

Are We Stuck with the Great Society?

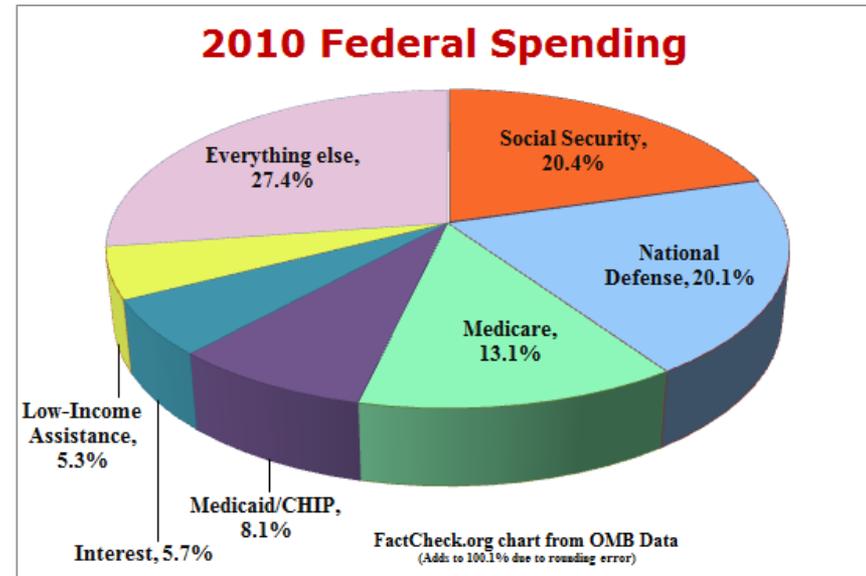
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Which Great Society?

- Narrow definition of the Great Society: Just the new social programs pushed through by Pres. Lyndon Johnson (1964-8).
 - Medicare, Medicaid, Social Security expansion, AFDC expansion, food stamps, student loans



- Broad definition: Great Society = all federal welfare state programs.
 - All of the above, plus...
 - Social Security in general
 - TANF, SNAP
 - Federal support for higher education
 - Federal grants to help fund state welfare states
- I'll stick with the broad definition throughout.

“Stuck” with a Loaded Question

- The suggested title of my talk - “Are We *Stuck* with the Great Society?” – is a loaded question.
 - You can’t be “stuck” with something unless it’s bad.
- The “Great Society” *slogan* is dead, but its costliest programs – especially Social Security, Medicare – enjoy strong bipartisan support.
- I can’t begin to answer the invited question until I argue that these programs are, contrary to popular belief, bad.
- Fortunately, this not a problem for me because I think they’re terrible.
- What’s so terrible about the Great Society?

Universal Programs Are Absurd

- Even if you think government should heavily fund programs to alleviate American poverty, you should still oppose a majority of Great Society spending.
- Why? For starters, because most Great Society spending goes to the old, not the poor. They're "universal" programs that care for everyone.
- "Taking care of everyone" sounds lovely, but it's absurd.
- Most people are perfectly able to take care of themselves, especially if...
 - They have decades to prepare.
 - Can buy insurance.
- "Helping everyone" isn't just an accounting fiction. It discourages work, saving, having kids, and working past retirement age.
- Due to aging of the population, the programs will keep getting more expensive: CBO predicts by 2035, Social Security as a share of GDP will rise 20%, and Medicare will *double*.

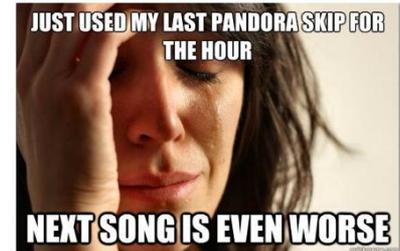
Is Means-Testing the Answer?

- The alternative? Means-testing. Have cheap programs that help the very poor, not expensive programs that help everyone.
- Systematically replacing expensive universal programs with cheap means-tested programs would make the modern welfare state almost unrecognizably small.
 - This arguably counts as abolition of the Great Society.
- Still, even cheap means-tested programs are unjustifiably lax.
- Before government “helps the poor” at taxpayer expense, it should at least verify that:
 - They’re absolutely poor, not merely relatively poor.
 - If absolutely poor, they aren’t morally responsible for their own poverty.

