



THE TALK OF THE TOWN

COMMENT UNSOCIAL INSECURITY



The Administration's campaign to do something about, or to, Social Security will get its prime-time launch next month in the State of the Union extravaganza, but President Bush is already busy softening up the battlefield. Last week, he granted his first newspaper interview since the election, to the *Wall Street Journal*, the parish bulletin of the nonevangelical wing of his political base. The first question was about his agenda for Social Security, and whether he would just be laying out general principles and leaving the details to Congress. "No, not necessarily so," he said, adding:

That's part of—that's part of the advice my new National Economic Council head will be giving me as to whether or not we need to—here is the plan, or here is an idea for a plan, or why don't you just fix it. I suspect given my nature, I'll want to be—the White House will be very much involved with—I have an obligation to lead on this issue—I think this will be an administrative-driven idea—to take it on. And therefore, that that be the case, I have the responsibility to provide the political cover necessary for members, I have the responsibility to make the case if there is a problem, and I have the responsibility to lay out potential solutions. Now, to the specificity of which, we'll find out—you'll find out with time.

Even a professional actuary might have trouble parsing that one. But the initial thrust of the Bush approach—as laid out

in his own comments, in speeches and memos by various assistants, and in material put out by groups such as the Alliance for Worker Retirement Security—is clear enough. It has two big themes. First, Social Security is in crisis, running out of money, about to go bankrupt unless something drastic is done. Second, privatization—eliminating part of Social Security and replacing it with a system of individual private investment accounts financed from a portion of workers' payroll taxes—is somehow the key to avoiding the catastrophe, and is also a fine thing in its own right.

"This is one of my charges, is to explain to Congress as clearly as I can: the crisis is now," Bush proclaimed at an "economic summit" a month ago. He



does indeed have some 'splainin' to do. This year, the Social Security system—the payroll tax, which brings money in, and the pension program, which sends money out—will bring in about \$180 billion more than it sends out. It will go on bringing in more than it sends out until 2028, at which point it will begin to draw on the \$3.5 trillion surplus it will by then have accumulated. The surplus runs out in 2042, right around the time George W. Bush turns ninety-six. After that, even if nothing has changed, the system's income will continue to cover seventy-three per cent of its outgo.

That's using the Social Security Administration's economic and demographic assumptions, which are habitually pessimistic. Using the assumptions of the nonpartisan Congressional Budget Office, the surplus runs out in 2052. And if one uses the economic growth assumptions that Bush's own budget office uses when it calculates the effects of his own tax cuts, the surplus runs out in—er, maybe never.

The "crisis," therefore, is not "now." It's as bogus as the Alliance for Worker Retirement Security—which, in reality, is an "astroturf," or fake-grassroots, front for the National Association of Manufacturers. There is no Social Security crisis, and there is not likely to be one. At some point over the next couple of decades, of course, some adjustments will have to be made. There are many reasonable possibilities: a modest rise in the retirement age, to reflect increases in health and longevity; a rise in the cap on wages

subject to the payroll tax, which now cuts out at ninety thousand dollars a year; adding a bit to the progressivity of the benefits. One can even imagine a national decision to devote a larger proportion of national resources to the care of the old, given that a larger proportion of the population will be old—preferably to be paid for by taxing something we'd like to see less of (like fossil-fuel consumption) instead of something we'd like to see more of (like jobs).

Administration spokesmen have been suggesting that privatization will solve Social Security's future financing problems. They're fibbing, though. The much-hyped "crisis" looks suspiciously like the Social Security equivalent of W.M.D.s. This time, though, we have better intelligence. "White House officials privately concede," the *Times* reported last week, "that the centerpiece of Mr. Bush's approach to Social Security—letting people invest some of their payroll taxes in private accounts—would do nothing in itself to eliminate the long-term gap." The Comptroller General of the United States, David M. Walker, agrees. "The creation of private accounts for Social Security," he said in a speech last month, "will not deal with the solvency and sustainability of the Social Security fund." The solvency and sustainability of Social Security, when and if it requires shoring up, will have to be dealt with the old-fashioned way: by increasing revenue and/or reducing guaranteed benefits.

The cynical, or maybe just the political, interpretation of the rush to privatization is that private accounts would, as David Brooks, the *Times'* freshman columnist, wrote the other day, "create Republicans. People who have them will start thinking like investors." (They won't actually *be* investors, not in any meaningful sense—they'll still be workers for hire. But, come election time, they'll take their cue from the Dow, not from wage scales or income gaps or the unemployment rate.) The really cynical explanation is that privatization is a nice, clean way to transfer gigantic sums to Wall Street brokerage houses.

