

# Social Security, Governance, and the National Debt

human capital **debt** safety net reform **trade-off**  
**deficit** GDP **priorities** spending **Medicare**  
mandatory **budget** **Social Security** revenue **health care**  
governance **discretionary** baby boomers **economic growth**  
infrastructure

## ESSENTIAL DILEMMA

**What responsibility does the federal government have to ensure the elderly a secure and stable standard of living?**

## INTRODUCTION

- ▶ A bedrock of the social contract as envisioned in the New Deal!
- ▶ A redistributionist Ponzi scheme that perpetuates fraud on the American public and silently ushers in a collectivist, socialist mentality!
- ▶ A looming budgetary disaster that nobody wants to talk about—the third rail of politics!
- ▶ The basis of the modern social welfare state that is fundamentally sustainable and must be preserved!

Social Security, the largest program of the federal government, can be all of these things to different people. Why is it so important and so popular, and yet so controversial? Do the competing views on the program simply reflect different assessments of the cost of the program, or do they also reflect different visions of what kind of country we are and what role we want the federal government to play in our lives?

Social Security is a federally funded program that provides a lifetime of retirement income to people over the age of 62 who have paid into the system through payroll taxes for at least 10 years. From the time that Social Security was signed into law by President Franklin Delano Roosevelt on August 14, 1935, the program has raised questions about the proper balance between individual and government (collective) responsibilities. Today, as in 1935, there are many opinions about whether the federal government

## CIVICS/GOVERNMENT | Lesson 2.1

should administer a retirement fund. Some believe this is not the proper role for the federal government, and that individuals must arrange for their own retirement. Others believe that the federal government has the right and the duty to require individuals and their employers to participate in a program that will ensure a minimum level of income to all retired people. Many believe that both individuals and the government have roles to play.

The debate about Social Security is about more than taxes and government spending. Ultimately, this debate gets to the core of questions about the kind of country we are and the kind of country we want to be. Are we a country of individuals who prioritize the value of free choice over shared responsibility, comfortable with the fact that not everyone will be best served by governance that reflects that priority? Or are we a country that prioritizes the value of community and shared responsibility over free choice, comfortable that some individual autonomy may be sacrificed?

In this lesson, students will analyze commentaries from multiple points of view and learn to identify the role each writer or cartoonist believes the federal government should play in the lives of its citizens and how that belief influences their view of Social Security. This lesson is closely related to the economics lesson “Social Security and the National Debt.” The two lessons can be used in conjunction to help students understand the relationship between issues of governance and their effect on the federal deficit and debt.

### KEY TERMS

The following terms and concepts are used in this lesson and appear in the glossary:

**Baby boom, Debt, Intergenerational commitment, Personal savings accounts (for Social Security), Ponzi scheme, Social Security, Social welfare state**

### STUDENTS WILL UNDERSTAND

- In addition to concerns about balancing the budget, competing points of view on Social Security often reflect differing beliefs about the role the federal government should play in our lives.

### STUDENTS WILL BE ABLE TO

- Analyze graphs, tables, and charts.
- Examine sources for information and interpretations, and for cases where they corroborate, complement, or contradict each other.

### RELATED CURRICULUM STANDARDS

#### Common Core State Standards (CCSS) Initiative<sup>1</sup>

**CCSS.ELA-Literacy.RI.11-12.6.** Determine an author’s point of view or purpose in a text in which the rhetoric is particularly effective, analyzing how style and content contribute to the power, persuasiveness or beauty of the text.

1. National Governors Association Center for Best Practices, Council of Chief State School Officers. *Common Core State Standards*. Washington, DC. Copyright 2010.

**CCSS.ELA-Literacy.RI.11-12.7.** Integrate and evaluate multiple sources of information presented in different media or formats (e.g., visually, quantitatively) as well as in words in order to address a question or solve a problem.

**CCSS.ELA-Literacy.RH.9-10.6.** Compare the point of view of two or more authors for how they treat the same or similar topics, including which details they include and emphasize in their respective accounts.

### **The College, Career, and Civic Life (C3) Framework for Social Studies State Standards<sup>2</sup>**

**D2.Civ.5.9-12.** Evaluate citizens' and institutions' effectiveness in addressing social and political problems at the local, state, tribal, national, and/or international level.

