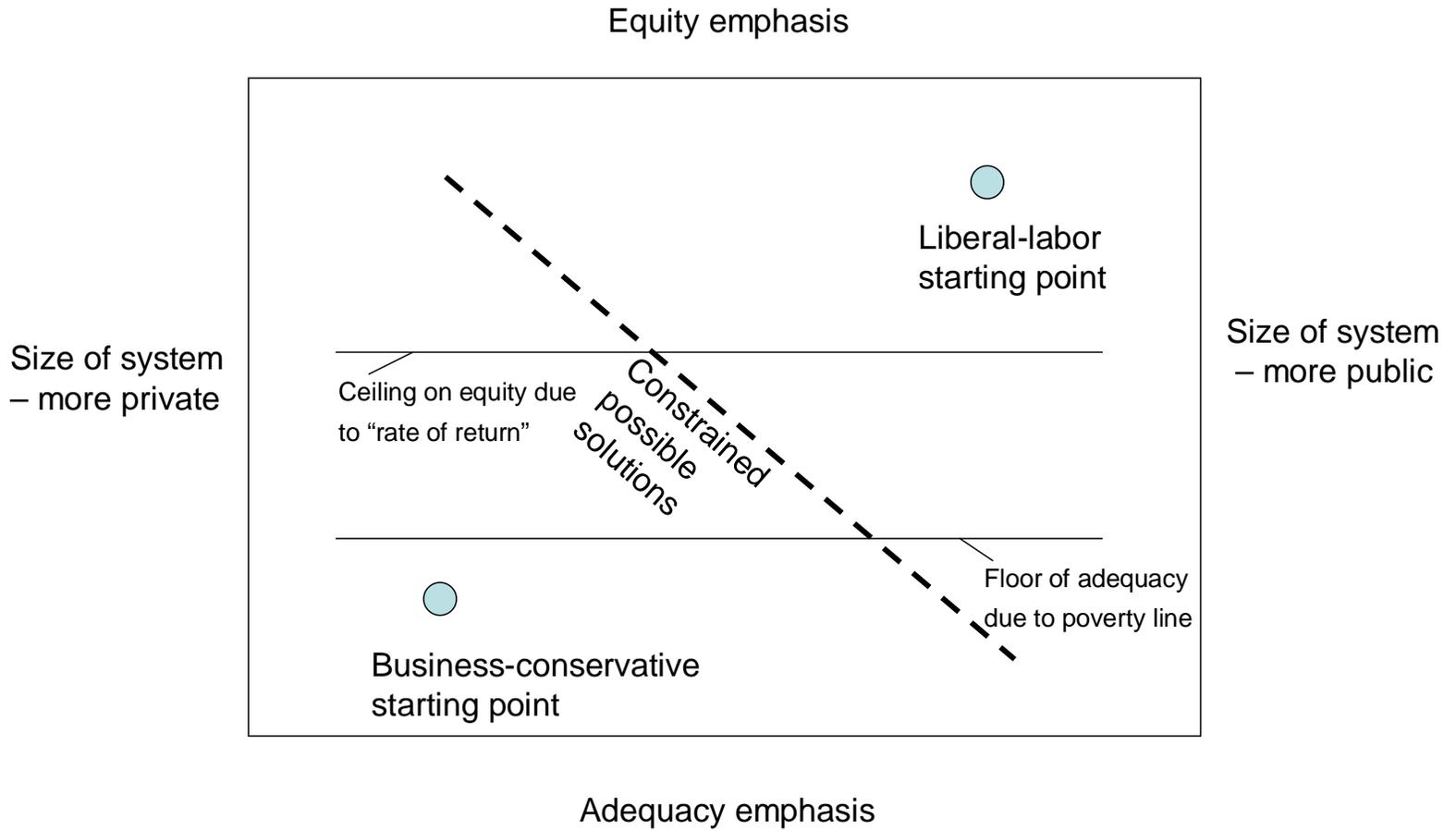
[I]t was to the advantage of the people who wanted to change or get rid of the system—to emphasize that compared with a new program or a different program people were not getting as a good a return for their money as they had reason to expect and hope (ibid.)

Concern about individualizing the system and “creating the bigger private piece and a smaller piece... that essentially looks more and more like a welfare program” prompted Ball’s ally, AFL-CIO representative Gerald Shea, to opine that “reducing the socialization of this risk is just crazy” and would “destroy political support for the system” (Shea in Transcript, April 22, 1995: 94-95). But, as shown in the previous section, business/conservative coalition support had waned already for

a fairly large system that is not necessarily particularly efficient.... [T]o the extent we were going to expand resources going to it, we wanted those resources used efficiently. And if we were not going to use them efficiently, we didn’t want to expand the program (Schieber 2006: 10).

Efficiency connoted economic rate of return, a dilemma that further circumscribed negotiations. Figure 7-2 overlays the additional constraints of adequacy (consistent with poverty avoidance) and equity (synonymous with rate of return) onto the earlier depiction of negotiating positions. Since the ranges associated with these limits are rendered approximately, the concomitant narrowing of negotiators’ discretion may have, in fact, eliminated the space for consensus altogether: a scenario in which the upper and lower constraints may meet or overrun one another. The question of whether any negotiating room remained will be taken up in the next

section, but agreement certainly became more difficult after further ideational constraints exacerbated the ever-present challenges of working around the “third rail.”



**Figure 7-2. Constraints on Negotiation Due to Rate of Return and Poverty Issues**

## 7.2 Standing on Principle

An obvious difference, no majority in favor of a comprehensive set of recommendations, separated the 1996 Council from its predecessors. But such a development does not necessarily imply discontinuity. Many processes expend their cohering structures over time or experience diminishing order for other reasons. Indeed, the physical property of entropy, or tendency toward disorder, is the natural way of the universe. Did the inevitable progression of program financing, from initial over-funding to the mature financial return limited by population and productivity growth, accompany a political progression from easy to difficult policymaking—corresponding ultimately with the “day of reckoning,” which Schieber and Shoven’s (1999) economic analysis derived? If so, was not dissension between traditionalists supporting beneficiaries of the existing arrangement and change agents anticipating the future only a matter of time? That interpretation of the 1996 Council remains a possibility, once construing the concept of adequacy in terms of poverty abatement and reinterpreting equity as an intergenerational construct hitched to financial rate of return, as the foregoing analysis argued, and carries crucial significance for assessing its results.

No turning point need be identified when dissensus is a foregone conclusion, inevitable from the outset. This section begins by acknowledging the possibility that conflict unavoidably befell representatives of incommensurable positions, denied their traditional negotiating space and caught in the vice-like hold of stringently construed equity objectives on one side—newly comparable to the returns obtainable from 401(k) plans and other pension options—and, on the other, heightened adequacy goals. Should such constraints wedge coalitions into antagonistic emphases on equity versus adequacy, amidst stark options inevitably left by maturing pay-as-

you-go financing and hastened by demographic imbalance, what basis could remain for perpetuating a consensus?

Probing the 1996 Council's dissensus for signs that consensus may have been achievable, but not reached, is a brief exercise in counterfactual analysis. Apropos of the topic of Social Security, examining counterfactuals can be conceived as a kind of reverse actuarial analysis, retrospective rather than prospective, handicapping the prospects for a recommendation accepted by a majority of members, notwithstanding the opposite outcome having in fact occurred. The salient issue is not a recounting of events, as Tetlock and Belkin (1996) emphasize, because backward-looking determinism risks misconstruing history's lessons. To illustrate, not only revolutions, but also near-misses ought to constitute sufficient wake-up calls for unbalanced societies. Their guidelines identify taking care with the relative plausibility of alternative courses and adhering to accepted theoretical templates as reasonable safeguards for exploring counterfactual paths.

Two of the key participants' reflections on what factors pushed the 1996 Council toward its result offer a first perspective on how a plausible narrative for reaching a consensus resolution could be construed based on altered circumstances. Schieber's (Schieber and Shoven 1999: 273) portrayal of an economic conflict that lay at the heart of the maturing system's difficulties in meeting its obligations supplied one explanation of the root cause for the disagreements that surfaced in this Council. Schieber found the precipitating factors, however, to be organizational inattention and misapplied staffing direction, exposing the latent conflict and creating an opening for him and like-minded members to develop an untraditional response. By contrast, Ball saw the outcome determined by members' personal philosophies rather than economic and demographic forces, tying the Council's conclusion to its composition:

I thought it was a real failure and it's too bad that it was. But it was foreordained. The selections themselves made its failure almost inevitable. You don't see it all at first, but I don't see how that group could have come to a good resolution. Small changes in the make-up of the group might have done it. If Carolyn [Weaver] hadn't been there, Syl [Schieber] would have been quite isolated (Ball 2001f).

Ball (*ibid.*) also found the Council selections exacerbated by the ineffectual management and ultimate departure, before deliberations concluded, of the executive director, and SSA's tentative approach to staffing: a rare opinion shared with Schieber. From the variance between Schieber's and Ball's accounts of the Council's processes—either the free exchange of ideas permitting the development of a novel proposal or rigid positions foreclosing the coalescence around a common recommendation—arise uncertainties about the Council's mid-course trajectory and its potential for alternate outcomes. Even when they agree, say, regarding the unusual role played by the staff director and agency staff, their conclusions about the impact vary diametrically: freedom of members from the control of agency minders versus a lack of structure necessary for mutual agreement. Anchored by Schieber's and Ball's formidable insight into the program, these two observers nonetheless diverged sufficiently in their reflections about these deliberations that their divergence licenses this conjecture about the elusive location where an agreement may have been found. The point of the inquiry is not to build the most compelling alternative to reality, but to expose some aspect that may apply usefully to alternate sets of circumstances. Thus, this analysis attempts to situate the potential compromise between the factions of the 1996 Council in the common ground plowed by so many previous deliberations.

