Martin Feldstein, conservative economist who called for Social Security cuts, dies at 79

By Matt Schudel
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Martin S. Feldstein, a Harvard professor and influential conservative economist who called for reduced spending on Social Security and limits on federal budget deficits and served an embattled two-year tenure as the Reagan administration's chief economic adviser, died June 11. He was 79.

His family declined to provide additional information about his death. The Wall Street Journal, citing Harvard colleague Jeremy Stein, reported that the cause was cancer.

Dr. Feldstein had considered becoming a physician before becoming fascinated by economics while attending graduate school in England in the 1960s. His analysis of the efficiency of the British health-care system helped influence national policy and helped define Dr. Feldstein's future.

"I figured if a 25-year-old graduate student could do something," he later told the Boston Globe, "then economics was a pretty good activity to be in."

Dr. Feldstein, who joined the Harvard University faculty in 1967, became known for his macroeconomic studies measuring long-term trends in public finance, health care, pension systems and Social Security. He argued in a 1974 paper that retirees counting on federal Social Security benefits were less likely to save money — by as much as 50 percent — thus producing a drag on the availability of capital in the wider economy.

He wrote that unemployment insurance and minimum-wage laws were "adverse incentives and artificial barriers" that restricted economic activity and free enterprise — from the standpoint of business owners. He favored reduced tax rates for corporations and high-income earners. To keep the deficit under control, he maintained that some federal programs would have to be sacrificed.

Other economists found fault with Dr. Feldstein's studies, but his ideas helped shape conservative economic trends that emerged in the 1970s and 1980s. He is considered a founder of supply-side economics, which holds that reduced taxes will lead to greater investment and economic growth.

"I do not begin from the ideological position that government activity is inherently bad because it limits individual freedom," Dr. Feldstein told Time magazine in 1979. "Instead, I criticize government policies because they simply do not work or because they have such adverse side effects."

After serving as president of the National Bureau of Economic Research, an influential organization based in Cambridge, Mass., Dr. Feldstein joined the administration of President Ronald Reagan in 1982 as chairman of the Council of Economic Advisers.

“He is tuned in to supply-side economics, but he is not a supply-side kook,” Herbert Stein, who served as chairman of the council under previous Republican administrations, said of Dr. Feldstein at the time.

He assembled a staff that included Lawrence H. Summers, who served as treasury secretary under President Bill Clinton and later as president of Harvard, and Paul Krugman, who won the Nobel Prize in economics and is now a columnist for the New York Times.

At first, Dr. Feldstein’s support of tax cuts and deficit reduction matched the White House’s goals, but campaign rhetoric soon collided with everyday reality. When the Reagan administration called for the dual aims of cutting taxes and increasing military spending, Dr. Feldstein looked at the numbers and they simply didn’t add up.

“It will not be possible for us to grow our way out of these deficits” without raising taxes, Dr. Feldstein said in 1983.

His economic analysis may have been right, but his politics were wrong.

Reagan largely ignored Dr. Feldstein’s advice and turned instead to Treasury Secretary Donald T. Regan and Secretary of State George P. Shultz, an economist by training. Administration insiders privately called him “Dr. Gloom.”

White House spokesman Larry Speakes shot down Dr. Feldstein’s call for a tax hike, saying, “Feldstein’s wrong; the president’s right.”

Speakes all but called for Dr. Feldstein to step down immediately, mispronouncing his name, in his Mississippi drawl, as “Feld-steen.” (The proper pronunciation is “Feld-stine.”)

When Dr. Feldstein submitted a report to Congress in February 1984, Regan undercut him, telling a Senate panel, “As far as I’m concerned, you can throw it away.”

Dr. Feldstein refused to step down and even made light of Regan’s comment, saying, “I suppose that was just a throwaway line.”

He returned to Harvard later in the year, earning the admiration of members of Congress from both parties.

“It may very well be that you leave Washington with an economy in ruins,” said Sen. Daniel Patrick Moynihan (D-N.Y.), “but you leave with a reputation intact.”

Martin Stuart Feldstein was born Nov. 25, 1939, in New York City. His father was a lawyer, his mother a homemaker.

He graduated summa cum laude from Harvard in 1961 with a major in economics but with a heavy concentration in premedical courses. He received a Fulbright fellowship to study at the University of Oxford, where he focused on economics, receiving a master’s degree in 1964 and a doctorate in 1967.

While at Oxford, Dr. Feldstein was among the first economists to analyze economic data with a computer, becoming a leader in the field of econometrics. He received the American Economic Association’s John Bates Clark Medal in 1977 for outstanding work by an economist under 40.

At first, Dr. Feldstein followed the standard economic theories of John Maynard Keynes, who suggested that the government had a role in regulating business and the economy. Gradually, Dr. Feldstein drew away from those notions, writing in 1981 that “the Keynesian framework was not the right way to analyze the current problems of the American economy.”

At Harvard, Dr. Feldstein was a popular professor whose introductory course in economics was one of the most widely attended classes on campus. He wrote more than 300 academic papers and was a frequent contributor of op-ed essays to the Wall Street Journal and other news publications.

During his tenure as chairman of the Council of Economic Advisers, Dr. Feldstein spoke often with reporters and regularly gave speeches throughout the country,

“There’s always been the suspicion that he’s playing to Harvard, the Charles River crowd, that he’s more interested in protecting his academic integrity than the president’s programs,” Larry Kudlow, chief economist in the Office of Management and Budget under Reagan and now a top economic adviser to President Trump, said in 1983.

Dr. Feldstein was an adviser to President George W. Bush on ideas about measures to privatize Social Security. From 2009 to 2011, Dr. Feldstein served on President Barack Obama’s Economic Recovery Advisory Board.

He was chief executive of the National Bureau of Economic Research from 1984 to 2008 and continued teaching at Harvard until recent years.

Survivors include his wife of almost 54 years, economist Kathleen Foley Feldstein of Belmont, Mass.; two daughters; a sister; and four grandchildren.

Despite his mixed success in Washington, Dr. Feldstein said he would recommend that other scholars work in the White House if given the chance.

“There’s always, in any organization, likely to be infighting and pettiness,” he said in 1984. “It’s only in a White House environment that it gets printed in the newspapers.”

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Matt Schudel has been an obituary writer at The Washington Post since 2004. He previously worked for publications in Washington, New York, North Carolina and Florida. Follow