

# the social security debate, now and then

*The prehistory of Social Security was a series of pitched political battles centered on the Townsend Plan and a senior citizens' pension movement. Today's old-age advocates should take note.*

In 2005 the Social Security Act celebrated its seventieth birthday. But it was a troubled one, with President George W. Bush and his Republican allies rallying the nation to replace the venerable Social Security program with “personal investment” accounts, while congressional Democrats refused to address the program’s problems until the demand for “privatization” was dropped.

Despite the conflict, both sides seemed to believe that Social Security enjoyed a kind of Immaculate Conception. Democrats and their allies, including the AARP, claimed that President Franklin Roosevelt and Congress envisioned the program as insurance that most elderly Americans would always need. Republicans and their allies in conservative think tanks agreed but argued that Bush was Roosevelt’s true heir by envisioning the retirement of Social Security in an affluent future when all Americans would have enough to invest for their golden years. Republicans and Democrats alike claimed that when the Social Security Act was adopted in 1935 there was a consensus about the Social Security program’s goals and desirability. Burned in our minds is the famous photo of a grinning FDR, flanked by happy supporters, signing the bill.

This is a dangerous distortion of the historical record. It is more accurate to say that the Social Security program merely turned 55 years old last year and that Roosevelt never lived to see its birth. Only on August 28, 1950, when Harry S. Truman signed the Social Security Act Amendments of 1950, did the advocates of old-age insurance—mainly Democrats, organized labor, and the Social Security Administration—win and their Republican opponents concede regarding the form and meaning of support for the American elderly.

## back to the future

Far from being novel, today’s arguments echo those of the 1930s and 1940s. Republicans and their business allies did not rally around Social Security, but disparaged it as a “hoax,” a “shell game,” and a “Ponzi scheme.” In 1936

Republican presidential nominee Alf Landon asserted that Americans were being taxed to secure their old age, but Roosevelt was dissipating their premiums on “boondoggles” like the Works Progress Administration. Either future “oldsters” would lose out, and vast debts would be foisted on their grandchildren, or, perhaps more frightening to the Republicans but less often stated, the businesses that paid payroll taxes would have to pick up the tab. Roosevelt crushed Landon, but former President Herbert Hoover and



Republican Senator Arthur Vandenburg of Michigan saw traction in the issue and assumed leadership of the anti-Social Security cause.

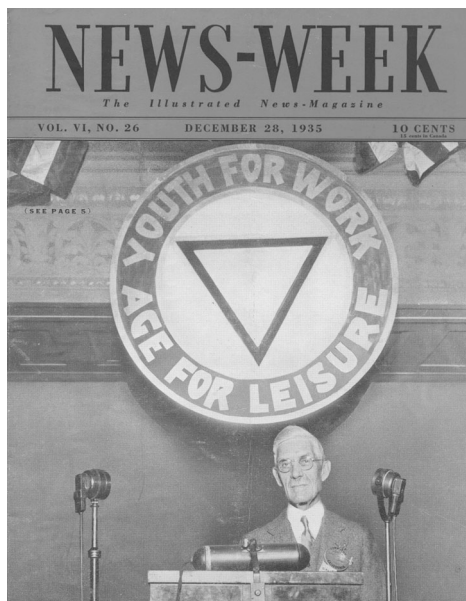
The organized elderly were also involved in this struggle. They were not, however, requesting merely that Democratic party leaders save Social Security from its enemies. Instead the elderly demanded senior citizens’ pensions, with benefits far more generous than imagined by Roosevelt, that would be provided to all Americans—not for having paid payroll taxes, but for lifelong social contributions, whether as wage earners, farmers, or housekeepers.

Leading this pension movement was the Townsend Plan, an organization and idea that emerged in 1934 as the

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Roosevelt administration started planning for Social Security. Francis E. Townsend, a 67-year-old physician from Long Beach, California, proposed that the government pay \$200 per month to Americans 60 years old or older who agreed not to work and to spend the money right away. This pension-recovery plan would end the Depression and provide the aged with security. Dr. Townsend was pictured on the cover of *Newsweek* when a bill based on his idea was introduced in Congress in January 1935, as President Franklin D. Roosevelt forwarded his own security legislation. Soon Townsend clubs—the local political organizations of the Townsend Plan—claimed nearly a fifth of Americans over 60 as members. An astounding two million older Americans met weekly to discuss and advance pensions. In the wake of the Townsend Plan, numerous old-age challengers, many led by former Townsend Plan officials, arose all across the country, each demanding senior citizens' pensions in individual states.

