

There are today nearly two million workers in the United States who are happy in the certainty that when the day of superannuation shall come they will be taken care of and they do not have to suffer by having any money taken from their pay envelopes to make up this pension fund.

A contributory plan as I understand it is a plan like the bill introduced into the United States Congress by F. H. Gillett of Massachusetts and known as the Gillett Bill. I enclose a copy of this bill.

In a few words the plan of this bill is that there shall be "deducted and withheld" from each man's pay each month a certain percentage which varies according to the age of the employe and the years' of service. The money so deducted is kept separate to each man's account and receives a certain rate of interest. The money so accumulated is returned to him if he should leave the service or to his heirs if he should die while in the service. If he should reach the age of retirement which is fixed at 60 years or 65 years optional, and in all cases at 70 years compulsory, the accumulated sum is used to purchase an annuity which is paid quarterly as long as he lives.

The English Government and the German Government systems are absolutely non-contributory. You will probably remind me that the French Government has a contributory plan.

The French plan as I understand it is a five per cent. flat deduction, the money so deducted going into the Treasury exactly the same as any other part of the revenue and then the pensions are paid out of the Treasury without any reference to the deduction of the five per cent. of the pay of the employes. Now if this has been in operation for more than fifty years I cannot see that this is a contributory plan. Take for example a certain position with the nominal salary of \$1,000 per annum. If no man holding that position during the last fifty years has ever been

paid more than \$950. Why is not that position a \$950 job? If the holder of that place never knew anything else but \$950 surely there is no kick coming. The French system to my mind comes under the non-contributory list.

The National Civil Service Reform League in a recent annual report said: "Some inducement must be offered to the able and ambitious young men to enter the service and stay there."

Does a contributory plan induce able and ambitious men to enter the service? Does it induce such men to stay in the service?

It is humiliating for any man to be **compelled**, without his consent, to give up part of his pay. Though it may be intended for the very best of purposes.

"Deducted and withheld" are not the words calculated to persuade a good man to come into the service. An "able and ambitious young man" is apt to say. I can take care of my own affairs. I need that ten dollars a month **now** for other purposes and may be he does if he has a wife and children.

Suppose he has entered the service and suffered the monthly deduction. He knows the money so deducted is his by right. Is it not a temptation for a restless energetic ambitious man to take that money out, leave the service, and try his luck elsewhere? You lose the very man that you should try all you can to keep in the service.

In the discussion on "limited tenure of service" in the United States Senate last year the statement was repeatedly made that fifteen per cent. of the Government servants voluntarily resigned every year.

I think the percentage mentioned is a little above the mark but I know that according to the latest census of the 300,000 employes in the classified service nearly fifty per cent. have been in the service five years or less.