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Pension Funds and Economic Power, by Paul P. Harbrecht

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PENSION FUNDS AND ECONOMIC POWER. By Paul P. Harbrecht.
Twentieth Century Fund. 1959. Pp. 328. \$5.00.

Father Harbrecht's book on employee benefit funds is the second of its particular kind to appear within the past decade, but it is by no means a mere supplement to Dearing's earlier work.¹ Rather, a definitive treatment in its own right, it parallels Dearing in that social and economic aspects of pension fund growth are accorded extensive analysis. In style

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1. DEARING, INDUSTRIAL PENSIONS (1954).

and approach it may be contrasted with Hamilton and Bronson's more traditional text² published in 1958.

In general, *Pension Funds and Economic Power* recounts the history of the private pension plan movement,³ sets out in considerable detail the status of such plans today,⁴ predicts the place of employee benefit devices in the economy some years hence,⁵ and presents the author's preferences regarding modification and development of plans.⁶ Appendices include The General Motors Hourly-Rate Employees Pension Plan and a specimen form of trust agreement. A table of cases and an index conclude the volume.

This new book is especially noteworthy for its collation of relevant non-legal materials not readily available to most lawyers. Father Harbrecht is to be congratulated on his industry and skill in assembling and presenting information from many sources. The frequent use of statistics and tables may discourage some readers, but the organization of text lends itself to profitable examination of non-consecutive chapters and, indeed, to consideration of non-consecutive sections of text within chapters. Therefore, the more formidable can to some extent be avoided or deferred for more leisurely study.

The title of the publication indicates its main thesis: pension funds are growing at a rapid rate. Investment of such funds in common stocks of commercial and industrial corporations invites manipulation of the securities market and control of key segments of the economic community. Such influence and power are within the potential of the aggregate of fiduciaries (principally banks) holding legal title to common stocks.⁷ There is little evidence that the potential is exercised,⁸ but the existing legal structure of pension plans permits the threat. Indeed, the duty of fiduciaries to act in the interests of the beneficiaries of pension trusts (employees) may ultimately require that the financial community wield the inchoate power it holds.

Insuring fair dealing with "other people's money" is not a new problem in the United States. Employee benefit funds unquestionably have been perverted from time to time. Difficulties with respect to their ap-

2. HAMILTON & BRONSON, PENSIONS (1958).

3. Chapter 1 (The Advent of the Pension Trusts).

4. Chapters 3-7 (What Are the Pension Trusts? Objectives, Theory and Practice; Impact of Government Policies; Beneficiaries in Court; The Anatomy of Control).

5. Chapters 2, 8, and 10 (Property in Transition; Pension Trusts in 1970; The Paraproprietal Society).

6. Chapter 9 (A Policy for Pension Trusts).

7. BERLE, POWER WITHOUT PROPERTY (1959).

8. TILOVE, PENSION FUNDS AND ECONOMIC FREEDOM 85 (1959).

appropriate handling exist, but they are not beyond solution. Many of the anxieties expressed by Father Harbrecht will probably prove ill-founded.

However, if *Pension Funds and Economic Power* does no more than make explicit the tenuous nature of the employee's "interest" in many pension plans, publication of the work is justified. Students may reasonably differ with the author on his conclusions, predictions, and apprehensions respecting pension plans. Most would probably agree, however, that making deferred wage payments less vulnerable to diminution or loss and more certain of ultimate enjoyment is a matter of immediate importance.

Occasional repetitions, as well as lengthy reproductions of illustrative material, suggest that a more rigorous editing of text might profitably have been indulged; but such minor defects do not detract significantly from a generally good treatment of a somewhat neglected phenomenon. *Pension Funds and Economic Power* merits reading both by professional men working in the pension field and by laymen interested in continuing change within our society.

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