

because of the growth of population. The social insurance tax rate will be smaller than the individual's required saving rate, the larger the number of people in the younger age groups available to make contributions.

How is the comparison affected if we take account of interest? If the individual has an interest rate available to him on his own savings (as risk free as the Government's promise to pay pension benefits), the interest on his savings will accumulate as shown by area *I* in chart A-2. If he discounts the value of his pensions at this same rate, the