Instead of passing the Townsend Plan's bill, of course, Congress adopted the Social Security Act. Less generous



and universal than Townsend's proposal, the act addressed the immediate poverty of the aged with old-age assistance, a federal-state matching program, and also created a national old-age annuity program. The Townsend Plan kept the pressure on for years, and although the doctor's pension-recovery proposal never passed, old-age benefits were increased again and again, and the fledgling annuity program was eventually transformed into Social Security as we

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know it today. Dr. Townsend was not shy about taking credit for these developments.

Yet today the Townsend Plan and the broader pension movement are largely forgotten, and the role of the pension movement in the making of Social Security has been glossed over. The conventional historical wisdom today is that the Townsend Plan may have helped to keep old age foremost in the Social Security Act but quickly faded in influence.

### when movements matter

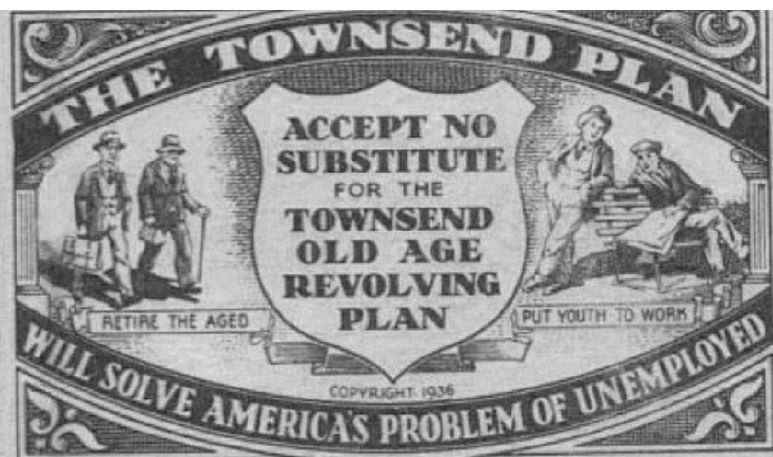
This conventional wisdom turns out to be false—more about that later—but we social scientists want to do more than assess whether this or that challenger influenced one or another social change, no matter how important. We want to know something more general about social movements and their impacts and to uncover the lessons a case has for other challengers. We want to understand why movements are sometimes influential and sometimes not.

The answer lies in the political conditions that influence the relationship between challengers' mobilization and collective actions, on the one hand, and policies and other outcomes, on the other. Some factors are relatively permanent aspects of our political system. The U.S. polity in the first half of the 20th century dampened the influence of challengers. An under-democratized political system—with restricted voting rights and a lack of choices among parties—produced officials with little reason to aid challengers, especially in the South. The many checks and balances across the American polity—in which legislative, executive, and judicial authorities all have autonomy—also harmed the prospects of challengers by making it easier for the politically powerful to thwart new policies. Patronage-oriented political parties, which dominated the Northeast, regarded challengers as menacing contenders and considered programmatic spending policies to be a threat. The U.S. electoral system, with its winner-take-all elections, punishes challengers who attempt to build new parties, from the Populists to the Greens. Finally, the two major U.S. parties are now skewed to the political right.

But medium- and short-term political conditions also have an effect, and these sometimes aid challengers. Regimes matter. A political regime or government favorable to the goal or constituency of a challenger can respond sympathetically, even in a catchall party system with diminished ideological differences. Much of the Democratic Party outside the South has been pro-reform, and in some times and places this faction has held power. Bureaucrats' missions, activities, and powers, especially those in charge of domestic programs related to the challenger, also matter. Bureaucrats may enforce laws sympathetically or propose

valuable new legislation. Although the United States has historically been characterized by relatively small and inefficient domestic bureaucracies, they grew throughout the 20th century.

The ability of a social movement to win collective benefits also depends in large part on conditions it can control. Challengers need to fit strategies to the political circumstances at hand. The more favorable the circumstances, the less a mobilized challenger must do to win collective benefits. Less assertive strategies, such as educational efforts and publicity, work only in the most favorable circumstances. More assertive strategies, such as targeted electoral activity, work in more settings, but they are especially needed in unfavorable contexts. Moreover, radical change like that demanded by the Townsend Plan requires extensive organization, mobilization, and the skillful use of assertive strategies, as well as a favorable context.



