Thus, the growth of early pensions might be best categorized by a single concept: *business expediency*. Business expediency, by the very nature of the concept, implies that the establishment of a plan is a management prerogative and that the primary motivation for the creation of such plans was the economic benefit, direct or indirect, that accrued to the employer. But as the economy became more and more industrialized and pension plans became more prevalent, there was increasing interest in the view that employers had a moral obligation to provide for the economic security of retired workers.

HUMAN DEPRECIATION CONCEPT

The view that employers have a moral responsibility to provide for older employees was expressed as early as 1912 by Lee Welling Squier, as follows: "From the standpoint of the whole system of social economy, no employer has a right to engage men in any occupation that exhausts the individual's industrial life in 10, 20, or 40 years; and then leave the remnant floating on society at large as a derelict at sea." [3] This rationale of private pensions has come to be known as the *human depreciation concept*. It was the point of view taken by the United Mine Workers of America in their 1946 drive to establish a welfare fund:

> The United Mine Workers of America has assumed the position over the years that the cost of caring for the human equity in the coal industry is inherently as valid as the cost of the replacement of mining machinery, or the cost of paying taxes, or the cost of paying interest indebtedness, or any other factor incident to the production of a ton of coal for consumers' bins * * * [The agreement establishing the Welfare Fund] recognized in principle the fact that the industry owed an obligation to those employees, and the coal miners could no longer be used up, crippled beyond repair and turned out to live or die subject to the charity of the community or the minimum contributions of the State.[4]

This analogy between human labor and industrial machines was also made in the report of the President's "fact-finding" board in the 1949 steelworkers' labor dispute in support of its conclusion that management had a responsibility to provide for the security of its workers: "We think that all industry, in the absence of adequate Government programs, owes an obligation to workers to provide for maintenance of the human body in the form of medical and similar benefits and full depreciation in the form of old-age retirement—in the same way as it does now for plant and machinery." [5] The report continues as follows: "What does that mean in terms of steelworkers? It should mean the use of earnings to insure against the full depreciation of the human body—say at age 65—in the form of a pension or retirement allowance." [6]

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[3] Lee Welling Squier, *Old Age Dependency in the United States* (New York: Macmillan Co., 1912), p. 272

[4] United Mine Workers of American Welfare and Retirement Fund, *Pensions for Coal Miners* (Washington, D.C., n.d.), p. 4.

[5] Steel Industry Board, *Report to the President of the United States on the Labor Dispute in the Basic Steel Industry* (Washington, D.C.: U.S. Government Printing Office. Sept. 10, 1949), p. 55.

[6] *Ibid.*, p. 65.