

security programs and plans. Our private enterprise economic system has provided our citizenry with the highest income and standard of living that has ever existed. Social security and private pension plans and related fringe benefits will be improved and will continue to help the individual and the family meet their economic security needs. It is imperative, however, that management have discretion in providing pension and other fringe benefits.

If the Federal Government were to take over the private pension system or stunt its growth, then the way would be clear for total welfare state concepts to be used. The implications for individual initiative, limited government, collective bargaining, and the private enterprise economic system are obvious. The ultimate question is whether the Federal Government should completely control both public and private plans for retirement. If it does, then after a lifetime of work, the average retired American may find his financial income and freedom dependent on year-to-year decisions made in Washington.

It is equally imperative that the American citizen retain the freedom to manage the economic value of his life beyond the floor of protection offered by the Federal Government and the employee benefits provided by his employer. A complete takeover by the Federal Government of control of all retirement income could destroy this freedom. Without such individual economic freedom, there would be no political freedom, no free society.

COMMENTARY BY THE NATIONAL ASSOCIATION OF MANUFACTURERS

The vigor and efficiency of private pension plans is confirmed by their growth. Coverage, vesting, and benefits have constantly been improved by free interaction of competitive forces. Competition in a free society being a principle motivator, present trends toward earlier vesting, greater funding, and broader coverage will continue. Because of the diverse needs and circumstances of various industries and economic sectors of society, further improvement of private pension plans will best be effected through voluntary action and labor-management negotiations, not through rigid formulas imposed by law or Government regulation.

The argument that private pension plans are recipients of tax favoritism and, therefore, should be subject to substantial new Government controls is without merit. The existing treatment of private plans is consistent with broad tax policy and confers no special privilege or subsidy. Private pensions are already subject to many existing statutory and administrative rules which provide responsible fiduciary practices and equitable treatment of employees.

With respect to the social security system there are large questions concerning the extent to which future generations can be expected to contribute to the system and the extent that future national income can safely be set aside by fiat without impairing capital formation and economic growth. Social security should retain its character as a basic