

be raised substantially, we are willing to have the contribution rate—which applies equally to lower paid and higher paid workers—raised sufficiently to cover the cost or whether some of the additional financing should come from general revenues. There is some leeway for improvement in the future without a Government contribution and without increasing the contribution rate. Of course, it may well be that in America we will want to increase benefits substantially more than can be financed by a higher earnings base and out of rising earnings. If we do, it is at this point that the issue of a Government contribution will be seriously considered. If benefits at the lower wage levels are to be substantially higher than they are, the most disadvantaged need more of a subsidy. And those at average and above-average earnings levels do not want too much of the subsidy to come from payroll contributions that would otherwise be available for benefits of one kind or another to them.

Early retirement is an example of another as yet unresolved problem. More than half of all people now retiring do so before age 65 and therefore get reduced benefits. In the long run, if allowed to continue such a situation might actually reverse the long-range trend of reduction in the old-age assistance roles. On the average, the longer a person is in retirement, the more likely he is to have used up whatever resources he took with him into retirement, and the more he becomes wholly dependent on his social security income. Thus, those people taking early benefits may later on have to apply in increasing numbers for assistance.

As over the next several years we consider the steps to be taken to improve the economic security of the American people, I believe that the method of social insurance will be called upon to do an even bigger job than it is doing today. I believe this is true because it is greatly advantageous to build on a going system of universal application based upon principles that have wide acceptance and have proven enduring. At the same time I believe we will have to ask ourselves what is appropriate for social insurance and what is not. The idea of insuring against the loss-of-work income has wide application in any attempt to improve our economy security arrangements. But the institution of social insurance should not be expected to cure the problem of income deficiency singlehanded, nor should its failure to do everything make us value less the great contribution to security that this institution can appropriately make.

In my judgment, solutions to the many-sided problem of income deficiency will be found not in a single program but in a variety of programs—both public and private. In this field the simple, single answer—while intellectually appealing perhaps—will not produce satisfactory results.

ANDREW A. MELGARD: ECONOMIC SECURITY IN OUR FREE SOCIETY

During the 20th century, as our free society has progressed from depression toward affluence, there has developed a need for a national dialog on issues and alternatives in the field of economic security for the individual and the family. A key part of this discussion involves old-age income assurance goals for our present and future elderly