

talking about electronics. We are not taking about plastics. I am talking about training people who can perform unskilled work in State hospitals; the people who will take care of the linens and the food distribution in hospitals, about unskilled staff who can work in nursing homes, about all sorts of aids in the educational process; for example, in the Headstart program.

I don't think we have to elevate this so high that it would take 5 years to accomplish. I think that you can train people for a whole host of jobs that are going begging at the present time, and I think, as Secretary Wirtz said, it would be a good investment. Some of them would come off the welfare rolls, maybe not all of them, but many of them could.

Chairman PROXMIRE. Now I want to ask you about something else. This is from what I think is a very delightful column by Paul Samuelson, you may have read it, on social security in the current issue of Newsweek. I would like to read three short paragraphs because I think that they pose a most interesting problem that has been raised here but do it, I think, in a very dramatic way:

The beauty about social insurance is that it is actuarially unsound. Everyone who reaches retirement age is given benefit privileges that far exceed anything he has paid in and exceed his payments by more than 10 times as much or five times counting employer-employee payments. How is this possible?

It stems from the fact that the national product is growing at compound interest and can be expected to do for as far ahead as the eye can not see. Always there are more youths than old folks in a growing population. More important, with real incomes growing at some 3 percent per year, the taxable base upon which benefits rest in any period are much greater than the taxes paid historically by the generation now retired. And social security unlike actuarial funded insurances is untouched by inflation.

After Germany's terrible 1923 inflation, private insurance was wiped out but social insurance started all over as if nothing had happened. Social security is squarely based on what has been called the eighth wonder of the world, compound interest. A growing nation is the greatest Ponzi game ever contrived, and that is a fact, not a paradox.

Now the question is are you presiding over "the greatest Ponzi game ever contrived," and isn't this ponzi game possibly based not only on Samuelson's most optimistic assumptions about a continuously growing economy, and this is the kind of talk we got in 1929 you know, and we do live, as you say, in a capitalistic system.

What happens under these circumstances with only 1 year's reserve funds, if we suffer a cyclical, a serious cyclical setback and suffer a serious recession?

Mr. COHEN. Well, first, let me say I would rather feel that I was presiding over the eighth wonder of the world than over a ponzi game, and I do think that there are some really miraculous principles involved in social security.

Chairman PROXMIRE. You see all this is based on the assumption that you are always going to grow.

Mr. COHEN. Yes.

Chairman PROXMIRE. You are always going to move ahead.

Mr. COHEN. There is a built-in conservative influence in the actuary's estimate because he assumes a level wage in his actuarial estimates. He does not assume a constantly increasing wage based on an increasing gross national product. So that is part of the reason why periodically in the reevaluation of the actuarial estimates, you can improve benefits. If wages do go up, you get more income into