plant shutdowns sometimes require an employer to lay off a substantial number of employees. In many such situations, serious labor and public relations problems result. Vested benefits under pension plans may reduce some of the pressures to which employers are exposed under those circumstances. The labor problems created by automation may well be one of the more important factors contributing to the future expansion of vested benefits.

Nevertheless, it seems that a rapid expansion and liberalization of vested benefits will result only if employers receive more direct economic offsets to the additional costs of vested benefits. The most obvious offset would be for employees to recognize the added costs of these benefits in evaluating the adequacy of the wage package as a whole. The possibilities of this occurring depend in large part on the degree of importance attributed to this benefit by labor unions and employees.[18]

OBJECTIVES OF UNIONS

It would seem that labor unions are in an ideal position to encourage the adoption of effective vesting provisions. First of all, vesting is consistent with the objective and rationale of private pensions from the viewpoint of labor. And, secondly, unions are in a position, through adjustments of other wage demands, to offer the employer an economic justification for providing vested benefits.

The objective of private pensions from the point of view of labor should be more clear cut as contrasted with the varied goals that management may hope to achieve via these plans. Barring possible personal objectives of some labor leaders or temporary compromises or tactical bargaining moves, the primary goal of private pensions from labor's point of view should be to enhance the economic security of union members. These possible differences in management and labor objectives, and their implications for the vesting issue, are noted in one labor publication as follows:[19]

> While today vesting is generally accepted, occasionally a pension consultant or insurance company may try to sell the employer on a plan without vesting provision. Plans of this sort serve more of a management purpose than a trade union purpose. They follow the pattern of the typical pre-collective-bargaining unilateral company plan set up as an instrument of, by, and for management—out of "efficiency" and "personal relations" considerations. * * *
>
> "Lower employee turnover" may be a good thing for an individual employer, but it is not necessarily of itself good for workers, nor is it something that unions should be interested in promoting.

Vesting, therefore, fits in neatly with organized labor's goal of increasing the economic security of their members. This is particularly true in the case of negotiated single-employer plans, since workers

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[18] It has been argued that the author's above analysis fails to recognize "the dynamics of pension plan change. Only a few large employers need adopt a provision for it to be launched toward near-universal adoption. Large employers well might see advantages in large-scale liberal vestting; for example, offsetting severance pay and bringing new employees to them with vested (and funded) credits, thereby relieving them of the sole burden of providing a fairly decent retirement benefit." Merton C. Bernstein, "The Future of Private Pension Plans," *Journal of Risk and Insurance,* March 1967, vol. XXXIV, No. 1, pp. 19–20.

[19] American Federation of Labor and Congress of Industrial Organizations, "Pension Plans Under Collective Bargaining—A Reference Guide for Trade Unions," Publication No. 132, not dated, pp. 20–21