

over 65, well over 80 percent own their own homes free and clear of mortgage, their own consumer durables. There is a substantial retirement that they have provided through their personal savings.

The third area developed a little bit later than social security. In a sense the Government has had something to do with its development. I am referring to private pension plans, because we have special tax laws in respect to them. We have \$90 billion in our private pension plan funds for retiring potentially around 40 million Americans. That is the third thing.

I asked the Government witnesses what about the whole man? What about the person who is actually retired? How much does he get social securitywise, how much from his own savings and how much from other kinds of programs? Well, they had none of this data, and they were not even thinking in these terms.

Then I posed it in another way, and I am a little tedious in explaining this perhaps, but I know of no other way of doing it. When I was over in Europe in December on the Kennedy round, I was talking with European businessmen and others, they were complaining about the fact that they had no real capital markets in Europe like we have. I observed that a great many of our capital markets, where the capital is generated, was institutional through our insurance companies, around \$200 billion, through these pension plans \$90 billion, and other savings that have been pulled together through these kinds of institutions. I said that in Europe the social security program is on a pay as you go basis. They now recognize that the trust fund of about \$22 billion right now is only a contingent fund. That is all it is. They are not counting on earnings from that have to help pay the benefits.

Well, the European systems are not tripartite. They are almost all directed toward the Government programs, and, being pay as you go, do not generate these funds.

So coming back to the Ways and Means Committee forum, I said if you insist on extending social security from a \$6,600 base to \$10,800, you then move into the area of financing retirement through pension plans which are on this funded basis, which generates savings. This figure may be high; Mr. Reuther said it was high. But I still think it is within reason, where around 60 percent of the benefits paid under the private pension plans come from the earnings on those pension plans, whether it is 40, 50, or 60, a sizable part does come—

Mr. GAINSBROUGH. From the private sector.

Representative CURTIS. From the private sector. The public sector, of course, can pay as you go, not creating funds that are to be invested and earned. So the big question in my mind that I have been trying to get an answer to, does it serve as well to put more of the retirement of our people on a pay-as-you-go social security system, or is it more desirable to use the funded approach that the private pension plans have? As I put it bluntly to Mr. Reuther:

In your bargaining table, if you are going to ask that \$599 a year more be paid in the nature of premiums for the retirement of our people, and that is the increase that they will be asking for, under the social security system, or would it be better to get that \$599 into a funded program, the kind of pension plans you set up for the United Auto Workers?

You can only get \$118 more a month through the Government program, and it looks like you can get four times that amount if you put it into the funded approach. I am thinking of the overall picture.