

approaches; this paper introduces a housing annuity which would pay the homeowner monthly income with guarantee of lifetime tenure in his own home. The actuarial mortgage plan, if implemented, would mean a new source of income for those older homeowners who are willing to use home equity to raise their income in old age. The proposed plan would be a completely voluntary measure, which is in full accord with the freedom-of-consumer choice, and which serves to widen the range of choices to older persons when their income from conventional sources becomes low and/or inadequate.

MARGARET S. GORDON: THE CASE FOR EARNINGS-RELATED
SOCIAL SECURITY BENEFITS RE-
STATED

The U.S. social security system has been attacked by certain critics in the last few years on the ground that a large proportion of its benefits go to the nonpoor. This line of criticism is not dissimilar in nature from certain earlier attacks on the system but, whereas previous opposition was almost entirely from conservative circles, some of the recent critics of the system are liberal economists who are concerned about achieving a more effective attack on poverty. Their emphasis is on the alleged inefficiency of a system of income maintenance under which a large proportion of the poor go unaided while a large proportion of the transfers of income involved go to the nonpoor. The unemployment insurance system is regarded as a more serious offender on this latter score than OASDHI. Most of the social scientists who criticize the social security system support some version of a negative income tax or social dividend proposal, differing among themselves, however, as to whether the proposed scheme should replace or merely supplement the existing income maintenance system.

In this paper I argue (1) that the efficiency of an income maintenance system in transferring income from nonpoor to the poor at any given point in time should not be the sole criterion on which it is judged; (2) that existing social insurance systems are designed instead to bring about a greater degree of income stability over the life cycle by replacing part of the income lost by workers and their families as a result of economic risks and contingencies such as unemployment, old age, disability, and death of the breadwinner; (3) that there is room in an affluent society, and need for, both an earnings-related social insurance system and some type of system aimed at guaranteeing a minimum floor of income, at least to those among the poor who are too young or too old or too disabled to work, and to female family heads with young children; (4) that there has been a decided tendency in other industrial countries toward dual systems of income maintenance for the aged and, in some cases also, for the disabled and survivors—one providing a minimum pension and the other an earnings-related pension usually designed to supplement the minimum; and (5) that we should consider seriously a dual system at least for the aged and, indeed, have begun to take certain steps in that direction.

Social insurance programs are based on the principal of presumptive need; i.e., that families and individuals confronted by such contingencies as unemployment, disability, old age, and death of the