are unlikely to be met by private enterprise and private saving and for which compulsory coverage by a govermental system may be justified.

From the beginning of the social security system compulsory provision for old age has been justified in part by the argument that without such provision many of the aged would become public charges. This argument still has relevance in a period of growing incomes and substantially full employment though perhaps less than in the 1930's. As family income increases, provision for their own retirement becomes one of the services that more and more people want to buy. Forcing people to save through social insurance may appear to be an undue interference with individual choice. However, the evidence seems to be that social security has had the effect in the past of heightening peoples' awareness of the need for saving for old age and protection against risks of death and disability. Whether or not this effect may continue is another matter. If social security taxes continue to rise, the ability of people to save in other ways may be limited. It would not seem reasonable to compel purchase of Government insurance on a scale that would check the growth of private provision for old age. However the arguments may be arrayed on the question of compulsory saving for old age, at least a minimum of such compulsion is accepted in most Western countries. Acceptance of such compulsion seems to be a part of the decline of dependence on the family as an old age security system.

Certain limitations of private provision for old age continue to provide a justification for a governmental system. Even though an employee might not choose to save toward his old age, some portion of the cost of a minimum old age pension has come to be regarded as a necessary part of the cost of production of goods and services. Our social insurance system compels nearly every employer as well as his employee to contribute to OASDI. The employee remains covered and, in a sense, receives credit for his and his employer's contribution no matter how often he changes jobs. These features of quick vesting of pension and insurance rights and of portability are the very features that are difficult to provide for all employees under existing private pensions. This difference between private and social systems is due in part to the fact that the building up of investment reserves is the essential means by which private plans insure that funds will be available for pensions when covered employees retire. A social insurance system with nearly universal coverage does not need this device to insure payment. The Government's promise to pay, although not in the form of a contract, is sufficient for most people and it is backed primarily by the power to tax rather than by a reserve fund. For this and other reasons, Congress in effect accepted a virtual pay-as-you-go system with only limited reserves for contingency purposes.

A pay-as-you-go social insurance system is a current taxing process to meet current benefit payments and expenses. This process may have little effect on the national rates of saving and investment; if anything, the effect is to reduce the rate of national saving because those who currently pay taxes are generally net savers, while beneficiaries generally are dissaving. Private pension funds, on the other hand, according to recent studies, have a substantial effect in increasing the national rate