A CRISIS IN SOCIAL SECURITY WAS DECLARED IN 1981 by the President, politicians of various persuasions, neo-conservative economists, and a number of policy analysts. The mass media repeated the crisis designation over and over again. The public, including millions of elderly, became concerned, indeed alarmed. Many young adults felt that they would pay into, but never benefit from, Social Security. How could such a condition have arisen in a program that for almost 50 years has been the foundation for retirement and disability income in the United States?

When an issue such as Social Security is defined as having reached a crisis stage, the situation involves high social, economic, and political stakes. The view presented in this paper challenges conventional assumptions about the objective and nonpolitical origins of crises that come to national attention. The argument is not that there are conspiracies to create crises, nor that crises result accidentally. Rather, crises are socially constructed as a consequence of social perception and definition; that is, a crisis may be said to exist if it is perceived to exist. Conversely, a crisis does not exist if people do not act as though it exists.

The assertion that the Social Security crisis is socially constructed
does not deny or ignore the existence of objective phenomena such as demographic aging and economic or other structural conditions that may be said to be empirically real and affect Social Security (e.g., the current high rate of unemployment), regardless of how they are perceived. Social action, however, is inseparable from the socially constructed ideas that define and interpret these phenomena. These ideas, in turn, are affected by dominant ideologies and paradigms (ways of conceptually ordering the world), as well as by the political and economic interests that are called into play. Furthermore, the less the knowledge base for a particular problem is empirically grounded, the greater the influence of social and political factors in the interpretation and acceptance of information as knowledge. For example, the "knowledge" contained in theories of supply side economics and in remedies for worldwide recession are examples of issues more illumined by rhetoric than by verifiable conclusion and, thus, of policy arenas that are highly subject to social and political influence.

As definitions of reality (i.e., "the facts") become widely shared, they become part of what Berger and Luckmann (1966) have called the "collective stock of knowledge." Although socially generated, such knowledge and expert opinion take on the character of objective reality regardless of inherent validity, because people act as if they are connected to concrete realities. The definitions of reality that influence opinions, and shape the public policies that flow from them, reflect the dominance of certain values and normative conceptions of social and economic problems and their remedies.

In the 1980s, the definition of the problem of aging has increasingly become one in which the elderly have been blamed for their predicament and for the economy by those who have had the most to gain from public policies that reduce domestic social spending and seek to shift public responsibilities away from social programs to defense, to other levels of government, or to the individual. One major perception of reality that is shaping policy debate is the notion that old age and aging are a problem to society. The crisis concept is associated with this notion.

The term crisis implies that the event or condition so described is different from others—that it is created by circumstances beyond the control of national leaders, who nevertheless are presumed to be coping with it in the best way possible (Edelman 1977). When groups and individuals are successful in designating a crisis, several things occur.
First, the crisis designation creates a climate of uncertainty and legitimizes the rejection of old and familiar assumptions, while previously acceptable and radical ideas become the focus of active debate and struggle (Estes 1979). Second, the crisis designation provides an impetus to "do something," while preparing the public for the idea that sacrifices will have to be made. Such policy-delineated sacrifices, while appearing to be equally shared, tend to be disproportionately borne by working class and poor people. Third, as public anxiety is aroused by the rhetoric of crisis, public officials are afforded expanded authority to act, which, if seized upon, may result in the adoption of formerly unthinkable solutions. In other words, actions by government that would ordinarily be strongly resisted may be readily accepted in response to a defined crisis.

Thus, the designation process in labeling crises is worthy of empirical investigation in order to understand not only how public policies develop but also how they affect the distribution of societal resources across different groups in the society. The challenge is to make explicit how certain ways of thinking about dependency and income security in old age are rooted in and reflect the structure of social and power relations, and how they reflect and bolster the social location of their adherents or proponents (Estes 1979; Alford 1976; Edelman 1977; Piven and Cloward 1982).

The Social Security Crisis

As conditions in the U.S. economy worsened in the late 1970s (inflation) and the early 1980s (recession with high unemployment), increasingly strong political and economic interests became invested in defining Social Security as a system facing crisis. The political importance and uses of such a designation should not be underestimated because the crisis has been formulated in such a way that, until the President's commission report, the primary viable options appeared to be cutbacks in benefits and eligibility. The necessity for the proposed cutbacks was cast as nonpolitical, due to facts of changing demography, excessively high benefit payments (since the 1970s these were tied to increases in inflation), and the welfare aspects of Social Security (benefits were paid to some who contributed little to the system because a minimum benefit was established in the 1970s). This formulation foreclosed a
number of alternative explanations of the Social Security crisis—such as its being a consequence of the failure of fiscal and monetary policies that have escalated unemployment to the highest levels in 40 years, thus reducing payments by employers and workers into the system while, at the same time, fostering age discrimination and doing far too little to assure healthy work environments. Thus, further payments into the system were reduced through unemployment while increased payments were made out of the system in disability and early retirement.

