Those who believe in confining the social security system to the single goal of providing a minimum floor of income are actually expressing a preference for a greatly increased role for private and public employee benefit plans, although the issue is seldom put in this way. Thus the real question becomes one of a choice between strengthening the social security system versus permitting private and public pension plans to absorb a considerably larger proportion of total contributions to retirement systems than they do at present. Although progress has been made toward improving the protection offered by private pension plans since the early 1930's, not only as a result of rapid expansion in the proportion of workers covered but also through liberalization of benefit formula and vesting provisions, there are many remaining problems that would have to be faced if public policy were to move in the direction of relying relatively more heavily on private pension plans as a means of providing for retirement income.

There is little evidence in other industrial countries of any tendency to turn away from earnings-related old-age insurance systems in favor of means tested or income tested old-age pension systems. In fact, a predominent tendency, since the early decade of national old-age pension systems in the latter part of the 19th century, has been away from systems basing all pensions on an income or means test. By the middle 1950's, the basic national old-age pension system in the majority of industrial countries was a contributory, earnings-related old-age insurance system, while a few countries had contributory systems providing flat benefits.

Historically, there have been two main lines of development of income maintenance programs for the aged, disabled, and survivors. The predominant line of development was the adoption of contributory earnings-related pension systems patterned after the pioneering German law of 1889. The Scandinavian and British countries, on the other hand, tended to follow the pattern established by another early old-age pension law, that adopted by Denmark in 1891, under which pensions were provided for the needy aged poor on the basis of an income test.

TABLE 1.—TYPES OF NATIONAL OLD AGE, SURVIVORS, AND INVALIDITY PENSION SYSTEMS, 20 COUNTRIES, 1932

Contributory earnings-related pensions	Flat pensions or old-age assistance	Combination
Old-age, survivors, and invalidty: Austria. Belgium. Czechoslovakia. France. Germany. Hungary. Netherlands. Old-age and invalidity: Chile. Italy. Portugal. Old-age: Spain.	Income-conditioned pension or assistance payment: Old-age, survivors, and invalidity: Australia. Denmark. Old-age and survivors: New Zealand. Old-age: [1] Canada. Norway. South Africa. Contributory pension and noncontributory income-conditioned pension: Old-age, invalidity, and survivors: Great Britain. Income-conditioned old-age pension and contributory invalidity insurance: Ireland.	Contributory earnings-related pension and income-conditioned supplement: Old-age and invalidity: Sweden.

[1] 18 States in the United States had old-age assistance programs but many of these were optional for the counties.

Source: Barbara N. Armstrong, "Insuring the Essentials" (New York: Macmillan, 1932), pp. 611–632.