

THE CONGRESSIONAL FRONT
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SOCIAL SECURITY WHEN WAR ENDS.

What of Social Security Benefits when the war ends? Will this huge system of social benefits be able to stand the strain? Will the transition from war to peace bring about so many dislocations and call for such huge payments as to place genuine strain upon the reserves which have accumulated? Will social security taxes have to be increased? What about the pending proposal to increase the benefits and extend the coverage of the system? These and other questions will be to the fore when the whole Security system is subjected to the shock of the post-war period. A brief summary of the situation might therefore prove of interest.

PAYMENTS AND COVERAGE IN 1942-1943.

For the year 1942-1943, total security benefits of all kinds were paid to 4,980,000 persons in an aggregate sum of \$1,157,000,000. which makes an average of about \$232 per person. Broken down by types of payments it includes (1) \$149,000,000. to 795,000 persons for insurance (2) 16½ million in payments to the survivors of persons who were insured (3) \$176,000,000, to 1,170,000 persons for old age assistance (4) \$162,000,000 to 740,000 children for dependent aid and (5) \$18,000,000. to about 54,000 blind persons. More than 63,000,000 persons are now covered by the insurance provisions of the Social Security Act and about 41,000,000 persons are covered by the unemployment compensation provisions. It is interesting to note that notwithstanding war employment, payments for unemployment totalled more than \$176,000,000. In 1940, when the conversion was being made from peace to war, payments were about \$500,000,000 for unemployment compensation.

RESERVES AND TAXES.

The accumulated reserve in the Insurance Trust Account is now in excess of 4 billion dollars so that payments in a single year of \$165,000,000 would not appear to place an undue burden upon the fund. But what demands will arise when the war is over and the thousands who are already eligible for insurance benefits and who have momentarily gone into war industry, retire from useful work and make application for the benefits that have accrued? To this problem, the administrators of the system, students of social security and Congress have been giving attention. This concern may seem strange in the light of the action taken by Congress in the 1943 Revenue Act in freezing the tax at 1% for both employer and employee, even tho the original act called for an increase of that tax 2 years ago from 1% to 2% on both. The contention behind this action was that when a real demand is made upon the fund, the security tax structure might have to be materially modified. In addition, it was cited that since the fund is invested in bonds bearing 3% and the interest is actually paid by the taxpayers, it might be just as well to consider direct appropriations to pay benefits if the interest outlay as the fund grows, will be a very considerable amount each year. It is anticipated that the fund will go to 50 billion and interest on that amount would be 1½ billion annually.

EXPANSION

Pending before both Houses of Congress is the Wagner-Dingell Bill which broadly expands social security coverage, increases benefits and also increases taxes both for the employer and employee to 6% or a total of 12% on payrolls. No action has been taken on this proposal but it is expected that every possible situation will be carefully explored to keep this security system on solid footing.