**D2.Civ.13.9-12.** Evaluate public policies in terms of intended and unintended outcomes, and related consequences.

### **NCSS's National Curriculum Standards for Social Studies<sup>3</sup>**

**6. Power, Authority, and Governance.** Social studies programs should include experiences that provide for the study of how people create, interact with, and change structures of power, authority, and governance.

### **Center for Civic Education's National Standards for Civics and Government<sup>4</sup>**

**I.A. What Are Civic Life, Politics, and Government?** Why are government and politics necessary? What purposes should government serve?

**II.B. and D. What Are the Foundations of the American Political System?** What are the distinctive characteristics of American society? What values and principles are basic to American constitutional democracy?

**III.B. and E. How Does the Government Established by the Constitution Embody the Purposes, Values, and Principles of American Democracy?** How is the national government organized and what does it do? How does the American political system provide for choice and opportunities for participation?

**V.B. What Are the Roles of the Citizen in American Democracy?** What are the rights of citizens?

## **LIST OF LESSON RESOURCES**

The following resources are used in this lesson and can be downloaded online:

1. "Elderly Poverty and Social Security Expenditures Over Time"
2. Cartoon: "Social Security Benefits Increase"
3. Presidential Viewpoints on Social Security
4. Individual Responsibility, Social Responsibility, and Social Security

2. National Council for the Social Studies (NCSS). *The College, Career, and Civic Life (C3) Framework for Social Studies State Standards: Guidance for Enhancing the Rigor of K-12 Civics, Economics, Geography, and History*. Silver Spring, MD. Copyright 2013.

3. National Council for the Social Studies (NCSS). *National Curriculum Standards for Social Studies: A Framework for Teaching, Learning, and Assessment*. Silver Spring, MD. Copyright 2010.

4. Directed by the Center for Civic Education. *National Standards for Civics and Government*. Copyright 1994, Center for Civic Education.

## DAY 1 of 2

## ENTRY

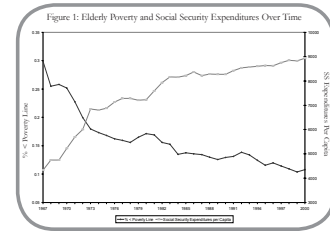
Begin by presenting students with the graph “Elderly Poverty and Social Security Expenditures over Time” from the National Bureau of Economic Research (**Resource 1**). Ask students to work in small groups to analyze the graph and explain its data in their own words. If students have trouble understanding the graph, use the following questions to guide their analysis:

- ▶ What information does the graph provide?

*[The graph depicts changes in the poverty rate of the elderly and Social Security expenditures between 1967 and 2000.]*

- ▶ Describe the relationship between the two lines.

*[The lines are moving in opposite directions. The poverty rate for the elderly has generally declined since 1967, whereas Social Security expenditures have generally increased since 1967.]*



See Resource 1 online

- ▶ From the information provided in this graph, what can we infer about Social Security expenditures and the poverty rate among the elderly?

*[A decrease in poverty among the elderly is correlated with increased spending on Social Security.]*

- ▶ From the information provided in this graph, what do you hypothesize an extension of the graph to 2016 would look like? Why?

*[Students may hypothesize that these trends have likely continued, because the implementation of the Social Security program has not changed significantly since 2000, in spite of many efforts by political leaders to do so. Other hypotheses may include the possibility of an increase in the poverty rate among the elderly from 2008 onward due to the recession or other general economic factors.]*

Ask students what they know about Social Security. Use the material in the introduction to this lesson, and in the “Overview of Social Security” included with this packet (and available online), to provide students with a mini-lesson that covers gaps in their understanding of the program. In particular, explain the impact the retirement of the “baby boomers” (the increased number of babies born in the 20 years following World War II) will have on the future of Social Security. This is explained in the section of the Overview entitled “Changing Ratios.” After the mini-lesson, ask students what more they can now say about the graph in Resource 1; in particular, what significance it has in light of what they now know about the long-term challenge of sustaining Social Security.

*[Students may say that, in light of the effect Social Security appears to have had on poverty among the elderly, cutbacks in the program might present a terrible dilemma. Help students understand that correlation does not necessarily equal causation, and encourage multiple answers on how that could be reflected with new information from the mini-lesson.]*

Ask students to consider why the country might not simply use money from the general fund to supplement the Social Security trust fund when, 20 years from now, the money begins to run out and, at the current level of funding, retirees can no longer receive their full pensions.

