

# Opinion

## Changing Social Security

The "problem" of Social Security is growing steadily worse. Will 1952 be the year that our politicians begin to show the resolve and strength to solve the problem? Something must be done—sooner the better—to restructure Social Security.

There are some persons who say Social Security should be scrapped altogether. That will not be done, for far too many people rely too heavily on Social Security for their retirements. But clearly major surgery is needed to correct Social Security deficiencies; which are growing steadily worse.

The basic problem can be broken down into two segments: (1) Too many retirees, too few workers; (2) The gap between contributions and benefits.

In 1946, the ratio of covered workers to retirees was 200 to 1. That is, there were approximately 200 workers contributing to the program for every one person drawing a Social Security pension. Today, that figure is 1 to 1, and predictions are it will fall to 1 to 1, or below, early next century.

The gap between contributions and benefits is similarly grossly out of proportion. Persons retiring in current years, even if they had paid the maximum Social Security tax all their years of employment, will quickly receive in benefits—in only a matter of a couple of years or so—more than they paid it. Add to this that the average life expectancy for persons reaching 65 in 1952 is about 16 years. Then it's clear that persons' Social Security income for most of his retirement will be paid by current workers.

And current workers are hoarding, hoarding, hoarding. For '52, the Social Security tax is 4.7 percent, up from 4.2 percent in 1951. For future years are a maximum of \$2,170.50 on an annual salary of \$22,600. The increase for future years are already in the air. If Social Security continues as it is today, it will take about one dollar for four of the taxable payroll by early next century to support it!

Efforts in recent years to begin to reform

Social Security ran into a storm of protest from persons on Social Security. But there's a question that changes must be made. In theory, at least at the beginning of the program, Social Security contributions were put into trust funds for investments, the returns of which would pay benefits. There are trust funds, indeed, but they cannot begin to pay today's benefits; that is done by taking taxes paid by today's workers and giving them as benefits to retirees.

The Social Security problem will be solved in several ways. One way, the most obvious, is to reduce the great growth in benefits, this means that a more reasonable way to allow for inflation must be devised than the current indexing of benefits according to increases in the Consumer Price Index. A second is to restrict Social Security to the purpose for which it was originally intended—retirement for workers—and finance related welfare programs by general funding. A third is to make the program workers under means bringing all government workers under the program. A fourth is to devise ways for persons to better provide private rooms for their retirement; a good example of this is the opening up of this year of IRAs (Individual Retirement Accounts) to all persons. There are other ways, for sure, but these four would serve well as starting points.

We keep hearing that Social Security is going to go "bankrupt" this month or that month, this year or that year. These statements always refer to the system's trust funds, which indeed would quickly go bankrupt if the system rested solely on them. But Social Security benefits will be paid, no matter what happens to the government, and will allow the system to "go bankrupt." Be that as it may, Social Security must be put on a financially sound basis. The solution of those in retirement, and for those workers who now are pouring money into an endless, and increasingly bigger, funnel.

## From Ben Franklin to IRAs

Back in the days of colonial America, young Ben Franklin would spend part of each midday looking over his financial accounts, as he tells us in his famous "Autobiography." His attention was attracted to the savings account, which he considered an important part of his wealth. He was a wealthy man—a course that he earnestly recommended to his fellow Americans in many a discourse and maxim.

Recalling "young Ben's" in this period of high inflation and economic recession, when although a penny is difficult for many families, may seem inappropriate. Yet the savings habits that Americans attached to personal savings in the early days of the Republic has much to commend itself to our day when consumption and debt have become prevalent.

Because of enactment of a broad range of new financial laws in the past year Americans—both individuals and corporations—now have more avenues for savings available to them than perhaps at any time in the past several decades.

Besides new legal incentives—such as liberalized private-pension laws pertaining to Individual Retirement Accounts (IRAs), corporate depreciation laws, and huge 20 percent three-year tax cut—innovative new banking and institutional channels for savings are opening up.

If the American economy is to overcome its difficulties, the "savings habit" must again become as central to people's experience as debt and consumption, but it has been encouraged since World War II, by tax laws allowing deductions of debt interest and imposing taxes on

interest from savings accounts. It is savings, after all, that provides the capital resources to fund new plants and factories needed to expand American's sagging industrial base.

There is some evidence that savings rates may be reaching upward again since as the economy recovers, the savings rate has risen to 1951 figures. Whether the new IRAs will bring in actual new dollars, or just "roll-over savings" from existing accounts, is still uncertain, although some economists believe that at least a quarter of the IRA dollars will be "new." But the importance of such savings must not be underestimated. Just getting the savings rate up 2 percentage points, as President Reagan noted in a speech in New York last week, would inject nearly \$60 billion a year into our capital pool to fight high interest rates, finance new investments, new mortgages and new jobs.

