

its harsher treatment of marginal firms, would be preferable. The income tax and payroll tax, in fact, would appear to be a nicely complementary pair, as long as both are kept below seriously repressive levels. In any event, it obviously would be unrealistic to contend that the faults of the social security tax exert a more oppressive effect than those of the income tax, since both can exhibit extremely unpleasant characteristics as rates increase.

V. A WAY OUT OF THE DILEMMA: REALISTIC APPROACHES TO COSTS

I have attempted to show that the OASDHI tax leads to a number of undesirable effects. Raising equivalent funds through general revenue financing may reduce some of the problems, but only at the expense of aggravating another set of difficulties. It would seem that the taxpayer has been boxed into a depressing trap.

Sometimes, however, traps are more of the captive's own devising than externally imposed. There is a weak point in the social security system, which just possibly may provide an avenue of escape: the assumption that the costs of the system must continue to increase.

In the past, three important factors have led to the need for increasing taxes to finance the social security system:

1. The anticipation that benefits must be increased to maintain a decent standard of living for our elders.
2. The intergeneration transfer, which will continue to some degree until the early part of the next century.
3. The interbracket income redistribution which has been quietly increased in intensity, with resultant changes in the entire philosophy of the system.

Before we abandon all hope, perhaps we should consider the importance of each of these elements for the integrity of the entire system, and whether and changes might be made which would ease the financing pressures.

BENEFIT LEVELS

Like many others of my generation, I was brought up in an American subculture which respects old age, and would be among the first to agree that our elders should be able to live in comfort and dignity. I also agree with Jung that old age is a time for retrospection and introspection, a time to prepare for whatever lies beyond, and concede that this vital task certainly cannot be accomplished under economic pressure. I nonetheless feel that the time has come to consider the matter of increasing benefits in a realistic framework.

The basic problem stems from considering the social security pension as providing the older person's entire support, rather than as the floor it was originally meant to be, and in fact is, for many of the retired. In evaluating the adequacy of benefits, several points must be remembered. Older people generally have accumulated assets which reduce their outlays (such as a house) and often, in addition, income-bearing assets. Increasing numbers receive supplemental income from private pensions. Still others are capable of and would benefit from part-time, light work that would enable them to bring their combined pension-earnings income to a comfortable level but for the strictures imposed by the social security system. At the same time, it must be