

## DISCUSSION

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I am very happy to appear as a discussant at this meeting. As you know, I am also a former employee of the Bureau of Old Age, Survivors and Disability Insurance. In fact, it was in this capacity that I was instrumental, during the early forties, in setting up the continuous work history sample, which is based on the wage records of employees covered by the program.

The continuous work history sample was originated primarily to meet the needs of the Old Age and Survivors Insurance Program. It was to be used for two purposes: first, to provide the statistical basis for the actuarial studies, which were needed in connection with the program; and, second, to provide statistical data to check the existing provisions of the law, as well as to test any new provisions that were suggested for its modification. The provisions of the Old Age, Survivors and Disability Insurance system are geared to continuity of covered employment. This applies to both the eligibility provisions and the formula used in computing monthly benefits. This continuity of employment is reflected by the wage records contained in the continuous work history sample tabulations.

In addition to using the data from the continuous work history sample for analyzing the OASDI program, it was apparent that the tabulations might be useful for general analysis connected with patterns of earnings and employment. The continuous work history sample was set up at a time when the depression of the thirties was still fresh in the minds of people, and it was felt that one could use the data in a manner that would make possible some generalizations pertaining to earnings and employment as affecting the total labor force in the United States.

As Mr. Hearn has pointed out in his excellent paper, in terms of uses of the data for general analysis, there were many limitations inherent in the original tabulations of the continuous work history sample. One drawback was due to the restricted coverage under the OASDI system, which in the early years fell considerably short as regards total employment of members of the labor force. Another factor was the limitation placed on the taxable wages, the maximum of which originally amounted to \$3,000. There were still other limitations, such as the tendency on the part of some workers to obtain multiple account numbers, as well as the difficulty of eliminating from the sample persons who died without becoming eligible for benefits.

However, there were some in the Social Security Administration in the early days who had confidence that sooner or later these limitations would decrease in importance, due to changes in the law and improvements in the administration of the system. This faith has been more than justified in later years. Thus, the coverage of the present law extends to nearly the entire labor force, the only important exceptions being Federal employees on a permanent basis and members of the medical profession. Likewise, the limit on taxable wages has also been changed, the maximum figure now being \$4,800. Finally, administrative improvements have minimized the problem of multiple numbers and the lack of reporting of deaths.

As a result, the data from the continuous work history sample have become more adapted for use in connection with the general analysis of wages and employment. This situation could be improved even more. For example, I am told that the Federal Civil Service System is now planning to develop a similar sample covering Civil Service employment, and it should be possible to coordinate data from the OASDI program with those from the Civil Service system. Likewise, it is possible by means of estimates to make allowances for the \$4,800 limitation on taxable wages under the OASDI law. Clearly, as the years go by, the figures in the continuous work history sample will reflect more and more the complete cycle of employment and earnings of individuals in the labor force, beginning with the time the individual enters employment until he retires or dies.

One of the weaknesses of the Federal statistical system is that there is too much emphasis on the collection of "new" data and not enough on the utilization of figures that are a by-product of existing administrative systems. I am glad to know that the Census Bureau is now taking specific steps to investigate the uses and adaptation of such by-product data, as exemplified by those obtained from the Internal Revenue Service and the Bureau of Old Age, Survivors and Disability Insurance, as a basis for providing useful information that can be obtained without resorting to new statistical surveys.

It should be pointed out that in order to make the best possible uses of by-product data emanating from an administrative system, one has to exercise great skill in setting up the tabulations, so that they will minimize their inherent limitations and meet specific analytical

objectives. Mr. Farber's paper is a good example of such an effort, and he has done an admirable job in pointing out the extent to which, for various categories of the covered labor force under OASDI, it is possible to develop general conclusions as to the effect of the short depressions of the fifties on the earnings of workers. To be sure, his analysis has to be considerably qualified, as he has done in his paper. It should be remembered, however, that even statistics obtained from specific surveys of collected data are also subject to limitations, which the analyst needs to consider in reaching conclusions. The job of the analyst in the social sciences is a difficult one, whether it is applied to "collected" data or to figures that are a by-product of an administrative system, and it behooves him under any circumstances to be on the alert and

cautious in reaching conclusions. Nevertheless, much can be done in this connection to formulate generalizations relating to the socio-economy.

In conclusion, let me emphasize again that the data emanating from the continuous work history sample are one of the best sources of information that can be used in economic analysis dealing with life patterns of earnings and employment, as well as cumulative earnings of individuals during their working life. Such figures are extremely important in analyzing not only the problems related to the OASDI system but also those that have a bearing on the functioning of the total economy.