A third explanation—and, who knows, maybe a more accurate one—is that the true impetus to privatization is ideological. To say that is not to say, "How awful!" It's actually a compliment. Ideology is less depraved than crude self-interest,

even when it gets you to the same place. And one person's ideology is another person's "values." The values behind Social Security privatization are not terrible. It is good to save. It is good to be self-reliant. It is good to plan ahead. It is good to be the little pig who builds his house of brick rather than straw.

But it's not as if these values were not being taught in hundreds of other ways in our lives. And there are other values, too—values that are suggested by the words "social" and "security." Yes, self-reliance is good; but solidarity is good, too. Looking after yourself is good, but making a firm social decision to banish indigence among the old is also good. Market discipline is good, but it is also good for there to be places where the tyranny of winning and losing does not dominate. Individual choice is good. But making the well-being of the old dependent on the luck or skill of their stock picks or mutual-fund choices is not so good. The idea behind Social Security is not just that old folks should be entitled to comfort regardless of their personal merits. It is that none of us, of any age, should be obliged to live in a society where minimal dignity and the minimal decencies are denied to any of our fellow-citizens at the end of life. "Thou shalt not covet thy neighbor's house"—that's a good admonition to keep in mind when making social policy. But so is "Honor thy father and thy mother, that thy days may be long upon the land which the Lord thy God giveth thee."

—Hendrik Hertzberg

IN THE AIR DO-GOODER



Dozing astride seats 62 F, G, and H on Thai Airways flight 775 to Bangkok the other day was a big, bearded man in a blue work shirt with "Red Cross Disaster Services" on the shoulder. His name was Dan Tynon, and this was his third ocean crossing since the tsunami. Tynon is something of a professional disaster volunteer, an unpaid career that started on February 9, 1971, when the Sylmar earthquake destroyed the Olive View hospital, near his house in suburban Los

Angeles. A teen-ager at the time, Tynon ran to the site, helping to pull out survivors, and developed a taste for calamity. "It's something you get hooked on," he said, shifting enough to make room for a visitor on one of his seats. He has taken Red Cross disaster classes in such areas as first aid and mass feeding, and has signed up to be on a disaster-availability list. For the past eighteen years, he has done most of his relief work under the auspices of Rotary International, masterminding various clean-water and wheelchair-distribution projects in Thailand.

People who like to speed to the scenes of disasters tend to have jobs they can drop at a moment's notice; Tynon, who is forty-seven years old and lives half of the time in Los Angeles, runs a private-investment fund that trades in municipal debt and pays a small group of investors (minimum investment: fifty thousand dollars), he claims, "between fifteen and eighteen per cent." Managing the fund requires about two weeks of his time every three months. Having once worked as a contractor, he specializes in building-and-repair issues, and he has responded to everything from local fires to Hurricane Andrew and the Northridge earthquake. "What gets to you are the ones like this," he said, "where you can see in people's eyes that they've not only lost all their stuff, they've lost their hope, too."

Tynon was introduced to Thailand three decades ago by a Vietnam-veteran friend who described it as a sensual paradise. "He called me from Bangkok and said, 'Sell whatever you have to, but get here,'" he said. "After about a month of general debauchery, we decided we'd do it every year together. Then he died, but I kept up the tradition." On one such trip, Tynon met a woman in a village near the northern city of Chiang Rai. She already had one child, and they have since had two more, though neither she nor Tynon speaks more than a few words of the other's language. He spends about one week out of every six with them. "It's plenty," he said.

The tsunami hit while he was in L.A. for Christmas. He immediately flew to Thailand and then back to the United States for a Rotary organizational meeting, and was on his way back to Asia with sixty-five thousand dollars in Rotarian-donated cash in his carry-on bag. He was planning to buy tons of rice in the north of



Thailand and then hire forty-eight trucks to haul it for fourteen hours to the towns of Krabi and Phangnga, which were hit hard by the wave. “There’s a central distribution center in Chiang Rai where guys with trucks hang out,” Tynon said. “I’ll just go in there and yell, ‘How much for Krabi?’” He also wants to hire some thirty-five-foot boats to take rice out to the islands. “Nothing’s really organized,” Tynon said. “The Lutherans are sending stuff, the Mormons are sending stuff. You’ve got planeloads of stuff coming in from every church and N.G.O. you can imagine—food, medicine, clothing that isn’t sorted—and they’re just throwing it into warehouses. Everybody’s doing his own little piece, and eventually something gets to the people who need it.”

