

SOCIAL SECURITY CURRICULUM MODULE

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SOCIAL SECURITY: Recommended Reading

I. The basics, mostly from an historical perspective:

1. Edward D. Berkowitz, *Robert Ball and the Politics of Social Security*. Madison, Wisconsin, 2003. HD7125.B475 2003


2. _____, *Mr. Social Security: the Life of Wilbur Cohen*. Lawrence, KS: University Press of Kansas, 1995. HD7125.C573 B47 1995

These two biographies are interlaced with straightforward discussions of how Social Security works and why these two giants made the compromises that they did.

3. J. Douglas Brown, *An American Philosophy of Social Security*. Princeton: Princeton University Press, 1972. HD7125.B69
The architect of the 1935 Social Security Act and the critical 1939 amendments lays out the case that the U.S. created a “distinctive” form of social insurance.

4. Mark Rothstein, *Employment Law*, 3d ed. St. Paul, MN: Thomson/West, 2005. KF3318.R68 2005
Primarily a law text, Rothstein’s hornbook discusses Social Security in the context of labor laws and employment legislation.

5. United States Committee on Economic Security, ed. Alan Pifer and Forrest Chisman, Washington, D.C.: National Conference on Social Welfare, 1985. HD7123.U479 1985
This volume includes the original vision of Social Security, the text of 1935 Act and 1939 Amendments and court judgments that validated them, and commentaries by Robert Ball and Wilbur Cohen.

6. Social Security Administration, *Compilation of Social Security Laws*. Washington, D.C.: Government Printing Office, 2001—
 KF3644
Besides the Social Security laws, updated since 2001, the volume includes provisions from the Internal Revenue Service code.

7. Superintendent of Documents, *Social Security Bulletin*.
Since 1938, the research arm of the Social Security Administration has published monthly topical articles and statistics about aspects of Social Security.

II. Background to the Current Debate:

1. Diamond, Peter A. *Social Security Reform*. New York: Oxford University Press, 2002. HD7091.D53 2002
Diamond outlines his proposals, which do not include privatization, as well as the impact of the labor market and capital market on Social Security..
2. _____ *Saving Social Security*. Washington, D.C.: Brookings Institution, 2004. HD7125.D525 2004
Elaborating on his earlier work in seeking a balanced reform, Diamond discusses individual accounts as a way to shore up Social Security.
3. Modigliani, Franco. *Rethinking Pension Reform*. New York: Cambridge University Press, 2004. HD7105.4.M632004
Modigliani puts the U.S. reform efforts for pension trusts and Social Security into cross-cultural perspective.
4. Tanner, Michael. *Social Security and Its Discontents*. Washington, D.C.: Cato Institute, 2004. HD7125.S5956 2004
A conservative attack of the status quo.
5. White, Joseph. *False Alarm: Why the Greatest Threat to Social Security and Medicare Is the Campaign to "Save" Them*. Baltimore: Johns Hopkins University Press, 2001. HD7125.W473 2001
A Century Foundation study, this law professor suggests flaws in the strategy of old-age interest groups to defend the social security system.

III. The Generational Battlelines:

1. Caldwell, Steven, *Social Security's Treatment of Postwar America*. Cambridge, MA: National Bureau of Economic Research, 1998. HB31.N37 v.6603
This brief essay focuses squarely on the baby-boom generation.
2. Campbell, Andrea Louise. *How Policies Make Citizens*. Princeton University Press, 2003. HQ 1064.U5 C34 2003
Campbell traces the rise of old-age advocacy, especially senior political activism, paying particular attention to the politics of social-security policymaking in the U.S. welfare state.
3. Cohen, Daniel, Piketty, Thomas and Saint-Paul, Gillies. *The Economics of Rising Inequalities*. Oxford: Oxford University Press, 2002 HB523.E373 2002
Linking Social Security to both labor economics and welfare economics, this book analyzes income (mal)distribution in Europe, Japan, and the United States.