Can Americans save an additional 1 percent a year, given current economic woes? America's allies save a much larger percentage of income; West Germany, over 15 percent of income; the Japanese, over 20 percent. With so many new opportunities to save, it is to be hoped that those who can will respond to the President's call and themselves—as services they do.

—The Christian Science Monitor

## No tax breaks for bigoted schools

The Reagan administration made a bad decision when it decided to grant tax-exempt status to private schools that discriminate against black students.

But the White House moved promptly to reverse itself, after being asked to take action on the issue.

About 100 segregated private schools spring up across the country to provide an escape route for whites. Those who did not want their children participating in integration programs ordered by the Supreme Court sent them to these private schools.

For 11 years these schools have been denied tax exemptions by the Internal Revenue Service because they discriminate against minorities.

The new policy to grant the tax exemption was disclosed recently when the Justice Department asked the Supreme Court to drop a case involving the issue.

The action fulfilled a campaign promise Mr. Reagan made in South Carolina in 1964. He explains now that he took the action because he believed the IRS had overstepped its constitutional authority and was governing by administrative fiat in denying the tax exemption,

since Congress has authorized the IRS to do so.

Mr. Reagan has announced that he will ask the Congress to pass such anti-busing legislation. Congress undoubtedly will do so.

But the IRS, in the meantime, will move to restore the tax exemption to segregated private schools.

We hope the Supreme Court continues with the case before it, and we hope it finds the schools involved are not eligible for tax benefits, despite the school's argument that religious freedom gives them a right to discriminate.

And, meantime, Congress should act to withdraw the exemption, and promptly.

Mr. Reagan and his advisers should review their priorities and make sure they have left the IRS regulations in place while asking Congress to enact them into law. Government by fiat is wrong, but so is racial bigotry. We don't have to fight one evil by encouraging another.

**WRITE THE EDITOR:**  
**Express Your Opinion**



# Op-Ed page

## Use old swimming hole instead . . . all you'll get is crowded crap

So it fits we came to grips with Mr. DeMott?  
By Alan Silverman columnist

You would think that soaking in a whirlpool bath would be one of life's ultimate pleasures. It is, but only if you're not in a hot tub, you can be stricken with this skin disease.

Even as you read this, Hot Tub Dermatitis is working its way toward the surface of our society. If the warnings I headed, it will soon be right up there with the world-class ailments of our age: leprosy, like tennis elbow, Urban Cowboy Rhabdomyolysis and Airtel Virus.

Now, one is more aware of this than Dr. Silverman, who practices the art of dermatology in Bloomfield, Pa. There, frankly, is not a hot tub of hot tubs. In fact, you say hot tub in Bloomfield and you're talking about a swim bathhouse feature.

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Hot Tub Dermatitis usually goes away by itself in a week, though a poor guy in Cleveland, one of the more severe cases on record, could not walk until he treated the disease with antibiotics.

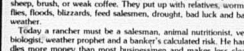
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## HEY, GUY, DID YOU LIKE MY STORY ON POST-HOLIDAY DEPRESSION? . . . CHEF?

# Agree or not 'New Federalism' and the state: the truth behind the problem

By S.C. Vance

President Reagan's proposal to shift more financial responsibility to the states presents a budgetary problem for the legislature that could require a special session. It is not clear when that session will be held.

Now, however, the middle income people pay the same rate on taxable income as do the wealthy. The income tax rate was reduced in the upper brackets when the sales tax was imposed in 1951.

As property and inflation have grown, Kentucky has generally reduced its income tax rate and shifted some of the burden to the excise rate. The sales tax was taken off prepayment drugs and later taken off in a finance bill. The 1973 special session of the legislature took off utilities, thus limiting the amount of increase in income from property taxes to four percent per year.

This increase is not sufficient to keep the state's income tax rate below that of the rich. The recession has produced great monetary problems and something must be done to gain more revenue if we are to keep up with our present state of debt.

It is not clear when that session will be held.

## THE IDLE RAMBLER

By James C. Smith

A grassroots movement to reform the state treasury, perhaps the most tacky news item to gain significant support. What's causing all this? The budgetary ceilings of small family owned businesses are not being met.

The simple fact of the matter is that the state treasury is in a bad way. It takes millions of dollars to run the state. And another—not in our lifetime, but nonetheless someday—will be needed.