## the impact of the townsend plan

But did the Townsend Plan have an effect? Often other conditions or actors, typically more powerful than challengers, are pressing for similar sorts of change. When the United States adopted or advanced programs benefiting the aged, the reason may not have been the Townsend Plan, but the Depression itself, models of old-age policy already adopted around the industrial world, the actions of the domestic reformers within the administration, or a liberal Democratic president backed by an overwhelmingly Democratic Congress, as various scholars have argued. We need to demonstrate that important changes would not have occurred (at least not in the way they did) without the Townsend Plan and the broader movement of which it was part.

Such explanations always involve some historical inter-

pretation. But examining the contention over the prehistory of Social Security forces a researcher to wade through more than the usual amounts of insincerity. Townsend Plan leaders found themselves in an awkward position. They had every reason to claim that the organization had provoked the new old-age programs in order to inspire Townsend clubbers and show potential new recruits how potent the organization was. At the same time the Townsend leadership had to downplay the significance of these benefits, often dismissing programs as suitable only for “paupers,” in order to keep the membership pressing for further gains. Like most movement leaders, they had to present themselves as effective but not yet successful. What is more, elected officials often try to steal the thunder of a movement by proposing something new to win over its constituents without giving the challenger much credit. These officials tend to portray movements as ineffectual. Not surprisingly, political officials in the Roosevelt administration dismissed Townsend’s plan as fanciful, even long after it had reduced its demands, and acted as though they were all the more heroic for having overcome the meddling of the Townsendites.

Demonstrating an impact, however, is only a first step in the process of explaining it. Fortunately, the Townsend Plan and the broader pension movement were active for a long period, employing many different strategies under varied circumstances. At the national level, they engaged in strategies that ranged from writing letters to members of Congress to trying to unseat the president. There were many different campaigns and periods in which old-age policy was altered. In addition, the Townsendites and other pension organizations contested Old-Age Assistance in the states, where political situations varied widely.

It turns out that the conventional wisdom greatly understates the influence of the Townsend Plan. It did help to advance old-age policy among the Roosevelt administration’s priorities in 1934, and it also induced the administration to propose more substantial old-age benefits. The fledgling old-age insurance program and its payroll tax—the basis of Social Security today—doubtless would not have been added to the initial legislation without the rapid mobilization behind the Townsend Plan. Townsend representatives were not helpful during the congressional debates over the legislation: they refused to cooperate with pro-old-age representatives to improve the security bill and broke camp once it was clear that their alternative to the security bill was not going to pass. But they did not induce members of Congress to reject it.

Far from fading away after the passage of the Social Security Act, moreover, the Townsend Plan took off, becoming a national phenomenon that influenced old-age politics

for years. In the late 1930s, it led a wider movement in favor of the 1939 amendments to the Social Security Act. Under pressure from this pension movement, Congress increased aid for Old-Age Assistance (which provided the bulk of aid to the American aged during the 1930s and 1940s), agreed to abandon the conservative annuity model for the Social Security program, and provided many pensions through it to older Americans. In some states, the pension movement's strategies upgraded Old-Age Assistance programs to the point where they resembled generous pensions. In 1941, the Townsend Plan was on the verge of inducing Congress to enact universal senior citizens' pensions when World War II preempted the debate.

But the influence of the Townsend Plan and the pension movement was uneven and sometimes unexpected from standard perspectives on social movements. When the Townsend Plan peaked in resources, members, and publicity in 1936, it had only a minor impact. The pension movement had little influence, too, when the Democrats most dominated in Congress, in 1937. What is more, the Townsend Plan, with its old-age base, was influential despite almost never employing disruptive action. And its main form of assertive political action, endorsing candidates for Congress, resulted in the largest Townsend-endorsed bloc during the middle of World War II, when social policy was rolled back. The Townsend Plan's framing of its goals changed little over time, and the resonance of its claims depended largely on circumstances beyond its control. In contrast, when the broader pension movement adapted strategies to circumstances, it proved influential.

### the pension movement's legacy

Although the Townsend Plan and the wider pension movement faded after the war, by advancing old-age assistance they furthered the cause of upgrading Social Security by making it seem like a conservative alternative. The efforts of the Townsend Plan and state-level pension-advocacy organizations, including Colorado's National Annuity League and California's Ham and Eggs, advanced Old-Age Assistance programs so far that their benefits greatly surpassed those of Social Security, which were starved by conservative Congresses in the 1940s. Moreover, the Townsend Plan's influence on social policy during its formative years, combined with the difficulty of adopting new social programs in the U.S. political context, gave the American welfare state an old-age slant it retains today. Reformers were never able to pass national health insurance, but it was possible in the 1960s to add old-age health and hospitalization insurance, Medicare, to the existing old-age insurance program. These two programs make up more than a third of

today's federal budget, even without counting substantial old-age benefits through Medicaid. So score one for Dr. Townsend.

