be based explicitly on adequacy considerations and be financed separately by general revenues. The choice among those alternatives depends in part on value judgments concerning the relative importance of the objectives involved. However, technical and economic issues are also involved. The chief issues of both kinds in brief are as follows:

a. Maintaining the present system. Through a long political process the United States has developed a social insurance system that provides a working balance between the objectives of adequacy and individual equity. This balance is being strained as the payroll tax burden grows. Some view this "strain" as a useful restraint on excessive expenditures for benefits. On a more technical level, the present system of payroll tax financing contains an important fiscal control device. The system requires the levying of additional payroll taxes at the same time that increased benefit levels are adopted and the taxes are set so as to meet expected benefits and administrative costs over a long period. This is a device that is often absent in the Federal Government's general budget, although similar procedures have been proposed for administrative budget programs.

A general revenue contribution to OASDI trust funds could be fitted into the same type of fiscal control procedure. For example, any proposed increased levy for social security could require an increase in income taxes earmarked for OASDI trust funds. Even with such a procedure, benefits might increase faster than with exclusive reliance on the payroll tax both because income tax revenues are more responsive to economic growth and because Congress might be more ready to use an income tax levy than a payroll tax increase to raise the benefits schedule. Until recently, however, the payroll tax was relatively low. People generally appeared to have had an exaggerated idea of the extent to which they were paying for their own benefits. The increase in benefits may have seemed of more significance to the public generally than the increase in taxes. The attitude toward payroll taxes could change markedly. At current and prospective payroll levels, an income tax increase for the purpose of raising benefit levels might seem to be an easy way out of the conflict between adequacy and individual equity.

b. Providing a general revenue contribution. Many who argue for a general revenue contribution do so because they want a large increase in social security benefits. They see such a contribution as a means of raising benefits to more adequate levels in relation to minimum family budget standards. Moreover, it is argued that not only is the payroll tax high but this is a poor way to finance increases in benefits. If the OASDI system is to become an instrument for preventing or removing poverty, it would hardly be fair to do so with a payroll tax that reaches its maximum at $6,600 or $7,600. An increased emphasis on social adequacy would more logically be achieved through taxes levied on the general taxpayer.

Historically, another argument has been used for a general revenue contribution. It is that in the transitional stage to a mature social insurance system, most people become eligible for benefits even though they have not contributed anything like the full cost of those benefits. Until most workers have contributed during a full working lifetime, at rates commensurate with the benefits they will receive, there is a large windfall accruing to current beneficiaries. This windfall, it is