

You have got half the people that are below the average. They are getting even less. I can't imagine why this administration or the Social Security Administration would want to limit the productivity of an individual. We all age in differing degrees and at different times, and it seems to me that those who want to remain productive in society ought to be encouraged in every way possible to do so. Is there some reason other than what you have said?

Mr. COHEN. Well, I don't know that I could amplify any more on what I have already said. I think it is a matter of degree.

In the recommendation to increase the earnings exemption to \$1,680 we recognize the same principle as you. The question is at what point would you not be giving an incentive, because there would be people who would work anyhow and draw their full benefits. You would be taxing younger people to pay for people who would work anyway.

What we are trying to do is find some point on that scale where people are encouraged and given an incentive to work, but we do not necessarily want to pay an annuity to people who would otherwise work and not retire.

Representative BROCK. I am willing to do that, but I question whether we ought to keep that point below the poverty level. We keep talking about \$3,000. I am not sure that \$3,000 is anywhere near adequate to somebody in New York City, for example.

Mr. COHEN. Yes.

Representative BROCK. It may be in my district, but it certainly in some of the more metropolitan areas is not.

Mr. COHEN. This gets into a problem on the statistics. The actual poverty line for an aged individual 65 and over is \$1,500, and for a man and wife, \$1,890. The \$3,000 figure is where there is a man, wife, and two children.

Representative BROCK. I don't know how many people you know who are trying to live on \$1,500 today, with today's cost of living, but it is doggoned hard to eke out a bare existence, and I personally think if we would go somewhere closer to \$3,000, it would be a lot better.

Another question, following Mr. Rumsfeld's thought. On these incentives, as I recall, there has always been this magic figure of 10 percent. I think Secretary Ribicoff, when he was Secretary, mentioned the maximum of 10 percent when you reach a point of diminishing returns on the productivity of this program.

You say we haven't reached it, and, of course, we haven't today, but we are programed to go beyond that, and I wonder if you have any concern, because you are proposing a 20-year increase this year. Subsequent Congresses probably will enact further benefits. How high do you think we can go? What is the point where we stop?

Mr. COHEN. I was with Secretary Ribicoff at the time he made that statement before the congressional committee, and after about a year or two of discussions in congressional committee, the 5 percent level was broken—eventually, not immediately—by including medicare. At the present time as you know, the eventual, not current, total employee tax rate would go as high as 5.65 percent, roughly 5½ percent.

Representative BROCK. How high will it go for the 20 percent this year?