If it is a wholly contributory scheme, then the contributions are a heavy tax, and the employer ought to help him to pay them. This plea, at the outset at least, can not be resisted, so that the employer really starts with contributing to the fund. As the employee is entitled to a return of his contribution if he leaves, it is really a temptation for him to resign if he can obtain an appointment, for the same or even less salary, where there is a pension scheme without contributions.

If it is a partially contributory scheme, where the employees and employer contribute equally, the tax is not so great, and as the employer is also taxing himself the burden can be tolerated. Moreover, when he has some years to his credit for pension he becomes more contented and is not so anxious to leave.

If the pension scheme is non-contributory—that is, a straight-out service pension—then he has no grievance. Each year adds to his credit for pension, and he will be content with a much lower salary than in a service where there is no pension scheme or a wholly contributory scheme and less than where there is a partially contributory scheme. To attract him to another employment it would be necessary to offer him a very large increase in his salary.

How should the employer view a pension scheme?

His first impression no doubt would be that he is asked to give away something which would be an addition to his salary list, and that the employee, if he wants a pension, should pay for it himself. But if there is no proper pension fund there is no inducement for his competent and efficient men to stay with him except the question of salary. They will readily transfer their services to an employer who promises them a pension for less salary than he is giving them, and to keep them he has to pay more in salaries than a reasonable pension would cost. For mere pity he will have to keep his men on till long past their best working days, and eventually he will find that his salaries are higher than those of the employer with a proper pension scheme, and that, nevertheless, he has a discontented staff, with a number of old and inefficient members.

Perhaps in order to make the employee pay for his pension he will start a compulsory savings-bank scheme, the whole contribution to come out of the salary of the employee. If the scheme is to be worth anything for pension purposes, the deductions from salary must be very large, and in order to enable the employees to pay the contributions he will have to increase the salaries to nearly the amount of the deductions. He will thus be paying the contributions to the savings fund himself and be no better off, because his best men will transfer their services at the first opportunity to an employer who has a proper pension scheme for the same salary, less the contribution to the savings fund, and take their savings with them. Thus, the employer will be paying most of the contributions to the savings funds, encouraging his best men to leave him, and be left at last with an incompetent staff. He would be worse off than if he had never started the scheme, and all that he would gain would be that he could discharge his inefficient at 65 instead of keeping them on till 70 or 80.

If the employer guarantees a straight-out pension, with no contribution from his employees, he obtains the pick of the market for the lowest salary. The competition for his best men will be almost entirely confined to employers who gipe the like benefits, and to induce an employee to transfer his services he must be compensated for the years of service toward pension which he will lose and receive a good addition to his salary for change of employment. An employer would get a com-