Ultimate Costs

A FURTHER truth is that a tax of 4 per cent of current payrolls barely begins to cover the potential claims which are accumulating under the social security program. Present plans call for successive future increases until the social security tax rate reaches an ultimate of 6.5 per cent by 1970. It is likely that by 1970 there will be at least one person over 65 years of age for every five of those younger persons who are supposed to be productively employed. Is 6.5 per cent of the wages of five persons—a total of 32.5 per cent of an average wage—going to be enough to keep one person comfortably in retirement? Or is this simply another of the wondrous examples of the higher mathematics of socialism?

Amateurs who cannot follow all of the political turns in the 6.5 per cent path to security may find comfort in the knowledge that some of the professionals haven't solved the magic formula either.

For instance, the compulsory social security program which Frenchmen have been trying to perfect for a good many years calls for a tax amounting to 16 per cent of payrolls. No doubt they also had hoped at one time that the tax need be no higher than 6.5 per cent.

The social security features of the United

States railroad retirement system were initiated in 1937 with a payroll tax of 5.5 per cent, but by 1952 that rate had climbed to 12.5 per cent.

The anthracite fund pensions had to be cut from $100 to $50 a month, even though the tax-like contributions to the fund were said to be equivalent to more than 15 per cent of the wage bill of the industry.

Such experiences tend to arouse suspicion of either the motives or the basic intelligence of those who promise that by 1970 retirement security can be achieved at a cost of no more than 6.5 per cent of payrolls. If it cannot be achieved by small groups within a nation, and if it cannot be accomplished in other nations, then why should anyone believe that it can be done on a nation-wide basis in the United States—in 1970 or at any other time?

Compulsory Security

ITS PROPONENTS "hope eventually to have all people who work for a living covered by social security." This calls for a national program compelling individuals to do what they could not or would not attempt on their own initiative. There is a certain plausibility in the rationale that persons most likely to be dependent in their old age should be obliged to help foot the bill during the productive years of their