cannot feed and clothe itself adequately from current income cannot be expected to sacrifice present consumption to provide for uncertain consumption needs in retirement.

The problem of poverty does not in itself negate the argument for individual provision for retirement, for there is no reason to presume that poor people are necessarily inferior judges of how best to allocate whatever income they may possess. If some are too poor to purchase adequate amounts of any commodity, including savings, a possible solution is to supplement their incomes through transfer payments. When incomes reach whatever level is deemed socially adequate, each person could then determine the amount of retirement protection he wishes to buy.

This discussion opens up major issues concerning Government policies of income supplementation for all the poor. It is sufficient to note at this point that nobody has yet recommended a system of transfer payments that would provide the poor with a sufficient margin for saving, as well as for current consumption.

Furthermore, even individuals who have sufficient earnings during their working lives may have insufficient savings at retirement, either because they incorrectly gage their retirement needs or because their personal investments turn out badly. Most people would agree that the aged poor should not be left unaided in these circumstances, and that the Government bears the ultimate responsibility of providing income support for such unfortunate people. Because humanitarian values prevail in our society, it may be assumed that the Government will guarantee a minimum subsistence level of income for the aged (and perhaps for other groups as well). The notion that Government should guarantee a minimum level of income support for all the aged has widespread acceptance.[4] Because "subsistence" is a subjective concept, and because the costs of providing income support for the poor are large, the precise level of support to be guaranteed is a controversial issue.

Once society agrees on a minimum income guarantee, however, a further decision is required on the conditions under which the guarantee will be provided. The Government can either provide minimum subsistence payments to each eligible person regardless of his other income, or it can make them available only if his income falls below a stipulated level. The former method—the universal *demogrant*—is followed in Canada and some other foreign countries. The latter method—the welfare approach—is exemplified by the public (including old-age) *assistance* programs in the United States.

Old-age *retirement* benefits in this country are paid on terms which fall somewhere between these extremes, although they are much closer to those of the universal demogrant than to those of welfare. Only persons who have worked long enough to qualify for the required insured status are eligible to receive benefits. Persons who meet this qualification receive payments without consideration of their income and wealth. Only if an insured person earns enough to be disqualified

[4] See, for example, Bert Seidman, "The Case for Higher Social Security Benefits," *AFL–CIO American Federationist*, vol. 74, No. 8 (January 1967), pp. 1–8; and Chamber of Commerce of the United States, *Poverty: The Sick, Disabled, and Aged* (Washington: 1965), pp. 69–73.