The "facts" underlying the crisis have blurred in the public's mind and in the media's representation of the issues. The difficulties that Social Security faces are directly linked to the economy. The high unemployment (now projected to continue at 7 to 10 percent throughout the 1982 to 1988 period [Munnell 1983]), inflation and recession, continuing pressures for early retirement resulting from unemployment, and corporate incentives have each created a problem for Social Security. For example, for each one million unemployed workers laid off for one month, Social Security loses approximately $100 million in contributions to the trust funds (Ross and Birdsall 1980). With each 1 percent of inflation, it is estimated that Social Security payments increase at an annual rate of $1.5 billion. In addition, there are known to be costs of unemployment (as yet uncalculated), pushing workers to opt for the earliest possible retirement. Demographic changes have played a part as well.

What has not been clear in the public debate is that there are at least three periods (Robert Ball designates four) for which the problems of Social Security need to be considered (Ball 1982; Munnell 1983). In addition, to grasp the complex financing issues at stake, it is necessary to separate the consideration of the Old Age, Survivors, and Disability Insurance (OASDI) program from that of the Hospital Insurance (HI) system, just as the President's Commission on Social Security did. The reason for this is well stated by Munnell (1983, 41):

The future financing requirements of HI are extremely uncertain, since rapidly escalating hospital costs have caused both public and private health and insurance programs to become increasingly expensive. Restoring long run balance to the HI system will require fundamental reform in the way we provide hospital care. . . . The answer is not, as Peterson (1982) suggests, to accept past rates of increase for HI expenditures and then cut the OASDI program by
an amount equal to four times its own deficit in the year 2000 in order to transfer those funds to the Hospital Insurance Program.

As table 1 records, the financial outlook for OASDI varies considerably in each of these three different periods. The immediacy of having to make some adjustments in Social Security in 1983 occurred because of the shortfall in payroll taxes over projected payments, resulting in an anticipated deficit in the period of 1982 to 1990 of between $75 and $200 billion (the difference being between optimistic and pessimistic assumptions). Projections for the 1990 to 2013 period indicate a surplus of perhaps as much as $20 billion per year will be accumulated, more than enough to pay back with interest any funds loaned to Social Security for the prior period (1982 to 1990). Beginning in the 2013 to 2015 period (about thirty years from now and some 32 years after the present Social Security crisis was declared), longer range problems have been projected. The alternative projections and assumptions made about this period vary widely, with the most pessimistic view coming from neoconservative economists, including Peterson (1982), who defined the crisis based on a number of highly debatable assumptions (Munnell 1983), including the assumption that Medicare costs will rise from their current 18 percent of all Social Security trust fund expenditures to almost 50 percent of those expenditures, and that Congress and the public will obligingly support these astronomical

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Outlook</th>
</tr>
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<tbody>
<tr>
<td>1982–1990</td>
<td>Eight-year shortfall projected between $75 to $200 billion</td>
</tr>
<tr>
<td></td>
<td>(President’s commission agreed on $150–200 billion)</td>
</tr>
<tr>
<td>1990–2013</td>
<td>Very favorable to relatively favorable outlook (approximately</td>
</tr>
<tr>
<td></td>
<td>$20 billion a year added to surplus) due to demographics</td>
</tr>
<tr>
<td></td>
<td>(baby boom in labor force)</td>
</tr>
<tr>
<td>2013–2025</td>
<td>Rising costs as baby boom retires and labor force participation</td>
</tr>
<tr>
<td>2025–2055</td>
<td>slowing due to declining fertility rates</td>
</tr>
</tbody>
</table>

Medicare cost escalations. This would appear to be a questionable assumption inasmuch as the control of rapidly rising health care costs is high on the current policy agenda of Republicans and Democrats alike.