*[Students may suggest that money would have to come from somewhere. Help students recognize that the source of this money is not unlimited, and that money spent on Social Security cannot be spent in other areas like education or defense. Explain to students that deciding how, as a nation, to allocate our limited resources is a difficult decision that often involves choosing among programs we value or using taxes to raise more revenue. Tell students that they will be investigating this dilemma throughout the course of this lesson.]*

## LESSON STRATEGIES AND ACTIVITIES

### Elderly Poverty and Social Security Expenditures Over Time

As students learned in the introductory discussion, the rising number of retirees presents our country with a critical dilemma. With the prospect of a long-term shortfall in full funding for a government program many have come to take for granted, we must address the question of what responsibility we (the government) have for ensuring the elderly a secure and stable standard of living, and at what cost.

Present students with the cartoon “Social Security Benefits Increase” (**Resource 2**) and ask them to consider its meaning. After students have studied the cartoon for several minutes, ask what they notice, drawing them out on the detail of what they see. If students jump to an interpretation of the cartoon, ask them for the basis of the interpretation and ask other students if they agree or disagree.

If students are having difficulty getting into the cartoon, ask them more directed questions, such as:

- ▶ Who are the individuals in the cartoon?

*[They are retirees; specifically, elderly Americans dependent on Social Security.]*

- ▶ Why is the man ready to “celebrate”?

*[Social Security recipients are scheduled to get a 3.5% increase in benefits (see the paper the woman is reading at the table).]*

- ▶ What point is this artist making about Social Security?

*[The artist is pointing out that the increase is not enough to maintain a decent standard of living. The retirees are wearing coats and it's cold enough to see their breath. They are going to turn the heat up to 62 degrees (still very low) and plan to eat cat food.]*



See Resource 2 online

Ask students if they believe the public would generally agree or disagree with the artist’s opinion, and support the range of points of view students express. Tell students that they will revisit this cartoon at the end of the lesson to see if their understandings have changed.

### Privatization of Social Security

One suggestion that has been presented to reform Social Security is to privatize it; that is, to allow individuals to take Social Security withdrawals and invest the money themselves, within parameters set by the federal government. President Bush attempted to do this in 2005 and failed to get the suggestion through Congress. However, there are groups that still think this is an attractive option.

In pairs or small groups, have students brainstorm the pros and cons of allowing people to invest their own Social Security funds. Encourage them to consider such things as how the stock market works, what federal parameters might need to be in place, and how it would change the way Social Security is now funded. Have students share their pros and cons with the class.

Tell students they will use this information to help guide them in answering the essential dilemma of the lesson.

### Presidential Viewpoints on Social Security

Divide students into groups and distribute “Presidential Viewpoints on Social Security” (**Resource 3**). Explain to students that the readings they just received relate to the essential dilemma of this lesson, but that each represents a somewhat different point of view. Inform students that they will use these statements to summarize the different beliefs about Social Security. Students should reference these statements as they work with their group to respond to the handout “Individual Responsibility, Social Responsibility, and Social Security” (**Resource 4**). As the students work, move from group to group, answering questions and clarifying points of confusion. The Teacher’s Guide section of Resource 4 anticipates the probable range of student answers.

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## DAY 2 of 2

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### Individual Responsibility, Social Responsibility, and Social Security

Ask students to review the handout “Individual Responsibility, Social Responsibility, and Social Security” that they examined yesterday, and clarify any points of confusion within the group. When each group is comfortable with their answers, ask for volunteers to share an answer with the class. Write students’ answers on the board as they respond, and ask other groups to add to their classmates’ answers as you proceed through the handout. After each question, clarify any misconceptions and reinforce the recurring themes from the students’ explanations.

### Writing Exercise: Respond to the Essential Dilemma

To help students begin to develop their own opinions on this subject, ask them to do a “5-minute write” in response to the essential dilemma of this lesson: What responsibility does the federal government have to ensure the elderly a secure and stable standard of living?

When students have finished writing, divide them into small groups and ask them to share what they wrote with their classmates. Explain to students that this is not a debate; rather, it is a way for students to learn about the opinions of their fellow classmates and further develop their own opinions on this topic. After each student has shared her or his opinion, the groups should discuss the ideas presented, guided by the following questions:

- ▶ What ideas did your group raise about the role of government in ensuring the elderly a secure and stable standard of living? What reasons were provided in support of these ideas?