In this context, see also John B. Williamson and Fred C. Pampel, *Old-Age Security in Comparative Perspective*. New York: Oxford University Press, 1993.

HD 7105.3 W55 1993

4. Longman, Phillip. *Born to Pay: the New Politics of Aging in America*. Boston: Houghton Mifflin, 1987.

HQ1064.U5L64 1987

Though dated, Longman's major points remain salient in today's debate. They form the basis for the neo-conservatives' analysis of intergenerational relations wherein the young are victims of their elders' profligate ways.

5. Marmor, Theodore R. *America's Misunderstood Welfare State*. New York: Basic Books, 1990.

HN59.2 .M374 1990

In many ways this is the mirror reflection of Longman's book: Yale political scientist Marmor debunks neo-conservative myths to support his thesis that the U.S. welfare state has been a success.

6. _____, Timothy Smeeding, and Vernon L. Green, eds.

Economic Security and Intergenerational Justice. Washington, D.C.:

University Press of America, 1994.

HD7125.E267 1994

Examining trends in both Canada and the U.S., a mix of conservatives (including Carolyn Weaver) and liberals (such as John Myles and Jill Quadagno) discuss retrenchments in old-age entitlements as well as the politics of health-care reform.

7. Williamson, John B., Watts-Roy, Diane M., and Kingson, Eric. *The Generational Equity Debate*.

HJ2051.G36 1999

With Social Security at the center, this book discusses generational accounting in terms of U.S. fiscal policy.

IV. Diverse Stakes in the Social Security Debate:

1. Kathleen Buto, *Strengthening Community*. Washington, D.C.: National Academy of Social Insurance, 2004.

HD7125.S765 2004

Based on the 15th annual meeting of the National Academy of Social Insurance, the collection focuses on the stake of minorities and women in Social Security.

2. George J. Demko, and Michael C. Jackson, eds., *Populations at Risk in America*. Boulder, CO: Westview Press, 1995.

While the primary focus is not on Social Security, the book deals with the underclasses who depend on the program: the homeless, mothers at risk, Native Americans, and African Americans, among others. As such it puts into context the need for a safety net.

3. Melissa M. Favreault, Frank J. Sammartino, and C. Eugene Steuerle, eds., *Social Security and the Family*. Washington, D.C.: Urban Institute, 2002.

HD7125.S5959 2002

Besides focusing on the connection between retirement and Social Security, this volume examines the importance of Social Security to spouses, survivors, and mothers with young children. Several contributors discuss property rights and individual accounts, and women and individual accounts.

4. United States Congress, Senate Special Committee on Aging. *Women and Social Security*. Y 4.AG A:S.Hrg. 106-98

This 1999 hearing focused on the question of whether “individual accounts” were the answer to gender-based inequities.

5. _____ *Strengthening Social Security*. Y 4.AG4: S.HRG. 108-641

This 2004 hearing focused on what personal retirement accounts might do for low-income workers.

TAXONOMY OF TERMS ABOUT SOCIAL SECURITY

The best taxonomy of terminology about Social Security is provided by the Social Security Administration's own website at: <http://www.ssa.gov/glossary.htm>

Another site also worth looking at is:
www.stabenow.senate.gov/socialsecurity/glossary.htm

The Social Security Administration's site provides full definition of the following official terms (among others):

AIME (Average Indexed Monthly Earnings)
AME (Average Monthly Earnings)
Annual Cost of Living Increase
Appeal Rights
Application for Benefits
Base Years
Benefits – Reduced
Computation Years
CPI-W (Consumer Price Index)
Social Security Credits
Delayed Retirement Credits (DRC)
Disability Benefits
Early Retirement Age
Earnings Record (lifetime record of earnings)
Family Benefits (Dependent Benefits)
Family Maximum
FICA Tax
Full Retirement Age
Insured Status
Lawful Alien Status
Lifetime Earnings
Lump Sum Death Payment
Maximum Earnings
OASDI (Old Age Survivors and Disability Insurance)
Payment Dates for Social Security Benefits
Primary Insurance Amount
Quarter of Coverage
Representative Payee
Retirement Earnings Test
Supplemental Security Income (SSI)
Survivor Benefits

