pension funds have been displacing households as holders of corporate equities. To the extent that pension fund net acquisitions of corporate securities are matched by household net liquidations, then in fact pension saving goes to finance consumption and government, except for such household receipts from sales of securities as may be devoted to unincorporated business finance.

The paper by Professors Cass and Yaari identifies two issues: (1) does a retirement income program permit the economy to remain continually on its efficiency frontier of full employment, and (2) given that, does it lead the economy to the optimum point on the efficiency frontier from the standpoint of individual allocations of income over time. On the second issue, which we took up first, we can give present arrangements a good score, as does Dr. Murray at the beginning of his paper. But, on the first issue, we must recognize that we cannot assume without question that pension saving necessarily adds to real economic growth and, thereby, helps to meet ultimate pension obligations. Pension saving, apart from a Government financed full employment policy, may not lighten the burden of pensions but add to that burden by reducing the real income out of which they will be paid.

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## ROGER F. MURRAY: ECONOMIC ASPECTS OF PENSIONS: A SUMMARY REPORT

The economic aspects of pensions are as broad as the flows of income, consumption and saving, and the network of public and private arrangements which characterize an urban industrial society. In this paper, we have reviewed the creation and development of a mammoth pension structure and have attempted to preview its future growth and progress in attaining maturity. In the process of looking at these several segments of the whole, we have been at pains to remind the reader that pensions are not a separate structure but a part of the warp and woof of the fabric of our economy. We may reflect briefly on some of the implications of this study of economic aspects of public and private pensions.

### IMPLICATIONS FOR SAVING AND ECONOMIC GROWTH

The social security and other pension programs of the Federal Government act to sustain consumption and to depress the ability of individuals to save. The present system of payroll taxes to finance the OASDI system is less powerful in this direction than the financing of noncontributory programs through general revenues. It is simply not possible to lift living standards of the aged without the redistribution of income which these and other fiscal activities involve. The size and especially the prospective growth of these redistributive arrangements should, however, be taken into account in any appraisal of the influence of the total Federal tax structure on economic growth.

The pension plans covering employees of State and local governments and individuals in private employment, to the extent that they are systematically funded, generate saving which is substantially a net addition to total saving in the economy. This is especially significant because the saving permits investment in business capital and housing.