*[Students’ answers could include discussion of the “intergenerational commitment” discussed by President Barack Obama, in which citizens are expected to provide for the elderly and, in turn, expect to be provided for when they retire; or, students could discuss President George W. Bush’s concept that citizens should provide for their own retirement through individual accounts.]*

- ▶ After hearing your classmates’ arguments, were you persuaded to modify your own opinions? Why or why not? Where do points of compromise exist among the various ideas shared in your group?

*[Students’ answers will vary, but should focus on commonalities and areas in which compromise could be reached among their potentially disparate ideas.]*

- ▶ What additional information would you need to make an informed decision about the role you believe the federal government should play in ensuring the elderly a secure and stable standard of living?

*[Students’ answers might include discussion about how much money is currently allocated for Social Security spending, what percentage of the federal budget that money represents, and how those numbers are expected to change in the coming years. They might also want to know what other demands there are on the money. Some students might want to know how other countries approach the challenge of pension plans for the elderly and if they are more or less successful.]*

After each group has discussed their ideas, ask for volunteers to summarize their deliberation for the rest of the class. Ask other groups if their experiences were similar or different, and discuss their responses with the class. Conclude this part of the activity by asking students to share what additional information they would need to make a more informed decision about the essential dilemma of this lesson. (*Note: Students’ answers to this question could point to opportunities for future lessons on this topic.*)


## CLOSURE

When students have completed their discussion of the options, turn their attention back to the cartoon they examined at the beginning of the lesson and ask them to revisit their comments. Lead students in a brief discussion guided by the following questions:

- ▶ Why is the man depicted in the cartoon “celebrating” the increase in Social Security benefits?
- ▶ Should the federal government make sure he has a secure and stable standard of living?

Ask students to write a 250-word essay addressing the essential dilemma: What responsibility does the federal government have to ensure the elderly a secure and stable standard of living? Their work should make use of the statements they read in the handouts and incorporate the ideas developed in their discussion with their classmates.

## REFERENCES CITED

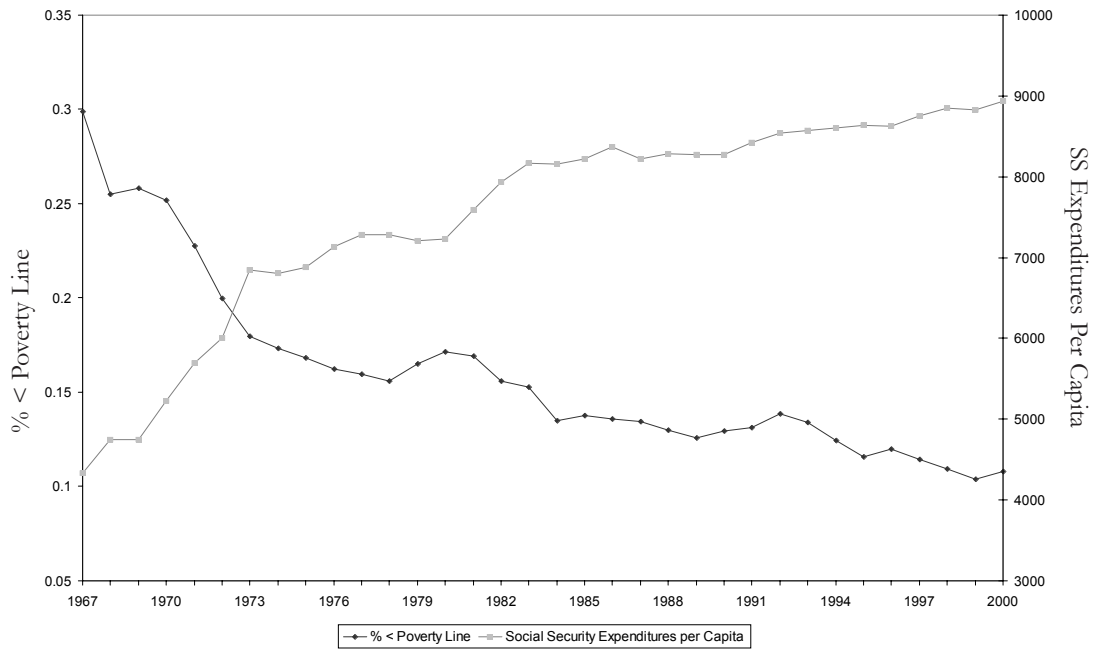
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**Resource 1**

