If the data had shown that a sharp decline in quit rates had occurred only in the years following World War II, one could argue that nonwage benefits were indeed chaining the worker to his job. But Ross shows that the sharpest decline in quit rates occurred during the middle 1920's, when nonwage benefits were a small fraction of total benefits. According to Ross, the decline in quit rates in the 1920's was due to a sharp drop in immigration, to an increase in the skill composition of the labor force, and to the adoption by management of the human relations approach to personnel administration. The continued decline in quit rates from the 1920's through the 1950's is explained by Ross primarily in terms of the spread of unionism, the aging of the labor force, and the greater stability of manufacturing employment.

Ross' conclusions rest largely on a period comparison of quit rates in American manufacturing industries over four decades. This series was pieced together from three sources and, as Ross readily admits, "there are grave difficulties in using the available time series for comparative purposes." [4] Since Ross' conclusions run counter to my expectations and apparently to those of most economists, it seemed appropriate to evaluate the same question that Ross has raised using a different method and different data. Instead of the hypothesis that all nonwage benefits reduce mobility, I restricted my hypothesis to the one nonwage benefit that is considered the major deterrent to mobility—the pension system; instead of testing by time series, I tested by cross-section analysis; and instead of studying all manufacturing industries, this study is restricted to one industry and that industry happens to be in nonmanufacturing.

The crucial factor determining cost of movement under alternative pension plans is the extent to which the plan is vested in the employee. There are three predominant kinds of vesting arrangements. The first is a fully vested plan with immediate vesting—this plan guarantees the employee immediate equity in his pension, based on all of the employer's contributions in the employee's behalf, should his employment be terminated, voluntarily or involuntarily, before he reaches retirement age. The second is a nonvested plan—this plan allows the employee to withdraw only his contribution to the pension system (in some instances without interest) if his employment is terminated before he reaches retirement age.[5] These plans represent the extremes in terms of their cost effects on an employee's propensity to move. A third type of pension plan with an intermediate cost effect is a deferred vesting plan; such plans become vested after an employee meets specified prerequisites, such as a minimum length of service with the firm or a minimum age or both.

To do the kind of industry study of employee mobility described above, one needs an industry: (1) In which there are many firms having pension systems; (2) for which information is available concerning the extent to which these pensions are vested; and (3) in which there is almost an equal distribution of firms with fully vested and nonvested plans. In a study of 300 selected pension plans in American industry in 1958, Koladrubetz found that, although vesting was provided in 174 plans, only one of these plans provided for immediate,

[4] *Ibid.*
[5] If the plan is noncontributory, then the employee receives nothing upon termination of his employment before retirement age is reached.