This is a different question from the one Schieber and Ball addressed, and easier to answer in the respect that the destination is often clearer than the path to reach it.

Ironically, Carolyn Weaver, the member assigned the most partisan position by both Ball (above) and Schieber (crediting her with “*bona fide* credentials as a conservative Republican” [2006: 26]), observed where a majority agreement, if not a consensus, lay. It was after dissension had firmly set in that Weaver identified the vacant common ground relative to Ball’s proposal:

Take Bob’s proposal and raise retirement age, and that probably would have gotten a majority vote. I thought that that would violate the spirit of Bob’s proposal (Weaver in Transcript, August 31, 1995: 246).

Assessment of her observation about the existence of a middle-ground can be informed by subsequent developments. Gramlich’s (2004) much later retreat from private accounts (somewhat predictable in light of their late addition to his plan, following the penultimate meeting and expiration of the original term of the Council) and Ball’s willingness to entertain voluntary accounts indicate that a majority of the group could have finessed the individual accounts issue. Shea presented one alternative; as a union representative, he identified flexibility on the other side of the issue:

Social Security might have been changed by now or even before now if the people who had advocated this change had been willing to act on sort of a step-by-step plan, and do an add-on account. Now who knows what the evaluation of that would be today, but at least in the late ‘90s when the stock market was booming, people could have, if they had started these accounts, maybe piloted however you

want to do it, without touching the basic contributions to Social Security (Shea 2006: 13).

Twinney's (2006) unofficial notes of abortive discussions involving his group and one member supporting personal security accounts indicate that Ball considered crafting a nine-member majority around a "Gramlich like" plan, but that Gramlich was unwilling to split the Council "into two camps." Shea characterized labor's intent to "minimize the hit on benefits, e.g., raising the retirement age," while concluding "obviously there was going to have to be compromise to get this done" (2006: 18). Such a compromise would have seem to have begun with raising retirement age since that constituted an integral element of every other proposal and even had Fierst's support within the Maintain Benefits group. Shea pointed to the issue of occupational differences in capacity to work in later years as the linchpin of labor opposition (ibid.: 22). Yet there are policy responses for diminishing disproportionate burdens on more physically demanding jobs. For instance, the liberalization of disability standards to coincide more closely with macroeconomic considerations, which had been on Councils' agendas since technological unemployment was broached by Leonard Woodcock in the 1964 Council and Rudolph Danstedt in the 1974 Council, offer one possible path to alleviate labor concerns. The economic versus physiological rationales for disability and early retirement had been long debated and would have been appreciated within the liberal/labor coalition.

One could speculate about the objection to the use of retirement age to help balance the system: that its fluid nature, compared to poverty level or cost of living, both of which are derived using fairly rigid assumptions that safeguard against arbitrary adjustment, lacks a clear economic basis, just as it did originally, and could go up and up. Program advocates could have feared that once the customary age 65 was breached, retirement age would lack any constraint on

further increases. Light (1985: 109) develops an analogous rationale for resisting age changes, that such a change would tend to be irreversible, because of the expectation that would be generated for employees to work longer, the recalibration of pension plans to the higher age, and similarly wide-ranging impacts not easily undone.

It is the reservation that Weaver voiced that was most significant: her concern for the “spirit” of competing positions. Philosophical gaps, unable to be creatively bridged, ultimately came to characterize the deliberations and the ensuing policy debate around Social Security. Ideological congruence has not always proven to be the fabric of consensus, as Ball found in 1983:

After we had been going awhile, Greenspan’s position and mine became completely clear to each other in detail. They’d been fairly clear before we even started.... And he proposed to me that we should each write a broad philosophical explanation of our positions on the philosophy and program of Social Security at a really ideological, philosophical level. I persuaded him that that was exactly the wrong thing to do.... The thing to do to get agreement is forget about why you’re for this.... Try to get agreement for whatever reason on specifics, we recommend this and you can hold in your mind one thing and I can hold in mine another, and we’re still in agreement that you ought to take this action (1999: 21).

Ultimately, it was not the degree to which adequacy or equity was favored that impelled Schieber and his allies to create a plan for personal savings accounts, but the lack of clarity about the two goals:

[A]s the system was coming to maturity, the muddling of the forces was beginning to make it very difficult to continue to support the program on an

equity basis. And when you started to try and address the equity issues then you started to get into trouble on the adequacy side right away. I think the idea was that we needed to, to an extent, bifurcate elements of the system and clarify exactly what these were about and find efficient mechanisms to make both of them work in a way that was compatible in a national policy context. [Schieber 2006: 9-10]

But this suggestion of failed rather than fated deliberations implies that room to negotiate, however constricted, was left within which the business/conservative and liberal/labor coalitions could maneuver. Given that consensus eluded them, what conclusions may be drawn from their resolute disagreement? This question occupies the next section, as the roots of the disagreement are explored to establish the role of ideas in the apparent turning point in Social Security policymaking.

### **7.3 An Essential Turning Point**

The preceding section delved into the 1996 Council's proceedings, with both occurrences and counterfactuals considered, to illuminate the question of whether the disagreement issuing from these deliberations was inevitable. The conclusion was similar to Gramlich's: "[t]his Council could have come up with a joint plan.... They did that in 1983 and we could have done it, too" (2005: 11). Assigning intent to the participants for the failure to achieve a joint decision leads to consideration of how the coalitions separated themselves. And the unprecedented level of disagreement, at least in the Council venue, leads to the question of a turning point in Social Security policymaking.

Schieber's coupling of the long-term trend in the program's deteriorating economic foundation with the abrupt change in SSA's attentiveness to this Council serves as a model of

how a turning point arises. This is because Schieber looked not just at the precipitating factor, but the contributing conditions as well. From this vantage, the departure from an established trajectory concludes a related chain of developments receding into the past—metaphorically setting the lock’s tumblers, ready whenever the key should turn—laying the antecedents for a change that is neither preordained by conditions nor necessarily the outcome of a premeditated strategy. The preconditions for the analysis that follows are ideational rather than economic, and the setting of tumblers becomes observable by members having been increasingly left to articulate their own positions for the two decades between Derthick’s narrative and the 1996 Council. The remainder of this section addresses the precedents for the key impediments to agreement identified above and relates them to the developments in the 1996 Council, using the construct of an ideational turning point. The goal is to focus on the key change of idea(s) that contributed to its unprecedented outcome, amid the swirling currents of organizational, political, economic, and programmatic dynamics that the Council faced.

The intransigence of the liberal/labor coalition around the issue of raising the retirement age presents perhaps the clearest indication of a path-dependent obstacle to smooth policy change. Much analysis in many venues, as formal as congressional hearings and as personal as oral histories, has dealt with the origin of the normal retirement age of 65, from which the primary insurance amount at the core of virtually all benefit computations derives. Douglas Brown’s formulation of “a certain aesthetic quality” to describe the initial rationale for selecting this level along with following “the Germans... and many of the corporations” (1965: 115-16), rather than any medical, legal, or sociological determinations, marks the decision not as arbitrary, but certainly as pragmatic. So too does the significant record of otherwise natural members of the liberal/labor coalition, from Eveline Burns to Edith Fierst, who Chapters Five

and Six claimed to have found the consideration of advancing the retirement age to be a quite reasonable alternative.

Notwithstanding the liberal/labor stand against tampering with the retirement age, this side was aware of avenues for resolution: various liberalizations of the employability definitions to include technological and economic bases for decision. A stand on transparency, however, had no analog in the history of deliberations, though there were prominent examples of such arguments outside, such as Carolyn Weaver's (1982) prior to her service as a member. The implications of trying to process such an unfamiliar element in a heretofore tightly circumscribed venue presented unforeseeable developments.

The power of the transparency argument—briefly, that the portions of the system that redistribute earnings should be identified separately from those that accrue to the contributor—is that such an arrangement parses the social insurance concept into a straightforward financial instrument that coexists with a redistributive element. In contrast, the original bargain, by using the term *insurance*, gave the impression of a self-funding financial mechanism, while altering the substance toward a more social than financial orientation. Complicit in this bargain were the insurance executives and other businessmen who understood so-called social insurance as a very untraditional form of insurance. Yet, they engaged in accommodation rather than opposition to come up with their social insurance construction, in contrast to that of traditional liberals such as Witte, thereby avoiding the kinds of issues about the true meaning of insurance that Representative Carl Curtis tried unsuccessfully to raise during the 1953 hearings (Derthick 1979: 150-51).

In the tradition of Curtis, business/conservative members of the 1996 Council ultimately determined the “cover” of the manifold transfers implicit in this social contract was not in the

best interest of policymakers and the public at large. The clear advocacy by Weaver, Schieber, and Vargas of “transparency” and the support by less vocal members of their group constituted a ringing vote of “no-confidence” in the image that the program portrayed publicly. That quite similar observations about the nature of old-age *insurance* were made by Albert Linton in the first Council (see Chapter Five) but not leveraged to undermine the program’s conservative facade, demonstrates a clear change of intent. The significance of this stance is its primacy as a resort to first principles. Conflicts over rate of return, though quite profound when coupled with the construct of intergenerational equity, were nevertheless about the instrumentation of the program. Just as replacement rates and poverty rates were adopted into the programmatic parlance, the newer elements could have been as well. They were not after all unanticipated.

