

wages of \$6,600 in the hypothetical case) may be disadvantaged in the sense that he may be required to pay more for social security than that which private insurance might require of him for the same benefits. However, there are circumstances under which even he may not suffer a cost disadvantage. In contrast, workers of lesser earnings (annual wages of \$1,800 and \$3,000 in the examples) seem to enjoy a cost advantage in social security vis-a-vis private insurance. It should be pointed out that comparisons are based on monetary costs. Not treated in the study are the costs associated with compulsion under social security and those associated with seeking information for private insurance coverage. (4) Case I is based on unrealistic assumptions, but these are used in most currently available analyses. Case II assumptions are most realistic, judging from the history of changing provisions in the past. The assumption of benefit increase at the historical annual average of 4.2 percent in cases III and V may be questionable, but some increase in benefit payments seems reasonable to speculate. In cases IV, V, VI, the realization of the assumption of continuously rising maximum taxable earnings (in accordance with the rise in worker's earnings) would require a substantial departure from current practice; this same requirement would apply to the assumption of automatically adjusting benefit payments to make up for the loss of purchasing power due to price inflation. (5) If price-level increases and productivity advances are reflected in setting taxes and benefits, tax-benefit ratios in the future will be substantially lower than those computed on the basis of the provisions in the current law. (6) If automatic adjustment is provided, so as to maintain the purchasing power of a given amount of benefits during the receipt period, tax-benefit ratios are shown to be favorable in case VI in which taxes rise as workers' earnings and maximum taxable earnings both increase. And (7) the focus of the paper has been on the tax-benefit relationships insofar as individual workers are concerned.