

This summary portrayal in chart 2 attempts to illustrate in one place the key factors affecting the yield on a participant's saving under the social security system.⁴⁴ In each individual chart the higher yield to low incomes is pronounced. Although not much should be made of the hypothetical projections labeled "proposed" on the chart the greater distance between the lines in the vertical direction shows the effect of a higher ceiling in the starting year and a more graduated benefit-earnings curve. The boost in the yield to each category of worker which accompanies a high earnings growth rate is shown in each graph. The relative advantage of a couple receiving wife's benefits⁴⁵ and the late starter are also pointed up once more.

E. CONCLUDING REMARKS

In a question cited earlier, Congressman Ullman asked whether social security is a sound investment for a young person or whether he is being "taken." This question has two aspects. In the first place the differentials among the yields to individuals require evaluation. Second, are the absolute levels of the yields sufficient to justify this compulsory saving? The model and statistical projections presented above offer no unique or unequivocal answer to these questions. However, the assumptions, reasoning, and projected yields on saving under social security have been presented in detail so that the reader may evaluate the analysis and judge for himself the adequacy of the yield accruing to various categories of participants. It should be reiterated at this point that there is no logical or practical reason for regarding these varying yields as the basic criteria for appraising the tax and benefit structures of the system; the program is so far removed from the private insurance model that it is appropriate to evaluate the two structures independently. Even so the loose tax-benefit relationship that does exist justifies a few tentative and qualified observations concerning the projected yields to various groups covered by the system.

Obviously, some participants in social security are faring much better than others, but this type of differentiation also exists under the generally approved graduated income tax. The relatively high rate of return to low income groups under social security is consistent with their being assigned a low burden under the income tax. The relatively high return to couples who did not have the benefit of a wife's income may well be consistent with the objective of redistributing income in favor of those with greater need. However, this is by no means certain, since nonworking wives may tend to be concentrated among high income couples. It is clear, of course, that neither of these redistributional features is consistent with the insurance analogy frequently associated with the system, but that is irrelevant to their appraisal.

Less acceptable in terms either of values or logic, if we continue to think in terms of lifetime tax benefit relationships, are the higher

⁴⁴ Despite the lines drawn on each small graph, it should be noted that each is based on only two points—one for each growth rate: the actual relation may not be linear. The relationships for only one of the two cost projections are given, because the differences between the two are so minor, as may be seen in table 6.

⁴⁵ The estimates for relatively high earnings levels must be qualified due to their failure to take account of the current practice of placing a ceiling on wife's benefits.