have increased their individual savings (or private retirement funds might have grown) even more than they actually have done in the last few decades—but this is a conjecture not easily verified.

In any case, the housing industry in all areas has responded to the increased ability of many OASDI recipients to maintain separate households instead of living with relatives or in roominghouses or institutions. This response has been aided by special Government programs in the field of housing. Nursing homes and other institutional arrangements for the elderly also have felt the increased effective demand of older persons with assured incomes—and these institutions, public and private, also, have had some help from other Government programs.

The health insurance program is increasing the amounts spent on medical care of the elderly. Because of limitations of professional manpower and facilities, this cannot all be an immediate net increase in the aggregate health and medical care expenditures of the Nation, but the pressures of need, reinforced by a new and steady source of effective purchasing power, will almost surely evoke a further expansion in the proportion of our national resources devoted to health care.

No clear consensus has emerged as to the effect of the employer portion of the payroll tax. This constitutes a nearly universal cost of doing business in the United States. It might therefore be considered an encouragement to employers to introduce laborsaving machinery, particularly in labor-intensive industries. There is little tangible evidence that the tax has had this effect. The pressure of the tax is, of course, only a fraction of the inducement generated by the wage payments on which it is based. Also, it may be presumed that employers who are able to shift the tax to customers or employees will do so, thus avoiding the real burden. Scheduled advances in the tax rates, and future legislation further raising rates and the wage base, might increase the relative importance of the employer's tax in economic decisions. In any case, the economic significance of payroll taxes for social security is a subject that merits intensive analysis as a basis for future judgments relating to changes in the financing of social security and to the formulation of general fiscal policies which will contribute most to economic growth and stability.

The OASDHI system is regarded as one of the major automatic stabilizing influences in the U.S. economy. It exerts this stabilizing influence primarily by supporting consumer demand, reducing the amplitude of cyclical changes in the aggregate of consumption. During a decline in business activity (or a period of deceleration in the rate of growth), benefit payments increase because workers who are of retirement age or disabled may be forced out of employment or into part-time jobs. At the same time, OASDHI tax collections slow their rate of increase or may decline because of curtailments in employment and payrolls. Conversely, in the upswing of the cycle (or in periods of accelerating growth), persons eligible for monthly benefits are able to take advantage of increased employment opportunities and postpone retirement. In such periods, trust fund income rises more rapidly than benefit payments because of expanding employment.

Social policy has to concern itself with the desirability of retirement compared with continued full-time or part-time employment for the elderly. The present "retirement test" based on earnings after age