The range of options and the policy solutions adopted in a situation such as the Social Security crisis will be shaped by the capacity of strategically located classes and groups to press their views into public consciousness and law. The various options for solving the Social Security crisis have been highly charged, with organizations of the elderly opposed to any benefit reductions or changes in eligibility (e.g., increased retirement age). Others have been opposed to any basic changes in the system, advocating partial general fund financing like that of most other industrialized nations. Still others, opposed to payroll tax increases, general fund financing, or interfund borrowing, have advocated benefit reductions or even of making Social Security participation voluntary. Probably no policy decisions of the 1980s will have as great an impact on the elderly as those involving the Social Security system.

**Symbolic and Material Impact**

The impact of the Social Security crisis has two dimensions: a symbolic and a material one. The *symbolic* import is in the designation of old people as a "problem to society" whose cost is too great, diverting national attention from potentially more compelling policy problems and failures. Linking the symbol of crisis to the perception of old age as a problem is a central dimension of the Social Security crisis. Its effect is to blame the victim (Ryan 1971; Minkler 1983), by designating the older person as the source of problems for Social Security. A large literature attests to the significance of such labeling (Becker 1963; Marza 1969); for the group labeled as a problem, the consequences may be very immediate and personal, even affecting self-esteem and mental competence (Rodin and Langer 1980).

There are also political and economic ramifications in the translation of the crisis label into public policy. Extremely negative portrayals of aging provide the basis for dramatizing old-age problems and for arguing that they constitute a crisis (Estes 1979). An example is the portrayal of the cost of the societally induced and enforced dependency
of older persons as "busting the budget" and robbing younger genera-
tions. Comfort (1976) has described the symbolic magnification of
aging problems as one type of exploitation of the aged. A similar
characterization could be given to the current magnification of the
Social Security crisis.

The material impact of the crisis is lodged in its disparate societal
and human consequences through the resulting redistribution of power,
status, and economic resources. Applying Alford's (1976) notion of
structural (or built-in) interests, it can be seen that the alternative
definitions of the Social Security crisis and accompanying remedies
would institutionalize the advantage of different groups and social
classes through policies that ultimately are legislated and implemented
to deal with it. Recent patterns of budget cutbacks illustrate the
tendency for crisis-generated reform policies to be disproportionately
borne by different groups, since 62 percent of the cuts in 1982 were
extracted from the means-tested programs that comprised only about
25 percent of the federal budget (Gordon 1982), resulting in the
burden of these cuts falling disproportionately on the poor, particularly
on the working poor (Palmer and Sawhill 1982).

Both the symbolic and material aspects of the Social Security crisis
shape the way in which younger and older members of the society
interact with and relate to one another. To the extent that the aged
are seen as a burden, dependent and worthless, and even as a threat
to the economic security of young families and of the nation, we
would expect a heightened potential for intergenerational tension, if
not outright conflict.

In the current economic and political context, the utility of the
Social Security crisis designation is that it may be portrayed not as a
product of federal fiscal policy, but of demographic change and of
individual choices (thus fault), as well as of Great Society domestic
spending. In addition to being amenable to characterization and ex-
planation in ways that relieve politicians and other public officials of
responsibility, the Social Security crisis label serves to advance the
interests of those seeking to constrict the role of the public sector
and to shift responsibility for social programs onto the states, localities,
and the individual.

Two emergent processes appear to have framed the Social Security
debate: 1) the delegitimation of the elderly, and 2) the reduction of
expectations. Both help to explain the intensity of the debate and the
The Delegitimation of the Elderly

Legitimacy refers to that which is accepted as right and proper by members of a society. In modern society, that which is legitimate is usually bolstered by the formal legal authority of the state (Weber 1946). In the case of Social Security, public policy sanctions the legitimacy of the elderly to receive certain entitlements.

Delegitimation refers to the process by which the sanctity of a position, group, or policy is challenged. In essence, the formulated problem most widely debated in the Social Security crisis represents a basic process of delegitimation of the elderly as a deserving group in the society. This is no small undertaking given the firm and committed support of the American public for the elderly. As evidenced in poll after poll, the elderly are seen as a deserving group (Cook 1979; Harris 1975; National Council on the Aging 1981), and especially so where Social Security is concerned. The “high endorsement for government’s involvement in assuring the economic security of older persons” (Klemmack and Roff 1981) is a consistent finding in research over the years (Crystal 1982). A Harris Poll in 1981 reported strong public opposition to reducing the benefits for current retirees (92 percent oppose) and for future retirees (85 percent oppose). Clear majorities have repeatedly supported tax raises and general revenue financing for Social Security, while also opposing raising the retirement age—even though 54 percent of those 18 and over in 1981 indicated they had “hardly any confidence” in Social Security’s capacity to fund their own retirement.

