

## The concept of economic security in the United States from poor relief to social security

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### Abstrak

Departing from the much publicized Social Security crisis in the first two years after President Ronald Reagan took office in 1981, this study sets out to examine and come to an understanding of what Social Security signifies, and what its place is in the lives of the American people.

When President Franklin D. Roosevelt signed the Social Security Act of 1935 into law, in the midst of the Great Depression of the 1930s, he gave the American people a basic framework of federally-and/or-state administered programs that would provide "security (for) the men, women, and children of the nation against certain hazards and vicissitudes of life." They included: a federal old-age insurance program, a state unemployment insurance program, and a federal-state program for public assistance to certain categories of needy people.

However, the heart of the Social Security Act - championed by Roosevelt as his cause for security in old age - was the old-age insurance program, a worker-and-employer-funded program which would pay out monthly benefits to workers upon retirement, proportional to what they had earned during their working years. Today, the term Social Security is fully identified with this federal old-age insurance system.

Roosevelt had wanted to create a system which would give some measure of protection against certain misfortunes in life which, he said, could not be wholly eliminated in "this man-made world of ours." Social Security benefits were to be a supplement to individual savings for old age, a means to help ward off "poverty-ridden old age."

Prior to the Social Security Act of 1935, the existing provisions of assistance to the poor were a patchwork of county, state, and private charities. The aged poor were generally placed in almshouses, where they were inadequately taken care of.. In addition to their bleak existence, they suffered the stigma of being considered "worthless paupers " --true to the spirit of individualism and to certain elements of the value system that were fundamental to American life.

The Social Security Act of 1935 was a significant turning point in the history of the American nation. It heralded the assumption of responsibility by the federal government for the welfare of the people in general; and the protection of the individual in particular, against destitution in old age.

A government policy, however, may over the years develop in unforeseen directions, leading to unintended consequences. In the Epilogue added to this study, an overview of the development of Social Security after 1935 is given so as to link the past to the present, thereby coming to a more meaningful understanding of the

crisis in the Social Security system which emerged at the close of its fifty-year existence.