

CONSIDERATIONS AFFECTING SOCIAL SECURITY DURING THE 1970'S

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This summary is prepared upon the assumption that there are many studies, both completed and underway, by the staff of HEW that relate to problems that are likely to need attention during the next decade or two. Many of these studies are known to the author but equally there are many that are unknown, and, hence, it is possible that this summary may make suggestions relating to problems that have already been analyzed in great detail.

1. A persistent and perennial problem that has been much studied but definitely not solved and which has an extreme impact upon retirees is that of inflation. I need not repeat the well-known statistical summary that may be currently updated which demonstrates the erosion of rising price level on the monthly benefits of the elderly. Unfortunately, this type of economic hardship affects those either covered or not covered by social security. It also places a heavy burden on people in all walks of life and at varying ages, but especially those whose incomes are largely determined by formula rather than dependent upon shifts resulting from forces that work in the marketplace. Included in this latter group, in addition to retired people, will be those benefiting by other types of governmental programs, and not gainfully employed, such as the total group of welfare recipients, or in general those receiving public assistance.

The traditional attitude existing in the minds of many who are closely associated with social security types of programs is that problems of inflation are to be analyzed by those with fiscal responsibility, the Federal Reserve, the U.S. Treasury officials, banking groups, and others. The immediate past history and the likely changes that are related to the serious economic disturbances that will be with us for the next few years, as a minimum, make it mandatory for those concerned with retirement benefits to give relatively more attention to methods of controlling inflation instead of restricting their efforts to techniques of contending with its effects through alterations in the benefit structure.

A united front involving recommendations from many economic groups would be likely to come closer to designing an effective program to combat inflation than one that would result by delegating the responsibility only to monetary and fiscal authorities. People in this latter category need broad general understanding and support if they are to achieve an approach to reasonable stability in the price level consistent with adequate growth.

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