social security system was introduced we were told it would destroy individual initiative to save, but the latest studies show that the reverse is true.

The same kind of arguments are advanced at the collective bargaining table whenever we propose a new or expanded program; we're always told we'll "kill the golden goose," but every year the goose gets bigger and fatter.

As is true of all new legislation, the financial impact and other effects of a pension reinsurance program will be another consideration to be taken account of in making future decisions. But it is only one of a host of such considerations. Pension plan decisions are not made independently of other business and social considerations, neither are they generally the most significant factor in evaluating alternative activities. For example, the inducement of businesses to move from one State to another (or even from one county or city to another) through special zoning, tax concessions, etc., probably has much more significance for the plant closing problem than would result from the reinsurance program.

Therefore, the Studebaker closedown, with its accompanying problems, was merely an outstanding illustration of an on-going problem. In addition, it must be emphasized that the Studebaker-UAW plan was soundly conceived and administered. It was in the process of being funded in accordance with a procedure that would be considered acceptable under practically every standard that has been suggested as a reasonable requirement. The funds which had been contributed were honestly and carefully invested by one of the major banks in the country. The important point is that there is no reasonable mechanism available to cover the risk involved; only a Federal program can do the job.

Undoubtedly technical improvements could be made in S. 1575; in fact, Senator Hartke has reintroduced the proposal in this session, as S. 1635, in somewhat modified form. The actuaries and other insurance experts may be able to develop more improvements; it would be better for them to do that than to ignore the widespread need for this protection. Further modifications may be desirable, but the basic principle is sound. *The Federal Government should quickly establish a Federal pension reinsurance program.*

(2) PURCHASING POWER BONDS

Another problem facing private pension programs is the need to assure that funds set aside currently will, many years in the future, provide benefits which are adequate in real terms. Any long-range financial program faces the risk that its purposes will be defeated through increases in the cost of living and the consequent deterioration of value of the money anticipated. Furthermore, since a pension program is intended to help retirees maintain a decent standard of living, benefits which are designed in terms of current income levels will in the future be inadequate simply as a result of our rising standards of living.

The UAW has consistently negotiated increases in benefits for those already retired as the pension programs for our members have improved. For example, in 1964 the contracts we negotiated with major