An examination of the sources of non-OASDHI retirement income (table 8), which include public and private employer pensions, veterans' pensions, income from assets, and private annuities, suggests that low PIA beneficiaries may derive their supplementary retirement income primarily from public pensions. Generally, the percentage receiving income from each source is not notably larger, and is sometimes smaller, for the minimum group compared with other groups. However, the fact that the percentage receiving employer pensions in the minimum PIA group is second only to the percentage for the highest PIA group seems curious, since one might deduce that pensions from a private employer (i.e., in employment covered by OASDHI) could not be substantial if an individual qualifies for no more than a minmum OASI pension. Hence the conclusion follows that 45 percent of the low PIA group probably have retired under public programs such as Federal civil service or railroad retirement, receiving pensions large enough to account for their highest "other" retirement income cited above. Obviously, it is easily possible for employees of Federal civil service, railroads, and State systems not linked to social security to qualify for minimum benefits by taking part-time jobs in covered industries for a few years. The higher the minimum benefit, the more these people will be tempted to take the trouble to qualify. If, on the other hand, the needs of the genuinely poor were met through a welfare arrangement outside the social security system, few of those retired under other government programs would qualify for the heavily subsidized minimum pensions.

Conclusion

An important choice lies before Congress today. It can transform the social security system into a peculiar sort of welfare program, or can make the repairs that will return the system to the sound principle of an earned pension for all Americans. If the former is the goal, then Congress may as well swing over to general revenue financing, which can best support the spiraling costs which inevitably will ensue. But, if Congress wants something resembling the original system, with its liberating tax-benefit link—a system, I think, best fits the American ideals of independence and self-respect—then it must attend to the major peril to that system, the excessively high costs which require dangerously high payroll taxes.

Two important steps will go far toward reducing costs without undermining the philosophy or financial soundness of the system.

(1) The cost of the one-time-only intergeneration transfer should be identified—a difficult but not impossible chore—and subsidized out of general revenue. Such an adjustment would relieve the financial pressures on the system without opening a Pandora's box to benefit levels supported out of seemingly limitless funds.

(2) The concept of the minimum benefit should be recognized as a wasteful device which has reached an inappropriately high level relative to the rest of the benefit schedule. While it might be politically unrealistic to scrap the concept altogether, the minimum should be restored to a more reasonable point relative to other benefits.