

employer pension systems are particularly suited to industries where small firms predominate and where employment mobility within an industry is a prevalent characteristic.

3. PORTFOLIO COMPOSITION

The assets of multiemployer and union pension funds are invested in a variety of financial instruments. For the most part, the instruments are the same as those found in corporate pension funds: Federal Government obligations, corporate stock and bonds, and mortgages. However, the distribution of assets among the various investment categories and the proportion held uninvested; that is, in cash, show significant differences between corporate and multiemployer and union funds when viewed in the aggregate. A closer look, though, indicates that these differences are not great, that they can be partly explained by differences in size and operating characteristics, and that they are diminishing.

Table I-7 presents the aggregate portfolios of multiemployer and union pension funds for the years 1959 through 1964. Multiemployer and union funds, as a whole, have a greater proportion of their assets in cash, Government securities, and mortgages (40.2 percent versus 10.9 percent for corporate funds in 1964) and a smaller proportion in corporate stock and bonds (56.3 percent) as compared to corporate pension funds (84 percent).¹¹ However, over the 6 years, the multiemployer and union funds have sharply reduced the proportion of their portfolio in Government bonds and increased investments in corporate securities. A continuing difference between the two types of funds appears to be the greater emphasis of multiemployer and union funds on mortgage investment, although corporate funds also increased their investment in this field in recent years.

TABLE I-7.—PORTFOLIO COMPOSITION OF MULTIEMPLOYER AND UNION PENSION FUNDS, 1959-64

	1959	1960	1961	1962	1963	1964
Total assets (millions).....	\$1,270	\$1,548	\$1,856	\$2,209	\$2,601	\$3,040
Percent of book value:						
Cash.....	6.5	5.2	5.5	6.1	6.5	6.2
U.S. Government securities.....	34.0	26.1	21.0	18.6	16.0	14.8
Corporate and other bonds.....	28.0	31.5	32.1	31.7	31.9	31.8
Preferred stock.....	1.7	1.8	1.6	1.4	1.2	1.0
Common stock.....	14.0	17.5	20.4	22.2	22.4	23.5
Mortgages.....	12.3	15.1	16.4	17.0	17.9	19.2
Other investments.....	1.4	1.2	1.2	1.4	2.5	1.9
Other assets.....	2.1	1.7	1.7	1.6	1.6	1.6

Source: NBER survey for 1959, with subsequent years estimated as described in app. I.

FLOWS OF NEW FUNDS

The changes in multiemployer and union pension fund portfolios are more sharply highlighted by the figures in table I-8. "New" funds have been channeled into mortgages and common stock at a faster rate in the years since 1959 than the average for the years prior to 1959. Corporate and other bonds gathered a larger share of new funds in 1960 and 1961 than previously, but the portfolio of these securities has grown at about

¹¹ See Securities and Exchange Commission, *Statistical Bulletin*, June 1965 and earlier.