By withdrawing their support from the insurance imagery, the business/conservative coalition on the Council ceased vouching for the element of “personal responsibility” reflected in “benefits earned by work.” Advocates such as Ball still maintained this central thesis of the superiority of the social insurance concept “as compared to relief”—hewing to the conservative line in order to advance liberal ends as Witte and Altmeyer had done in the first Council—but to less effect. Conservative interests are more convincing spokespersons for their own principles than are liberals. An apt parallel is the liberal use of the insurance paradigm in defense of the compassionate nature of the program (a community-related value), notwithstanding its apparently regressive tax structure. Cruikshank defended the proportionately higher burden of payroll taxes on lower income workers by arguing that the value of the resulting “coverage” advantaged these same workers compared to the purchase of private policies, for which the price for each thousand dollars of coverage was constant (1967: 393-94). It goes virtually without saying that similar arguments to justify personal accounts would not be forthcoming from the

liberal/labor members of the 1996 Council. Not surprisingly, as pointed out in Chapter Six, the arguments ran in the opposite direction, focusing on the unfairness of financial markets to those who lack the sophistication to manage their accounts. An accompanying argument was that risk would be borne for the most part by those whose other sources of retirement income, including private pensions and savings accounts, were by and large unreliable. Shea, as the principal labor voice, emphasized the necessity for the “pooling” on which low- and moderate-income workers and their dependents relied.

These examples demonstrate the effort needed to represent the compromised notion of “social insurance” to different constituencies: for example, Folsom representing that the system was sound, even conservative; Cruikshank, that it was sufficiently liberal for low-wage earners to warrant labor’s support. In the absence of such defenses, the intrinsic preferences for quite different social policies, by turn conservative and liberal, raised suspicions in the respective constituencies concerning any suggested changes. This conceptual ambiguity is underscored by continued use of the language of insurance—contributions, benefits, and so forth—long after the system had ceased to operate as conventional insurance.

It is possible, given the comparison between historical flexibility in the use of insurance terminology and impatience by many members of the 1996 Council with such ambiguity, that a certain imprecision is an essential component of the long-term consensus on Social Security. This imprecise language may have accompanied broad ideational construction, which appears to have served as an essential element for sustaining the compromise. The following section further examines crucial threads of this mutual agreement on an ideational construct.

## 7.4 Institutional Breakpoint

Thus far, the chapter has derived an original bargain, traceable not to the founding Act, but to the 1938 Council where businessmen and Social Security advocates inside and outside of government crafted a new construct called *social insurance*. From the advocates, not yet a liberal/labor coalition absent labor's active participation in the process of creating or strong support for the program, came the impetus for growth by retaining some aspects of the equity emphasis that had almost entirely defined the original system. Business contributed as well by recommending faster maturation to stem the tide of relief, still strong prior to the Second World War. Albert Linton's advocacy of a more immediate and compelling alternative to relief responded to the threat he foresaw to the contributory essence of the program, since far into the future people would receive the same benefits with or without contributions.

From the expansionary period to the 1996 Council, constituencies took many incompatible positions: business/conservative preference for a smaller system focused on adequacy, the opposite of what the liberal/labor coalition preferred; business/conservative insistence on a firm connection to employment, compared to the more tenuous liberal/labor standard; and diametrically opposing views on general revenue financing. It was not, however, along any of these "fault lines" that the historical consensus fractured in 1996. Although Ball and his allies faulted the stinginess of disability benefits under the two plans they opposed (described in Chapter Six), the proposed changes were not nearly as severe, for instance, as the business/conservative proposal outlined in dissent to the 1979 recommendations. General revenue financing was scarcely discussed.

Shea captured the essence of this contention, and updated it to the present day:

John Sweeney [President of the AFL-CIO] has never been invited to the White House. No ranking official of the AFL-CIO has been invited to the White House... It is in part the style of the administration. I think though, maybe it was the final chapter of the dynamics that were underway in the Advisory Council, where there was such polarization. And some people felt so strongly on a philosophical basis about wanting to change the structure, and those of us who felt so strongly on a philosophical basis not to change the structure in a radical way (2006: 25-26).

Along with the well chronicled political and economic factors, this unwillingness to moderate opposing philosophies appears to be one of the culprits responsible for the failed deliberations in 1996.

## **7.5 Summary**

The argument distilled from the earlier parts of this chapter is that the 1996 Council represented a turning point in Social Security policymaking, in no small measure because of the refusal by the different constituencies involved in the program to sustain the common definitions that had prevailed since the 1938 Council and ensuing amendments to the Act. The earliest negotiations placed conflicting emphases on equity versus adequacy, with the business/conservative insistence on adequacy suppressing contribution and benefit levels, even as the overall program expanded to achieve nearly universal coverage and provide additional benefits for survivors, dependents, and victims of disability. Successive ideologically grounded initiatives—first to liberalize benefit levels by establishing the poverty level as a threshold; then, beginning in the Reagan years, to constrain payments to middle- and upper-income beneficiaries by focusing on financial return—sowed the dissolution of consensus. Business/conservative

objections to the former benefit liberalization beyond the “floor of protection” and liberal/labor resistance to the latter financially based model as a substitute for the traditional insurance paradigm strained allegiances to the established equity-adequacy balance.

The manifestly ideational content of the 1996 Council’s deliberations marked a turning point in the coalitional interaction. The new idea of transparency, which untangled the equity and adequacy aims through a double-deck benefit structure (the upper deck, a personal account), coupled with reformulation of the equity aim as an intergenerational construct tied to rate of return, represented an ideational departure by most of the business/conservative membership. The liberal/labor coalition’s resort to arguments traced to path-dependent origins, exemplified by intransigence over raising the retirement age, revealed the persistence of institutional norms, as well as their vulnerability to new ideas.

The implication of tracing this narrative from the re-founding of Social Security in 1938 under the social insurance rubric through to the rejection of that formulation by one of the key constituencies in 1996 is that the major economic and political trends addressed above represented necessary, but not sufficient conditions for a breakdown in consensus. Neither demographic pressure on the maturing system, an economically predictable situation exacerbated by the glut of future retirees in the “Baby Boom” generation, the loss of faith in public institutions reflected in the Reagan revolution, nor inattention on the part of the administrative actors that had held sway for much of the Council’s history necessarily precluded a consensus recommendation. Instead, inability to control ideological paradigms and conform them to mutual, if minimal, acceptability for each of the major coalitions is implicated in the 1996 Council’s failure to reach consensus in the 1996 Council and can be suspected of playing a role in the wider dissensus that ensued in its wake.

## CHAPTER EIGHT      CONCLUSIONS

Social Security is a complex edifice. Still evident are the litany of its attributes that Light reeled off: “good intentions,” “an old program,” “a large program,” “a pay-as-you-go program,” and “incompatible goals” (1985: 35-39). In fact, the program has changed very little since he wrote, except to grow older and larger, and to continue to bridge the incompatible goals of equity and adequacy. Like other redistributive programs, it relies on the polity’s good intentions, but it also must operate in a predominantly private-sector environment. Payroll taxes represent a huge claim on the labor-based economy, while old-age, survivors, and disability benefits staunch some of the leakages from the private sector, which casts off the marginally employable. So-called enlightened business people foresaw the balance in this equation. But others came along. Marion Folsom’s mid-century survey of the Chamber of Commerce found super-majority support for almost all of the program’s provisions (1965: 74-75). This dissertation has traced the patterns of growth and change in the program, from New Deal creation that “may have had a radical ring to it” to centrist program that “barely stirs a ripple” (Wamsley & Zald, 1972, p. 38n), including the persistent sticking points that represented the usually latent conflicts between liberal and labor proponents of a more robust system and the business and conservative voices of restraint.

Such is the essence of institutional path dependence: gradual accommodation of initially unfamiliar, perhaps unwanted intrusions into the *status quo ante*, yielding a new *status quo*. Yet Hacker (2002) placed somewhat more emphasis on business opposition to Social Security in his history of U.S. pension policy using a path-dependence lens, finding corporate antipathy to the program quelled, but not sated, by long experience with it. The outlet for this dissatisfaction was the construction of a parallel private pension system. I showed this private system, during the last (1996) Council, to have been a factor in the phenomenon that has been the focus of this

study: the challenge to the traditional system, in the form of the rate of return metric for measuring retirement system performance and in the person of Sylvester Schieber, the pension industry executive who contended with arch-traditionalist Robert Ball to set the direction for the system going forward. But omitted from this sketch of the rough plotlines and *dramatis personae* of the narrative contained in the preceding chapters is the role of ideas in setting the tone and in guiding some, though admittedly not most, of the action.

Through the focus on ideas, this dissertation attempted to expand the vantage on Social Security policymaking to encompass constructs besides privatization or inter-generational burden, which frame the choices in terms of conflict—between the market and the polis (borrowing Deborah Stone’s [1988] terms) or between contributors and beneficiaries. The rationale for such a focus is that Social Security has represented for many years a middle ground, not belonging to either extreme of such stark choices. Part of this continuity that the program has historically claimed, I have tried to show, is the role of citizen advisory councils in formulating policy, occasionally as instigators, but more typically as interpreters for the constituencies they represent, helping to suggest terminology and, less frequently, policies, which broaden support among people who share their aims and concerns.

