

bill, however, which gave any commission discretion to require immediate vesting, because the productivity of American industry on which our high living standard depends would be severely diminished by encouraging the shortest possible periods of employment. But, profit-sharing vesting should not be too slow, either. I think very few deferred profit-sharing firms would be displeased with Senator Javits' vesting schedules, but I know that the rate of plan adoption would be greatly curtailed if immediate vesting of deferred profit-sharing plans was required. Whatever the situation in pensions, I feel sure that there is, because of turnover patterns, quantitatively very little discrimination in existing deferred profit-sharing plans against women versus men, young versus old, salaried versus hourly, wage earners, low paid versus high paid, Negro versus non-Negro, and union member versus nonunion member.

The committee report seems to conclude that oversaving is promoted by qualified plans. It seems downright ludicrous to me that deferred profit sharing can result in such an excess in the supply of savings compared to the demand for investments that consumption patterns would suffer and investment returns go down badly. The trend in the capital investment standing behind each job is sure to increase substantially, and without an increase of savings, adequate numbers of the newer kinds of jobs cannot be created and not only consumption, but employment would drop. The multiplier effect is constantly at work converting increased investment into increased purchasing power except at the times the economy is overheated.

The issue is raised in the committee report that collective saving under qualified "group" deferred profit-sharing plans may not be as socially and individually desirable as individual saving. Without question, workers generally have undersaved before their allocations began to be saved in deferred sharing plans. In addition, most non-supervisory employees do not know how to invest, without untenable risks, for a substantially better return than bank savings provide. The investment management available under deferred profit sharing is usually several cuts at least above the financial savvy of the average plan participant. The committee report worried that plan investment policies might be overly cautious, but we have seldom observed this—and only where company executives function as trustees instead of having corporate trustees or utilizing insurance companies. In many plans, selected or elected nonsupervisory employees have a limited role in establishing investments policies and guidelines, and in many larger plans, more than one type of investments is within the choice of participants. I can see no danger as was voiced in the report that the investment pattern of the free enterprise system would not be maintained as deferred profit sharing expands. Indeed, I was pleased to hear Assistant Secretary of the Treasury, Stanley Surrey, say that the Interagency Task Force had decided to recommend leaving investment discretion to individual plan administrators and trustees.

Now, I might comment, most briefly, on several issues in the report that do not appear to me to have appreciable bearing on deferred profit-sharing plans:

In regard to funding under deferred sharing plans, there is no real practical issue as to adequacy of funds to pay benefits for there are no guarantees, nor as to the pay-as-you-go alternative, for the accumula-