

social security financing would stand by 1967, and how far different from the way it was projected and has turned out.

In benefits, the original estimate for 1967 was \$2 billion, and today's estimate for 1967, \$26.3 billion.

In payroll tax, the original plan for 1967 was 6 percent on the first \$3,000 of worker's pay, and the actual for 1967, 8.8 percent on the first \$6,600 of worker's pay.

We are now considering projections for the future which will involve an increased payroll tax and also an increased base for social security. We also find that on top of that, what we have in the reserve fund has diminished considerably. The original estimate for 1967 was \$54 billion, and today's estimate for 1967, \$23 billion.

Doesn't this disparity alarm you and indicate to you that we are going to run into a completely unsecure reserve fund?

Mr. COHEN. Let me make two points before I answer that question. It is clear that Congress has made striking changes in the social security system over the years. I think this is sound. I think Congress has repeatedly reexamined the social security system in the light of remarkable economic and social changes that have occurred, attitudinal changes as well, about the role of the Federal Government in this area and its relation to private pension plans, and except for very minor points, I think all of those improvements have been highly successful and important.

I would also like to say, while there are two members of the Ways and Means Committee and a member of the Finance Committee and a former Secretary of Health, Education, and Welfare here, that if you go back and look at those 30 years of experience, you will find that every administration and every Secretary and every Ways and Means Committee and Finance Committee have given great weight and consideration to the longrun financing of this program.

There may have been differences on just how to deal with specific points, but I think I can say with absolute assurance that no matter who has been chairman of the Ways and Means Committee or the Finance Committee, or under what administration—Mr. Myers has been the chief actuary since the beginning—they have always asked and gotten information about the long-range financing implications of costs, how to finance the program, and they have put something in the law related to that long-run cost.

Now that doesn't mean that the answer was necessarily correct or will turn out to be correct in years to come. I would put it this way. I think they did the best that human intelligence could do under the circumstances in recognizing, as I said in my prepared statement, what the long-run costs are.

Now when you are living in a dynamic capitalist economy, such as we have, a free enterprise economy, in which the gross national product is going up \$30 or \$40 billion a year, obviously, the social security system ought to change in relation to the dynamic character of the economic system, or otherwise the distribution of income to the aged and the disabled and the widows and orphans would be out of balance with the rest of the economy.

Social security, its great virtue, is that it is a mechanism for distributing the productivity of the whole economy, not merely to the people who are productive, but to the people who are outside of the labor market.