

---

# Forty-Fifth Anniversary of Social Security

by William J. Driver\*

---

August 14, 1980, marks the 45th anniversary of the signing of the Social Security Act. Across the country, we have held town meetings where people have discussed the past 45 years of social security and assessed the implications for the future. Now I would like to take the opportunity to convey my personal views of the past and future of social security, both as Commissioner and as an individual who has watched the program evolve over the years.

---

I obtained my social security card in the first week they became available. As a young man, I considered social security to be an old-age program that I could forget about for the next 50 years.

The suffering during the Great Depression left its mark on my memory. I remember discussions about social security and the feeling—which we all had—that this new piece of legislation meant a major change for us. We really had the feeling that something important had happened when the Act was signed.

Many people felt—and I remember reading it also in the newspapers—that social security would bankrupt the country. You still hear that argument today. But the argument has no more validity now than it did back then. The most renowned economists in this country would agree that social security cannot go bankrupt. The historical record confirms that belief.

Over the past four decades, the American people have witnessed a continuous effort on the part of every Administration and the Congress to ensure that social security revenues have always been sufficient to meet expenditures. The promise of future benefits is just as firm today as it was initially in 1935.

The next major social security event that really impressed me was the enactment of legislation in 1956 allowing monthly disability payments. It is a measure of my personal acceptance of social security that, by 1956, I only wondered why it had taken so long to have a disability insurance program.

Since then, the other milestones in the history of the Act also impressed me. I remember vividly the words of President Johnson when he signed the Medicare bill on July 30, 1965:

There are more than 18 million Americans over the

age of 65. Most of them have low incomes. Most of them are threatened by illness and medical expenses that they cannot afford.

And through this new law, . . . every citizen will be able, in his productive years when he is earning, to insure himself against the ravages of illness in old age.

I remember thinking then, as I do now, that Medicare was an important part of economic security for individuals—removing from their shoulders the burden of crushing medical bills.

As Commissioner, I meet frequently with members of the public about social security. I am struck by how strongly beneficiaries express to me their satisfaction with the system and their sincere feeling that this program is really vital to their lives. Social security still has wide support among the American people.

We have a healthy tendency in this country to scrutinize the operations of public and private institutions under a magnifying glass. In the public sector, that means looking at public policies more closely, comparing their results with their stated goals, and evaluating their effectiveness in achieving those goals. This is a tendency of which we, as a Nation, are rightly proud. It guarantees that our institutions will remain responsive to the people they serve. Frances Perkins, the first woman to serve as a Cabinet member—Secretary of Labor under Franklin D. Roosevelt—said it well: “It is not the nature of man, as I see it, ever to be quite satisfied with what he has in life. . . . Contentment tends to breed laxity, but a healthy discontent keeps us alert to the changing needs of our time.” Analysis and critique are essential to good government.

At the same time, it is necessary to step back from the

---

\* Commissioner of Social Security.

heat of the debate from time to time and to ask ourselves: "What does it all add up to?"

With respect to social security, the public consensus is that this is a good system. It is undeniably the most successful social program this country has ever launched. And we couldn't do without it.

More than 45 years ago, when President Franklin D. Roosevelt asked the Committee on Economic Security to issue a report about social security, the elderly, the disabled, and their dependents were in a desperate situation. Nine out of 10 people over age 65 had no pension—public or private. They had to depend upon their families or charities for support, at a time when too many family members were unemployed and when charities were receiving far more demands for help than they could answer.

The Social Security Act of 1935 marked a bold step toward filling a big gap in our social policies. It started a program in which workers and employers joined hands to safeguard the interests of workers and their families. Over the years, the program has improved considerably. It has lifted millions of the elderly and disabled out of poverty; and it has enabled millions more to live their lives with dignity and basic comfort. Nine out of 10 workers are now covered—a radical improvement from the situation 45 years ago.

These are significant accomplishments. They must not be forgotten, especially by the younger generations, for whom the 1930s—as recent as they are—may nevertheless smack of ancient history. We shall not willingly go back to those days of the past. And social security is one reason why.

Lester C. Thurow, Professor of Economics and Management at the Massachusetts Institute of Technology, recently explained it this way. "In an era of economic doom and gloom," he writes, "Americans often overlook their successes—especially the successes that flow from government programs. However you look at it, social security is one of our greatest social institutions. If it didn't exist, we would simply have to reinvent it."

## The Future Evolution of Social Security

Several advisory groups, as well as the Social Security Administration itself, have been studying various long-term issues of great consequence to the program. They are considering the projections of an aging population and the need to develop a more equitable treatment of women under social security.

Within the next 5 years, I expect that Congress will undertake a thorough reevaluation of social security programs. But I hesitate to predict what adjustments, if any, they will recommend. For one thing, these are sensitive issues, which need to be thought about carefully. Decisions will have to reflect what the people

really want from the social security system, and what they are willing to pay for.