As Tynon talked, the flight attendants kept bringing him treats—a fresh peach, a plate of chocolate truffles, a fruit tart from first class that appeared to be modelled on the Sydney Opera House. “They know me by now,” he explained. “Also, I write children’s books and I gave them some.” He pulled a stack from his bag. They were written in both English and Thai and dealt with environmental themes. “I’ve got ‘Murray the Manatee,’ ‘Connie the Condor,’ ‘Polly the Python,’” he said as he leafed through the thin, bright-colored volumes. “I hate kids, so I’m trying to educate the little bastards.”

—Dan Baum

DEPT. OF EDUCATION SAFE JOURNEY



The world of New York City private schools is often portrayed as a cut-throat, almost Hobbesian place, but there is a tenderhearted side to it as well. These days, community service and sensitivity training are as central to most private-school curricula as math and geography. At Packer Collegiate, in Brooklyn Heights, for instance, the fifth-grade bake sale, which had originally been intended to benefit a less fortunate school in Tanzania, was jointly dedicated to Tanzania and relief for tsunami victims. And when Marco Sylla, the Packer school’s security guard, or “hall master,” and an Army reservist, was called up for active duty in December, it seemed only natural that the school would offer him the continued use of his Packer laptop, for keeping in touch, and that the Parent Association would buy him a going-away present—an iPod. One upper schooler loaded the device with classic rock, and several dozen students presented Sylla with farewell cards. At a school assembly, he received a two-minute standing ovation.

To some Packer parents, however,

this was not appreciation enough. In his two years on the job, Sylla had learned the names of all nine-hundred-odd students. (“He has an aura of authority, but also of gentleness,” one mother said.) What’s more, his leaving brought the harsh realities of the war in Iraq close to home—even if, for the time being, Sylla’s unit has been assigned to Germany. (He shipped out last week.) Lauren Glant, mother of Willy (sixth grade) and Cullen (third grade), remembered reading that some troops had not been adequately supplied with protective gear, so she came up with an idea: to buy Sylla his own suit of body armor.

Glant turned to Michelle Fuchs, another third-grade parent, and the co-chair of the school’s diversity and multiculturalism panel, for help with organizing a fund-raising drive. “At first, I said, ‘What? I beg your pardon?’” Fuchs recalled the other day. Body armor is a far cry from brownies. Fuchs signed on, and the two mothers sought the help of the Packer head of school, Bruce Dennis, who sent notice of the armoring cause to the school’s e-mail-distribution list.

To be sure, there were skeptics. “Who’s actually going to purchase the body armor?” one middle-school mother asked. “Somebody said it costs about fifteen hundred dollars. Is that full body armor? Or just a vest?” She added, “From the little bit of research that I did, I thought all the soldiers on the ground in Iraq were actually going to be supplied with body armor now, but maybe that’s not true. I don’t know.”

In the end, generosity prevailed. After one day, the parents had raised twenty-three hundred dollars. A hundred and thirty families have now contributed. And students, too, have chipped in. “Whatever I have left tomorrow after lunch, I’m not going to be spending it this weekend—I’ve got a busy weekend—so I’m just going to drop it in the folder,” a tenth grader named Matt said the other day.

Now comes the hard part: shopping. “The particular kind of armor that’s actually being given out by the Army right now is called the Interceptor,” Glant explained. The Interceptor Multi-Threat Body Armor System, made of Kevlar, is capable of stopping 7.62-mm. rounds. “They’re only selling it to the Army,” Glant said. “But there are several different types of body armor that you can get

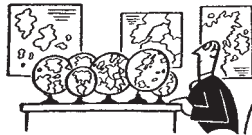
either over the Web or at police-supply stores. You know, pretty high-level bulletproof vests. And then there are various inserts and attachments you can get.”

The next day, Glant sent a follow-up e-mail: “I am becoming a much greater expert on body armor than I ever anticipated. I can toss around acronyms like O.T.V. and SAPI like a pro (almost)!” O.T.V. stands for Outer Tactical Vest. SAPI stands for Small Arms Protective Inserts.

Fuchs, meanwhile, has been getting advice from three relatives who have military experience. “I got a lot of detail about the difference between a body vest and a bulletproof vest,” she said. Her relatives recommended some accessories, too. “Protective gear for his ankles and knees, his wrists and elbows,” she said. “If you are engaging in conflict and you need extras, those are the extras.”

