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; 96\textsuperscript{th} percentile of world income distribution.
  • 82\% of officially “poor” American adults say they were \textit{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.

  - 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. 😊