general prevalence of ceilings on benefit payments contributes toward this failure of adjustment. In their book, the Somers conclude that in workmen's compensation we have approached pretty close to a flat-rate payment and the adjustment to rising prices and wages is slow indeed. Interstate competition results in large pressures on State governments not to increase benefits which involve increased taxes on industry.

OTHER INCOME MAINTENANCE PROGRAMS

Wherever these maintenance programs require long-term commitments, there is the possibility that expectations are likely to be disappointed. The point is that the trend of incomes is upward as productivity increases and prices rise and a pension program, for example, which is based on present-day wages or income, will be inadequate at the income levels of the future. In colleges we have found, for example, that when a pension program was set up on the theory that 50 percent of the wages at the end of the working period would be available, what is actually available comes to about 25 percent. In other words, if one sets up a pension program for young employees at the present time, it would be wrong to assume that the average wage would be, say, $4,000—the current level—but rather, say, $8,000, within a period of 25 years and substantially more at the time of retirement of the current young worker. But few programs of this kind are based on such projections. Public maintenance programs, which accounted for $2 billion in 1940, were up to $11 billion in 1955 and were estimated at $18, $24, and $30 billion in 1965, 1975, and 1985. Hence, the need of adequate adjustments to the rise of prices and incomes in these programs.

It is of some interest that the President's Commission on Veterans' Benefits in the United States (1956) would not adjust benefits to income levels but rather would base benefits on the minimum needs, as assistance programs are, and benefits, in their view, should in the long run be lower than benefits paid under old age insurance. The Veterans' Commission was concerned that the cost of these veterans' benefits would grow disproportionately in relation to GNP. But, on the whole, they tended to underestimate the GNP and, moreover, in tying the problem to the total charge on all maintenance programs they leave out of account the large contribution that has been made by the insured.

The average cost of veterans' benefits per serviceman in each war has been estimated at $3,700 for the Civil War, $12,200 for the Spanish American War, $12,700 for World War I, $14,100 for World War II, and $14,900 for the Korean conflict. Apparently the response to rising prices and incomes was large after the Civil War, in part because of the very low benefits for the Civil War veterans; but to both rising prices and per capita income the adjustment was most inadequate after World War I, World War II, and the Korean war. But should the participants in recent wars receive ultimately the same service pensions as for the earlier conflicts before World War II, then the respective figures would be $3,700, $12,200, $22,000, $28,700, and $34,500. The losses in dollars of stable purchasing power since World War I can be associated in part with inflation.

For 100-percent disability, the basic rate was $30 per month in World War I, $80 in 1919, $100 in 1924, and $181 in 1954. The increase by