

ECONOMICS REPORT

Social Security, Part 1

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I'm Phoebe Zimmermann with the VOA Special English Economics Report.

The Social Security system in the United States provides monthly payments to retired people and the disabled. Most of the money comes from a wage tax paid by workers and employers.

For now, Social Security collects more money than it pays out. The surplus goes into a trust fund for workers who will retire in the future. But the future will have more retirees and fewer workers to support them. Last June, the Congressional Budget Office said Social Security is expected to have a deficit beginning in two thousand nineteen.

President Bush says "now is the time to act." On Wednesday, at the first news conference of his second term, he said the program will be out of money in two thousand forty-two. Mister Bush wants Congress to make changes. But there is intense debate about how much fixing this popular program needs.

Social Security was born out of the Great Depression. Poverty spread during this period from nineteen twenty-nine to the beginning of World War Two. Many leaders spoke of creating a system to guarantee payments to the disabled and the retired. Critics called it socialism.

Some states created their own plans. President Franklin Roosevelt wanted a national system that could pay for itself. He proposed the Social Security Act in January of nineteen thirty-five.

Congress passed the law that year. But payments did not start until nineteen forty. Until then, money gathered in the trust fund so the program could start with a surplus.

At first, Social Security was meant to provide a small amount of money to retired industrial workers. In time, other jobs were added. The government also offered benefits to people who survived the death of someone on Social Security.

In nineteen sixty-five, President Lyndon Johnson and Congress added two programs to offer medical benefits. Medicare, for older Americans, and Medicaid, for the poor, are no longer under the Social Security Administration.

In nineteen eighty-three, Social Security faced a deficit. Congress agreed to increase the retirement age and Social Security taxes. Lawmakers also required all federal workers to be in the system. These changes were meant to fix the system for seventy-five years, until around two thousand sixty.

Next week, we look at the current debate about the future of Social Security.

This VOA Special English Economics Report was written by Mario Ritter. I'm Phoebe Zimmermann.