VISUAL EDUCATIONAL MATERIALS ON SOCIAL SECURITY (Identified through Google Images)

I. GRAPHS

Graph: Combined Medicare and Social Security Tax Rates
<http://mwhodges.home.att.net/ss-tax-rate.gif>

Graph: Pie Chart of Social Security and Medicare Payroll Taxes
http://www.pueblo.gsa.gov/cic_text/fed_prog/socsecbf/PG11.jpg

Graph: Federal Budget Deficits from Lyndon Johnson to George Bush
<http://www.angelfire.com/md2/customviolins/bushdeficit.jpg>

Graph: Social Security Costs under Proposals by Ferrara and Sen. L. Graham
http://www.centrists.org/images/charts_and_graphs/social_security/freelunch_costcompare_2004.gif

Graph: Budget Surplus and Deficit according to Inclusion of Social Security
<http://www.epf.org/pubs/images/et980406.gif>

Graphs: Growth of Entitlement Spending, Social Security Cost and Revenues, Social Security Surplus and Deficit, Social Security Costs Under Various Reform Proposals
http://images.google.com/imgres?imgurl=http://www.centrists.org/images/charts_and_graphs/social_security/freelunch_costcompare_2004.gif&imgrefurl=http://www.centrists.org/pages/2004/06/15_lemieux_wealth.html&h=349&w=452&sz=11&tbnid=nAvnzL8Sc80J:&tbnh=95&tbnw=123&start=484&prev=/images%3Fq%3D%2522Social%2BSecurity%2522%26start%3D480%26hl%3Den%26lr%3D%26sa%3DN

II. PHOTOGRAPHS

Photograph: President George Bush on the Campaign Trail
<http://images.usatoday.com/news/photos/2004/09/13/bush-inside2.jpg>

Photograph: Pres. Franklin Roosevelt Signing Social Security Act (1935)
<http://www.ssa.gov/history/pics/fdrvalid.jpg>

Photograph: First Recipient of Social Security Check (1940)
<http://www.ssa.gov/history/pics/idamay3.jpg>

Photograph: President George Bush responding with worry to a question
http://img.slate.msn.com/media/1/123125/123051/2093511/2093543/040109_Bush.jpg

Photograph: Social Security Card
http://ocw.mit.edu/NR/rdonlyres/Global/E/E3681AB9-C0E0-4814-ACAE-A02B4E086245/0/CHP_Socialsec1.jpg

Photographs: Leading Social Security Policy Analysts: Henry Aaron, Robert Ball, Edward Gramlich, Eugene Steurle, Alicia Munnell and others

http://images.google.com/imgres?imgurl=http://www.nasi.org/usr_img/Eugene%2520Steuerle.jpg&imgrefurl=http://www.nasi.org/publications2763/publications_show.htm%3Fdoc_id%3D232243&h=279&w=200&sz=69&tbnid=_kCOQOMZ97gJ:&tbnh=109&tbnw=78&start=501&prev=/images%3Fq%3D%2522Social%2BSecurity%2522%26start%3D500%26hl%3Den%26lr%3D%26sa%3DN

Book Cover: *Social Security at the Dawn of the 21st Century*, by Dalmer Hoskins et al
<http://www.issa.int/image2/publ/2hoskins.jpg>

III. CARTOONS

Cartoon: “Don’t Blow Away Social Security”

http://images.google.com/imgres?imgurl=http://lpa.igc.org/lpv42/lp42_main1.gif&imgrefurl=http://lpa.igc.org/lpv42/lpp42_ss_main.html&h=248&w=342&sz=23&tbnid=czjKfgNNDtkJ:&tbnh=83&tbnw=114&start=65&prev=/images%3Fq%3D%2522Social%2BSecurity%2522%26start%3D60%26hl%3Den%26lr%3D%26sa%3DN

Cartoon: “What Do They Know about Investments (or Politics)?”

