stagnation and chronic unemployment. The use of monetary and especially fiscal policy to offset pension saving would result in a growing public debt.

Thus, private pension saving would take place at the expense of public dissaving. Private pension claims are then indirectly supported by a public liability—wholely, if the increase in public debt equals the accumulations of private funds; partly, if "excess saving" is only part of pension saving. The important result of analyzing this case is the following: as to saving, investment, income and private wealth (including the present value of future pension payments), private pension funds plus public deficits are analogous to unfunded public pensions. When OASDHI is underfunded, private wealth (including the expected value of future pension benefits) exceeds national wealth. The Government has a liability equal to the under funding of OASDHI. Future tax revenues will, in effect, pay the pensions. In the private pension fund, public debt case, private wealth again exceeds national wealth but the public liability to be tax financed (at least as to interest) appears not as OASDHI underfunding but as explicit debt.

There is yet another aspect of pension saving which needs our consideration; namely, the influence of tax concessions on aggregate saving. Under present arrangements, some 40 percent of personal saving and subsequent investment earnings thereon escape current taxation. Various assumptions as to deferment periods, discount rates, tax rates during retirement and the like produce widely varying estimates of the effective tax benefit. Nevertheless, the implied rate of taxation on pension saving is materially lower than on income in general. If over-saving is our problem, we are subsidizing saving through tax policy in such a way as to require even larger offsetting public deficits than would be required without the subsidy.

TABLE 1.—PERSONABLE DISPOSABLE INCOME, PERSONAL SAVING, AND PENSION SAVING, 1946–65

[In billions of current dollars]

Year	Personal disposable income	Personal saving		Pension saving	
		Amount	Percent of personal disposable income	Amount	Percent of personal saving
1946	160.7	15.9	9.9	1.6	10.1
1947	170.6	8.1	4.7	1.8	22.2
1948	190.0	14.3	7.5	2.1	14.7
1949	189.6	10.4	5.5	2.9	27.9
1950	208.2	14.4	6.9	3.0	20.8
1951	227.8	18.5	8.1	3.4	18.4
1952	239.9	19.8	8.3	4.3	21.7
1953	254.1	19.8	7.8	4.5	22.7
1954	258.8	17.8	6.9	4.8	27.0
1955	277.1	17.6	6.4	5.4	30.7
1956	295.4	22.8	7.7	6.0	26.3
1957	310.5	22.8	7.3	6.5	28.5
1958	321.5	25.0	7.8	7.3	29.2
1959	340.1	21.9	6.4	8.2	37.4
1960	353.1	20.1	5.7	8.1	40.3
1961	367.9	24.7	6.7	11.4	46.2
1962	389.0	25.3	6.5	9.4	37.2
1963	407.7	24.3	6.0	10.3	42.4
1964	440.1	30.6	7.0	11.6	37.9
1965	469.9	29.7	6.3	12.8	43.1

Source: Author's estimates, prepared from data by Department of Commerce, Securities and Exchange Commission; data adjusted for saving through Government funds.