

Another resurgence of employer interest in pensions in the prenegotiation period took place in the war years, as a result, perhaps, of the 1942 Internal Revenue Code, surplus profits taxes, and wage stabilization programs. The newer plans showed, as Latimer said "a marked tendency to safeguard the employees' rights to benefits."¹⁵ Nevertheless, it was doubtful whether by 1945 there was a net gain in coverage over the predepression years.¹⁶

With varying degrees of emphasis, managements perceived pensions as accomplishing (1) safety improvements resulting from the retirement of superannuated employees, noted especially by railroad management; (2) stability of the work force through reduction of turnover in anticipation of pensions; (3) enhancement of the enterprise's attractiveness to superior workers; (4) improvement of general morale; (5) reduction in strikes and weakening of union appeals. But "wage earners look askance at these company-instituted and company-controlled funds," a trade union official reported, in 1914, "as they give the impression that they are instituted in order that the worker may be more firmly bound to the industry and less liable to form industrial organizations for the regulation of hours, wages, and working conditions."¹⁷ A pioneering AFL publication on pensions written in 1949 characterized "the 'typical' company plan" before collective bargaining as "strictly an instrument of, by, and for management." It was a cheap means of getting rid of superannuated employees. It was also a sort of invisible chain by which workers were attached to a particular company through the promise of a pension and the threat of its loss if they quit or were fired.¹⁸ Despite this vigorous criticism, the employer pension movement proved sufficiently viable to lay some part of the groundwork for several of the important negotiated single employer plans.¹⁹

III

The third great strand entering into the making of negotiated pensions was the union backlash of disillusionment with the promise of old-age benefits under social security. The Advisory Council on Social Security in 1948 found "three major deficiencies in the old-age insurance program: Inadequate coverage, unduly restrictive eligibility requirements, and inadequate benefits."²⁰ Labor spokesmen branded "the present Federal old-age security program * * * as inadequate and obsolete."²¹ According to a UAW specialist:

Old-age assistance, the "means test" public aid program, which was conceived as a stopgap and auxiliary program, is still * * * the basic approach to the problem: and county and State poor relief is the only universal provision for incapacity. Labor rejects

¹⁵ Murray W. Latimer and Karl Tufel, *Trends in Industrial Pensions* (as amended) (New York: Industrial Relations Counselors, Inc., 1940), p. 43.

¹⁶ See appended letter, Apr. 6, 1945, in *ibid.*; see also Sumner Slichter et al., *The Impact of Collective Bargaining on Management* (Washington: Brookings, 1960), p. 373.

¹⁷ Lynch, "Trade-Union Sickness Insurance," *op. cit.*, pp. 79-80.

¹⁸ American Federation of Labor, "Retirement Plans in Collective Bargaining," *Research Report*, October 1949, p. 3 ff.

¹⁹ Vane B. Lucas, Jr., "Private Pension Issues in Collective Bargaining," *Journal of Risk and Insurance*, December 1965.

²⁰ U.S. Senate, Committee on Finance, *Recommendations for Social Security Legislation*, reports of the Advisory Council on Social Security, S. Doc. 208, 80th Cong., 2d sess., 1949, p. 2.

²¹ Solomon Barkin, "What Shall We Have: Retirement Benefit or Superannuation Plans," *Proceedings*, Industrial Relations Research Association, 1949, p. 140.