**“Elderly Poverty and Social Security Expenditures Over Time”**

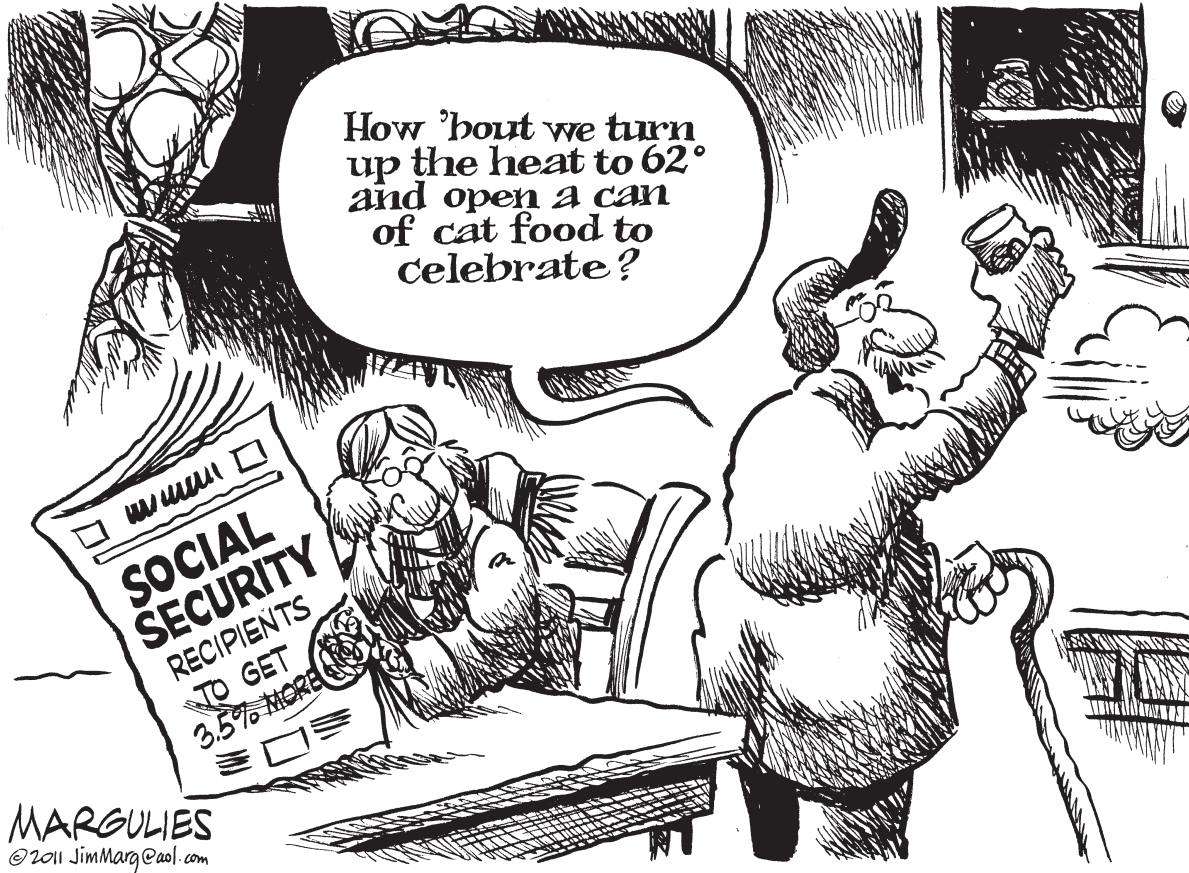
Figure 1: Elderly Poverty and Social Security Expenditures Over Time



**Source:** National Bureau of Economic Research. (2004). Elderly poverty and Social Security expenditures over time [Chart]. Retrieved from <http://www.nber.org/aginghealth/summer04/summer04.pdf>

Resource 2

Cartoon: "Social Security Benefits Increase"



by Jim Margulies, politicalcartoons.com

**Resource 3 (1 of 3)****Presidential Viewpoints on Social Security**

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All statements in this resource were taken from Social Security Online. (2011). Special collections: Presidential statements. Retrieved from <http://www.ssa.gov/history/presstmts.html>.

**George H. W. Bush**

And there's one thing I hope we will be able to agree on. It's about our commitments. I'm talking about Social Security. To every American out there on Social Security, to every American supporting that system today, and to everyone counting on it when they retire, we made a promise to you, and we are going to keep it.

