impose requirements that are unnecessarily onerous, the establishers of private programs would seek out ways to provide comparable benefits through unregulated programs. Thus, any legislative proposals must realistically evaluate alternative procedures available in the development of private programs, and must create a better framework for such programs without stifling them.

(A) The Establishment of Pooling and Guarantee Arrangements Which Cannot be Independently Developed by the Private Plans

My recommendations cover three items: a Federal reinsurance program, the issuance of purchasing power bonds, and the recording of vested benefits by the Social Security Administration.

(1) FEDERAL REINSURANCE PROGRAM

As previously mentioned, I presented testimony in the last session of Congress on S. 1575 introduced by Senator Hartke. At that time I pointed out that most plans covering UAW members—in fact most plans in the country—will probably never need to turn to the proposed reinsurance program in order to pay benefits. However, our concern is with that minority of situations where, as a result of business failure, plant closing or removal, discontinuance of manufacturing operations, or other factors, the pension plan terminates at a time when currently accrued assets are insufficient to provide promised benefits. It is exactly because there are so few of these situations that it would be possible, at a very low premium, to protect all plans against this risk.

In this connection, it is interesting to note that the extent of private pension plan coverage (approximately 27 million employees) is not much different from the extent of private homeownership (approximately 28 million homes in 1960). We are all aware of the great merit of various Federal programs, such as FHA and VA mortgage guarantees, designed to encourage and assure the spread of such ownership. In those programs, as in the proposed pension reinsurance program, by eliminating those few situations in which default of promised payments would actually have occurred, all mortgage arrangements have been strengthened.

No group can consider itself immune to the tragedy that results when workers who, having worked many years for a company and nearing retirement age, see their jobs and their anticipated retirement incomes disappear as the result of circumstances beyond their control. In our interdependent society such an event may even result from causes beyond the control of the management involved. It may have been reasonable many years ago to assume that everyone (and every business) could be held responsible for his own success or failure. Today, however, most people and businesses are tremendously affected by the decisions and actions of others. Thus, the business decisions of a single firm, aimed at maximizing its own productivity and profits, may result in the destruction elsewhere of jobs of hundreds of workers: For example, discovery of a new process could enable one company to gain such a large competitive advantage that others are forced to layoff or dismiss workers, or a producer who decides to