First World Problems and Self-Inflicted Wounds

- Almost no U.S. citizen is absolutely poor.

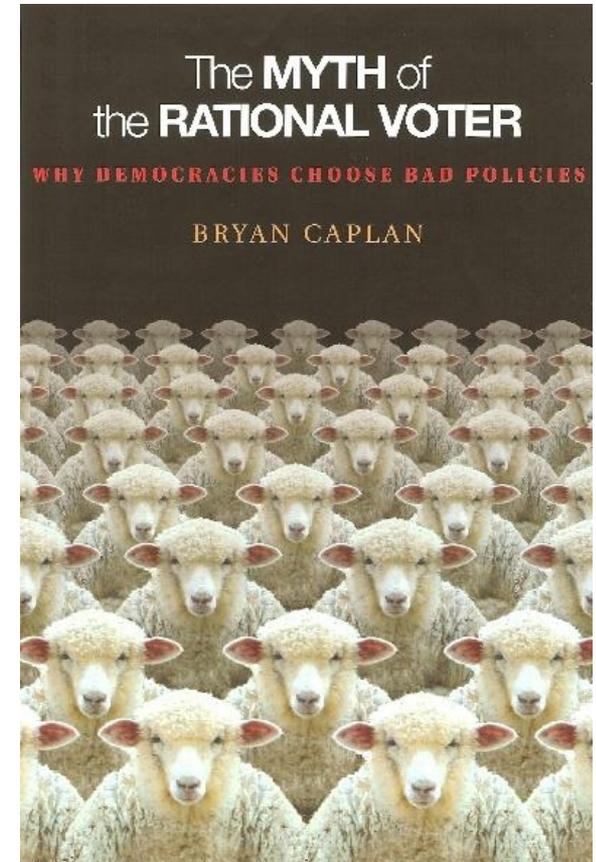
- Average janitor + maid income >> poverty line; 96th percentile of world income distribution.
- 82% of officially “poor” American adults say they were never hungry during the last year because they couldn't afford food.



- Officially “poor” Americans enjoy many amazing luxuries:
 - 41% own their own home.
 - 82% of poor Americans have air conditioning.
 - 64% have cable or satellite t.v.
 - 40% own a dishwasher.
 - One-third have wide-screen t.v.s.
- Even relative poverty is remarkably easy for Americans to avoid with responsible behavior.
 - Work when you're young and healthy, save money, abstain from alcohol and drugs, don't have unprotected sex under you're ready to support a child, buy insurance.
- Does it matter? Sure! Why should taxpayers have to support people who aren't really poor and/or willfully make bad choices?

Why Does the Terrible Great Society Exist?

- If the Great Society is so terrible, why does it exist?
 - Because it's popular.
- If it's so terrible, why is it popular?
 - Because like many other terrible policies, the Great Society is emotionally appealing.
 - Most voters are emotional, not logical.
- My *The Myth of the Rational Voter: Why Democracies Choose Bad Policies* explains this story in detail.
 - In politics, unlike markets, individuals with irrational beliefs suffer almost no negative blowback.
 - One ubiquitous irrational belief is underrating the social benefits of markets.
 - Hence, trillions of dollars of poorly targeted solutions to sloppily-defined problems.



But Are We Stuck with It?

- If *The Myth of the Rational Voter* is right, the Great Society will disappear if and when the Great Society becomes unpopular. We're not "conditionally stuck."
- However, it's very likely to remain popular. It *sounds* good, and that's usually enough for political survival of even the worst programs. So we're probably "unconditionally stuck."
- Glimmers of hope:
 - Public doesn't have to completely change its mind. Mildly undermining support for Great Society programs would mildly restrain the programs' growth.
 - As the U.S. keeps aging, Great Society programs will become so burdensome that the public might tolerate *some* means-testing.
 - Or, maybe someone here will grow up to be epically persuasive. 😊