retirement system which is financed by contributions by employers and employees. But the primary means by which old-age income assurance should be further expanded is through the more flexible arrangements of private pension plans.

MARION B. FOLSOM: PRIVATE PENSIONS AND THE PUBLIC INTEREST

The underlying reasons why industrial concerns consider pension plans desirable were explained in an article in the September 1929 issue of the *Atlantic Monthly*, by M. B. Folsom, treasurer of Eastman Kodak Co., who served on the original Social Security Advisory Council and later as Secretary of Health, Education, and Welfare. "Removing the older man who is no longer able to produce makes way for younger people and has a stimulating effect upon the whole organization. Employers all feel that up to the age of declining strength, longtime service on the part of many employees is a business asset. An organization which takes adequate care of its superannuated people appeals to the workers. A well-established pension plan undoubtedly serves to attract employees, even at younger ages, who are of a more stable nature and, to that extent, affects turnover and the general character of the working force. The reputation of an employer in a community is enhanced by the fair treatment of the older employees, and this is a definite business advantage. Good, humane management will not permit employees of long service to be discharged if they have not adequate means of sustenance. Yet good management cannot keep employees on the force when they are no longer productive. The solution is the inauguration of a sound and adequate pension plan."

In a report on welfare and pension plans, the subcommittee of the Senate Committee on Labor and Public Welfare gives the following reasons for rapid growth of pension programs: "(1) During and since World War II, high corporate taxes coupled with tax deductions for contributions to pension funds permitted the establishment of these programs at low net cost; (2) wage stablization programs during and since World War II and the Korean conflict froze wage rates but permitted increased employee compensation in the form of these "fringe" benefits; (3) court decisions in the years 1948–50 made welfare and pension matters a bargainable issue; (4) since 1948 the labor unions have put on a drive to obtain welfare and pension programs, citing as one reason for the development of these programs the inadequacies of benefits under the Government programs."

While cold statistics are no proof of how well or how badly pension plans meet public objectives, they are an indication of the relative merit of pensions to the public. One of 10 Americans now receives social security benefits, and 2.7 million persons received $2.9 billion in private pension benefits in 1966 alone. Private pension plans are a very young institution. Many private plan critics ignore this youth. Of the 132,000 qualified plans in existence today, over 131,000 did not exist 25 years ago when the Internal Revenue Code of 1942 was passed