be required, but this provision was removed in 1950 without ever being used.

The postponement of scheduled rate increases meant not only that the assets of the fund grew more slowly, but also that the existing tax rates were far less than would be necessary on an individual contributory basis, or an individual actuarial rate basis, to provide for the cost of benefits to individuals covered by the system. An individual actuarial rate has been defined as a rate "sufficiently high to cover the full cost of benefits for a person who pays it for his full working lifetime" [4] taking account of interest. Such an actuarial rate basis would primarily reflect the "individual equity" principle, as contrasted with the principle of "social adequacy":

> Individual equity means that the contributor receives benefit protection directly related to the amount of his contributions—or, in other words, actuarially equivalent thereto. Social adequacy means that the benefits paid will provide for all contributors a certain standard of living. The two concepts are thus generally in direct conflict, and social security systems usually have a benefit basis falling between complete individual equity and complete social adequacy.[5]

The late 1940's appear to have been the last time that the individual equity principle was specifically considered in planning social security amendments. The 1948 report of the Advisory Council on Social Security put considerable emphasis on this principle:

> The Council favors as the foundation of the social security system the method of contributory social insurance with benefits related to prior earnings and awarded without a means test. Differential benefits based on a work record are a reward for productive effort and are consistent with general economic incentives, while the knowledge that benefits will be paid—irrespective of whether the individual is in need—supports and stimulates his drive to add his personal savings to the basic security he has acquired through the insurance system. Under such a social insurance system, the individual earns a right to a benefit that is related to his contribution to production.[6]

The 1948 report also repeated the recommendation for a general revenue contribution:

> The Council believes that old-age and survivors insurance should be planned on the assumption that general taxation will eventually share more or less equally with employer and employee contributions in financing future benefit outlays and administrative costs. Under our recommendations, a full rate of benefits will be paid to those who retire during the first two or three decades of operation even though they pay only a fraction of the cost of their benefits. In a social insur-

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[4] *Ibid.*, p. 29.
[5] Robert J. Myers, *Social Insurance and Allied Government Programs* (Homewood, Ill.: Richard D. Irwin, Inc., 1965), p. 6.
[6] Advisory Council on Social Security to the Senate Committee on Finance, *Recommendations for Social Security Legislation* (S. Doc. 208, 80th Cong., 2d sess., Washington, D.C.: 1949), p. 1.