For now, the parents are still awaiting Sylla’s measurements, and news of whether he will in fact be stationed in Iraq. If there’s any money left over, they plan to provide Sylla with various sundries: phone cards, deodorant, scorpion powder. “I hear that scorpion powder is

POSTCARD FROM THAILAND SEA GYPSIES



In the province of Phangnga, some five hundred miles south of Bangkok, a temple known as Wat Samakhitham served as a command center in the tsunami relief effort and as a shelter for more than eight hundred people. By the middle of January, only twenty-two families, mostly fishermen, remained on the grounds. Many refugees had been worried that their land, which they did not own but had legally occupied according to a kind of official squatter’s rights, might be turned into tourist resorts. Among those who left the temple was a group of about two hundred diminutive indigenous people called the Moken, or Sea Gypsies, who live on the Surin Islands, which are now a national park. The tribe doesn’t keep track of birthdays or age, and follows a traditional animist religion. Its small village had been entirely washed away.

The abbot, a former civil engineer, had urged the Sea Gypsies to remain at the temple. “I wanted them to stay longer, so that they could get nationality and education—so they’d have the legal rights of any Thai citizen,” he said. But the Sea Gypsies didn’t like the mainland. They were also feeling the pressures of publicity, having been turned into a political football in the upcoming general elections. “Save the Moken!” is now a fashionable campaign slogan, and the tribe may well become to the Surin Islands what grizzlies are to Yellowstone.

The Sea Gypsies decided to leave when the wife of a prominent politician came by the temple and offered to send them home, although there were no provisions for food or shelter on the islands. (CARE Thailand has donated material to rebuild their huts, but the work had not yet begun.) Against the abbot’s advice, most of the clan boarded chartered tourist boats and crossed forty miles of open water. When they got home, they found that everything—battery-powered televisions, stoves, boats—had been swept out to sea. The Moken themselves survived only because they had fled en masse to higher ground.

In the days immediately after the wave, the Thai papers had reported that there was a secret Moken legend about tsunamis, passed down from generation to generation: when the ocean recedes and the fish flop around, you know a huge wave is coming. But when the returnees were asked about this bit of folklore they seemed perplexed.

“We just saw the wave coming and ran,” a garrulous older woman named Misia Klah Talay said. She had just got out of a longboat and was stepping carefully over broken coral to the shore. She wore a pair of shorts covered with Teddy bears that read “Hot Bear,” a purple-flowered bra, and a pink rhinestone ring, and she carried an empty black leather purse—items that had all been acquired from aid groups onshore. “If we hadn’t run, it would have been the end of our civilization,” she said. The clan had huddled at the top of a cliff without food or water until the Park Service sent a boat to fetch them the next day. Each of them received about twelve dollars from the government, but most, like Misia, had already spent it (she bought food for her niece and nephew, with whom she lives).

Misia said she considers herself a widow, since a relationship with an anthropologist who had come to study the Moken ended several years ago. “I was five months pregnant and lost my child,” she said. “So he left because he didn’t want to live here anymore.”

For the past five years, Misia said, the government has encouraged the Moken to give up harvesting sea cucumbers and sell handicrafts to the tourists instead. She held up a basket that she was trying to sell for about a dollar. “If the foreigners don’t buy them, it looks bad on their name,” she said with a grin. But it may be months before any tourists come back. Meanwhile, the Sea Gypsies will sleep next to the Park Service’s offices, under plastic awnings like the ones you see at used-car lots.

Nearby, the rest of the Sea Gypsies sat looking at the devastated cove. Many of the Moken were wearing copper amulets around their necks depicting the Buddha—gifts from the abbot, who had lectured them on the Buddha’s teachings—but no one could remember who the man on the pendant was. Misia didn’t have one on. “I didn’t want one,” she said. “I like gold.”

—Eliza Griswold



Marco Sylla

important to have in Iraq!” Glant said.

“You know, in all good will, we just want to inundate him with everything and send him off and hope for the best,” Fuchs said. There are, however, limits to the Packer community’s benevolence. “If they don’t have armored vehicles, we can’t help him with that,” Fuchs said.

—Ben McGrath

THE FINANCIAL PAGE DON'T DO THE MATH

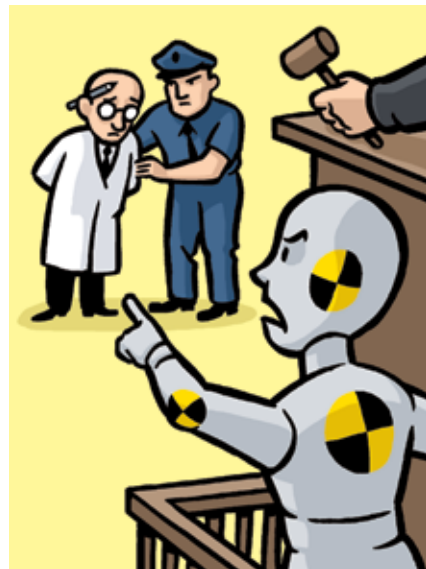
In the business world, bad news is usually good news—for somebody else. Ever since Merck announced, this past fall, that the pain reliever Vioxx could be linked to an increased risk of strokes or heart attacks, ads from lawyers trolling for potential plaintiffs (“Hire a Texas Vioxx lawyer,” “Vioxx injury claims”) have become ubiquitous on the Internet and cable television. Merck is already defending itself against almost five hundred lawsuits, and the number is expected to soar in the next few months. One Wall Street analyst has estimated that the company could face a total bill of more than fifty billion dollars. The impending parade of jury verdicts and out-of-court settlements may render a kind of rough justice. But you may not realize just how rough.

