Social security act of 1935: causes and effects

Social Security Act of 1935

Before 1935, there were no benefits for the old and other financially challenged persons in America. The only people liable to benefits after their service were veterans who received pensions. The remaining occupations had no benefits after their service (DeWitt, 2010). In every occupation there is a retirement age upon which the employee is considered unable to contribute positively towards the organization. As a result, when employees attain such status they are cut off as employees. Unfortunately, when one had not made savings during their service they would up in the streets as beggars. Alternatively, the elderly would ultimately become dependents especially if they had low wages during their active duty. The fortunate people were those who had been employed in high paying jobs and managed to make huge savings while they were working. Being dependent would mean that you either rely on your siblings or children to cater for your financial needs. In August 1935, Franklin Roosevelt signed the Social Security Act which improved life for the elderly in the society (Gareth and Derthick, 2007). The Act ensured benefits to elderly citizens in the US. As a result, United States of America become one of the first countries in the world to provide support for the elderly in their country. In life, there are complex challenges that are accompanied with old age, based on these challenges most people tend to avoid old people instead of helping them. The US stood out as one of the communities that would rather provide support to the elderly than to lock them out of national benefits. Therefore, this paper discusses the Social Security Act of 1935, describing factors that led to the development of the legislation (history) including the amendments made to it. In addition it discusses its effects and relation to the American Economy.

Social Security history

The federal government of America had isolated itself from elderly benefits before the legislation of social security Act. Primarily this responsibility was handled by family members since they are the only social unit most reluctant to abandon their kin. Moreover, this responsibility was accustomed to the local and state governments Social security concerns from the federal government were initiated by the Great depression. During and shortly after the Great depression most Americans especially the elderly were exposed to harsh living conditions. The depression led to the increased unemployment rates ever in the US history (DeWitt, 2010). The elderly who had lost their jobs during this time had no chance of seeking employment elsewhere. In addition, the few remaining vacant spots were consequently filled by the younger work force who had also been sacked as a result of the Great Depression. In January 1935, Franklin Roosevelt decided to write to the congress seeking legislation for social security in the country. Despite of the positive influence that the legislation would have made on humanity, the bill was greatly opposed. Since the president was so eager to pass this bill, he lobbied several senators and even appointed six judges who consequently approved the bill. The president signed the bill seven months late after drafting the later to the congress and it became a law.

Social Security Act of 1935

On 14 th August 1935, America passed a bill which ended up in the development of social

security system that provided benefits for the elderly unemployed, causalities of industrial accidents, unemployed persons, vulnerable mother, children and the physically handicapped. The Act was not specific to the elderly alone but also other economically challenged persons in the society as described. A society is composed of both negative and positive attributes of human nature. Whilst a society is made vibrant by the youth and the young adult through their workability, it should not disgrace the elderly or those unable to fend for themselves (Cogan and Mitchell, 2013). Both entities should coexist together in harmony supporting and encouraging each other where and when necessary.

Social Security Act of 1935 is composed of 11 different titles which express support for the economically challenged America citizens. The first title entails grants to states for old-age assistance. The second title encompasses federal Old-Age benefits. Third, grants to states for compensation for the unemployed. Fourth is a grant to states for aid to dependent children. Fifth is grants to states to maternal and child welfare (Cogan and Mitchell, 2013). Sixth is title for public health. Seventh is title for social security board. Eighth is title to taxes with respect to employment. The ninth tile is to tax on employees of eight or more employees. The tenth title is grants to states for aid for the blind. The eleventh title is general provisions.

These grants are contributed by both the government and the working population. Both employees and employers contribute differently towards these grants. The federal government then allocated the grants to states based on the quality of a state's population based on the number of dependent children mothers, unemployed persons

and the elderly. This statistics are extracted from the most recent census to aid the allocation process (Cogan and Mitchell, 2013). The social security board manages the collection of revenues attributed to social security funds.

Amendments to the Social Security Act of 1935

The first amendment was instituted four years after the signing of the original amendment. In 1939, the act was modified and the beneficiaries were not only the retired worker but also the children and spouse of the retired worker. Initially, the benefits were solely allocated to the retired worker and it was upon them to utilize the benefits on their family. However, after sometime it was discovered that a portion of retired workers misused the funds from their benefit scheme. Instead of using the funds in enriching their lives they wasted the money on personal needs as irresponsible consumption of alcohol (King and Wayne, 2009). To minimize these, the federal government decided to recognize both the children and spouse of a retired worker and they were also affiliated to the retired worker's benefit.

The first amendment was later preceded with a series of changes until the 2008 during Obama's reign, there have been addition to the social security trustees. For instance Medicare has been slotted together with social security (Hodges, 2013). Not only financial benefits are allocated to the beneficiaries but also medical benefits. This is as a result of current concern for high quality Medicare which is expensive. Therefore, dependent mothers and children were more likely to miss out. But with the amendments of the current administration the poor and the physically challenge would also have equal chances in obtaining high quality healthcare as

the rich in the society (King and Wayne, 2009).

Effects of the Act

Production in any system is determined by the morale manifested by the working force. The standard age of retrenchment is not an indicator of senescence in human resource capability. Retrenchment is a tactic used by the government to create employment opportunities for the youth. Therefore, when people retire form civil service, they might still productive in their present locations (Cogan and Mitchell, 2013). Grants allocated to the old serves as an inspiration to these elderly population. This money can be used in establishing small scale enterprises which serve as injection to the economy.

Grants allocated to dependent children helps these children obtain education and end up as positive resource for the economy. Education is a positive contributor to strong economy. In addition, education is directly proportional to the economic strength of a country. As a result, the US poses as the strongest economy in the world based on positive human resource which is due to high quality education in the country (Hodges, 2013). Children without education or those who lack other basic needs end up in the streets. Once on the streets they are more likely to indulge in criminal activities to meet their needs. Consequently, this result to increased crime rate which ruins an economy.

When dependent mothers lack sufficient financial support it leads to strenuous consequences. The first problem is associated with delivery of pregnant mothers. Since they are not capableof financing safe delivery costs in hospitals, they would opt for unsafe birth avenues which are cheaper and require lesser or no paper work (Gareth and Derthick, 2007). Unfortunately, this might lead to the death of either the mother or child or both. High mortality rates also negatively impact the economy. However, with grants being offered to states for dependent mothers and children in the United States as a result of the social security Act negative attributes associated with dependent mothers and children are lower compared to other regions in the world (King and Wayne, 2009).

In conclusion, Franklin Roosevelt unveiled a formidable mechanism of ensuring that all members of the society are catered for. In addition, the system also contributes positively towards the economy. Despite the amendment made to the act the primary objective has been maintained.

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