

view that pensions represented an additional form of employer paternalism and were instituted to encourage loyalty to the firm. Labor leaders felt that the need would be best met through the establishment of a Government-sponsored universal social security system; and in the absence of that solution, unions should establish their own pension plans for their members. The former objective was achieved with the passage of the Social Security Act of 1935. By the 1930's, several unions had established their own plans. However, many of these plans were inadequately financed; a condition which became quite apparent during the depression years. Recognition of the financial burden of a pension program and enactment of wage controls led some labor leaders, in the early 1940's, to favor establishment of employer-supported pension plans.

From 1945 to 1949 the rate of growth of new plans fell off markedly. During this postwar period, employee interest centered upon cash wage increases in an attempt to recover the lost ground suffered during the period of wage stabilization. In the latter part of the decade of the 1940's, union leaders once again began expressing an interest in the negotiation of pension programs. The renewal of interest in pensions was probably due to two factors. First, there was increasing antagonism on the part of the public against what were viewed by many persons as excessive union demands for cash wage increases. The negotiation of fringe benefits was one way of possibly reducing pressures from this quarter. Second, some union leaders argued that social security benefits were inadequate, and a supplement in the form of private pension benefits was considered to be necessary. Also, certain labor officials believed that the negotiation of employer-supported pensions would weaken the resistance of the latter toward liberalizations of social security benefit levels. Thus, pension demands became a central issue in the labor negotiations in the coal, automobile, and steel industries in the late forties. Although unions had negotiated pension benefits prior to this period, it was not until the late forties that a major segment of labor made a concerted effort to bargain for private pensions.

Labor's drive for pension benefits was facilitated by a National Labor Relations Board ruling in 1948 that employers had a legal obligation to bargain over the terms of pension plans. Until that time, there was some question as to whether employee benefit programs fell within the traditional subject areas for collective bargaining; that is, wages, hours, and other conditions of employment. The issue was resolved when the National Labor Relations Board held that pension benefits constitute wages and the provisions of these plans affected conditions of employment.¹¹ Upon appeal, the court upheld the NLRB decision, although it questioned the assumption that such benefits are wages.¹² The result of these decisions was that an employer cannot install or terminate or alter the terms of a pension plan covering organized workers without the approval of the authorized bargaining agent for those employees. Furthermore, management has this obligation regardless of whether the plan is contributory or noncontributory, voluntary or compulsory, and regardless of whether the plan was established before or after the certification of the bargaining unit.

¹¹ *Inland Steel Co. v. United Steelworkers of America*, 77 NLRB 4 (1948).

¹² *Inland Steel Co. v. National Labor Relations Board*, 170 F. (2d) 247, 251 (1949).