<http://images.google.com/imgres?imgurl=http://www.cincypost.com/opinion/images/jeff012399.gif&imgrefurl=http://www.cincypost.com/opinion/o012399.html&h=241&w=396&sz=42&tbnid=xpxgTI68fOQJ:&tbnh=73&tbnw=120&start=40&prev=/images%3Fq%3D%2522Social%2BSecurity%2522%26start%3D20%26hl%3Den%26lr%3D%26sa%3DN>

Cartoon: “Freight Train” Image of Social Security and Deficit Spending

<http://cagle.slate.msn.com/news/SocialSecurity/SocialGifs/babin.gif>

Cartoon: Clash between Tax Cuts and Social Security Financing

<http://www.cagle.com/news/SocialSecurity/SocialGifs/davies.gif>

Cartoon: Wall Street Eager to Eat Up Social Security Private Accounts

<http://www.jeffraysbrain.com/images/socialsecurity.gif>

Cartoon: Tokyo Stock Market Falling for 9 Years

<http://www.press.umich.edu/images/09743/09743-fig01.gif>

WEB SITES WITH SOCIAL SECURITY INFORMATION

I. **AARP** (www.aarp.org/socialsecurity-aarp) provides information on Social Security reform, privatization, information for consumers, and a retirement calculator. AgeLine produces “To Go” online bibliographies (updated bimonthly) such as:

- Social Security – Recent Research
- Social Security Reform - Recent Research
- Social Security for Consumers

AARP’s daily Social Security Blog features constantly changing information covering Current Developments, Issue Analysis, Recent Media Coverage, Views of Opinion Leaders, Recent Perspectives, and developments on the Trust Fund. Available at: <http://aarp.typepad.com/socialsecurity/>

More specialized information is available about:

- AARP’s position on issues relating to Social Security (<http://www.aarp.org/socialsecurity-aarp>)
- AARP’s Policy on Social Security Privatization (http://www.aarp.org/legislative/elections/Articles/a2003-09-03-ss_policy.html)
- AARP research reports and fact sheets (Economic Security) (<http://research.aarp.org/econ/index.html>)
- News articles from the AARP Bulletin (<http://www.aarp.org/bulletin/socialsec/>)
- Retirement Calculator (http://sites.stockpoint.com/aarp_rc/wm/Retirement/Retirement.asp?act=LOGIN)

II. Selected Government Websites about Social Security

- The Official White House Homepage on Social Security (<http://www.whitehouse.gov/infocus/social-security/index.html>) includes Bush’s plan for reform, fact sheets, and press releases covering the President’s Social Security campaign across the U.S.
- U.S. Department of the Treasury: (<http://www.ustreas.gov/>) Includes Secretary John Snow’s initiatives to promote President George W. Bush’s plan for reforming Social Security.
- The Social Security Administration’s Office of Policy (<http://www.ssa.gov/policy/index.html>) is the focal point for policy analysis and research, evaluation, and statistics. Also check SSA’s Publications (<http://www.ssa.gov/pubs>) for resources.
Understanding Social Security <http://www.ssa.gov/understanding.htm>
How to request a Social Security statement (<http://www.socialsecurity.gov/mystatement/>)
How retirement benefits are figured (PDF) (<http://www.ssa.gov/pubs/10070.pdf>)

EXAM QUESTIONS about Social Security

Multiple Choice Questions

The Social Security Act was passed in:

- a. 1920.
- b. 1928.
- c. 1935.
- d. 1945.
- e. 1967.

Critics of Social Security payroll tax argue it is a regressive tax because:

- a. those who are paying into the system now may not recover all they contribute.
- b. the flat percentage system creates a heavier burden on the poor.
- c. the percentage replacement rate for higher wage workers is lower.
- d. it keeps people just above the poverty line when they reach old age.
- e. it includes taxation of Social Security benefits for over 50% of retired workers.

When Social Security was passed, what percent of the population was over the age of 65?