The amount of state and local revenues received from corporations holding vast acres of mineral is being valued on an unimproved basis of only 30 percent of value.

The state of Kentucky and our mountain counties must begin to receive their fair share of the wealth mining companies, Prochem-Kentucky Corporation, a subsidiary of the Electric Corporation, own 60,000 acres in Boone County.

Boone County is a major coal producing area. It is one of the most productive in the state. It is one of the most productive in the state. It is one of the most productive in the state.

## An editor's random thoughts...

By Warren R. Fisher

February 19, 1951

Awake betimes to a sound that falls like sweet music on ears long unused to the piper of rain upon the roof, after a year of dusty fields, of streams weed choked and dry, the best of their channels showing like the whitened bones of a skeleton. A most unusual year, it has been, and to him who struggles to harness the

half of one county paid less in taxes than the other half. This is not a fair situation. It is not a fair situation. It is not a fair situation.

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## Down Memory Lane

### Bradshaw buys Carlisle Drug

Thursday, February 9, 1952

The acquisition of Kennedy Heights by the City of Carlisle was recorded Monday, Feb. 11, in Nicholas Circuit Court, Judge John L. Pratt presiding.

The Carlisle Christian Church was one of the 16 churches in the state that received recognition Thursday evening at the "Community Night" program held at Memorial Coliseum during Farm and Home Week for outstanding community service during the year 1951.

The nation's number one killer, heart disease, took its toll in Carlisle and Nicholas County in 1951. Close to 30 percent of the deaths in the county were due to heart disease.

BOON.—To Mr. and Mrs. Robert Harper a daughter, Feb. 4 at Nicholas County Hospital.—To Mr. and Mrs. John Wayne, Georgetown, a son, Warren Clay, Feb. 4.—To Mr. and Mrs. Martin, Lexington, a daughter, Rebecca Lynn, Feb. 6.—To Mr. and Mrs. Hankley, a son, David Hamilton, Feb. 3 at Nicholas County Hospital.—To Mr. and Mrs. John Maye, Versailles, a son, Jeffrey Martin, Jan. 28.

MARRIED—Miss Blanch Moore and John E. Tapp, Jan. 31 at the home of the officiating minister, Rev. C. Dale Payne.

DEED.—Edmond David Collins, 60, Jan. 28 at home in Los Angeles, Calif.—Stanford Watkins, 66, Thursday.—Rev. Thaddeus Tinley, Wesleyan in Brooksville, W.V.—Earl Vach Delaney, 53, Wednesday.—Miss Sara Lotz, 54, Sunday at the home of her sister, Mrs. Vernon Carrow.

Thursday, February 9, 1952

Q.T. Gatwood of Frankfort, purchased the confectionary business of Blair and Dorothy on Main Street Monday and took charge of the business Thursday.

The local boys' basketball team defeated the East Flemingburg High quintet at Flemingburg last Friday night by a score of 17 to 15, making a comeback in the second half.

At the home of Mrs. H. B. Hays, a son, David Hamilton, Feb. 3 at Nicholas County Hospital.—To Mr. and Mrs. John Maye, Versailles, a son, Jeffrey Martin, Jan. 28.

MARRIED—Miss Joan Smart and Martin Campbell, Wednesday at the Moorefield Christian Church.

DEED.—Mrs. Florence Peaback Sunday, 77, wife of Alex M. Bailey of Carlisle, died at her home in Lexington, Ky. on Sunday at home in Albermarle, Calif.—Mrs. Ella Bell Arnold, widow of W. Arnold, Hopkins, 78, died at her home in Lexington, Ky. on Sunday.

Thursday, February 9, 1952

The Carlisle Drug Co., owned by George H. Hays, was reorganized and renamed the Carlisle Drug Co., owned by J.E. (Doc) Duncanson, former pharmacist at the drug for the past 19 years.

Sam E. Yeach, who observed his 80th birthday in August, was re-elected county clerk of the Nicholas County Board and Savings Association for six 600 terms last Monday.

BOON.—To Mr. and Mrs. Taylor Sealing a daughter, Linda, Feb. 1 at Johnson Memorial Hospital.

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## Carlisle 5 & 10

Pile Cropping PARCAINS

"Ken-L-Ration" Dog Food

Plant Starter

Blue label, 15 qt. can.

4 CANS \$1 FOR

20 Quart Potting Soil

Kitchen Towels

All Cotton, Heavy sack towels 12"x26"

Rich all purpose potting soil for every plant, even in 40 quart bag.

33c BAC 55c EACH

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we make electrical repairs

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