whereas social security has no such underwriting costs (other than administrative costs) and uses population experience. (*g*) The premium rates reported in subsection E for all three benefits combined were obtained from the rates for the three policies separately. To the extent that there is any cost reduction when the three policies are written at the same time for an individual, the private insurance cost estimates used in the comparison would appear overstated. And (*h*) the observations on comparative cost between social security and private insurance reported in this section are for the three hypothetical workers with the explicit and implicit assumptions regarding age, family composition, earnings levels, and other relevant factors. Care should be taken in generalizing their cost positions for all other individuals. The sole purpose of this exercise is to use these comparative figures to suggest that it is misleading to consider a certain type of person covered by social security and then to permit the inference that it applies to very many cases. One can easily "prove" social security to be a losing proposition if one uses the example of a "confirmed bachelor" or a "confirmed couple" (i.e., a couple determined not to raise a family), or a person who knows he will be employed continuously (or even a person who knows he will not be disabled). On the other hand, social security can be shown in a much more favorable cost position under certain other cases.

III. Tax-Benefit Ratios in the Future: Several Possibilities

In section I, social security gains and losses were discussed. The losers, there identified with respect to the future, represented the results of but one set of possibilities, based on rather strict and artificial assumptions. Unrealistic though they may seem, these ratios are not meaningless, for they reflect the provisions of the existing law. However, since the present law is virtually certain to change, these estimated ratios are of doubtful predictive value. With these ratios as a point of departure, explored below are five other possibilities on the basis of alternative assumptions regarding the maximum taxable earnings, worker's earnings, and the benefit formula. The tax rates used in all cases, I through VI, are those in effect now and those scheduled in the present law for future years.

A. "Unvarying" versus "Increasing" Assumptions

Case I is based on what may be called unvarying assumptions. To repeat, it assumes that the maximum taxable earnings will be $6,600 in the future as at present, that the worker's earnings will remain at their present levels (the so-called level-earnings assumptions), and that the benefit formula in 1965 will prevail in future years. These are unrealistic assumptions and tax-benefit ratios based on them could be misleading as a projection of what is likely to happen in the future.

Although the long-range cost estimates (for a period of 75 years) prepared by the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds assume that the maximum taxable earnings, the average total earnings of covered workers, and benefit provisions all remain unchanged, the Board has