- a. 1%
- b. 5%
- c. 8%
- d. 13%
- e. none of the above

Which of the following is NOT a concern regarding gender inequity, regarding the current Social Security system?

- a. caregiving
- b. divorce
- c. two-earner couples
- d. the number of widows compared to widowers
- e. only paid work counts

In a pay-as-you-go Social Security System:

- a. future benefits are not contractually guaranteed.
- b. current workers pay for current beneficiaries.
- c. some Social Security surplus is still needed.
- d. all of the above

The earliest age at which one can qualify for retirement benefits from Social Security today is:

- a. 55.

- b. 60.
- c. 62.
- d. 65.

A retiree who made average contributions to Social Security can expect a replacement level of income (earnings) of income (earnings) of about:

- a. 28%.
- b. 36%.
- c. 43%.
- d. 56%.

What proportion of the federal budget is spent on older adults?

- a. 15%
- b. 25%
- c. 30%
- d. 45%

Short Answer Questions

Why could it be that someone aged 65 who is eligible for Social Security would nonetheless be prevented from collecting benefits?

What does it mean to describe the Social Security payroll tax as “regressive”?

Why do some people believe that Social Security today has removed work incentives for older people?

Essay

Payroll taxes are now adding several billions of dollars of “extra money” into the Social Security Trust Fund every month. In view of the U.S. budget deficit and other economic problems, why shouldn't we just give back some of that money? Offer reasons for or against this proposal based on the economics of Social Security. Can you think of alternative actions that might satisfy those people who aren't persuaded by your view of the matter?

Two different couples, with all four people between ages 65 and 70, are preparing their federal income tax returns. Here is the summary of their income for the past year:

	John & Mary	Jack & Jill
Social Security	\$6,000	\$6,000
Interest	\$1,000	\$8,000
Wages	\$15,000	\$10,000

Totals	\$22,000	\$24,000
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Mary and Jill are old friends, so they happen to tell each other what they owed in taxes. Mary is shocked to find that, even though she and her husband had a slightly lower total income last year, they ended up owing the government more money than Jack and Jill. Based on what you know about the Social Security rules, come up with possible tax figures for the different income items received by the two families and then show how John and Mary could end up owing more money. John and Mary feel this situation is unfair. How could you explain to them the reason for it?

COMMENTS TO STIMULATE CLASS DISCUSSION

Social Security is a program that virtually every American is familiar with, either because of a relative who receives benefits or, certainly, because of having worked in a job where Social Security tax was deducted from the paycheck. Since most students in the class will not be current beneficiaries themselves, it can be helpful to begin the discussion by opening up the question of how much is withheld from wages for Social Security and what the money goes for:

1. How many people in this room worked at some job for money last year? About how much of your income was withheld in Social Security taxes?

In developing this discussion, it is important to identify exactly what "Social Security" means here and to distinguish F.I.C.A. withholding from disability, unemployment, Medicare, private insurance, and other categories that may be withheld from paychecks.

The personal connection with Social Security can also be pursued in terms of beneficiaries:

2. How many people in this class have someone in their immediately family—a parent or grandparent, for example—who is retired and receiving Social Security?

3. How do they feel about Social Security? Are there elements of the program that are dissatisfying to them?

This kind of question may open up issues such as the benefit levels for women and men, the earnings test, and so on.

In terms of the future of Social Security and the status of the Trust Fund, it can be useful to pursue the personal connection with the system in these terms:

4. How many people in this room expect to retire some day? At about what age? How many people in this room think they're going to collect Social Security when they get to retirement age? Why (or why not)?

The aim in these questions is to emphasize the personal connection with Social Security, both as a system of taxation and as a source of benefits now and in the future. The three controversial questions considered in this chapter—the Trust Fund Surplus, the earnings test, and treatment of women—may or may not come forth spontaneously from class discussion. Some, like the earnings test, can be framed relatively simply and presented to the group early for response and discussion; others, such as treatment of women under Social Security, are more complicated and require greater technical background.