The remainder of this chapter begins by consolidating the results of Chapters Five, Six, and Seven. It then reflects on the performance of the frameworks set out in Chapter Three. Chapter Four having reviewed the operation of methodology, the remaining component of this research, its relevance for the targeted literature identified in Chapter Two, occupies the next section. Last of all, I will turn from the backward-looking vantage that has characterized this dissertation to explore the implications of its findings for the future of Social Security

policymaking and other programs that share a redistributive basis, before concluding with suggestions for future study.

## **8.1 Summary of the Research**

The analysis has aimed throughout at understanding the basis for the longstanding consensus on Social Security and at identifying possible reasons for it to have changed, focusing especially on the role of ideas. Analysis proceeded in three stages. The first, in Chapter Five, identified the prevalent pattern of coalitional interaction: strong, moderate, or weak variants of a path-dependence dynamic. Based on a finding of moderate path dependence, Chapter Six then demonstrated a departure from the pragmatic negotiations and established an ideational basis for the change. Building on these two chapters, Chapter Seven sketched the fundamental conflict bridged by the 1938 Council in ideational terms and suggested the seeds of the dissolution of the longstanding arrangement between the liberal/labor and business/conservative coalitions, which became evident in the 1996 Council.

First, Chapter Five probed the pattern of interaction characterized by usually consensual deliberations through application of the deliberative process model to the history of the Councils. The results of this model depended on the levels of influence assigned to the liberal/labor and business/conservative coalitions based on their relative representation on the Councils. Relative influence constituted the only input of the model. Categorizing outcomes, however, required a more complex classification according to how the coalitions concluded the deliberations, in agreement or disagreement. Another factor that influenced the classification of outcomes was whether the subordinate coalition had issued a counterproposal. The results of Council deliberations agreed most often with those outcomes classified in Chapter Four as reflecting moderate path dependence. This indication of how strongly the constraints of past arrangements

bound the liberal/labor and business/conservative coalitions in their deliberation pointed the way to a distinct role that ideas might be expected to play. Because past agreements were influential but not ironclad under moderate path dependence assumptions, evidence of accommodating fresh demands and new circumstances to the original bargain could be expected in successive coverage and benefits expansions. That is, reminders of the early negotiations, such as contention over the maximum taxable earnings, recurred. Moreover, a certain symmetry characterized the expansion and retrenchment phases of policymaking, as similar issues were addressed across long intervals, such as the attempts by both labor and business to budge the normal retirement age of 65, to a younger or older age, respectively.

Second, against the backdrop of continuous movement along a fairly narrow policy trajectory, Chapter Six established the pronounced onset of ideational wrangling in the last Council, which departed from the historical flow toward an accommodative resolution and produced instead a non-decision composed of three competing minority reports. The different emphases placed on equity and adequacy marked one corner of a wide-ranging dispute that brought out every ideological repertoire cataloged from Béland's (2005a) work applying an ideational foundation to Social Security. In addition to the explicitly ideational conflicts, disputes between most of the business representatives, allied with conservative members, and most of the liberals, led by Ball and allied with the labor members, ranged over the level of change warranted and the appropriateness of rate of return as a measure of the program's health. On a pragmatic level, Ball's adversaries who supported personal security accounts believed the solution to be a transition from the current system to one that behaved more like the increasingly common defined contribution plans, similar to the widely popular 401(k) plans. This was perceived as a method for improving the financial performance of the system as well as inspiring

greater confidence on the part of younger generations that their retirement incomes could be assured.

Beyond pragmatism, the exploitation of ideas included an appeal to universalism, threatened, according to Ball and his fellow traditionalists, by those who would not perceive equity in the core system under the alternatives to Ball's plan, question the rationale for their contributions, and abandon the core system. But a more powerful ideological repertoire deprecated Ball's plan on behalf of the business/conservative contingent, who revised the traditional aim of equity with the financial mechanism of rate of return computation into an argument for intergenerational equity in terms of the return earned on workers' contributions. Debates over these and other key concepts, mixed with issues of financing, workability, and public confidence, stalemated the Council, ultimately driving its members to fight on through competing books, editorials, and other venues.

Finally, Chapter Seven resolved the remaining research question, the role that ideas played in the turning point evident in the 1996 dissensus. Dueling fundamental visions of Social Security was a novel development; Schieber (and Shoven 1999) named his chapter describing it "Heathens in the Temple". One of the questions Chapter Seven tackled was the extent to which the opening positions of the participants foreclosed the prospect of an agreement, as Ball believed. Schieber offered another possible explanation: the economic realities of a mature pay-as-you-go (another of Light's basic attributes) retirement pension system finally caught up with the program, its weaknesses exposed by the strong performance of funds in Schieber's sector.

Taking a different tack from either Ball's mainly political or Schieber's mainly economic explanation, the examination of the ideational conflict that Chapter Seven pursued hinged on an appreciation of the exchange of ideas that opposite sides on the 1938 Council incorporated into

an accepted common definition of “social insurance.” Continuing to talk in terms of insurance, they nonetheless appreciated that the new construct was not insurance in the way that it had been under the founding Act because social insurance represented a more adequate and less equitable arrangement. Accordingly, Chapter Seven’s analysis traced Councils’ role in reinterpreting this compact and representing it to business and labor constituencies. This narrative began with the evolution of the adequacy versus equity emphasis during the expansionary period. This evolution involved an initial tilt toward adequacy while the system gained universality. The consciousness of poverty (in the wake of the “War on Poverty”) helped reverse the bias toward adequacy, as the ascendant liberal/labor coalition leveraged the poverty level as a benchmark for improving benefits across the board. Once the Reagan revolution restored its relevance, the business/conservative coalition employed its own conceptual leverage. The market-driven emphasis on rate of return produced a compensating pressure to constrain equity by emphasizing the poor returns to middle- and upper-income contributors from the maturing program as compared to contribution plans and individual retirement accounts. These opposing constraints—benefits no less adequate than the poverty line dictated and taxes no higher than an equitable rate of return on contributions determined—posed obstacles for advancing the Social Security debate. Notwithstanding the evolution of this floor on benefits and ceiling on taxes, in Schieber’s terms “a competing set of forces between equity and adequacy... and as the system was coming to maturity, the muddling of the forces” (2006: 9), the analysis represented that an interval for negotiation remained, provided the ideational stalemate could be surmounted.

Chapter Seven found that while both main sides in the last Council decided not to bargain under the old terms, the liberal/labor position was the more predictable. Intransigence about raising the retirement age represented an institutional artifact consistent with moderate path

dependence: an accustomed stance that was enveloped with an argument, genuinely felt, that there would be disproportionate impacts on certain occupational categories. But the business/conservative coalition introduced the aim of transparency, exposing the opacity of the original bargain and thereby withholding an endorsement of financial soundness. This unconventional and unforeseen ideological repertoire could not be parried by the appeal to traditionalism, which was the liberal/labor coalition's only defense. If only by prominent policymakers talking quite publicly about the transfers, this development achieved a measure of transparency and may impact the program in unforeseen ways, as Section 8.4 addresses.

Before progressing to the implications of this research, some old business is in order: recapitulation of the questions posed and the results attained. Recall the first question from Chapter Four:

*To what extent did the pattern of Council deliberations reflect path-dependent policymaking for Social Security, and how was the path defined: by lingering confrontation between business and labor over irreconcilable policy disputes or by less contentious, more pragmatic negotiation within mutually acceptable boundaries or by on-going collaboration in search of cohesive programmatic schemas?*

Chapter Five's tracing of the Councils' deliberation found instances of each of these modes of coalitional interaction: the initial synthesis of the social insurance concept from diverse priorities and principles held by businessmen and program advocates, progenitors of the major coalitions; the sustained adherence to the commonly understood principles (such as the retirement rather than investment basis for the program) and persistent artifacts (retirement age of 65) that mark the moderate path dependence variant, associated with increasing returns; and the dissensus that

erupted in 1996 based on disputes brewing for the preceding two decades. Since collaboration on cohesive schemas was confined to 1938, rather than “on-going,” and the 1996 confrontation did not “linger” unless one considers the last dozen years, there is no reasonable answer to this question aside from a pattern of “pragmatic negotiation within mutually acceptable boundaries.”

Yet this answer served only to confirm a major premise of the research, that a consistent narrative thread could be traced through the coalitional interaction in the Councils, setting up the second, more crucial question:

*Did differences in how Councils deliberated uncover, by the time of the 1996 Council, ideational conflicts behind a path-breaking change in the way coalitions interacted?*

The brief answer to the question, explored by Chapters Six and Seven, is “yes.” The expanded answer is, of course, more nuanced. The interchange between Council members in 1996 had an ideational cast. Also, their positions seemed fortified by conceptual arguments, such as justification of the double-deck aspect of the PSA plan based on the aim of transparency, which served, according to Schieber, to bind his group together, not just to dispute proponents of opposing plans. Equally noticeable were the appeals to community and universalism on the part of the traditionalists in the MB group. These appeals to ideas may be characterized as grandstanding or cheerleading—only the principals know for sure—but the arguments persisted through the end of the Council, with members apparently sparing no effort to justify themselves or convince their opponents. Such exertions by private citizens, far from television cameras and playing to a tiny public (at least in the room), suggest that the rhetoric was not empty, but had behind it genuinely felt principles, preferences, and priorities. But such arguments usually punctuated protracted discussions or disputes about demographic and economic assumptions and

other quantitative quirks of the actuarial model that lay at the heart of the attempt to bridge a gap of 2.17 percent of payroll, projected over the next 75 years. Moreover, the external environment was not lost on members, as Schieber emphasized with the watershed role he assigned to Kerrey-Simpson's validation of personal accounts. So ideas appeared to be one factor among many that blocked a successful resolution of the 1996 Council, not necessarily the most important, but a bona fide variable buttressed by varied sources of evidence.

