

based on the average salary. The objections to this method are, I think, less serious in the case of railway services than in a composite Civil Service.

I favor benefits to widows and orphans. These benefits should have much the same influence to benefit an employer as a pension to the employee himself. It is usual to grant one-half or some other proportion of the husband's benefit to the wife. As to the children's benefit, I favor a percentage of the father's salary before death,—say fifteen per cent for one child, twenty-five for two children, with an increase of, say, ten per cent for each additional child, but not exceeding forty per cent, and in this way are made roughly to fit the case. In the event of orphan children larger allowances might well be given. The foregoing principle is that followed in fixing benefits to dependents under very many workmen's compensation schemes.

I have already suggested that the benefits on retirement on account of ill-health in early life are usually inadequate, although better under the average salary system than under the final salary system. Even under the former system I think that something further might be done, and my suggestion is that an addition be made to the retired employee's allowance for each child in the manner already explained in respect to widow's allowances. In this way the needs of each case would be met approximately and the dismissal of any employee would depend less on account of his children than on account of his efficiency. It may be said that an employee's salary does not depend on the number of children he may have. True, but he is ostensibly paid his salary to keep him on the job, and given a superannuation allowance to get him off of it, and so the employer is justified in determining what that allowance is to be in order that it may be most effective practically.

Employees with children would of course contribute exactly the same as those without, notwithstanding the larger benefits. Mr. Lloyd George in his "Broad Back Budget" of 1914 provided abatements in the normal Income Tax depending upon the number of children in a family. This should be sufficient precedent for the granting of larger benefits to the employee with children, for the same contribution. The payment on account of children would cease at the same fixed ages, as, say from fourteen to eighteen. It may be added that the additional cost on account of children's benefits is small in comparison with the main benefits.

The admission of existing services under various schemes of superannuation and retirement, or under new, presents many very difficult problems. In general it will have to be voluntary on the part of employees. As nearly as may be practicable, the details should fit in with the general scheme, but it will be found that many and important exceptions must be made. It will, generally, not be practicable to adhere with any great rigidity to equity as between one employee and another in the groups taken over, and for that reason it is essential that employees take a broad and generous view, freely recognizing the difficulties.

From the employer's point of view it is most essential to recognize the advantage in getting the largest possible number under the scheme. From his view point the scheme is established to increase efficiency and economy by enabling him to dispense with the services of those advanced in years. Of what advantage or profit to him, then, is it to offer his aged employees a scheme of superannuation, of which they can only avail themselves after making payments they cannot or will not make? Would it not be more to the employer's advantage to pay into the Pension Fund, as a