The attempt to delegitimize the elderly is characterized by the systematic attempts of some public officials, nonconservative economists, and others to shock the public into reversing its commitment to public policy support for the elderly.

The delegitimation process is bolstered by linking the elderly with the fiscal crisis through three major types of imagery:

1. Social Security is to blame for many of our economic woes—recession, lowered productivity, unemployment, lack of savings, and multiple other corporate ills, as well as for budget deficits (in contrast
to a view that considers other "facts," such as the contribution of high defense expenditures, and the $750 billion tax cut resulting from the Economic Tax Recovery Act of 1981).

2. Social Security is going bankrupt (in contrast to a definition of the immediate issue as a temporary, short-term financing problem between 1982 and 1990 that could be solved by a multiplicity of options that do not necessitate cutting benefits, with few serious financial problems until 2015—more than thirty years from now) (Ball 1982; Munnell 1983).

3. We must be "responsible" and save the system because it is "out of control" (in contrast to a definition that the system is basically sound and needs to be saved only from the crisis-makers).

While the Study Group on Social Security (Wickenden 1982) and others (Munnell 1983; Rinder 1983; Morris 1983) have systematically addressed and countered these definitions of the Social Security situation, the popularity of their portrayals by the media and by public officials is evident. It is interesting that the notion of bankruptcy has been so widely used in reference to Social Security for, in its strictest sense, bankruptcy would imply the total collapse of the program's cash flow (typically after banks refuse credit and creditors press for claims). Yet, the shortfall of Social Security has never been calculated to exceed more than 4 to 10 percent of the program's annual outlays (Munnell 1983). Furthermore, the total collapse of cash flow is an impossibility with a government operation like Social Security (Morris 1983).

Nevertheless, the ultimate status of the bankruptcy and other imagery of Social Security, as myths or as acceptable reality, will depend on the outcome of power struggles involving the most powerful forces in the country. Some of these struggles are illustrated in the following alternative scenarios on the crisis.

Typical of the crisis perspective is former Health and Human Services Secretary Richard S. Schweiker's statement (1981):

[There is a] crisis in financing and in public confidence in the system. The old-age and survivors insurance program will not have enough funds to pay benefits after mid-1982. Band-aid approaches will not work. . . .

The root of the problem [is] over-expansion of Social Security over the years combined with a trend of prices rising faster than wages.

Raising social security tax rates is not the answer; that would be
unfair . . . and be a serious drag on the economy. . . . We must be economically mature and not fool the American people by financing Social Security through general revenues.

Another widely heard definition of the Social Security crisis has been that it has been created by a demographic explosion of older people, ignoring the fact that the total dependency ratio (ratio of workers per dependent population of all ages) will actually be reduced, when comparing that ratio for 1970 and for the years 2000, 2025, and 2050. Instead of acknowledging that there will be fewer dependents per worker in the next century than there were between 1950 and 1970, the preference of the alarmists (Peterson 1982) has been to examine the issues for Social Security solely in terms of the old-age ratio (ratio of workers to older persons), which is then used to bolster the notion of an unbearable Social Security burden. The alternative perspective given by Ball (1982) and others (Munnell 1983; Morris 1983) is that “. . . we never again expect to have as many non-workers per worker as we did as recently as 1970. The [total dependency] ratio has been going down very rapidly. . . . It just isn’t true that there will be a large increase in the number of non-workers to be supported by the age 20–64 year old group. There will be more older people and fewer children, not an increase in the total number of dependents per worker” (Ball 1982, chart 7).

Another contention of many claiming a Social Security crisis is that the United States has inordinately high welfare spending that must be reduced. This contrasts with an alternative perspective presented by Palmer and Mills (1982) and the Congressional Budget Office (CBO) that shows that “since fiscal year 1966, the federal sector in relation to the economy has grown only 0.9 percentage points and has remained basically the same size . . . during the last five years” (U.S. Congressional Budget Office 1982, 17). Furthermore, with reference to the size of the public sector, CBO data show that “the U.S. had one of the smallest and slowest growing public sectors” of all the 13 largest member countries of Organization of Economic Cooperation and Development (OECD) during the period 1960 to 1980 (U.S. Congressional Budget Office 1982, 19).

