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Course

Date

Social Security and Its Functions

The social welfare of people is one of the bedrocks of any democratic state. Different regimes and systems have tried to find the best ways of increasing the quality of life of citizens. In such regard, the social security system plays a paramount role, namely because it offers fundamental access to health care, financial security, and public assistance—something that keeps people from poverty and maintains a stable social order. To understand the functions of the social security system, it is crucial to investigate several specific aspects. Specifically, social security is needed to serve as a social safety net—a system directed toward fulfilling the fundamental needs of people, to propagate the redistribution of income that reduces the economic difference between low- and high-income classes, and to maintain the social, along with economic, stability of the nation.

Background

The social security system is a relatively modern idea. The foundation of the system dates back to the adoption of The Social Security Act in 1935. The law contributed to the welfare of the population by establishing a construct of federal old-age benefits, which was directed at improving the system of provisions for aged people, dependent and crippled children, maternal welfare, and public health (The United States Social Security Administration). With the progression of time, the system grew and adopted many new objectives and functions.

Importantly, the system operates because American citizens make payments during their working years, thus ensuring that the social security institution has enough financing to engage in provisions prescribed in its objectives (Starr). As a result, one can see that social security is a system that operates for people by people themselves, financing it with their working effort.

Social Safety Net

One of the prominent functions of the social security system is serving as a social safety net, an instrument of ensuring a stable, anxiety-free, and quality life for people who face various challenges of living—for instance, disease, disability, injury, unemployment, and retirement (Ministry of Health and Welfare). In such regard, the social security system allows people to be sure that in case of illness, for instance, a citizen will receive access to an adequate system of medical care with expenses for the service being covered by medical insurance. One can see that with the social safety net functioning in the framework of society, people can be sure that even when particular challenges of life will strike, they can rely on the support of the state to overcome such obstacles. From one angle, social security ensures the stability of life and wellbeing via the social safety net. From another perspective, when the system is dysfunctional, and the social safety net becomes unstable, the society is bound to experience anxiety—something that inevitably will affect both social and economic order (Ministry of Health and Welfare). As a result, the government should engage in the creation of the safety net system that functions as a multi-layered system of social protection that offers social insurance, medical or pension insurance, as well as social welfare to people facing particular life challenges.

Redistribution of Income

Another crucial function of social security is about reducing the financial gap—the one existing between low- and high-income social layers. Providing lower tax rates for vulnerable populations is one of the ways of doing such a thing (Elschner and Schwager 83). Under the operating economic system of free enterprise, the one allowing individuals and businesses to engage in commercial activities with no or partial regulation on the part of the government, people are granted different opportunities for earning income for their means of production. However, while the system proved to be functional—the one offering economic and social stability—the downside is about increasing the wealth gap—the one existing between different social layers (Ministry of Health and Welfare). In such a context, the social security system functions as a mediator—an instrument of redistributing income to ensure income differences, thus providing opportunities for low-income social layers, restoring social fairness. With the emergence of different wealth classes, higher taxes are imposed on high-income social classes so that the collected finances can be used in the form of social security for low-income classes (Ministry of Health and Welfare). As a result, it is apparent that one of the main functions of the social security system is to obtain finances in the form of taxes from the most wealthy social classes of society. Such a procedure ensures that low-income classes have the social safety net crucial for helping people while they encounter life's challenges.

Economic Stability

Finally, while it is clear that the social security system has a significant impact on individuals and society in general, one should also indicate the role of the system in a broader context. When implementing the instruments of social security, the government ensures not only social but economic stability as well. While social security is a specific tool in mitigating

economic fluctuations, the system also contributes to the growth of the economy. For instance, when the nation faces a period of economic depression, the social security system ensures the provision of finances to the masses, thus increasing the rates of consumption—the approach fueling the economy and mitigating the adverse effects of economic depression (Ministry of Health and Welfare). Therefore, social security can be applied to face broad economic issues, and not only contribute to the welfare of individuals specifically.

Moreover, when a nation has a well-functioning system of social security, there is an available financial reserve in the form of the public pension system. When a nation faces economic instability, the government can use the reserve for financial investment to improve social capital, thus boosting economic development. On the individual level, when citizens have access to the social security system, which includes medical care, people have a chance to use the benefits of their medical insurance to battle illness at an early stage—something that ensures that the government will spend less money on medical care because people will battle conditions during their early stages (Ministry of Health and Welfare). In such a context, one can see that a nation can use the financial resources that comprise the system of social security to maintain the welfare of citizens and face national-scale economic challenges as well.

Conclusion

All in all, it is apparent that the critical functions of the social security system are focused on creating a social safety net—the instrument of assisting citizens when they face life challenges. In addition, it is about integrating the aspect of redistribution of income, thus mitigating the adverse effects of the free-enterprise system. Finally, the social security system ensures broader economic stability by using available resources to face general economic issues.

The information mentioned above shows that any democratic system requires the social security system to ensure provisions and the preservation of basic needs for people as well as to have an instrument for bringing economic equality and economic stability.

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