

cause to realize, the coverage of income-maintenance schemes tends almost irresistibly to expand. But, as these schemes become more generalized, their insurance basis becomes more and more illusory; until in cases where, as in Britain, virtually universal coverage has been attained, fiction ousts fact altogether.

At this point, the simple facts of the situation are that benefits on a prescribed scale have been promised, and that funds must be provided to meet them; that is all. In these circumstances, the allocation of precise fractions of contributors' payments to cover particular risks becomes an academic, rather than a genuinely actuarial, exercise. The performance of this exercise in the sacred name of insurance demands, however, elaborate and expensive systems of recording the experience of millions of beneficiaries. These monumental systems are indeed a tribute to the skill and accuracy of the administrators who devise them, and to the ingenuity of the mechanical devices employed in their operation; but, are they really necessary, and have they, indeed, any meaning? Is it, in fact, worth maintaining what has become no more than a facade? ¹⁶

The fact that OASDI benefits are designed to achieve objectives other than individual or group equity is obvious to casual observers as well as to those who are intimately familiar with the system. Social security officials have frequently stressed that social insurance differs from strict insurance principles because of considerations of social adequacy. However, they do not seem to regard such differences as sufficiently basic to require abandonment of the insurance vocabulary. For example, the Chief Actuary of the Social Security Administration has said:

It is recognized that the use of the term "social insurance" may result in some misunderstanding of the basic nature of a social security program by the general public, who will tend to think of it in terms of their acquaintance and knowledge of private insurance, or even Government insurance involving a contractual relationship (such as the national service life insurance program, crop insurance, and parcel post insurance). Nonetheless, the term "social insurance" is a very popular one both here and abroad, and by usage and dictionary meaning seems proper. ¹⁷

Belief in the insurance nature of the relationship between an individual's OASDI benefits and taxes is the basis of the image of social security. The most important implication of this image is the belief

¹⁶ "The Impact of Income Security on Individual Freedom," in James E. Russell (ed.), *National Policies for Education, Health, and Social Services* (Doubleday, 1955), pp. 386-387.

¹⁷ Robert J. Myers, *Social Insurance and Allied Government Programs* (Irwin, 1965), p. 8; also see pp. 8-10, where the differences between social insurance and private insurance are carefully discussed.

For the views of a representative of the private insurance industry who expresses concern about the analogy between private insurance and social security, see Roy M. Peterson, "Misconceptions and Missing Preceptions of Our Social Security System (Actuarial Anesthesia)," *Transactions of the Society of Actuaries* (November 1959), pp. 812-851. Peterson has also collected quoted statements by various top public officials which demonstrate the prevalence of the belief in the insurance analogy: "The Coming Din of Inequity," *Journal of the American Medical Association*, vol. 176, No. 1 (April 1961), p. 38.