His critics have a point, however, in suggesting that the Townsendites did not help the cause of old-age security as much as they might have. In 1935, the Townsend Plan failed to help congressional proponents of old-age policy who hoped to improve the legislation. It could have done much more to advance old-age assistance at the state level, and it sometimes even opposed efforts by other organizations in the pension movement. The Townsend clubs were at least as much fan clubs as protest groups, with little leeway for independent political activity. The clubs also attached the program to standard rituals of pietistic Protestantism and



Townsend Plan supporters, Los Angeles, 1938

American patriotism, a cultural repertory that probably discouraged participation by anyone other than native-born white Americans. Townsend clubs failed to provide a sophisticated, effective, or durable collective identity for the aged, providing the elderly outside the clubs with few materials that could help to reshape their political identities. Worse, the Townsend Plan was not a sound vehicle for organizing the aged for the long haul. When the pension idea lost favor, so did the organization and its clubs. Despite its rapid growth, all-American appeal, and targeting of a demographic group constantly being replenished, the Townsend Plan went the way of the Farmers Alliance, the Industrial Workers of the World, and the second Ku Klux Klan.

However limited and forgotten, the Townsend Plan and the old-age pension movement influenced the American welfare state in its formative years and permanently tilted it toward old age. The Townsend Plan helped to make the aged more formidable as a political force on the American political scene. Politicians of both parties feared the Townsendites and began to think of the elderly as a group

that deserved respect and attention. Through their promotion of old-age policy, the Townsendites helped to forge a ready-made set of issues around which older Americans could mobilize in the future. By speeding up a process of state-building in which the elderly were seen as especially deserving, the Townsend Plan put the state in charge of mobilizing senior citizens. The old-age organizations that followed, most famously the AARP, were based on recipients of Social Security.

The real prehistory of Social Security is a story of extensive political contestation led by the elderly. In 1950, Republicans and their allies finally acceded to President Truman's and the Social Security Administration's proposals to upgrade Social Security so that its benefits were competitive with Old-Age Assistance and its payroll taxes would cover most American workers and future commitments. The pension movement wanted something more generous, and Truman wanted health insurance in addition, but an upgraded Social Security is all they could get.



"I had another bad dream about Social Security."

cartoonbank.com

The difference between now and then is that today the Republicans are mobilizing people, while the Democrats and the AARP hang back, anticipating that it will remain easier to defend a popular existing program than to gut and transform it. They are no doubt right. Probably the political situ-

ation is not as threatening as it seems, and they need only to remain organized and pay minor attention to the matter. But by acting defensively, the political heirs of the Townsend Plan are missing an opportunity to transform the debate. The AARP and other old-age advocates are on their heels, as even the most profitable corporations are cashing in their long-standing pension programs and stranding retirees. If this formative episode suggests anything about the future, the latest debate over Social Security and old-age pensions will probably turn out better for the elderly if old-age organizations take an independent stand and fight hard for their constituents rather than simply hoping that the Democrats will take care of them. Take a careful look at the photo of FDR signing the Social Security Act and you will see no Republicans—or members of the Townsend Plan.

### recommended resources

Edwin Amenta. *When Movements Matter: The Townsend Plan and the Rise of Social Security* (Princeton University Press, 2006). Provides a theory of social movement influence and traces the impact of the Townsend Plan and the pension movement on Social Security.

Edward D. Berkowitz. *America's Welfare State: From Roosevelt to Reagan* (Johns Hopkins University Press, 1991). An excellent introduction and overview of the development of modern U.S. social policy.

Alan Brinkley. *Voices of Protest: Huey Long, Father Coughlin and the Great Depression* (Vintage, 1984). An atmospheric and analytical historical account of two leaders with followers similar to those of Townsend in their initial political moment.

Marco Giugni, Doug McAdam, and Charles Tilly, eds. *How Movements Matter: Theoretical and Comparative Studies on the Consequences of Social Movements*. (University of Minnesota Press, 1999). Wide-ranging theoretical and empirical essays from social scientists addressing the impact of social movements.

Edwin Witte. *The Development of the Social Security Act* (University of Wisconsin Press, 1962). An essential, if flawed, primary source that describes the events as they happened from the perspective of a key administration player.

Number of Americans, 85 and over, 1900: 120,000  
 Number of Americans, 85 and over, 2000: 4,240,000