

NATIONAL
ACADEMY
OF SOCIAL
INSURANCE

**Family Well-Being, Public Policy and Economic Growth:
Lessons from History and Insights for the Future**

September 19, 2006

This policy seminar convened at 2:00 PM in the Ballroom of the National Press Club, 529 14th Street, NW, Washington, DC.

Introductions and Closing Remarks

Moderator, William Spriggs, Chair, Department of Economics, Howard University

WILLIAM SPRIGGS: Thank you. (Applause.) Our sponsor for this seminar is the Annie E. Casey Foundation and many of you associate them with children and the wonderful things they do to support children. And often people think of us here at NASI as the group that deals with Social Security, so they think of this as the group that deals with retirement and folks who are old. So, it may first strike you that you might have walked into the wrong place or something, but let me reassure you that you are in the right place at the right time.

Today's seminar is the first in a series where we're going to look at how promoting economic security affects America's families. We should remember that the original Social Security Act had many different parts to it, all of which were aimed at the American family, not just dealing with the issue of old age. Those programs have evolved and one of their key components is that they tend to be very countercyclical. The result is that these entitlements that were created by the act cause federal spending to increase at a tremendous rate when the economy turns down, and normally we end up with the conversation here, in Washington, about how to curb entitlements.

The problem is these programs are easy targets for reducing government spending. We need to actually go beyond the ideological questions about government spending to the deeper questions about what does that really have to do with the original intents, in terms of social welfare. The original intent was to actually secure the economy by having some countercyclical programs and providing families with social insurance.

So, how do we really look at this long-run issue, the historical record, when it comes to making families secure and government efforts at that? So, we are going to be treated today to a talk by Professor Peter Lindert and then we are going to have discussants that will follow.

I read a lot of Professor Lindert's work while I was a graduate student at the University of Wisconsin. Professor Lindert is the Distinguished Professor of Economics at the University of California, Davis. He will be speaking from his latest book, "Growing Public: Social Spending and the Economic Growth Since the Eighteenth Century." This book has received the Allan Sharlin Award for best book in social science history and the Ranki Prize for the best book in European economic history.

Then we will have, after Professor Lindert, a series of panelists who will be responding. And I will introduce them from my left and from your right, going from Professor Lindert. And you have their bios, so I will be brief in introducing them to you, but they will follow Professor Lindert.

Kimberly Morgan is Assistant Professor of Political Science and International Affairs at George Washington University, here in Washington. Her research and teaching interest include European politics, comparative social policy, and women and politics.

Itai Grinberg is an attorney in the tax group of Skadden, Arps, Slate, Meagher and Flom. In that capacity, he provides legal and policy advice on a wide range of cross-border and domestic transactional, legislative, and regulatory tax issues for major multinational corporations. He previously served as counsel to the President's Advisory Panel on Federal Tax Reform.

Next is Peter Orszag, who is the Joseph Pechman Senior Fellow and Deputy Director of Economic Studies at the Brookings Institution. He is the director of The Hamilton Project, director of The Retirement Security Project, co-director of the Policy Evaluation Project, co-director of the Tax Policy Center, and Research Professor at Georgetown University, here in Washington. He previously served as Special Assistant to the President for Economic Policy, and as Senior Economist and Senior Adviser on the Council of Economic Advisers during the Clinton administration.

Next is Jack Ebeler, who is also a member of the board of NASI. He is President and CEO of the Alliance of Community Health Plans. Prior to joining ACHP, he served as Senior Vice President and Director of the Healthcare Group at the Robert Wood Johnson Foundation.

And last but not least, is Rudy Penner. He is a Senior Fellow at the Urban Institute and holds the Arjay and Frances Miller Chair in Public Policy. He was formerly a managing director in the Barents Group of KPMG Peat Marwick and a resident scholar at the American Enterprise Institute. He was director of the Congressional Budget Office from 1983 to 1987.

Now, following the presentations—we're going to do all of them together—we will do a brief question-and-answer period. So I am going to turn it over right now to Professor Lindert.

Closing Remarks

MR. SPRIGGS: We can give all of our panelists a big hand because they stuck to the time. (Applause.)

I mentioned before we wanted to thank the Annie E. Casey Foundation for helping us out here. Again, so often we think of NASI and social insurance and think only of Social Security as a retirement program; people think of us as only dealing with the elderly. We heard from Professor Lindert that, surprisingly, the welfare state isn't really coming to an end, even in Western Europe. But one of the more fascinating things that we heard was that one of their big innovations has to do with how do we deal with increasing labor force participation by working mothers.

A part of the Social Security Act that the United States has not done very well at revitalizing, is probably the Earned-Income Tax Credit, which gets a lot more credit for having the positive outcome than what we actually did to readdress the problem of how that program fits within the Social Security Act.

We also heard a wonderful idea about looking at unemployment insurance, which was also part of the original act, and thinking how unemployment has changed from being cyclical to being more structural. That is, that people were now experiencing long-term spells of unemployment mostly because they have been permanently displaced from higher-income jobs, and how do we think about insuring income in those situations, and what does family well-being mean when a family suffers dramatic drops in income that affect the long-term ability of the family to invest in itself.

So, there are a number of challenges. And then, of course, we heard a number of ideas about where one might get the money in order to either fund the transformation or clearly, as we talked about towards the end, what do we do about the problem that the whole nation faces, not just the government, not just Medicare or Medicaid, but how does the government and society respond to the rising costs of healthcare.

So there were a number of challenges that were raised there, and so now it is your chance to ask some questions and so please raise your hand, and then if you want to direct the question, that would be helpful. We have a mike there and we have a mike there. So if you could go to the mike so we can pick up the question.