To the last part of the second question, the crucial determination is whether the ideational dynamic that surfaced in 1996 represented a turning point. Chapter Seven placed the origin of the persistent arrangement ratified by most of the Councils studied—including many of those classified, by virtue of the decision processes traced, outside of the dominant pattern of moderate path dependence, but confirmatory of the basic bargain nonetheless—within the careful balancing of equity and adequacy considerations. This provided a linchpin for an ideational narrative of institutional change, which this dissertation related. This balance, understood by key participants in the 1938 Council including Brown, Linton, Folsom, and Hohaus (as consultant, not member) to obligate society to sustain a floor of protection for those connected to the working world, was strained, stretched, and reinterpreted during the ensuing half-century. Yet it appeared to have held as recently as 1991, when business/conservative and liberal/labor sides could agree, "It's okay." How tenuous the work connection could be, in the case of disability, and how high the floor should be set, in the case of the 1971 benefit changes, evoked reactions from the business/conservative coalition, just as moves to increase retirement age beyond 65 drew protests from the liberal/labor coalition. But these notices of perceived encroachments on the original bargain fairly consistently recognized a mutual boundary, even if the sides may not have agreed about where exactly the boundary lay or what constituted a serious incursion.

The turning point evident in 1996 reveals a fundamentally different vantage on the social insurance bargain, especially by the business/conservative members. This is unsurprising, given that their side lent the *insurance* label to the enterprise, notwithstanding misgivings about its appropriateness, which constituted the crucial ingredient, as the advocates' repeated invocation of the paid-in concept of Social Security, in contrast with other social programs, made clear. Placing such high value on the objective of transparency undercut the existing arrangement, because the double-deck structure that realized this transparent separation of transfer (given) from return (owed) parsed social insurance into universal and individual parts, the former seeking adequacy and the latter equity. That this argument was expressly made by Schieber and Weaver, and echoed, at least by Vargas and Combs, within the PSA group locates the ideational fingerprints at the scene.

The foregoing recapitulation of the findings chapters' narrative reveals much about the frailty of the ideational narrative, hardly a ringing endorsement of the kind by Lieberman for studying ideas "whose time has come" (2002: 697). Although frail, the ideational strand was traced starting from its 1938 origin until it came apart in 1996. As a useful addition to the institutional repertoire, which Lieberman advocated, ideas have a great deal still to prove. The distillation of a tiny degree of ideational relevance out of 60 years of painstakingly traced history, argues for an assessment of the performance of this analytical framework, undertaken in the following section, before its place in the literature can be assessed.

## **8.2 Performance of the Frameworks**

Ideas are at the same time pervasive and elusive. This quandary influenced the direction of the research toward an unconventional and seemingly roundabout pursuit of a role for ideas,

starting with a highly structured pattern of interaction using a regulative paradigm, as Chapter Three described. This overemphasis on the application of power by the groups privileged to wield it ignored for a time the compensating commitment, also set out in Chapter Three, toward the capacity of those involved, dominant and subordinate, to interact, appreciate one another's concerns, and craft reasonable accommodations. These commitments, to the real strength of political influence and the tempering of that strength by the realization of its limitations, underscore the dichotomy of the general framework that underlay the design and conduct of this research.

The role of ideas, as revealed here by tracing adherence to the conception of social insurance through a nearly a half-century of Council deliberations, is an important one for accommodating divergent perspectives. Because in Schieber's view the existing benefit structure "muddled" the aims of equity and adequacy, the all-encompassing rubric of paid-in participants entitled to benefits earned by right obscured transfers of resources. This fuzziness perhaps blinded those on whom the structure placed obligations; it hid from younger generations, for example, the increasing burden they shouldered for past workers and their dependents and survivors. Ideas alone have not been shown to be sufficient to bridge gaps fostered by self-interest or other pragmatic considerations. Yet the research does strongly suggest that ideas helped solidify arrangements arrived at by willing parties within enduring frameworks that all sides could subscribe to and, perhaps more importantly, communicate with their constituencies. The study also underscored a converse role for ideas in vacating the social insurance compact, thus freeing parties to pursue the superseding aim of transparent social policy. In sum, the research suggests that ideas in policymaking constitute necessary but not sufficient elements in the resolution of contentious issues.

The remainder of this section addresses the implications of this bifurcated framework for the study's empirical examination. Overemphasizing the regulative side of the general framework had its clearest impact in the initial modeling of the deliberative process based on the assumption of Knight's bargaining model that the most important thing for explaining the result of negotiations is to appreciate the relative *a priori* strength of the negotiators. This simplification ignored much of significance, but served as a crude barrier to channel the interactive give and take of coalitions toward predefined categories based on degrees of path dependence. The deliberative process model's rigidity under the regulative paradigm yielded basic distinctions between original arrangements, which stronger path-dependence assumptions highlight, and subsequent accommodations, brought to the fore as path-dependence assumptions moderate. Demonstrating, through the performance of the deliberative process model, that the history of Council deliberations involved regularly revisiting the original arrangements allowed the research focus to shift to an accommodative dynamic.

The pattern of the research, then, was progressive, shifting from regulative to normative to cognitive. The construction of an interactive pattern in Council deliberations in the second part of Chapter Five spotlighted the operation of habit, for instance, the increasing commitment to normal retirement at age 65, which stymied both labor's attempt to decrease retirement age by recognizing technological unemployment and business's push to advance retirement age in conjunction with demographic and health trends. Chapter Six moved a step further from the research's regulative beginning by explicitly addressing the ideational processes that deepened the gulf between opposing coalitions in the 1996 Council. The result of this core conflict was to stake out ideological repertoires with one side's position, such that a previously nuanced concept

(for instance, individualism) could no longer be employed to finesse the differences. This had been the case, for example, when:

American reformers framed an individualistic discourse in order to justify modern, redistributive social policies whose functioning is at odds with the old liberal logic of “possessive individualism” (Béland 2005a: 108).

But the sort of ambiguous institutional shorthand that Chapter Seven showed linked Councils across time through such touchstone phrases as “floor of protection,” “benefits earned by right,” and “employer-employee contribution” also protected certain inconsistencies from challenge, at least until their spotlighting in the last Council. Ultimately, operationalizing the general framework featured distinct commitments both to power and to accommodation and produced narratives that offered complementary vantages: one featuring self-sustaining processes within established parameters to explain continuity, and the other accounting most readily for non-continuous change.

This section’s focus on the highest and lowest levels in Adcock and Collier’s hierarchy of frameworks has left aside the significance of the middle level, the *contextual* framework, which served to answer Ragin’s question: “What is this case a case of?” (2004: 131). But I addressed Abbott’s (2004) fundamental choice of *individualism* versus *emergentism* at length above and made clear that by picking the latter through the stress on coalitions as represented by the roles their members played on the Councils, I consciously sacrificed the historical detail achievable by emphasizing *who did what*, as Derthick did so masterfully.

The use of Councils throughout as the venue in which coalitions have been observed interacting, however, begs the question of their significance as policymaking bodies. Given Chapter Five’s refutation of Derthick’s cooptation thesis for Councils after 1979, recent Councils

should properly be regarded as bodies independent of SSA, even as they remained dependent on agency staff. Even though independent, Councils have not necessarily played significant roles in policymaking. The Greenspan Commission obviously did play a key role in settling the impending fiscal crisis, but the question of whether the negotiations finally entered into between (mainly) Ball on behalf of congressional Democrats and the White House staff during the waning days of the Commission could have occurred without the structure of the Commission creates a tantalizing hypothetical. If these “Group of Nine” negotiations are more properly viewed as an extension of the Council form to a smaller group, then the form retained its significance into the 1980s. But if the Commission failed (during the initial year of meetings) in all respects other than to demonstrate the intransigence of the two sides and served only to provide a backdrop for the “real negotiations” within the smaller group, then its utility is questionable. The difference between these views of the Greenspan Commission qua Council is largely a question of definition. Whatever assessment is made of the Greenspan Commission’s perpetuation of the Council venue’s relevance, however, the previous deliberations in 1979 and the next two in 1991 and 1996 clearly produced no impact on policymaking.

Regardless of the Council’s continued potential as a policymaking venue, its past significance has been demonstrated by the history recounted in this study. Whether Congress or future presidents will resurrect the Council form is mere speculation,<sup>47</sup> but I would argue that it should be considered because the venue has the potential, as demonstrated in 1938, 1948, 1953, and (arguably) 1983, for key stakeholders to come together around a resolution. For no other reason than the difficulty of forging consensus among groups with opposing views and interests, such a resolution would be worthy of consideration, indeed, difficult to ignore. Unlike the commission appointed by President George W. Bush, however, opposing views would have to be

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<sup>47</sup> 1994 legislation abolished Advisory Councils, replacing them with a permanent Social Security Advisory Board.

included. The absence of labor union representation marked this group as a “non-Council” according to my definition, but in view of unions’ declining presence in the American economy, it is not certain that their stake would warrant the same level of participation in any future Council-like body that it has in the past. But those with important stakes in the outcome clearly would have to participate, irrespective of how their views might conform to any particular social policy dogma.

