the system, which can be used in benefit payments. Mr. Myers, for I think all of these 30 or 35 years, has always used a level wage.

Chairman PROXMIRE. The increased base will go up.

Mr. COHEN. Yes, and I think as that base goes up and as earnings go up and you get more income into the system you can somewhat improve the system. But I do feel that the social security system basically is a method by which at any given moment, society, through Congress, can decide how to distribute part of the gross national product.

I don't want to be overoptimistic, but as you said earlier, I think you can get a better deal out of the dynamic adjustment of social security than you do from a fixed contract from a private insurance company.

Chairman PROXMIRE. You indicated earlier you were very concerned, may be I don't use the right adjectives but you were somewhat concerned about the size of the reserve fund. You would feel better at least if it were bigger rather than as small as it now is.

Mr. COHEN. I think 2 or possibly 3 years of benefit payments would be more protective to the system.

Chairman PROXMIRE. That would be a lot bigger than it is now. It is only 1 year.

Mr. COHEN. It is only 1 year at the present time.

Chairman PROXMIRE. What is it, $23 billion? It should be $46 billion?

Mr. COHEN. About $45 or $50 billion would be 2 years.

Chairman PROXMIRE. I suggest what we should do as soon as possible, maybe we should instead of waiting until January 1, strictly from this standpoint, disregarding the economic problems, and I want to come back to that right away, but maybe what we should do is impose a social security tax increase July 1.

Mr. COHEN. Well, it is very difficult to do.

Chairman PROXMIRE. Particularly we might do that if we decide not to go ahead with the surtax.

Mr. COHEN. The problem of changing the social security tax in the middle of the year becomes very, very complicated for employers.

Chairman PROXMIRE. They need that much time?

Mr. COHEN. It isn't a matter of time.

Chairman PROXMIRE. They start at the first of the year.

Mr. COHEN. They start at the first of the year and by April or May, they have already collected the full tax on the wage base of $6,600 from high-income employees. If you levy the new tax, would the employer start all over? There are some complications. But it is not easy to levy a new tax in the middle of the year.

Chairman PROXMIRE. Rather than bite into this little surplus, it would seem to me it would be better for us to maybe impose a slightly higher tax than has been proposed until we build up the reserve to this 2- or 3-year level.

Mr. COHEN. Of course, it doesn't——

Chairman PROXMIRE. We can make other economic adjustments.

Mr. COHEN. Yes.

Chairman PROXMIRE. As far as economics, by not increasing the surtax, or by tax reductions.

Mr. COHEN. The amounts are all significant, but, of course, the difference for the last half of the year is in the nature of $2 billion.