The combined employer-employe tax now totals 8.8 per cent on $6,600 of individual income.

It will have to go up to at least 9.3 percent on $7,800 of income just to keep from falling behind. Mr. Johnson has not yet broken this news to the Congress. Yet today's situation is being described as only the beginning.

The history of the Social Security system in the United States, extending over the last 30 years, has been one of steadily rising benefits, steadily rising taxes and steadily rising obligations for which money some day will need to be found.

Nobody in an official position is willing to guess where this process will end.

An "escalator clause" is being proposed in Congress to carry pensions higher almost automatically as the cost of living goes up, with no provision to add automatically to taxes.

Medicare, too, is only beginning. Experience in all nations abroad having comparable systems indicates that the public's demand for an expansion of medicial-service programs is insatiable, tending to outstrip the demand for old-age pensions.

Pensions are a fixed obligation that can be figured accurately.

Medicare benefits are a service-type benefit for which no reliable estimate can be made.

The Social Security system was created by law in 1935, and a special tax on payrolls was first levied in 1937. The first pensions were paid in 1940, permitting a reserve to be built.

How tax has increased. The starting tax was 2 per cent—1 per cent each on employer and employe—levied against the first $3,000 of income. The tax on Jan. 1, 1967, had moved up to 8.8 per cent on $6,600 of income, and it will continue rising. Payroll taxes even now are second only to income taxes as a form of levy.

Old-age benefits have gone up steadily over the years. Coverage has been broadened, and the scope of protection has been increased.

In the original act, dependents of retired persons were not covered. They were brought into the system before the first retirement benefits were paid in 1940. In 1950, farm workers, domestics and nonfarm, self-employed persons were covered.

Six years later, pensions were provided for persons totally and permanently disabled at the age of 50 or above. In 1956, too, the retirement age for women was lowered to 62 from 65, and, in 1961, men were made eligible to retire at 62. In 1960, disability at any age was made ground for a pension.

At the start, a person retiring on a Social Security pension could earn only a nominal amount without facing a reduction in his pension. That amount gradually has crept up to $1,500 a year.

President Johnson drew cheers from Congress with his recommendation that this amount now be raised further.

Many retired—and working. Many of the millions of Social Security pensioners are working on the side and are not really retired. Many others use Social Security pensions to supplement their private pensions.

This whole process of expanding coverage and broadening benefits is viewed as leading inevitably to coverage of most medical care as the years go on.

President Johnson is asking Congress in the present session to extend medicare benefits to those totally and permanently disabled who are under 65. It is just one jump to extend coverage to dependents of retired and disabled persons.

The cost of drugs for medicare patients outside hospitals is not now covered but seems sure to be included soon, and the same is true of a good many other services now excluded.

Once hospitals and the medical profession can get adjusted to carrying the load of medicare for persons 65 and over, the age limit—if experience is any guide—will be lowered.

Just what the cost of all this is going to be is anybody's guess. Old-age pensions, pensions for dependents, and disability pensions now are up around 22 billion dollars a year. Medicare accounts for an additional 2 billion.

Mr. Johnson is asking Congress to add to the retirement system benefit increases that will total more than 4 billions a year. Medicare, on its present limited basis, will expand to 3 billions in the next two or three years.

Treasury takes a look. The explosion in costs of the Social Security system is forcing the U.S. Treasury and Social Security officials to consider the problem of future financing.