really are under these plans. The rather substantial costs of liberal vesting provisions will require a greater employee appreciation of the nature of the benefit, if a widespread adoption of these provisions is expected. Although the evidence is fragmentary, it does raise some doubts as to whether employees would be willing to sacrifice a substantial proportion of future wage increases in exchange for vested pension benefits.

Although social welfare goals are not the primary motivation for establishing private pensions, one cannot conclude that such plans do not contribute to the welfare of Americans. Many critics of private pensions would argue that the basic issue is not whether these plans contribute to social welfare goals but rather whether they contribute enough to this objective. The real fundamental issue, of course, is what constitutes the most efficient means of achieving social welfare objectives. Solutions that concentrate on enhancing the welfare of private pension plan participants while ignoring the possible impact of these suggested solutions on the effectiveness of the employer to perform its more fundamental social and economic functions are at best shortsighted solutions. If one wishes to argue that private plans should provide portability of pension credits, he should do so with a full appreciation of the environment in which these plans operate. That many do not is evidenced by the fact that few proponents of compulsory vesting provisions in pension plans have tied to their recommendation the requirement that employers be required to establish a private pension plan. This would seem to be the only equitable way of legislating reasonably liberal vesting provisions. In the absence of a requirement that all employers establish a pension plan, compulsory vesting would impose an additional cost burden on only those employers who have agreed to provide employees with some pension coverage, limited though it may be. This requirement might place some of these employers at a competitive disadvantage in relation to firms not providing any pension program. Furthermore, compulsory vesting would unduly favor those employees lucky enough to be employed by firms that have pension plans as contrasted with their counterparts in companies not offering such a program. This additional governmental protection would increase the gap in the degree of economic security that probably already exists between these two groups of employees. Pension plans are found predominantly among large manufacturing concerns, public utilities, and financial institutions. Furthermore, the large and more powerful labor unions have all negotiated pension coverage for their members. Thus, covered employees probably already enjoy a greater degree of job security and a higher than averagel evel of cash wages and other fringe benefits than employees in firms without pension plans.

Statement of AMERICAN TELEPHONE & TELEGRAPH CO.

The basic reason for the adoption and continuance of pension plans in the Bell System has been a conviction that they have furthered the efficient and economical operation of the business. The underlying reason for the business necessity of an adequate pension system is the social atmosphere and pressures which would inhibit or prevent retirements in the interests of business efficiency unless there were an ade-