In recent years, juries have become more willing to punish corporate offenders by issuing immense damage awards. According to the Harvard law professor W. Kip Viscusi, more than half of all “blockbuster awards”—those totalling more than a hundred million dollars—have been decided since 1999. The system that produces these awards is often perplexingly arbitrary. Where a case is tried, for instance, can have an enormous effect on how much a company ends up paying. (Two states, Texas and California, have been responsible for almost half of all blockbuster awards.) Nor is the level of scientific rigor in such cases always high: litigation over silicone breast implants cost Dow Corning \$2.3 billion and forced it into bankruptcy even though the implants have never been proved to cause immune disorders, as plaintiffs alleged.

Merck would seem to have one big thing in its favor: the company voluntarily withdrew Vioxx from the market. But while Merck executives may have hoped to persuade people that they were acting responsibly, plaintiffs’ attorneys have taken the withdrawal as an admission of guilt. Questions about Vioxx’s potential risks have been common since its introduction, six years ago, especially after a 2000 trial suggested that the drug increased the risk of heart disease. Merck did not hide

these data, and beginning in 2002 the drug’s label included a warning about the possible cardiovascular risks. Some critics, however, have suggested that the company soft-pedaled the dangers. Internal company documents show that Merck employees were debating the safety of the drug for years before the recall.

From a scientific perspective, this is hardly damning. The internal debates about the drug’s safety were just that—debates, with different scientists arguing for and against the drug. The simple fact that Vioxx might have risks wasn’t reason to recall it, since the drug also had an important benefit: it was less likely to cause the internal bleeding that aspirin and ibuprofen cause, and that kills thousands of



people a year. And there’s no clear evidence that Merck kept selling Vioxx after it decided that the drug’s dangers outweighed its benefits.

While that kind of weighing of risk and benefit may be medically rational, in the legal arena it’s poison. Nothing infuriates juries like finding out that companies knew about dangers and then “balanced” them away. In fact, any kind of risk-benefit analysis, honest or not, is likely to get you in trouble with juries. In 1999, for instance, jurors in California ordered General Motors to pay \$4.8 billion to people who were injured when the gas tank in their 1979 Chevrolet Malibu caught fire. The jurors made it plain that they did so because G.M. engineers had calculated how much it would cost to

move the gas tank (which might have made the car safer). Viscusi has shown that people are inclined to award hefty punitive damages against a company that had performed a risk analysis before selling a product than a company that didn’t bother to. Even if the company puts a very high value on each life, the fact that it has weighed costs against benefits is, in itself, reprehensible. “We’re just numbers, I feel, to them” is how a juror in the G.M. case put it. “Statistics. That’s something that is wrong.”

In everyday life, of course, we’re always making trade-offs between safety and things like cost or convenience. There’s not a car on the road that couldn’t be made safer, if you didn’t care about looks, mileage, cost, and so on. It’s just that the trade-offs we make are seldom explicit: we don’t tell ourselves that a sixty-five-mile-an-hour speed limit means a certain number of extra deaths, that buying this car instead of that car will affect our life expectancy—and, as individuals, we often don’t see the costs. In the courtroom, the calculations can be seen in all their cold rationality, and the costs are vividly embodied. Before a jury, then, a firm is better off being ignorant than informed.

Obviously, there’s something wrong with a system that discourages the careful weighing of costs against benefits—we want companies to learn as much as they can about the downsides of their products. But companies like Merck, which spend hundreds of millions on ads targeting consumers, have themselves to blame, too. Instead of getting people to think about drugs in terms of costs and benefits, these ads encourage people to think of medicine in the same way they think of other consumer goods. It would be one thing if Merck had marketed Vioxx only to people who really needed it—people who couldn’t take ibuprofen or aspirin safely. Instead, the company marketed it aggressively to everyone, so that some twenty million Americans had Vioxx prescriptions. That’s why the potential damages against Merck are so vast. If juries have a hard time accepting a risk-benefit trade-off when it comes to drugs, it’s in part because the drug companies have convinced them that no such trade-off has to be made.

—James Surowiecki