

Social Security Funds Are Used to Cut National Debt

By JAMES MARLOW

Washington, Oct. 9.—Do you ever wonder what happens to the social security tax you pay into the old-age pension plan? There are arguments over how that tax money is handled. But there is no sign that the present system will be changed. The arguments will be outlined briefly here. But, first, here is the background.

If you're covered by the pension plan, you and your boss each pay yearly one per cent of your salary up to the first \$3,000.

That's a total of two percent you and your boss pay. The government now is collecting yearly about \$1,800,000,000 that way.

Out of that, it's paying yearly in pensions and other benefits about \$700,000,000, leaving a yearly reserve of around \$1,100,000,000.

Since 1937, when it first started collecting this tax, the social security system has built up a reserve of around \$11,700,000,000.

The money doesn't lie idle. Congress said it should be invested in government bonds, which now pay around 2 1/2 per cent interest.

So the social security reserve fund, invested in those government bonds, is earning money. So much for that for a moment.

The government has a debt of \$255,000,000,000. It got into that debt mainly in the war and depression days.

That's when the cost of running the government far exceeded the money it was able to collect, mostly in income and corporation taxes.

So, as it got further and further into debt and needed extra money to keep going, it borrowed money.

It did the borrowing by selling bonds to banks, life insurance companies, you and me, and to the social security reserve fund.

On all the bonds it sold, of course, including bonds sold to the social security reserve fund,

the government must pay interest.

So the government has a double job in handling that debt: to pay off some of the debt while at the same time paying interest on it.

The man and his employer who pays a total of two per cent social security tax on the man's first \$3,000 of salary, also pay income taxes.

And—part of their income is used for paying off some of the interest on the debt—including the interest on the government bonds bought by the social security fund.

Critics of the present system say this is double taxation. They suggest that the old-age pension plan be placed on a pay-as-you-go basis, which means:

Instead of collecting enough social security taxes every year to pay out social security benefits for that and still have left over to build up a reserve that can be invested in government bonds, the government should collect yearly from the people in old-age pension coverage enough

money to pay the old-age pension expenses for that year.

Those in favor of the present system argue if the government had borrowed from banks or other private organizations, by selling them bonds, the government would have had to pay interest on them anyway. So part of the income tax money—paid by people who also pay the social security tax—would have had to be used in paying off the interest on the bonds now

matter who had bought those bonds.

Yamhill Legion Units Meet at Pleasantdale

Dayton—The Yamhill county American Legion and Auxiliary pow-wow will meet at the Pleasantdale school house October 14.

The entertainment committee:

Mrs. Pauline Fowler, chairman; Mrs. Zetta Murphy, Mrs. Lulu Lichtenhaler, Mrs. Grace Wiley.

The refreshment committee: Mrs. Gertrude Gibbons, chairman; Mrs. Muriel Sweeney, Mrs. Eva McDougal.



Returns from Hawaiian Pact—Settlement of the Hawaiian dock strike behind him, longshore leader Harry Bridges (left), arrives in San Francisco from Honolulu. The settlement called for an immediate increase of 14 cents an hour and an additional increase of seven cents a month. Bridges is carrying a plane-wrapped leis he's carrying—just to prove, if proof were needed, that he's been in Hawaii. Mrs. Bridges, Joseph Rodgers, who met him on arrival from the islands. (Acme Telephoto)

Two New Stamps Available Soon



Two new stamps were placed in circulation by postal authorities over the week-end and they are expected to be available at the Salem post office in the near future.

A 15-cent air mail stamp commemorating the 75th anniversary of the Universal Postal Union and the 3 cent Edgar Allan Poe commemorative constitute the most recent additions for use of the general public and for the albums of collectors.

The central design of the air mail stamp shows the world being encircled by doves carrying messages. The words "Universal Postal Union" appear in a single line across the lower border. Just above each end are the dates 1874 and 1947.

The 3 cent Poe stamp commemorates the 100th anniversary of the death of Edgar Allan Poe. It bears a likeness of the famed American poet and critic. The framework and dimension of the stamp conform to the poets group of the famous American series of 1940.

More than five million Americans work as truck drivers.

Early Period Gervais Weekly 60 Years Old

Gervais—G. T. Wadsworth, president of the Gervais branch of the Bank of Oregon, has in his possession a copy of the French Prairie Gazette, printed at Gervais, May 15, 1888, which was a semi-monthly newspaper owned and published by McKinley Mitchell at a subscription rate of 50 cents per year. Louis Lemery, an early resident of the French Prairie country was the subscriber and this copy is the property of his nephew, Ben Lemery.

The Gervais Weekly Star replaced the Gazette in 1900 and continued until two years ago, when it was completely destroyed by fire.

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Heavy Cotton Whipcord Pants
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