If the composition of a resurrected Council remains open for consideration, the other ground-rules appear clear based on past experience. A Council must be taken very seriously by SSA and staffed accordingly, but it also must retain independent capacity to direct staff. A Council should aim as well for consensus recommendations, rather than narrow majorities. A corollary norm is the restriction of independent statements and minority opinions. This is not to say that expressing differences with the overall recommendation should be denied, but that it should be discouraged by the members themselves. Downplaying the disagreement in the 1948 report over the level of maximum taxable earnings kept this issue from bringing labor and business members into open dispute. Their differences certainly were known, but obscured from public view, so the compromise level could be presented as the consensus recommendation. By contrast, the 1979 recommendation is easily parsed to find out who came out on which side of what by reading minority statements associated with virtually every issue. Perhaps the public disagreement evident in these opinions provided a rationale for their being ignored (until 1983’s fiscal crisis forced their reconsideration). Of course, maintaining the appearance of consensus places a comparable burden on those who are dominant to invite consensus by moderating offensive elements of the recommendation, rather than ignoring the minority’s opinions.

If this study points to one ground-rule above all regarding consensus operation of Councils, it is that care must be taken in the role that ideas play in deliberations. The exemplar in this regard is the 1938 Council's conception of social insurance, which amalgamated equity and adequacy in an impure mixture. Subsequent early Councils privileged adequacy over equity as the program became nearly universal, but did not require a new ideational basis for these outcomes because the basic agreement was murky enough to provide fairly wide latitude for changes. When business members believed the 1971 benefit increases shifted the balance beyond the terms of the agreement, there still was no crossing of a "red line" that broke the bargain. This continuity in the social insurance bargain could be seen in the return of the business/conservative coalition to the table in 1974, signing onto the fix of double-indexing. The transparency goal sought by the PSA advocates on the 1996 Council may be an excess that cannot be afforded a plenipotentiary body.

Early Councils, by providing Congress with a package of recommendations that gave legislators little incentive to pull it apart, perpetuated their utility by giving cover under the rubric of a consensus agreement between principal stakeholders. Council members' insistence on clarity as the basis for policy, by laying bare the elements of the agreement and the effects of the policies on specific target populations, may remove any cover afforded legislators and force them to reopen divisive debates, of which they have enough already. Even with the best of intentions and under the best of circumstances, adherence to a set of ground-rules like those identified would be no guarantee of success for a future Council. Yet given the handful of genuine accomplishments noted above, it probably would be worth another try.

Thus, the breadth of the frameworks underlying this research spanned considerable distance: from difficult-to-grasp ideational schemas to pragmatic considerations of who sits at

the policymaking table. Such versatility is characteristic of the institutionalist literature whence these frameworks originated. Attention turns next to the dissertation's relevance for that literature.

### **8.3 Contribution to the Institutional Literature**

This dissertation produced mixed results in addressing the targeted literature. Within the historical institutionalist literature, research focusing on path dependence issues represents quite a broad area. The targeted institutionalist schema developed in Chapter Two in responding to this breadth separated the definitional from the research-based literatures.

First, contributions to the definitional literature require classification of an additional type rather than discovery of another instance of the same type. As Chapter Two indicated, the structure of strong and moderate path dependence is taken from Huber and Stephens (2001), largely limited to the European context, augmented by other advanced industrial nations, but expressly excluding the liberal democracies, specifically the U.S. case. By formulating a test among strengths of path dependence in a U.S. context, this dissertation built upon Amenta (1998) and Hacker (2002) by positing comparably plausible scenarios for the model each has put forward, strong path dependence and moderate path dependence, respectively. The results of this analysis appear to disconfirm Amenta's political-institutional model, in view of Chapter Five's result that disputed its extension beyond the expansionary phase. Because Hacker focuses on the private pension system, as distinguished in its development from Social Security, this dissertation complements his work by supplying the construct of issues that business and its conservative allies engaged. Emphasizing commitments by a number of prominent businesspeople to sustaining the Social Security program challenged Hacker's premise of business's lingering dissatisfaction with Social Security. Conversely, his explanation of a

parallel system that enabled business energy and resources to be withdrawn from the public system is entirely consistent with my results, offering a plausible competing rationale for business's disengagement from the social insurance bargain.

Second, contributions to the research-based literature proved to be less accurately targeted. The most direct analog for the dissertation's target was to provide a U.S. illustration of Cox's (2001) ideationally-based institutional analysis of European social policy reform. Cox identified in the Danish and Dutch examples a path shaping phenomenon whereby policy entrepreneurs harnessed societal norms to cast protracted struggles in a new light. Cox's cases showed a way forward for advanced societies whose social policies face retrenchment scenarios, but until recently could not advance their debates. This dissertation does advance the analysis of ideational processes in a U.S. context, but has not been able to demonstrate interaction enabled by ideational developments, but instead dissensus. The business/conservative coalition's use of the norm of transparency to disengage from the longstanding social insurance bargain with its liberal/labor counterpart may represent a tactical redirection of the policy dialogue, rather than a core objective. Once introduced, however, the transparency "genie" may prove difficult to put back in the bottle, which exposes the policy mechanisms (e.g., transfers) and their targets to greater scrutiny, possibly even reconstruction, as the next section suggests.

#### **8.4 Implications for Future Policymaking**

Although most of the implications of this research for Social Security policymaking are not obvious, at least one is quite clear: the talking-across-one-another dynamic of the current debate creates a difficult environment for policy development. One side speaks in terms of a forward-looking policy that is explained in financial terms. The other represents a venerable arrangement, having survived largely intact to the present day, but lacking current terminology

(to replace social insurance) to update its symbolism and relevance. The ability of a body such as the Councils to resolve such a quandary is hardly evident in their recent deliberations. What would be required, this research implies, is a reconstructed bargain, one suffused with new ideational elements. Unfortunately, the work here dealt with the path taken by the Councils, which was a pragmatic one, requiring the accommodation of one side to the other. Yet accommodation seems to have run its course, absent the strength to impose the bargain, not evident in this history—unsurprisingly, given the number of veto points in the U.S. political system—or the willingness to adhere to it, apparently exhausted on the business/conservative side after more than a half-century. The last option for recasting the social insurance bargain would require a path-shaping dynamic, but this implies weak path dependence, which Social Security did not exhibit. The liberal/labor coalition’s intransigent adherence to the retirement age of 65, for instance, liberal/ evinces substantial resiliency in their allegiance to the proven path, which does not bode well for the type of restructuring that Cox (2001) found in the cases of Denmark and the Netherlands. And departure from the trodden path by the business/conservative coalition did not appear to take a direction conducive to synthesis. Following Cox’s examples also would require policy entrepreneurship, which seems more prone to vacancies following President George W. Bush’s failed attempt to coax the debate in another direction.

If any possibility exists for models that can assist in making the requisite path-shaping dynamic a realistic prospect, it appears to lie in the socially constructed policy targets, as defined by Helen Ingram and Anne Larason Schneider. Lieberman, Schneider, and Ingram (1995) applied this reasoning to show how comparatively early inclusion of domestics, farm workers, and other economically and socially marginalized occupations within Social Security supported a more egalitarian appreciation of these groups insofar as public political economy is concerned.

The persistent deservedness of Social Security's target population is demonstrated by slightly greater popular support for a tax increase to support the current elderly population than for one to support the respondents, although neither garnered a majority (Rother and Wright 1999: 385).

Unfortunately, social construction is a double-edged sword. Although Council members and those in the proprietary core perfectly well appreciated the compromises inherent in the social insurance bargain, exposing the inner workings of a benefit *earned by right* to the wider polity risks the kind of reaction that 1996 member Vargas foresaw: "people might realize what Social Security is really doing and they might not support that" (in Transcript, April 22, 1995: 96). Ball registered this potential danger with respect to the already vulnerable disability population while testifying before the Senate Finance Committee on "Improving Public Confidence in Social Security" (1989: 21):

Along with the goal of restoring faith [with a bi-partisan governing board]... you will avoid the big swings in policy... where hundreds of thousands of disabled people were thrown off the rolls...and a very large proportion of the Governors refused to carry out their contract agreement with Social Security to make disability determinations because they were so opposed to the policy.

Certainly, the patient efforts of Ball, Altmeyer, and others in the proprietary core to advance coverage and benefits incrementally avoided "big swings in policy." Although conservatives would hardly see the result as apolitical, the virtue Ball extolled in his testimony, the program's quiet, steady growth does appear to have been confidence building. With the "light" that those advocating transparent policy bring, may come "heat" of the kind that Ball's example, a public outcry by governors, illustrated. Thus, candor, almost universally appreciated

as a virtue, brings the prospect of widespread questioning of the received wisdom about policy legacies.

The scenario that follows illustrates the potential consequences of transparency for policy development. As dependency ratios fall, and fewer workers support larger numbers of retirees (at least until the baby-boom demographic “bubble” subsides), it seems plausible that retirees might be reconstructed as *contenders*, who receive because they are powerful (at least AARP, their political representation, is) but not necessarily deserving. Such an unraveling of the acceptance that has blanketed all Social Security beneficiaries, presumed heretofore to have “paid in,” raises the potential for a deeper and more menacing reprise of the negatively constructed “greedy geezer.” Thus, reconstruction of its target population could cost the program support at the very time that institutional capital appears to be needed for navigating perilous policymaking straits. Moreover, the logical underpinnings of the putative link between transparency and reconstruction of policy targets would seem to apply to any redistributive function of government that creates disproportionate beneficiaries.