Nevertheless, I think certain practical considerations will exert a significant influence on the future evolution of social security.

Above all, I think that social security benefits will continue to be the basic source of retirement income upon which people rely. In fact, roughly 2 out of 3 retired beneficiaries now depend on social security benefits as their major source of income. Private pensions simply have not expanded as rapidly as we might desire, neither in the extent of private pension coverage nor in the number of workers who eventually receive a private pension. We can anticipate greater discussion of private pension supplementation in the next few years. But as a practical matter, social security benefits will remain a major source of income security for retired and disabled workers, their families, and their survivors.

I don't believe, however, that we will relive the continuous historical expansion of social security documented by the statistical tables in this journal. We shall probably be spending the next decade fine-tuning the system that we now have. A number of proposals might be discussed in that regard.

We may see increased interest in some way of raising the income security benefits for single persons. Some categories of persons in old age, especially those men and women without a family, need more adequate benefits.<sup>1</sup> We shall probably see some movement in that direction, not necessarily through an expansion of the contributory benefits under social security, but perhaps in conjunction with the supplemental security income program, so that the combined payment amounts reach a more adequate level.

Discussion in the area of disability benefits may include provision of benefits for those of advanced age, for whom the loss of certain abilities might not be totally disabling from a medical standpoint, but whose disabilities, as a practical matter, severely restrict their ability to find a job. Social security disability legislation, however, requires stringent rules about unemployability. These rules will probably be emphasized in the future to avoid creating any incentives for people to stop working prematurely. Management of the disability program will probably be directed toward achieving more uniform disability determinations and objective measurements of unemployability.

The real administrative emphasis in the next decade will be on service delivery. Social security will be

---

<sup>1</sup> Editor's Note: One-third of single persons aged 65 and over have incomes from all sources, including social security, that are below the poverty line. Source: Susan Grad and Karen Foster, *Income of the Population, 55 and Over, 1976* (Staff Paper No. 35), Social Security Administration, Office of Policy, Office of Research and Statistics, December 1979.

---

expanding into new areas of public service, even as social security pioneered major changes in the technology of serving the public in years past.

As I look into the future, I see more and more people moving from country to country to perform their work. Men and women are already changing jobs frequently. That trend may accelerate to the extent that those with specialized skills will cross national boundaries more often to meet the growing international demand for their skills.

Such labor movements will probably generate the need for new international arrangements in this area. The Social Security Administration is already involved. Formal international social security agreements now exist between the United States and Italy (1978), and with the Federal Republic of Germany (1979). A third international agreement with Switzerland is in the process of Congressional review; and the United States is also actively negotiating possible agreements with 16 other countries. These agreements support the efforts of American workers and employers overseas, as well as those foreigners who come to the United States to work on a more or less temporary basis.

Another important theme in the years ahead will be devising ways that social security workers and beneficiaries can participate in the process of efficient administration of the program. To take a small example: Direct deposit procedures are more modern; they save money in administrative expenses; they are safer and more convenient for beneficiaries, especially for those with limited mobility. The public should recognize that if they adopt certain practices—like direct deposit—their social security system will be better managed. This is also the case with encouraging the public to meet their reporting responsibilities regarding events that affect social security eligibility and payment amounts. We now urge the public to verify their posted earnings every 3 years or whenever they have any doubt in their minds about the accuracy of their reported earnings. The point is that we need to reinforce the idea that social security employees and the public can work together

to achieve better administration of public programs.

My judgment is that the public will accept that responsibility because they recognize that social security is the keystone of our income security system. They have learned that social insurance programs similar to our own have developed all across the world to guarantee basic protection (in the words of Franklin D. Roosevelt) against “misfortunes which cannot be wholly eliminated in this man-made world of ours.”

I really believe that basic feeling is shared by young and old alike. I started out by recalling that when I first got my own social security card as a young man, I dismissed social security from my mind as something that wouldn't concern me for 50 years. It is natural for young men and women to lack appreciation for a retirement program, to view it as a program from which they will not immediately benefit. At other points in their lives, when they are confronted by total disability, or premature death of a wage earner, or planning for retirement, then the latent appreciation emerges clearly.

Given this natural gap in understanding of social security among young workers, it is the Social Security Administration's responsibility to fill the gap. We need to explain, for example, that 40 percent of working men and 28 percent of working women are likely to die or to become disabled before reaching age 65.

Once younger workers understand what broad protection social security provides, no basic philosophical difference exists between the young and the old. Of course there will be dissatisfied individuals. But I do not foresee any great potential for intergenerational conflict in the next century. After all, today's taxpayer is tomorrow's beneficiary.

As a society, the young and the old will continue to support social security. They depend on it. That makes the responsibilities of this agency truly awesome. Social security has met those responsibilities admirably over the last 45 years. It will continue to meet its responsibilities in the future by perfecting the legacy and venturing into new areas of delivering service to the American people.