

these and any other programs based on the "means test" idea. The social stigma and the connotation of "charity," whether it be private or public, is objectionable and cannot be reasonably called security—either emotional or physical security.²²

This, then, is the point to which the old-age pension movement had evolved by the 1940's. The craft union old-age benefit system was moribund. The industrial pension movement was gaining some ground, but only enough to recover from the doldrums of the 1930's. A Federal social security law had been enacted, but within a decade it was under severe criticism from the very groups that had helped enact it.

IV

The mix of forces which converged in the 1940's to thrust the welfare and pension question into the foreground of collective bargaining were (1) the Internal Revenue Act of 1942, (2) the evolving wage-stabilization policy of the National War Labor Board, (3) the so-called Krug-Lewis agreement establishing a UMWA welfare and retirement fund, (4) the *Inland Steel* decision of the National Labor Relations Board, (5) the stage of development of union-management relations in big industry—notably steel and autos, (6) the postwar movement of wages and prices.

Section 165(a) of the Internal Revenue Act, 1942, established tax advantages for pension plans "and contributed significantly to their growth, to their design, and to the relative importance of noncontributory plans."²³ Combined with the sharp increases in corporate and excess profits tax rates of the 1940's, the special tax treatment accorded eligible pension plans undoubtedly enhanced employer receptiveness to union pension demands.²⁴

The National War Labor Board, the labor regulatory agency during World War II, "was able to hold its main line—the Little Steel formula" at the price of "greater flexibility on secondary lines" specifically on the "fringe" issues of which pensions were one.²⁵ The main effect of the NWLB period on pensions was to popularize the idea of "fringe" benefits—the term was probably coined during this period—and "to create in the minds of labor leaders and workers the notion that they were entitled to such benefits as a matter of right."²⁶ The direct effect on pensions at the time was inconsequential; the chief influence was on the shortrun fringe benefits like paid vacations, shift differentials, paid holidays, and so forth. Collective-bargaining gains on the pension front in this period were so "negligible" that in 1945 they went unrecorded. By 1948, the first year for which negotiated pension plans are reported, 1.7 million workers were covered, repre-

²² Harry Becker, "Labor's Approach to the Retirement Problem," *Proceedings, Industrial Relations Research Association*, 1949, p. 117; see also U.S. Senate, Committee on Finance, *Social Security Revision*, hearings, 81st Cong., 2d sess., 1950, testimony of N. H. Cruikshank, Walter Reuther, and Emil Rieve.

²³ U.S. President's Committee on Corporate Pension Funds, *Public Policy and Private Pension Programs* (Washington: Government Printing Office, 1965), p. 3.

²⁴ U.S. Congress, Joint Economic Committee, Subcommittee on Fiscal Policy, *Private Pension Plans*, pt. II, 89th Cong., 2d sess., 1966, testimony of Stanley S. Surrey and Sheldon S. Cohen, pp. 412-437; see also Slichter, *The Impact of Collective Bargaining on Management*, *op. cit.*, p. 373, especially footnote 6.

²⁵ Milton Derber, "The Principles of Dispute Settlement," *Problems and Policies of Dispute Settlement and Wage Stabilization During World War II*, U.S. Department of Labor, Bureau of Labor Statistics, Bulletin 1009 (Washington: Government Printing Office, 1950), p. 93.

²⁶ John T. Dunlop, "Appraisal of Wage Stabilization Policies," in *ibid.*, p. 166.