Book Review

The Greenspan Commission: What really happened

Robert M. Ball

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Across the post-industrial world, the politics of pension reform is a risky business for elected officials who attempt to adapt public pension systems created in the distant past to contemporary economic and demographic trends.¹ Facing pressures from key constituencies such as business interests, labour unions and pensioners, these officials regularly turn to government commissions for policy advice.² In the United States, the Greenspan Commission, created early in the Reagan presidency (1981–1989), is frequently touted as a ‘great success’ leading to the enactment of the 1983 amendments to the Social Security Act, which solved a short-term fiscal crisis affecting the federal old-age insurance programme (Social Security). According to the best scholarship on this turning point in US public pension history, former Social Security commissioner Robert M. Ball (1914–2008; commissioner from 1962 to 1973) played a central political role at the time as a respected member of the Greenspan Commission.^{3,4}

Written shortly before this influential pension expert and former bureaucrat passed away, this new book explains how this commission operated and why it actually failed to deliver a true reform blueprint, which forced Ball and several others to secretly negotiate a legislative compromise by acting as proxies for Republican President Ronald Reagan and Democratic House Speaker Tip O’Neill. An excerpt from a much longer

memoir, which could appear in print sometime in the future, this book offers a lively description of the players involved in this episode and the tricky political issues they faced when the opportunity emerged to negotiate a bipartisan deal acceptable to both the president and the speaker. Throughout his narrative, Ball appears as a skilful tactician and a committed advocate seeking to preserve ‘his’ programme (Social Security). For example, one thing Ball did to make sure that the commission would not call into question the foundations of Social Security was to ask early on that members focus on the size of the fiscal challenge and the nature of the changes that could address it rather than launching a philosophical debate over the programme’s principles, a situation that could have helped conservative commissioners challenge Social Security’s very existence in the name of their free market principles.

Yet, although the commission finally agreed on the size of the fiscal problem at hand, it went absolutely nowhere in terms of putting forward a detailed legislative blueprint potentially acceptable to key Democratic and Republican leaders. As a consequence, in early January 1983, a small group of insiders representing Reagan and O’Neill began secret negotiations that finally led to the formulation of a legislative package acceptable to both the president and the speaker. Once these actors approved the deal negotiated behind closed doors in their name, the commission was asked

to vote on the recommendations formulated in the absence of the large majority of its members. Most voted in favour of the package. Less than 6 months later, President Reagan signed into law the 1983 amendments that, in retrospect, made so many observers believe that, as a deliberation and consulting body, the commission itself was a 'success'. According to Ball, this was clearly not the case. 'Nothing (...) should obscure the fact that the National Commission on Social Security Reform was *not* an example of a successful commission. The commission itself stalled (...) after reaching agreement on the size of the problem that needed to be addressed. As a commission, that was as far as it got' (p. 70).

This short book offers a personal, informative and well-written perspective on the Greenspan Commission and the enactment of the 1983 amendments, which remain, to this date, the last major Social Security reform in the United States. Although it is clear that Ball is biased in favour of the existing system, and some readers may not agree with his vision, the publication of this book is nonetheless extremely timely as Social Security reform may soon re-enter the federal policy agenda. Considering the negative long-term impact of population aging on Social Security financing and the current fiscal challenges facing the federal government, Social Security could become the target of new efforts to improve its

long-term financial status. In fact, Social Security reform is one of the key issues addressed by the Bipartisan National Commission on Fiscal Responsibility and Reform, which was established by President Obama in February 2010. Ball's cautionary tale about the effectiveness of bipartisan commissions in formulating successful legislative proposals is a significant and timely contribution to the debate about the politics and future of Social Security in the United States. This is especially true in the current period of extreme partisanship in Washington, which makes the prospect of a consensual, bipartisan deal even slimmer, at least in the short run.

REFERENCES

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