

However, instead of considering this withdrawal a depressant on real GNP, as some analysts have done, the viewpoint is taken that the withdrawal of elderly men from the labor force made possible a part of the accompanying increase in the employment of women and teenagers. In turn, the change in the composition of the labor force, which was probably due primarily to other factors—for example, the long-term growth of the service industries—had beneficial effects on productivity, largely because of the greater educational attainment of the younger workers. Related to this factor is the effect of OASDHI in enabling dependent beneficiaries to continue their schooling rather than being forced into the labor market.

To the extent that the OASDHI program is more likely to encourage labor mobility than private pension plans, it can be argued that the program increases productivity. That is, workers are, to some extent, more willing and able to change jobs or occupations because of the knowledge that their OASDHI benefit rights can go with them to a new job, unlike the majority of private employer benefit plans.

(c) *Effects on business or industrial organization and management.*—While it is difficult to discern any effect on general business structure or organization from the operation of the OASDHI, the program has stimulated demand for certain goods and services bought by elderly persons but correspondingly reduced demand for those things bought by taxpaying workers; the health insurance provisions of the 1965 act will surely increase the amount spent on medical care of elderly beneficiaries.

The movement of population to Florida and other areas with mild climates is one of the more conspicuous effects of OASDHI. The housing industry, in all areas, has benefited from the increased ability of many OASDHI recipients to maintain separate households instead of living with relatives, in rooming houses, or in institutions, as they would have been forced to do in the absence of OASDHI benefits. In what may be a partial offset, the new health insurance program seems likely to stimulate the establishment of nursing homes and other extended-care facilities.

No clear consensus has emerged as to the effect of the employer portion of the payroll tax. The tax constitutes a cost of doing business and therefore might be considered an encouragement to employers to introduce labor-saving machinery, particularly in labor-intensive industries. In practice, there is little evidence that the tax has had this effect. For one thing, it can be presumed that employers who are able to shift the tax either to their customers or employees will do so, and thus will not bear the real burden of the tax. Secondly, whether or not the tax is shifted, it amounts to such a small proportion of total labor costs that it is not likely to be a significant factor in employer decisions.

(d) *Effects on the stability, level, volume, or other aspects of employment, wages, costs, production, sales prices or other phases of economic activity.*—The Advisory Council on Social Security, which submitted its report to the Congress in January 1965, considered the economic impact of the program. The Council stated in its report:

In important respects, the program supports consumer demand and helps to prevent deflation. Because of social security, 20 million retired people, disabled people, widows and orphans now have an assured regular income which, of course, continues undiminished even when other sectors of consumer income decline.