Resolution of these issues appears fraught with entangling snares, but at least the language of socially constructed target populations may offer a way to understand the dynamics at work, and possibly anticipate and mitigate some of the untoward consequences that can ensue. The remainder of this section examines the prospect of applying Schneider and Ingram’s ideal-typical interaction, termed “communicative ethics,” as a normative approach to address the issue of degenerative social construction of policy. Schneider and Ingram focus on how adversaries *should* discuss their differences. But the requirement for bringing along the constituencies, far removed from the discussions, also poses a challenge for the goal of explicit dialogue through disagreements. Social Security’s example helps to shed light on this challenge. The Councils’

specialized policy vocabulary seemed to complicate members' communication of issues they encountered with the constituencies they represented. Such communication within constituencies is distinguished from the framing that Béland described, but appears to be prone to similar ideational dynamics.

Marc Twinney's example of discussing his upcoming assignment with his colleagues in the automobile industry demonstrates the potential for disconnection between the two:

I would say that the knowledge level wasn't as high as it should be—and there was a lot of upset about the financial condition of Social Security: a lot of desire to make it stronger. There was a desire not to simply raise taxes to do that (2005: 6).

Such difficulties in relating complicated issues are germane to many domains besides social policy. Oftentimes, the requirement is to speak in mutually understood terms in two directions, with the counterparts with whom one must agree on policy as well as with the constituents to whom one must explain the agreement. But the long-running dialogue between the major coalitions on Social Security places additional stress on the second part of the deliberative process framework, that of appreciation, adjustment, and accommodation. Originating from industry sensitized Twinney to the urgency of the funding problem and the inadvisability of tax increases. But this message, upon reaching the Council, encounters the response from his labor counterparts that there is no *immediate* funding problem and taxes should not be of concern because they are *contributions*.

The issues that this dissertation has dealt with have been reduced to elements readily understood as they apply to everyday life and business. Employers always have known generous benefits eventually would require larger withholding taxes. Labor negotiators have always

known that wage-related expense, whether fringe or benefit, costs the employee in terms of nominal wages. And everyone has become aware that global competitors often do not face the same requirements for a social safety net. The distance between such issues and whether to extend the number of years computed for earnings history from 35 to 38 begs the question of relevance to those impacted. As Edith Fierst, an advocate for women within Ball's group, maintained, however, the disproportionate impact of those three years of additional earnings history for many women whose intermittent participation in the labor force meant they did not even have the 35 (resulting in three additional years of zero earnings averaged in) is extremely relevant, meaning billions of dollars' difference to millions of working women.

This quandary of an immensely complicated program with profound impacts on nearly the whole of the country does not justify, but certainly helps to explain, the institutional shorthand that established communication between the diverse settings, rarefied and prosaic, involved in Social Security policymaking. For the power component of the framework, such complexity is readily reduced, as simply as associating as Mancur Olson (1971) showed with persons of like interest who have a greater need for ascertaining where those interests lie. Interest thus aggregated provides ready means for harnessing power. But the adjustment of power to negotiate or accommodate when needed, and to represent that adjustment in meaningful terms<sup>48</sup> seems to be intimately bound up in the institutional construct of social insurance, but would not appear to exemplify communicative ethics. This dissertation did not surface any way to meaningfully capture the effect of such shorthand on policymaking other than to recognize its existence.

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<sup>48</sup> For example, Nelson Cruikshank did this when he represented Social Security as cut-rate insurance for which the first \$1000 of coverage, for low-wage workers, costs less than the incremental \$1000 of coverage for the well paid (1967: 393-94).

The foregoing examples of Linton, Hohaus, and Folsom demonstrate that to maintain a well-intentioned program requires well meaning people. It does these business leaders a disservice to insist on cooptation or some other form of enticement or dupery to explain their support for Social Security. Linton (1935) and Hohaus (1937; 1938) supplied some of the founding literature for the appropriate public role in what today would be called the “social safety net” and they, along with pragmatists such as Marion Folsom, appreciated Social Security as a preferable vehicle to public assistance. Notwithstanding the application of present-day standards to criticize these views, given these men’s experience with overflowing relief rolls, “enlightened” seems a reasonable label. Members of later Councils have acquitted themselves, the record of policymaking shows, in like fashion. One piece of evidence of these good intentions is the commitment of time, at least a year for most of the Councils, of periodic meetings with mountains of reading in between (Derthick 1979: 97). For another, there is the difficulty of engaging those with whom one may disagree. Hohaus related the usual experience of such encounters, borrowing Wilbur Cohen’s wartime anecdote:

[his] definition of tripartite is... the business organization picked their spokesman, and labor picked theirs, and there was someone from the public—he said, “Then you *try* to get together, and you *part*, and you get *tight*” (Hohaus 1965: 85 [italics added]).

But Hohaus emphasized that Social Security Advisory Councils were different from “some other advisory groups that are formed tripartitely. They were not tripartite.... you had to have someone by and large who’d have sympathy with the general objectives” (ibid.). Finally came the responsibility of associating oneself with crucial public policy decisions. Councils were not sounding boards, nor were they frequented by gadflies—their recommendations were usually

enacted and would impact the whole country. Ball reflected on the relevance attached to deliberations historically, associating this quality with the membership:

[T]he selection of people in 1994-96 was not really an attempt to select the most influential business leaders who would go back to their organizations with the kind of prestige that would get almost immediate acceptance. There really weren't such people on this council (1999: 17).

Yet Ball's observation may have to do more with the times more than with anything else, because it is hard to envision policymakers on either side "with the kind of prestige that would get almost immediate acceptance." In view of the difficulty of relying on personal credibility to validate an agreement, perhaps Schneider and Ingram are on the right track by emphasizing the capacity of process to bring constituencies along. In this vein, following the dialogue of the 1996 Council in Chapter Six impresses the reader with the seriousness and diligent effort underlying the level of exchange, evidently also conducted by well meaning people. As it impressed the participants:

I think our dialogue was far more elevated and serious and got into the technicalities of what we were considering. I think everybody around the table fully comprehended what the discussion was all about (Schieber 2006: 24).

Although scarcely suggested by the results of the 1996 Council, perhaps some further use may be made of this type of venue. Notwithstanding the fractious ending, the valedictory performance of the group of citizen advisors demonstrated the hallmarks of clarity, seriousness, and absence of demagoguery that characterize Schneider and Ingram's ideal of communicative ethics.

I also would be remiss to leave the last Council without reflecting on the salutary ethos of its deliberating "tripartitely." Reading the record of their exchanges drives home the worthy,

public-spirited contribution evidenced by the thoughtful, engaged, imaginative, and dedicated work of the members whose words filled Chapter Six. The exemplary public service displayed by careful attention through long sessions, copious efforts outside of the meetings, and respectful consideration throughout for others' positions, even those in direct conflict with their own, may point the way for resolution of this and other seemingly intractable public policy issues, even if not achieved in this instance.

## **8.5 Suggestions for Future Research**

The suggestions for future research fall into several categories. These categories emerge from research attempted but realized insufficiently or not at all, or from discoveries in the process of conducting the work here that merit further attention. First, the section addresses questions that warrant further attempts to pursue inquiries for which this dissertation did not make a satisfactory response. Then, an inadvertent potential research question uncovered in the process of conducting the dissertation will be posed.

The important question that remains for subsequent research is an example of weak path dependence. The dissertation's focus on the ideational interchange between coalitions should have exposed a weak path dependence variant at work in the Councils, enabling groups to have meaningful interchanges, had it been present. They may have been meaningful, but the interchanges generally returned to a similar point where they began. The research did uncover investment in an ideational structure, but it was the founding structure, established in 1938, from which the path proceeded on a predictable trajectory. Because the 1996 Council evinces a break in the path that had persisted (insofar as what is today known as Social Security, i.e., excluding Medicare) since it was established in the 1938 Council and the 1939 Amendments, future researchers may profit by observing venues such as the Social Security Advisory Board (a

permanent rather than periodic variant of the citizen advisory body), the Brookings Institution, the National Academy of Social Insurance, and the American Enterprise Institute for signs of new configurations of ideas—neither strictly private-sector-derived nor traditional—that may prove to be the spawning grounds for a path shaping departure.

Another possibility may be to look outside of the traditional cash program to those that feature an enhanced administrative procedure—not a means-test, but not an automatic payment either—that may be more amenable to the type of solutions that the Danes and the Dutch formulated when faced with retrenchment. As Chapter Five showed, disability represents an area where the existing arrangement is more tenuous, and for this reason, may not automatically be fortified by the defense of a “benefit earned by right.”

A phenomenon for which the ideational process seems quite prominent is the 1938 Council, whose businesspeople and program advocates crafted a new social insurance arrangement that apparently satisfied each side’s major concerns without creating compensating issues for the opposite number. These negotiations proceeded on more than one track, which permitted synthesis across multiple issues. Although the identity or identities of the potential policy entrepreneur are unclear, this may be a prototypical path-shaping venture initiated by Arthur Altmeyer or Wilbur Cohen, or even Albert Linton, even if his would represent a quite modest role for a policy entrepreneur. Still, it seems likely that the researcher in search of an instance of path shaping applicable to U.S. social policy could have greater success looking backward than forward, at least while the current rancorous climate persists.

