	1965	1975 [1]
Personal income (billions of dollars)	537.8	894.9
Personal saving (billions of dollars)	27.2	48.5
Retirement saving (billions of dollars)	10.9	15.1
Personal saving as percentage of personal income	5.1	5.4
Retirement saving as percentage of personal income	2.0	1.7
Retirement saving as percentage of personal saving	40.1	31.1

[1] Personal income and personal saving from a representative projection of national income accounts made by the National Industrial Conference Board in "The Economy in the Next Decade," "The Conference Board Record," December 1965. This projection is roughly in line with other projections made by governmental and private agencies. Retirement saving is calculated from Holland's projections of about $13.6 billion in 1975 for private and State and local government programs, and it is assumed that, as in 1965, this will be nine-tenths of a $15.1 billion total including the funding of Federal Government plans.

This exercise suggests that, unless Holland's projections materially underestimate the rate of retirement saving in another decade, the impact on aggregate personal saving is now at a peak and will diminish. That is to say, the fraction of personal saving represented by retirement saving is currently close to its maximum. Unless there is a new burst of growth in retirement saving during the years ahead, or in other forms of saving, the projected saving ratio will not be realized.

No doubt, a portion of a possible decline in the saving ratio will disappear if consumer durables are included, since consumer expenditures are expected to rise more rapidly in this area than in the case of services or nondurable goods. Also we may be victims of measurement problems. Saving through expenditures on such intangible capital assets as education (we could even add cultural and personal capital derived from "investment" in travel, the arts, and good works) is not treated as saving in conventional accounting. One of the consequences of gains in living standards can simply be a shift to saving through the accumulation of such intangible assets.[9]

However, for our subsequent analysis of capital market influences, we must concentrate on the implications of the unfolding pattern of financial saving in the economy. In this dimension of the economic effects of pensions, we conclude that the impact of rapid growth is close to its peak; that in the absence of a resurgence of growth in pension arrangements, we have already experienced the major part of their influence on saving and the capital markets during the second postwar decade.

POSSIBLE EFFECTS ON SAVING BY BUSINESS AND GOVERNMENT

On the basis of our earlier analysis in chapter III, it appears that the growth of private pensions has probably not had any material effect on saving by business.

Federal, State, and local government saving is substantial in the absence of major wars and depressions. Changes in the net worth of these units, taking into account tangible assets as well as financial claims, are somewhat irregular and sensitive to economic change. With so many forces affecting the levels of revenues and expenditures, it is difficult to isolate the effects of pension arrangements in specific terms. At times, of course, the question relates to changes not in saving but in dissaving.

[9] For the significance of these forms of saving, see F. Thomas Juster, *Household Capital Formation and Financing, 1897–1962*, New York, NBER, 1966.