

nical employees can have a serious impact upon a business and its ability to function efficiently or even to survive. Moreover, since the personnel structure of most businesses can be pictured as having an extremely wide base, tapering sharply in numbers at the top, any saving in pension expense due to limiting pensions for top executives would have little effect if the "saving" could be spread over other pensions, or to charges to customers, or to increasing income to investors. The real point, however, is that all of these others would suffer from a decline in business efficiency, so that any "saving" is illusory.

GOVERNMENT WOULD LOSE RATHER THAN GAIN REVENUE IF PRIVATE PENSION PLANS WERE ELIMINATED

Because well-designed private pension plans contribute to the efficiency of business, and thus to the health and growth of our economy, they do not, in fact, involve a loss of tax revenue which would otherwise be available to the U.S. Treasury. If pension plans were to be taxed or legislated out of existence, the U.S. Treasury might indeed realize a modestly larger immediate share of current income, but, it would be at the expense of sharing in a larger future income. Business efficiency is a necessity for a healthy economy, and a healthy economy will generate and support a higher tax yield for all levels of government.

DO SHORT-SERVICE EMPLOYEES HAVE A MORAL CLAIM TO PENSIONS?

Pension plans, when employer contributions are limited to a scale sufficient to accomplish the business purpose of orderly retirement of older employees, do not depress the wages of younger or short-service employees.

On the contrary, the existence of the pension plan may be the very reason for job openings for some of those employees. But, whether it is or not, the wages of such employees could not be increased by the "savings" from the absence of a pension plan because the continued wages of older persons who would have to be retained on the payroll instead of being retired would eat up the "savings" before they could be realized.

There is no pension expense associated with employees whose employment terminates before any right to a pension vests. A popular but erroneous impression is that money is accumulated for such individuals whereas in fact money is not accumulated on an individual basis and account is taken in advance of estimated turnover so that no funds are ever provided. There is, therefore, no purely economic reason for the employer to depress their wages in order to provide pensions. Indeed, there is no reason to depress the scale of wages of any employees when the cost of pensions is equalled or exceeded by efficiencies of operation which the existence of a pension plan makes possible.

There are other considerations which indicate that the wage scales of younger and short-service employees are not adversely affected by a pension plan which is soundly based on business economics.