which is necessary to handle the growing volume of turnover in institutional portfolios. Given the projected volume of equity holdings by 1980, it is evident that an adjustment in the balance between fixed- and variable-income securities can create substantial swings in the amount of net acquisitions. There is little reason to expect that purchases will be made at the even pace implied by table V-8. Nor, indeed, can it be accepted as a certainty that fund managers will inevitably continue their steady accumulation of common stocks through sustained or even brief periods of adverse experience. In short, much greater variability in net acquisitions of equity securities must be expected in the years ahead.

One final qualification to all these estimates and conjectures: If variable annuity pension plans spread widely among industrial employers, it will be necessary to modify substantially the entire range of possible asset acquisition patterns. Only the future can tell whether this is a real possibility. The increasing familiarity of the public with common stocks and renewed concern over inflationary pressures in the economy are factors conducive to the adoption of variable benefit plans. However, stock purchase plans, savings plans which include equity investments, and profit-sharing plans provide outlets for this interest in owning common stocks without disturbing the stability of fixed-dollar pension programs.

## VI. The Impact of Pensions on the Capital Markets: Governmental Programs

Because of the widely differing characteristics of the various governmental retirement income programs, no general observations are applicable to the whole range of Federal, State, and local systems. It is necessary, therefore, to consider them separately as to present and future influences on flows through the capital markets.

### FEDERAL GOVERNMENT PROGRAMS

*OASDI*

While by far the most important of all Federal programs to provide retirement incomes, the Old-Age, Survivors, and Disability Insurance program by its very nature is not an important factor in the capital markets. Asset holdings of the Federal Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund appear below:

[Book values in billions of dollars]

| Yearend | OASI | Disability | Total |
|---|---|---|---|
| 1956 | 22.5 | | 22.5 |
| 1957 | 22.4 | 0.6 | 23.0 |
| 1958 | 21.9 | 1.4 | 23.3 |
| 1959 | 20.1 | 1.8 | 21.9 |
| 1960 | 20.3 | 2.3 | 22.6 |
| 1961 | 19.7 | 2.4 | 22.1 |
| 1962 | 18.3 | 2.4 | 20.7 |
| 1963 | 18.5 | 2.2 | 20.7 |
| 1964 | 19.1 | 2.0 | 21.1 |
| 1965 | 18.2 | 1.6 | 19.8 |
| 1966 | 20.6 | 1.7 | 22.3 |

Source: Social Security Bulletin, Statistical Supplement, 1965, and SSB, July 1967.