We rescued the system in 1983, and it's sound again—bipartisan arrangement. Our budget fully funds today's benefits, and it assures that future benefits will be funded as well. The last thing we need to do is mess around with Social Security.

—Address Before a Joint Session of Congress on the State of the Union (January 31, 1990)

It [Social Security] was fixed in a bipartisan agreement under the Reagan administration, I think in '83 or '84, in there. It is solvent well into the—way after the turn of the century, up until about 2030 or something like that. If it needs further adjustments then, it should be fixed then. You'll still be alive, but I don't think I'll be around wrestling with the problem in the year 2030. And we ought not to fool around with it.

In my budget plan, this Agenda for American Renewal, I say we've got to control the growth of these mandatory programs, but set Social Security aside. It's not a welfare program. It originally was to be a supplement to people's incomes. It's sacrosanct.

—Q&A Session in Atlanta, Georgia (October 20, 1992)

**William J. Clinton**

Now, I think it's important to point out, just in passing, that behind every one of these entitlements there's a person. That's why it's so controversial when they're debated in Congress. It's not just organized interest groups, there are people who believe they are literally entitled to receive something back that they paid into. It is the middle-class entitlements, that have united us and brought us together, that also have the strongest constituencies and provoke the biggest controversies when we get into dealing with this. And these programs are also very important in human terms. . . .

Social Security has changed, literally, what it means to be old. In the beginning of 1985, for the first time in our history, the percentage of our elderly people who were above the poverty line was better than the percentage of the population as a whole. In other words, the poverty rate for the elderly was lower than the poverty rate of the general population.

It is very difficult to say that this was a bad thing. That was—I argue—a good thing. We should not view this whole program, in other words, as welfare. It is not a welfare program. Does that mean that there should be no changes in it? No. It just means that we should be very sensitive

**Resource 3 (2 of 3)****Presidential Viewpoints on Social Security**

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about the fact that this is something that has worked. Because of these programs, we are a healthier people. We are a more unified country. We treat our elderly with greater dignity by having allowed them to earn a decent retirement and to maintain a middle-class standard of living, independent of whatever their children are required to do, and to make them more independent over the long run. This is a huge deal in a country where the fastest growing group of people, in percentage terms, are people over 80 years of age. This is a big deal.

—Remarks by the President in Addressing the Future of Entitlements Conference, Bryn Mawr, Pennsylvania (December 13, 1993)

The balanced budget I signed this week protects our hard-won surplus until we save Social Security first. As a result, the new Congress will have the best chance ever to ensure that the baby boomers can retire in dignity, without imposing unfair burdens on our children.

As we begin the process of reform, I have proposed five core principles to guide our way: First, we have to reform Social Security in a way that strengthens and protects the system for the 21st century. We simply cannot abandon a program that represents one of our country's greatest successes.

Second, we should maintain universality and fairness. Third, Social Security must provide a benefit people can count on, regardless of the ups and downs of the economy or the financial markets. Fourth, Social Security must continue to provide protection for disabled and low-income Americans. And finally, any reforms we adopt must maintain our fiscal discipline.

—Radio Address by the President to the Nation (October 24, 1998)

**George W. Bush**

Government has great responsibilities, for public safety and public health, for civil rights and common schools. Yet compassion is the work of a nation, not just a government. And some needs and hurts are so deep they will only respond to a mentor's touch or a pastor's prayer. Church and charity, synagogue and mosque, lend our communities their humanity, and they will have an honored place in our plans and in our laws.

Many in our country do not know the pain of poverty. But we can listen to those who do. And I can pledge our nation to a goal: When we see that wounded traveler on the road to Jericho, we will not pass to the other side.

America, at its best, is a place where personal responsibility is valued and expected.

—Inaugural Address (January 20, 2001)

This spring I will form a presidential commission to reform Social Security. The commission will make its recommendations by next fall. Reform should be based on these principles: It must preserve the benefits of all current retirees and those nearing retirement. It must return Social

**Resource 3 (3 of 3)****Presidential Viewpoints on Social Security**

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Security to sound financial footing. And it must offer personal savings accounts to younger workers who want them.

Social Security now offers workers a return of less than 2 percent on the money they pay into the system. To save the system, we must increase that by allowing younger workers to make safe, sound investments at a higher rate of return.

