Again, on p. XXI of the report, in discussing incentives to saving, the EEC Commission experts point to the need to give "top priority" to steps to encourage "contractual savings—in particular those linked with employment contracts."

Early this year the Business and Industry Advisory Committee to OECD and the Atlantic Institute jointly sponsored a major conference on the European capital markets. This conference, held in Cannes, January 19–22, 1967, concluded:

> Increased investment is required to assure a rapid increase of production and productivity. With monetary stability and a high level of employment, this brings higher real wages for all. This sequence is the essence of sound economic growth. Both governments and private enterprise require even greater quantities of investment capital as a consequence of the growth of population and the quickening pace of technical progress. At the same time O.E.C.D. member countries ought to increase their flow of capital to developing countries.
>
> This growing demand for capital is not being met by comparable increases in supply. To meet the additional needs, measures must be taken to improve capital markets. Moreover, recourse must be had to more effective use of budgetary policy and adequate self-financing for public and private enterprise.[28]

In order to improve the capital markets and to increase the supply of capital in OECD countries, a number of recommendations were advanced by the conference. Recommendation II called for action to encourage private contractual savings as follows:

> II. To stimulate and expand private contractual savings should be one of the primary policy objectives of the governments. In order to implement this recommendation, the following proposals are made:
>
> A. Pension funds, insurance, and other forms of contractual savings should be stimulated by tax and other inducements, and by further enabling legislation in those countries where it is now lacking.
>
> B. Governmental regulations restricting institutional purchases in capital markets should be relaxed as much as possible.
>
> C. In the field of insurance, the use of funding techniques should be encouraged.[29]

Thus, as European countries strive to maintain full employment and a strong rate of economic growth, it is becoming more and more clear that they must develop and enlarge their capital markets. They appreciate that a high rate of capital formation under full employment conditions must be financed from savings rather than from monetary expansion. It is not surprising, therefore, that they have recognized that to enlarge the flow of savings for capital formation they must take steps to encourage contractual saving through private pension funds and insurance. The American system of private pension saving is the envy of countries around the world which are striving to find a sound basis for financing economic growth.

Summary and Conclusions

The main points presented in this paper may be summarized as follows:

1. The private pension system has a record of outstanding accomplishment and has clearly demonstrated its capacity for growth and improvement. Private pension plans now cover about 25 million em-

---

[28] Recommendations from the *Conference on Capital Markets*, Business and Industry Advisory Committee to the OECD and the Atlantic Institute, Cannes, January 19–22, 1967, p. 1.

[29] *Ibid.*, p. 1.