The repeated affirmation and apparent preference for claiming the crisis version of the Social Security situation by the President, present and former cabinet members, conservative “think tanks,” and academic
Social Security: The Social Construction of a Crisis

Economists have been given extraordinary validity by the media—television, radio, newspapers, and magazines. The complexity of the problem, the extent of media support for the crisis definition, and the relative infrequency with which the public has been provided an alternative view have been the principal reasons for the rapid undermining of the public's confidence in the future of Social Security.

The legitimacy of the elderly is further challenged by the increasing portrayal of the older person as well-off (Peterson 1982), despite the fact that the number and percentage of elderly in poverty is increasing (U.S. House of Representatives 1981), and that Social Security has been crucial in keeping approximately two-thirds of the elderly out of poverty (Munnell 1983). For two-thirds of Social Security recipients, Social Security accounts for more than half of total income (Munnell 1983, 44). Poverty in the United States is undergoing redefinition as a consequence of recent federal policies lowering income eligibility for public assistance. The Office of Management and Budget, which now has sole statutory authority to determine the poverty line, may through rather simple and arbitrary adjustments statistically eradicate large numbers of the poor.

Binstock (1982) has shown how different calculations of income utilizing different assumptions may increase the percentage of elderly in poverty to approximately 40 percent, while other formulas (counting the cost of Medicare as income) reduce the percentage of elderly in poverty to 6 percent. The lower poverty figures are highly debated because the total cost of all public benefits, including some which the elderly would not have purchased unless provided without charge, count as income. Certain in-kind benefits, such as food stamps, that are used directly by the elderly as a substitute for money may be appropriate for inclusion as income in these calculations. In diametric contrast, however, the expenditures under Medicare and Medicaid go directly to the doctors, hospitals and nursing homes, not to the elderly. While it might be argued that, without these benefits, the elderly would be paying these costs, it is clear from the pre-Medicare experience that without Medicare or Medicaid coverage, the elderly would not use many of the medical services that they are using currently. This is particularly the case with regard to the small percentage of elderly who consume a very high proportion of the Medicare and Medicaid expenditures.

There is a lack of clarity about the real income status of the elderly
and about the consequences of current policy shifts and the effects of the economy on the elderly, and this situation plays into the hands of those wishing to construct the perception that the elderly are "just fine." Public support for policies benefitting the elderly has been contingent on the belief that the aged are both needy and deserving (Klemmack and Roff 1981; Hudson 1978; Ragan 1977). A shift to a public perception of elderly persons living well off the public treasury (Binstock 1982) could seriously undermine the legitimacy of the elderly as a deserving group and result in a loss in public support for programs such as Social Security.

What all of the income statistics fail to show are the sharp disparities between the different classes, races, and sexes in old age (Nelson 1982; Estes 1982)—what have been called the "two worlds" of aging (Crystal 1982). Women and minorities particularly are among the poorest of the elderly, primarily because their marginal employment (and in the case of women their unpaid employment as wives and mothers) has provided only limited Social Security benefits and no private pensions (Abbott 1977; Grad and Foster 1979). Half of all the aged poor are single women (never married and widows) who live alone (Orshansky 1978); women's Social Security benefits are only about two-thirds those of men (Burton 1980). Older blacks who are classified as poor exceed 38 percent, whites 13.6 percent (Crystal 1982). The status, indeed the life chances of the low-income elderly, contrast sharply with those of the upper and middle classes who have not only Social Security and pensions, but also favorable tax advantages and additional sources of income.

The Reduction of Expectations

As Gurr (1970) astutely observed in his book Why Men Rebel, conflict and social unrest are less likely to occur under conditions of lowered expectations than under conditions of rising expectations. Recent policies of retrenchment and conservatism have been advanced through "gloom and doom" prognostications concerning the economy, lost U.S. superiority, and the necessity to sacrifice (e.g., by enduring high unemployment, high interest rates, and tax advantages to the wealthy) in order to "get the economy going again." Economic forecasts of depression provide an amenable political environment for the ascension of all sorts of crisis definitions designed to lower expectations. Nowhere
is the confluence of the definitions of crisis, the delegitimation of the elderly, and of reduced expectations so dramatically evidenced as in the struggles over Social Security.

A critical question for Social Security policy, indeed for domestic social policy, is who will pay and who will benefit? In old age policy, will the interests of the upper and middle income elderly, particularly the mythical average worker who has a long, steady, uninterrupted work career, predominate or will the interests of all working people, the marginally employed, those disabled in the course of their working lives, and the working poor and women be given equal consideration?