Ownership, access to wealth, and independence should not be the privilege of a few. They are the hope of every American . . . and we must make them the foundation of Social Security.

—Address Before a Joint Session of the Congress (February 27, 2001)

**Barack H. Obama**

Social Security is not an individual account. . . . Your Social Security tax goes to pay for current retirees. And hopefully when you retire, young people who are working then, their money will go to pay for your retirement.

So it's an intergenerational commitment that we make to each other. What we say is, look, all of us are going to grow old, so we're going to make sure that there's enough money in there for your retirement; and those of us who are currently working, we pay into the kitty to make sure that that happens, and then we expect that the next generation is going to do the same.

—Remarks by the President in Arnold, Missouri, Town Hall (April 29, 2009)

So when folks with a stake in the status quo keep inventing these boogeymen in an effort to scare people, it's disappointing, but it's not surprising. We've seen it before. When President Roosevelt was working to create Social Security, opponents warned it would open the door to "federal snooping" and force Americans to wear dog tags. When President Kennedy and President Johnson were working to create Medicare, opponents warned of "socialized medicine." Sound familiar? Not only were those fears never realized, but more importantly, those programs have saved the lives of tens of millions of seniors, the disabled, and the disadvantaged.

—Remarks of President Barack Obama Weekly Address (August 15, 2009)

But a great education isn't all we need in this new economy. We also need benefits and protections that provide a basic measure of security. It's not too much of a stretch to say that some of the only people in America who are going to work the same job, in the same place, with a health and retirement package for 30 years are sitting in this chamber. [Laughter.] For everyone else, especially folks in their 40s and 50s, saving for retirement or bouncing back from job loss has gotten a lot tougher. Americans understand that at some point in their careers, in this new economy, they may have to retool and they may have to retrain. But they shouldn't lose what they've already worked so hard to build in the process. That's why Social Security and Medicare are more important than ever. We shouldn't weaken them; we should strengthen them.

—State of the Union Address to Congress (January 12, 2016)

**Resource 4 (1 of 2)****Individual Responsibility, Social Responsibility, and Social Security**

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**Student Handout**

Use the handout “Presidential Viewpoints on Social Security” to answer the following questions. For each question, provide a relevant section from the reading, along with an explanation of that section in your own words. Important: *There will be multiple (and often conflicting) answers for each question.*

- ▶ What is the purpose of Social Security?
  
  
  
  
  
  
  
- ▶ Is Social Security reform necessary? Why or why not?
  
  
  
  
  
  
  
- ▶ Whose responsibility is it to provide for the nation’s elderly?

**Resource 4 (2 of 2)****Individual Responsibility, Social Responsibility, and Social Security**

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**Teacher's Guide**

Use the handout “Presidential Viewpoints on Social Security” to answer the following questions. For each question, provide a relevant section from the reading, along with an explanation of that section in your own words. Important: *There will be multiple (and often conflicting) answers for each question.*

- ▶ What is the purpose of Social Security?

*Students' answers could include the following:*

- *To be a supplement to people's incomes, not a welfare plan (George H. W. Bush)*
- *Not a welfare program; allows seniors greater dignity and the ability to maintain a middle-class standard of living (William J. Clinton)*
- *To provide young Americans with ownership, access to wealth, and independence (George W. Bush)*
- *Not an individual account, but an intergenerational commitment to provide for one's retirement (Barack H. Obama)*

- ▶ Is Social Security reform necessary? Why or why not?

*Students' answers could include the following:*

- *No. It will be solvent until 2030 and should be fixed then. (George H. W. Bush)*
- *Yes, but it is currently working so we should be very careful about the changes that we suggest. (William J. Clinton)*
- *Yes, private accounts should be allowed so workers can earn a return on their investment greater than 2%. (George W. Bush)*
- *Yes, but not an individual account; the next generation will pay for the current generation of workers. (Barack H. Obama)*

- ▶ Whose responsibility is it to provide for the nation's elderly?

*Students' answers could include the following:*

- *It is the individual citizen's responsibility, with the help of government supplements in the form of Social Security payments. (George H. W. Bush)*
- *It is the responsibility of the American people, through payments into Social Security. (William J. Clinton)*
- *People should provide for themselves through investments and planning, and Social Security should be structured in such a way as to promote this. (George W. Bush)*
- *The younger generation pays for the retirement of the elderly, and will have their own retirement paid for by the next generation. (Barack H. Obama)*