

ABSTRACTS OF PAPERS INCLUDED IN PART I: *General Policy*
Guidelines of OLD AGE INCOME ASSURANCE

BYRON L. JOHNSON: PENSIONS, PRODUCTIVITY, FREEDOM,
AND SECURITY

The United States is deep into the third phase of its experience with provision of income assurance to the aged. This new phase of private pensions programs poses very serious questions of policy deserving the most thoughtful consideration. This paper reviews some key questions, identifies some policy conflicts, and suggests possible sources of action for a fourth phase which needs prompt attention.

Shall the retirement system increase freedom while increasing security or sacrifice freedom in order to increase security? One of the original reasons for adopting a nationwide program of old-age benefits was to assure the worker that his rights would follow him in every covered employment and that he would be fully protected. The intent of the law was to provide him with security while underwriting his freedom. Ten years later the Employment Act of 1946 declared it the intent of Congress to promote and maintain maximum employment, production, and purchasing power. Obviously, the intent of Congress requires that each worker be enabled and encouraged continuously to seek and to accept that position, that job, and that industry where he might make his own maximum productive contribution, even though it may mean a change in employments. Unhappily, this has been somewhat inhibited by the widespread growth of private pension plans. Unless the plan provides for vesting and unless the worker stays with the employer long enough to earn a vested right, he will find that when he exercises his freedom to change jobs he loses either all of his retirement security or that portion which is not fully vested. The net effect of private pension plans is either to reduce the mobility of workers and thus inhibit maximum production rather than promote it, or to the extent that workers exercise their freedom in order to maximize their contribution to productivity, the plan causes workers to reduce or abandon their security.

Whose responsibility is old-age income assurance? The worker has a right to view with a somewhat critical eye the manner in which the union, the employer, the trust fund or insuring agency, and the Government have discharged their individual and joint responsibilities to him and his family. For the cumulative impact of their choices has been significantly to impair his freedom if he wishes to protect his security or significantly to impair his security if he chooses to exercise his freedom. Both the worker and the Nation, therefore, have an interest in full, immediate, and complete vesting of both the worker's and the employer's contribution. Otherwise the worker faces an