Clearly, there was increasing pressure in a number of countries for a combination of approaches which would provide both an effective minimum floor of income to pensioners, especially the aged, and adequate earnings-related benefits to retired workers who had been covered by a contributory earnings-related pension system for a considerable period of years.

Even in Great Britain, with its long tradition of flat, egalitarian benefits, earnings-related supplements recently have been adopted for all its short term social insurance programs, while an earnings related supplementary pension scheme dates back to legislation enacted in 1959. In Britain, as elsewhere, it has been primarily the postwar experience of steadily rising earnings, in contrast with the stagnating or declining wage levels of the twenties and thirties, which has built up pressure for earnings-related supplementary social insurance programs that would prevent workers from suffering a severe drop in income at the time of retirement or when beset by unemployment, illness, or long-term disability. But the pressure for change also reflected recognition of the fact that a system financed by flat contributions, which had to be geared to the wages of the lowest earners, encountered great difficulty, despite periodic parliamentary action to increase contributions and benefit levels, in providing benefits which would meet reasonable standards of adequacy. Moreover, the goal of minimizing the extent to which needy individuals would have to turn to public assistance had not been achieved, since, particularly in the case of the aged, social insurance benefits were so inadequate that large numbers of elderly pensioners turned to the national assistance system for aid, while a great many others could have qualified for assistance payments but refrained from applying.

There is widespread recognition of the fact that the present $44 minimum monthly OASDHI benefit for an individual and $66 for a couple falls far short of providing even a subsistance level of living. Moreover, a large proportion of retired workers whose benefits are based on the minimum primary insurance amount actually receives less, since they are persons who have been awarded reduced early retirement benefits. It is scarcely surprising that the administration proposals for increases in social security benefits submitted to Congress early in 1967 placed a good deal of emphasis on increases in minimum benefits. The administration proposals represent only one combination among a number of possible approaches to achieving a more adequate minimum and not necessarily the most desirable combination. Perhaps the most serious objection to them relates to the distribution of the financial burden. It would continue to be largely true, as it has been for many years, that the income redistriubtion that takes place through the OASDHI system would mainly consist of transfers from average-income families to low-income families.

The United States is out of step with other industrial countries. Among the 24 countries with contributory insurance type pension systems, 17 had provisions for a contribution to the system from general government revenues. There would seem to be a strong case for a contribution from general Federal Government revenues in the United States, particularly in connection with any proposal to raise minimum benefits sharply. Upper, middle, and high-income receivers would then bear a larger proportion of the financial burden of providing a