

ABSTRACTS OF PAPERS INCLUDED IN PART III: *Public Programs of*
OLD-AGE INCOME ASSURANCE

E. A. GAUMNITZ: CONSIDERATIONS AFFECTING SOCIAL
SECURITY DURING THE 1970's

A few decades ago when the social security program was in its infancy there was a considerable amount of attention given to the similarities and dissimilarities between social and private insurance programs. It was pointed out that benefit formulas in relation to payments by individuals bore a closer individual actuarial proportionality in a private than in a social insurance system. That is, the approximation to actuarial equivalence in a private insurance program not only exists in the aggregate but also on a class-by-class basis. A given social insurance program may be based in its benefit structure on a very reasonable set of criteria; however, the progressive and regressive incidence on individuals of combined programs should be studied.

A study should be made to attempt to lay a philosophical foundation for judging the desirable proportionality that should exist between present provision for future existence compared with allocation of resources to solve current problems. It would appear that a constantly rising percentage of social income allocated for preparing for the future should not be carried to an unproductive limit. This is especially serious when social and private systems are combined in their effects, and when private savings of those in higher income groups would be on the rise in spite of graduated income and inheritance taxes. The question is whether or not there should be a desirable upper limit on the proportion of present income used for provision for the future.

During the past few years, it has been evident that economic security, especially in an affluent society, does not lead to social or emotional stability. In fact, some have argued that greater provision for retirement income beyond a reasonable minimum provides more time for individuals to become dissatisfied and therefore emotionally disturbed about aspects of security other than those of an economic nature. Studies should be made to uncover relationships between economic and noneconomic disturbances in society.

Greater flexibility in private pension systems together with the existence of social schemes have perhaps tended to decrease restrictions on job shifts. In general, employment mobility should be contributory to the proper allocation of human resources. However, studies should be made to ascertain the social and psychological costs of mobility.

Extreme changes in marriage and birth rates associated with the disturbances of World War II are going to yield sharp fluctuations in the numbers and proportions of our population that reach age 65