

years of rapid maturing in the fulfillment of expectations. That is to say, by 1960 the pension structure had come of age. To a greater extent in the future, it will be providing benefits instead of expectations.

It is possible to measure the scope of the emerging pension structure in several ways: The extent of coverage, the number of beneficiaries, the amount of benefits, and the funds being accumulated to pay benefits in the future. Simply to trace developments since 1940 in the whole range of programs to maintain retirement incomes, however, it is helpful to look first at the growth in actual benefits paid (table II-1).

TABLE II-1.—BENEFIT PAYMENTS UNDER PUBLIC AND PRIVATE PROGRAMS, 1940-65
[Annual totals in millions of dollars]

Program	1940	1945	1950	1955	1960	1965
OASDI.....	35	274	961	4,968	11,245	18,311
Railroad retirement.....	118	147	311	577	962	1,155
Federal civil service.....	68	94	192	380	816	1,384
Other Federal employee.....	54	76	301	489	779	1,561
Veteran.....	424	952	2,224	2,746	3,437	4,196
Old-age assistance.....	475	727	1,478	1,765	2,216	2,615
State and local government.....	142	193	320	595	1,083	1,780
Private employee.....	140	220	370	850	1,750	3,180
Total.....	1,456	2,683	6,157	12,370	22,288	34,182
Percentage of personal income.....	1.9	1.6	2.7	4.0	5.6	6.4

Source: "Social Security Bulletin," Statistical Supplement, 1965; "Social Security Bulletin," April 1967.

The table traces the income maintenance effects of the whole range of programs at various points in time. The six programs of the Federal Government, it is strikingly apparent, provided 85 percent of all the benefit payments disbursed in 1965. State and local government retirement benefits and those provided by private programs had compound annual growth rates of 10.6 percent and 13.3 percent, respectively, for the 1940-65 period, but they were overshadowed by the Old-Age, Survivors, and Disability Insurance System. This reflects, of course, the result of making increases in benefits applicable to present beneficiaries and the different characteristics of the programs.

The unique characteristic of a national social insurance system such as OASDI is the matching, over a span of years, of collections from employers, employees, and self-employed with current benefit payments. As the program matures and as benefits are increased, the rate of tax on earnings will have to rise except as the maximum amount of annual earnings taxable and creditable toward benefits is periodically increased. By 1955, the OASDI system had reached the stage in its evolution at which benefits and administrative expenses were equal to 82 percent of total income, and by 1960 the proportion was 95 percent. The initial contingency reserve fund had been accumulated and receipts and disbursements approached an approximate balance.

Other Federal programs, such as those for veterans, retired members of the Armed Forces, and individuals who qualify for old-age assistance on the basis of need, are noncontributory pay-as-you-go programs, in which the cost of benefits is met by current appropriations from general revenues. No attempt is made to anticipate future costs or to create any kind of a reserve fund. Total receipts and the total