

“real” income, it is important to look at social insurance projections based on these more realistic assumptions.

The staff of the Joint Economic Committee of Congress has recently released a long-range projection entitled, *U.S. Economic Growth to 1975: Potentials and Problems*. This study projects contributions for social insurance under scheduled rate changes but on assumptions of increasing money and real wage levels. It also projects social insurance benefits on the basis of estimates of broadened programs that will affect future payments. These projections suggest a 160-percent increase in the amount of OASI contributions from 1965 to 1975, while gross national product is expected to increase by 77 percent. OASI contributions would go from 2.6 percent of GNP in 1965 to 3.7 percent of GNP in 1975. (See table 5.)

The projections are based on existing programs or programs just adopted. The figures for 1975 could be much larger if average benefit levels were substantially liberalized.⁷

TABLE 5.—JOINT ECONOMIC COMMITTEE STAFF PROJECTIONS OF GNP, SOCIAL INSURANCE CONTRIBUTIONS AND BENEFITS, AND TOTAL GOVERNMENT RECEIPTS AND EXPENDITURES

1965 ACTUAL AND 1975 PROJECTED

	Amount in billions		Percent of GNP	
	1965	1975 ¹	1965	1975 ¹
GNP.....	\$681.2	\$1,205.0	-----	-----
Personal income.....	535.1	961.8	-----	-----
Contributions for social insurance ²	29.2	66.0	4.3	5.5
OASI.....	17.4	45.0	2.6	3.7
Unemployment insurance.....	3.8	6.8	.6	.6
Other.....	8.0	14.5	1.2	1.2
Government transfer payments to persons.....	37.1	79.5	5.4	6.6
OASI.....	18.1	42.7	2.7	3.5
Unemployment insurance.....	2.3	4.4	.3	.4
Other ³	16.8	32.4	2.5	2.7
Total Government receipts and expenditures:				
Federal Government:				
Receipts under 1965 tax law.....	124.9	246.9	18.3	20.5
Expenditures ⁴	123.4	203.1	18.2	16.9
Surplus or deficit (—).....	1.6	43.8	(⁵)	3.6
State and local governments:				
Receipts (less Federal grants-in-aid).....	64.1	131.0	9.4	10.9
Expenditures (less Federal grants-in-aid).....	62.5	130.6	9.2	10.8
Surplus or deficit (—).....	1.6	0.4	(⁵)	(⁵)

¹ Price level for GNP assumed to rise at 1.5 percent per year. Average annual gain in real output per man-hour was assumed to be 3 percent. Unemployment was assumed to be 4 percent of labor force (projection B).

² Under existing legislation with adjustments for scheduled changes in tax rates and wage base.

³ Expenditures under new programs in present legislation extrapolated in part on a judgmental basis. (See source, p. 21.)

⁴ Assumes some reduction in defense expenditures after 1967, and an increase in Federal grants-in-aid from \$11,200,000,000 in 1965 to \$25,000,000,000 in 1975.

⁵ Less than 0.05 percent.

Source: “U.S. Economic Growth to 1975: Potentials and Problems” study prepared for the Subcommittee on Economic Progress, Joint Economic Committee, 89th Cong., 2d sess., 1966, pp. 21, 24, 27.

These projections indicate that social insurance programs will continue to rise relative to national income and product. However, the

⁷ Cost and benefit estimates on increasing earning assumptions were included in *The 1966 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds*, Feb. 28, 1966, pp. 39–40. These estimates showed slightly lower level of contributions and benefits for 1975 than the Joint Economic Committee staff study.