considered to be necessary. Also, certain labor officials believed that the negotiation of employer supported pensions would weaken the resistance of the latter toward liberalization of social security benefit levels.

As the number of plans increases, employees come to expect a pension benefit as part of the employment relationship. Employers who do not have such a plan are at a competitive disadvantage in attracting and holding personnel. Therefore, some employers feel they must install a plan even though they are not convinced that the advantages generally associated with a pension plan outweigh the cost of the benefits. Many employers have established plans out of a sincere desire to reward employees who have served the firm well over a long period of service. Also some employers may feel a moral responsibility to make some provision for the economic welfare of employees during their retirement years.

Part of the growth of private pensions must be attributed to the fact that a formal group savings approach has certain inherent advantages. In addition to the administrative efficiency of group savings arrangements, it is argued that the small increase in consumer prices that might be required to provide pension benefits is a relatively painless method of meeting the risk. The economic principal of marginal utility would support the conclusion that the disutility of the small increase in prices for all consumers would be less than the burdens that burdens that would be borne by those individuals who would have inadequate retirement resources in the absence of pension benefits. Although it can be argued that employees would, in the absence of private pension programs make equivalent provision for old age through increased levels of individual savings, the evidence seems to point to the conclusion that a number of people would not do so. Thus, it might be economically more efficient if at least part of the risk is met through a forced saving private pension scheme.

Although a pension plan might be established for one or more of the reasons indicated, it is pertinent to the discussion to note the motivations for establishing the plan on a multiemployer basis rather than a single-employer arrangement. Multiemployer plans constitute a significant force within the private pension movement and the growing discussions of portable pensions suggest the need for separate treatment here of this form of private pension.

Arguments favoring a multiemployer arrangement. (A) From the standpoint of the employer. (1) Uniform contribution rates. Multiemployer pension plans are often found in highly competitive industries. In many instances product differentiation is relatively minor, making product price an extremely important competitive factor. Therefore, the economics of the industry may preclude the establishment of single-employer plans requiring varying employer cost commitments. (2) Adaptability to the needs of small employers. An industry composed of many small employers is indeed one ideal condition for a multiemployer plan. Several advantages may accrue to small size firms in a plan of this type, for example, expense savings and wider choice of funding instruments.

(B) From the standpoint of the union. (1) Uniform benefits. (2) Portability of pension credits. The portability of pension credits is an important characteristic of these plans to employees in industries