

prerequisites to the achievement of the firms' goals. However, these decisions must be made in the light of the labor needs, and market and competitive conditions facing the particular firm.

The role of Government in providing economic security for the aged is, and of necessity must be, quite different from that of business firms. The basic philosophy of OASDHI is to provide a minimum floor of protection against the covered perils for as much of the population as possible. The system is supported by joint employer-employee contributions, and benefits are earnings—related on weighted basis; and the benefits have a large measure of social adequacy as contrasted with individual equity. Inclusion under OASDHI is compulsory (with limited exceptions) and the program covers practically all workers. Furthermore, accumulated benefit credits are not forfeited as a result of job terminations. The principles of compulsory coverage and portability of benefit credits are consistent with the objective of providing a minimum floor of protection for a substantial proportion of the population.

Since the objectives of public and private programs are different, it is not proper to evaluate the performance of either system in terms of the objectives of the other. Critics of OASDHI are often guilty of the error of evaluating this program in terms of certain characteristics (e.g., actuarial equities) of private insurance schemes. Likewise, most critics of private pension plans use certain OASDHI features (e.g., portability of pension credits) as guideposts in evaluating private plans. If one wishes to argue that private plans should provide portability of pension credits, he should do so with a full appreciation of the environment in which these plans operate. That many do not is evidenced by the fact that few proponents of compulsory vesting provisions in pension plans have tied to their recommendation the requirement that all employers be required to establish a private pension plan. This would seem to be the only equitable way of legislating reasonably liberal vesting provisions. In the absence of a requirement that all employers establish a pension plan, compulsory vesting would impose an additional cost burden on only those employers who have agreed to provide employees with some pension coverage, limited though it may be. This requirement might place some of these employers at a competitive disadvantage in relation to firms not providing any pension program.

Furthermore, compulsory vesting would unduly favor those employees lucky enough to be employed by firms that have pension plans as contrasted with their counterparts in companies not offering such a program. This additional governmental protection would increase the gap in the degree of economic security that probably already exists between these two groups of employees. Pension plans are found predominantly among larger manufacturing concerns, public utilities, and financial institutions. Furthermore, the large and more powerful labor unions have all negotiated pension coverage for their members. Thus, covered employees probably already enjoy a greater degree of job security and a higher than average level of cash wages and other fringe benefits than employees in firms without pension plans.