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## **CURRICULUM VITAE**

### **James Edward Gibson, III**

**Education:** Ph.D., Public Administration and Public Affairs, Virginia Polytechnic Institute and State University, 2007

MBA, University of Maryland, 1992

BS, Business Administration, University of North Carolina, 1980

**Certifications:** Certified Management Accountant (Institute of Management Accountants), 1997

#### **Instructional Experience:**

2005-2007: As guest lecturer for MPA course Budget Processes and Their Policy Implications, I conducted the local government budgeting laboratory (in 2005) and have lectured on present value and benefit-cost analysis (in 2006 and 2007). The “Dollars & Cents” exercise developed for this course—on using discount rates to establish present value—is the basis for a proposal, detailed below, to the Annual Teaching Public Administration Conference in May 2007.

2006: As a teaching assistant for MPA course Asset Management for Public and Non-Profit Organizations, I utilized the Blackboard discussion board capability to engage students on financial topics, especially with regard to contrasts between public- and private-sector approaches to capital management.

1999-2000: As adjunct instructor for U.S. Department of Agriculture Graduate School, I taught one- to three-day courses in Information Technology (IT) Capital Planning, Performance Management for Results, IT Life-Cycle Management, and Enterprise Architecture.

1986: I instructed programmer trainees in Common Business-Oriented Language (COBOL) for the Electronic Data Systems (EDS) Systems Engineer Development program.

#### **Dissertation:**

My dissertation, *The Last Council: Social Security Policymaking as Coalitional Consensus and the 1994-96 Advisory Council as Institutional Turning Point*, models the historical consensus on Social Security policy as a negotiation between liberal-labor and business-conservative coalitions and traces a break in the longstanding consensual pattern due to an ideational conflict between members who represented business and labor on the advisory council that deliberated financing issues during 1994-1996.

#### **Publications:**

##### Journal Publications

“Tales of Two Cities: The Administrative Façade of Social Security” (2003). *Administration & Society*. 35 (4): 408-437.

“Admitting a Bad Influence: Contracting the Public Service” (2004). In Charles Goodsell (symposium ed.), “Has PA Grown Up?” *International Journal of Public Administration*. 27(7): 481-490.

### Book Chapters

“Toward Financial Freedom: Budgetary Reform in the U.S. Courts” (2006). In Howard Frank (ed.), *Public Financial Management*. Boca Raton: CRC Press.

### Conference Papers

“Tales of Two Cities: The Administrative Façade of Social Security.” Annual Conference of the Public Administration Theory Network, Ft. Lauderdale, Florida, January 28-29, 2000.

“Smoke and Mirrors: Contrasting Policies for the Tobacco Settlement Allocation in Two Southern States.” Annual Meeting of the Southern Political Science Association, Atlanta, Georgia, November 9-11, 2000.

“Social Security Advisory Councils: Citizen Custodians of the Symbolic Order.” Annual Meeting of the American Political Science Association, Philadelphia, Pennsylvania, August 27-31, 2003.

“Toward Financial Freedom: Budgetary Reform in the U.S. Courts.” Annual Conference of the Association for Budgeting and Financial Management, Washington, DC, September 18-20, 2003.

“Program Assessment and Rating Tool (PART): The Bush Administration’s Hierarchical Management Tool?” Fall Meeting of the Association for Public Policy Analysis and Management, Washington, DC, November 6-8, 2003.

“Building Turf or Traveling Light: Agency-Based Conjecture about the New Public Manager.” National Conference of the American Society for Public Administration: Milwaukee, Wisconsin, April 1-3, 2005.

“‘Dollars and Cents’ as Vigotsky’s Historical-Cultural Icons: Or What We Could Learn from a Marxist Educational Psychologist about Teaching Capital Budgeting.” 30th Annual Teaching Public Administration Conference, Harrisburg, Pennsylvania, May 24-25, 2007.

### Chronological Work Experience:

#### **PEC Solutions (became Nortel Government Solutions in 2006)**

**1995 – Present**

PEC provides technology and project management services, primarily to civilian federal government organizations, including the U.S. Courts and many law enforcement agencies. The following selected assignments are representative of my program management, budgetary, and financial consulting practice:

- Conducting the third review of the U.S. Courts’ budgetary mechanism for funding technology infrastructure, which I developed in 1996-97, to assess its current conformance with business-based requirements. This analysis incorporates spending history, infrastructure inventory, and asset management approaches, as articulated by judges and court administrators. Budgetary and inventory data are augmented by interviews. Site visits provide additional first-hand insight into the use of technology to advance the courts’ mission. Out of this analysis, I assess the candidate investment strategies, recommend the level and organizational allocation of funds to manage technology assets, and develop allotment formulas to implement the recommended approach.
- Reviewed the Department of Education’s Migrant Student Information Exchange (MSIX) acquisition to establish an integrated cost, schedule, and performance baseline for contracted services. The Integrated Baseline Review (IBR) involves post-award inquiries about the contractor’s systems for earned value management, performance monitoring, and cost and schedule reporting. In addition to interviews of key contractor management and technical staff,

the IBR involved analysis of work breakdown structure, earned value projections, project schedules, and selected deliverables to determine the extent of integrated processes and systems for informing the Government about progress, performance, and cost management on the MSIX contract.

- Facilitated the Federal Reserve Board's acquisition of an Electronic Application system to be used by member institutions requiring regulatory approvals. I produced the benefit-cost analysis as a justification of the acquisition and developed the evaluation checklists for grading vendors' proposals, as well as the procedures whereby vendors demonstrated their systems' capabilities.
- Analyzed budgeting and financial management functions for a system to generate, justify, and manage the Defender Services appropriation, which funds legal representation of indigent parties in the U.S. Courts. Developed the statement of functional requirements and benefit-cost analysis.
- Developed capital budgets for investments in Customs and Border Protection border stations and ports of entry.
- Analyzed fee structure alternatives for accessing court records via Internet. I developed and administered a survey to elicit user preferences and utility factors. Analysis of usage trends supported my forecasts of future revenue under various pricing models, on which the Judiciary based its revised fee structure.
- Developed cost-benefit analyses (termed "alternatives analyses") for six automation projects in the U.S. Courts. Analysis on these projects included defining criteria, computing benefits and costs, assessing operational impacts, generating estimates, and summarizing financial results.
- Conducted performance management consulting for the acquisition organization of the Defense Finance and Accounting Service. In addition to creating the performance measurement strategy and recommending the metrics needed to implement the strategy, I conducted a benchmark of the acquisition organization's performance based on a statistical correlation between personnel strength and contracted funds.
- Developed allotment formulations as part of the U.S. Courts' budget decentralization initiative to fund law book purchases and local automation infrastructure.
- Developed a performance measurement approach for the U.S. Patent and Trademark Office, facilitating adoption of metrics and targets in conjunction with the agency's strategic plan. I also created and applied an evolutionary model to increase precision gradually, as measurement became institutionalized and baselines established. These recommendations included strategies to alter measurement regimes to become more relevant and cohesive, and less parochial.
- Conducted a business case analysis for the corporate telecommunications infrastructure for the U.S. Department of Agriculture. This analysis included defining criteria, computing benefits and costs, assessing operational impacts, generating estimates, and computing the internal rate of return.
- Modeled processes and analyzed demographic and workload trends in support of an Enterprise Architecture based on the U.S. Courts' functional needs in order to enable information exchange across different organizational areas.

While at PEC, I taught capital planning, performance-based management, and life-cycle management for technology for the U.S. Department of Agriculture Graduate School. During this period I also taught process modeling as part of a project management series that PEC developed for the U.S. Courts.

## **Electronic Data Systems (EDS)**

**1980 – 1995**

EDS supplies technology services to public and private sector organizations. EDS' Government Group served both federal and state and local sectors, between which my assignments were roughly equally divided.

### Senior Business Analyst (1993 - 1995)

Served as a program analyst on a team conducting a cost-benefit analysis for the standard Department of Defense procurement system. The primary focus of the assignment was an activity-based costing analysis to define the operational cost structure and project estimated savings for the proposed system.

### Project Manager (1991 - 1992)

Managed systems engineering teams, who performed systems design, development, conversion, and maintenance for clients that included General Motors, AT&T, MCI, and the Federal Aviation Administration.

### Systems Analyst (1987 - 1990)

Maintained an accounting and financial system for the Agency for International Development. My responsibilities included quality assurance and configuration management for specifications, documentation, and software. For migration of military personnel and inventory systems, I was responsible for tracking, resolution, and customer acceptance of complex issues that arose due to differences between the baseline and target systems environments.

### Instructor (1986)

Served as COBOL (programming language) instructor for the Systems Engineer Development program, conducting the lectures, laboratory exercises, and test administration for a class of twenty students.

### Supervisor (1983 - 1986)

Led teams of programmers, who designed, developed, and implemented two systems: a billing/accounts receivable and student registration system for The Pennsylvania State University and the motor vehicle registration system for the Commonwealth of Massachusetts.

### Programmer (1980 - 1982)

Performed process and data modeling, produced systems specifications, and provided quality assurance for systems design, development, conversion, and maintenance projects. Designed and developed batch reports and on-line transactions for systems development projects that supported a manufacturer and a municipal government.

**APPENDIX        INTERVIEWS OF MEMBERS OF THE 1994-1996  
ADVISORY COUNCIL ON SOCIAL SECURITY**

This Appendix contains the interviews of the following members of the 1994-1996 Advisory Council on Social Security:

Edith U. Fierst;  
The Honorable Edward M. Gramlich;  
Sylvester J. Schieber;  
Gerald M. Shea; and  
Marc M. Twinney.