Will the public, in short, join what Piven and Cloward (1982) have called the "new class war"—a war between those who own most of the wealth and the less privileged working class and poor? Social Security is one battleground on which this war is being fought (Morris 1983). Certainly, the first actions on Social Security in 1981 attacked some of the most disadvantaged—cancellation of the minimum Social Security benefit of a mere $122 a month for beneficiaries who have become eligible after January 1, 1982.

When times were good, it was in all probability easier to generate support for improving the benefits to a broad base of elderly—including the poor, women, and minorities. However, as the financial and political costs mount, one questions whether Piven and Cloward's analysis (1982) is correct, that the long-established middle-class dependency on the benefits of programs such as Social Security and Medicare will ensure the survival of the welfare state. Perhaps others are correct who predict that the political outcome will be a harshly delineated and distinctly divided two-class welfare state (Kuttner 1982; Tussing 1971), with the major erosions lodged in public policy for the most marginal members of society. Submerged in the Social Security debate are crucial issues of class, race, and sex, and the distribution of income and wealth in the United States. Who are we going to permit to define the crisis of Social Security? It is critical that we learn the facts.

Postscript

The declared crisis in Social Security has been investigated and reported on by the National Commission on Social Security Reform, January 1983. The conclusion of the commission (and of Congress in supporting
TABLE 2
Highlights of Social Security Recommendations by the National Commission on Social Security Reform, January 1983

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Short-Term Savings, 1983–89 (billions)</th>
<th>Long-Range Savings (% of payroll)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cover nonprofit/new federal employees*</td>
<td>+ $20</td>
<td>+ .30%</td>
</tr>
<tr>
<td>Prohibit withdrawal of state/local govt. workers</td>
<td>+ 3</td>
<td>—</td>
</tr>
<tr>
<td>Postpone cost-of-living adjustments by 6 months</td>
<td>+ 40</td>
<td>+ .27</td>
</tr>
<tr>
<td>Eliminate windfalls for persons with limited coverage</td>
<td>+ .2</td>
<td>+ .01</td>
</tr>
<tr>
<td>Continue benefits on remarriage for disabled/divorced widow (ers)</td>
<td>— .1</td>
<td>—</td>
</tr>
<tr>
<td>Tax benefits for higher income persons</td>
<td>+ 30</td>
<td>+ .60</td>
</tr>
<tr>
<td>Index wages for deferred widow(er)’s benefits</td>
<td>— .2</td>
<td>— .05</td>
</tr>
<tr>
<td>Permit benefits for divorced aged spouse</td>
<td>— .1</td>
<td>— .01</td>
</tr>
<tr>
<td>Increase benefits for disabled widow(ers) aged 50–59</td>
<td>— 1</td>
<td>— .01</td>
</tr>
<tr>
<td>Accelerate tax-rate schedule</td>
<td>+ 40</td>
<td>+ .02</td>
</tr>
<tr>
<td>Revise tax basis for self-employed</td>
<td>+ 18</td>
<td>+ .19</td>
</tr>
<tr>
<td>Reallocate OASDI tax rate between OASDI &amp; DI</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Allow interfund borrowing from HI by OASDI</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Credit OASDI trust funds for cost of gratuitous military service wage credits/past unnegotiated checks</td>
<td>+ 18</td>
<td>—</td>
</tr>
<tr>
<td>Shift to wage indexing if fund ratio drops under 20%</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Increase delayed retirement credit</td>
<td>—</td>
<td>— .10b</td>
</tr>
<tr>
<td>Additional long-range changesc</td>
<td>—</td>
<td>+ .58</td>
</tr>
<tr>
<td>Total effect</td>
<td>+ $168</td>
<td>+ 1.80</td>
</tr>
</tbody>
</table>

* Includes effect of revised tax schedule
b Assumes that retirement patterns would be only slightly affected by this change
c Commissioner agreed to disagree on 1/3 of long-range solution—whether to increase taxes or age of eligibility
it) is that there is, indeed, a financing problem for the Old Age Security and Disability Income program from both a short-term and a long-range perspective. In reaffirming a commitment to the fundamental structure and principles of the Social Security program, however, the commission urged that action should be taken to strengthen the financial status of the program and to find means to secure the $150 to $200 billion dollars which will be needed between 1983 and 1990 (table 2). Congress took some actions in the spring of 1983 and the President signed the Social Security Amendment enacted by the Congress.

References

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