

funds is that in both a strong influence on investment policy is exerted by commercial bank trust departments.¹⁴

When a bank trust department is connected with the investment of the fund, multiemployer pension funds show a greater proportion of corporate bonds and common stock and a smaller proportion of Government bonds and mortgages than do the selected funds in which the effect of large atypical funds is eliminated. That is, the bank-associated funds are closer to corporate funds in portfolio distribution than are the selected funds, which are taken as representing the average multiemployer and union fund. This is shown in table I-12. The portfolio for bank funds is derived from a sample of 128 funds (having \$420 million in assets in 1959) for which it could be determined that a bank acted either as trustee, agent, or investment adviser.

TABLE I-12.—INVESTMENT PORTFOLIO OF SELECTED AND BANK-ADMINISTERED MULTIEMPLOYER AND UNION FUNDS AND CORPORATE FUNDS, 1959

[In percent of book value]

	Multiemployer and union funds		Corporate funds
	All selected	Bank administered	
U.S. Government securities.....	28.1	16.3	8.8
Corporate and other bonds.....	43.3	54.1	51.3
Preferred stock.....	2.6	3.3	2.6
Common stock.....	19.4	23.1	30.9
Mortgages.....	4.7	2.9	2.3
Other investments.....	2.0	.3	4.0

Note.—Figures are rounded and may not add to totals.

Source: Multiemployer and union funds, NBER survey; corporate funds, calculated from data in SEC Statistical Bulletin, June 1962.

VARIATIONS IN PORTFOLIO COMPOSITION BY UNION

Union policy is sometimes considered to be the most important factor influencing the distribution of multiemployer and union pension fund assets among the different investment media. While this is obviously true for some unions, e.g., those which are associated with atypical funds, it does not appear to be true for the bulk of unions involved with multiemployer funds.

Table I-13 shows the portfolio composition of 348 self-insured multiemployer and union pension funds classified by union. The compilation includes 18 national unions, or all those that had total assets in excess of \$15 million in funds covering their members in 1959. In all, these funds include just over 60 percent of all self-insured multiemployer and union funds in the 1959 survey, and contain \$1 billion, or almost 80 percent of the assets in this type of fund.

¹⁴ Evidence of trust department influence in the investment of corporate funds is given in Harbrecht, *Pension Funds and Economic Power*, New York, 1959, pp. 226-227. BLS data on multiemployer funds show that the person determining investment policy was a corporate trustee or investment agent, acting either alone or in conjunction with the board of trustees, in about one-fourth of the funds, covering about 15 percent of the workers (Bulletin 1326, p. 92). These data probably understate the influence of trust departments in the actual investment decision making since a corporate trustee is usually given broad discretion in the trust agreement, and boards of trustees frequently hire banks as investment advisers and then abide by the bank's judgment in portfolio policy.