

Social Security Act (1935)

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Historical Background

Throughout the 1920s, the stock market was thriving, and many people made significant sums of money through speculative investments. This “bull” market, and the enormous returns gained by early investors, proved tempting to inexperienced investors. In 1929, the Great Crash saw the bottom fall out of the stock market, leaving many people, businesses, and banks destitute. The human costs of the ensuing Great Depression were severe – people lost their jobs, their savings, and their homes. Unemployment was at 25%, and those who found jobs saw their wages and hours slashed. In particular, elderly people felt the weight of the Great Depression. Many were in danger of starving, relying on soup kitchens and bread lines for the most meager of sustenance. Most of those who had thought to put money away for retirement had lost it, and were just as bad off as those who had not saved. When elected in 1932, Franklin Delano Roosevelt immediately began an unprecedented governmental intervention to alleviate the desperation brought about by the Great Depression. Called the New Deal, his program expanded the rights and responsibilities of the federal government in new ways, through laws, bureaus, and policies that used federal power to create a safety net for working, unemployed, and retired Americans. One of the many laws passed during Roosevelt’s presidency was the Social Security Act, which he signed in 1935, hoping it would provide “security against the hazards and vicissitudes of life.” Although many saw this as an unnecessary imposition of federal control into private matters, many supported the plan to mandate individual savings, matched with employer contributions, to ensure that American workers could look forward to some financial income upon retirement or unforeseen difficulties.

Historical Significance

Roosevelt’s New Deal policies and laws remain a source of deep contention, and the Social Security Act is at the heart of this controversy. Some have maintained that this law is an unconstitutional imposition into private lives, while others regard it as an important, federally protected, means to avoid and/or alleviate a poverty-ridden old age.

Key Concepts and Learning Objectives

Concepts: insurance, public welfare programs; safety net.

Students will be able to differentiate between direct federal welfare assistance and the structure of social security.

Questions to Explore

The preamble to the Constitution states that one of the purposes the federal government is to “promote the general welfare” of the United States. Do you think the Social Security Act supports or oversteps this?

What specifically were the goals of this law? Why do you think these goals met with opposition?

In 1935, would you have supported or opposed the Social Security Act? Would your opinion change if it had been introduced at a different time?