Pensions (1949)

THE TRUTH

About

- Contributory and
- Non-Contributory

PENSIONS and SOCIAL INSURANCE

THE DOUBLE STANDARD

The steel industry is coldly preparing to force a strike upon the nation on what it contends is a matter of principle:

Whether pensions and social insurance should be jointly paid for.

Official records filed by these steel companies with the Securities and Exchange Commission show that the matter becomes one of principle only where the Steelworker is concerned, **because officials of the steel industry will receive very substantial pensions entirely paid for by industry.**

In dozens of telegrams received by the United Steelworkers of America, in response to our request that these steel companies bargain with us on the basis of the Presidential fact-finding board's recommendations—that pensions and social insurance should be paid for by the companies—this so-called matter of principle is repeatedly raised.

Companies are trying to tag the board's recommendations as a "loss of freedom for the worker," "Socialism," "a dangerous new trend," and, in fact, any other of a dozen derogatory terms.

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In its report, the Presidential fact-finding board, in making its recommendations for a non-contributory plan, emphasized:

1. **The general trend is for non-contributory plans. A government study shows that of some 3,000,000 workers covered by insurance plans, most are financed entirely by employers.**

2. **Pension plans submitted to the Bureau of Internal Revenue, for tax purposes, number 6,862 covering 3,290,608 employees—the majority non-contributory.**

3. **So long as the cost of the non-contributory plan is integrated into the labor cost structure and has a bearing on rates set in wage negotiations, the worker will know that he is in fact paying for his own insurance.**

The facts recorded here should throw some light on this issue of contributory and non-contributory pensions and social insurance.

Philip Murray.

PHILIP MURRAY, President,
United Steelworkers of America.

FOR WORKERS: "LOSS OF FREEDOM"
FOR OFFICIALS: "A GOOD THING"

A study of steel companies' own official statements, filed with the Securities and Exchange Commission, is truly an exposé of the inconsistent position of the steel industry. It resolves itself to this:

- For an official of a company to receive a pension paid for solely by the company is a good thing.

- For the worker to receive the same benefits is a "loss of his freedom."

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Here Are Some Outstanding Examples:

United States Steel—The corporation's own proxy statement, dated March 25, 1949, shows that at the age of 65, Irving S. Olds, chairman of the board, Enders M. Voorhees, chairman of the finance committee, and Benjamin F. Fairless, president, will each receive a pension of $50,000 paid for by the company.

These officials also participate in an additional contributory plan which gives Mr. Olds $13,815 more, Mr. Voorhees $20,323 more, and Mr. Fairless $26,537 more. Mr. Olds pays $4,410 a year to this plan and the company pays $7,350; Mr. Voorhees pays $4,410 to the plan and the company $7,350; Mr. Fairless pays $5,910 and the company $9,850.

It is interesting to note, in the same proxy statement, that Mr. Olds received a wage increase last year of $22,367, Mr. Voorhees a wage increase of $21,567, and Mr. Fairless a wage increase of $20,167.

In other words, the wage increase of these three officials was nearly five times what they contribute to an additional pension plan.

Mr. Olds' salary last year was $161,300; that of Mr. Voorhees was $160,700, and that of Mr. Fairless, $207,900.

Bethlehem Steel—This plan is entirely non-contributory. Pensions are based on average compensation 10 years prior to retirement. A. B. Homer, president, will be 65 in 1961. At his 1948 compensation of $263,280 a year, he will receive a pension of $110,460 a year, to which he contributes not one cent.

> There are 12 other officials who will receive pensions ranging from $9,122 to $76,802. Eight of these will receive more than $20,000 each annually. Three former officers are now receiving pensions in excess of $25,000: one of $25,668, one of $27,168, and a third of $76,968 per year.

Incidentally, Mr. Homer, in 1948, had a fixed salary of $120,000 plus $143,280 "incentive compensation" for a total of $263,280.

Eugene Grace, director and chairman, drew a total salary of $321,932 for the same year.

Two other officials were paid wages well over $200,000. Five others received more than $150,000. Three received over $100,000, and several more than $50,000.

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Allegheny-Ludlum Steel—Hiland G. Batcheller, president, in a recent address before the Connecticut Manufacturers Association at New Haven, Conn., declared that non-contributory social insurance and pensions for Steelworkers are definitely socialistic.

Mr. Batcheller, if he retires at 65, will receive retirement compensation, in a "consultative" capacity, for 10 years at a salary of $40,000 a year. E. B. Cleborne, vice-president, will receive $12,000 for 10 years as a "consultant" after retirement; E. J. Hanley, vice-president, will receive $10,000 for 10 years as a "consultant" after retirement, and F. B. Lounsberry, vice-president, will receive $14,400 for 10 years as a "consultant" after retirement.

In addition, if any of these four officers should die before completing 10 years' "consultantship," the money will then go to the beneficiaries.

They also participate in a contributory plan which will give them an additional average of $9,000 a year, but the amount of payment is not shown.

Where does socialism start, Mr. Batcheller?

Mr. Batcheller drew a salary of $125,000 from Allegheny-Ludlum in 1948. Mr. Cleborne's salary was $81,500; Mr. Hanley, $49,000, and Mr. Lounsberry, $52,500.

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Jones & Laughlin Steel—Ben Moreell, chairman and president, if he retires in 1953, will receive a pension of $25,000 annually. If he continues to work for an additional five years, his retirement allowance becomes $35,000, all paid by the company. He has been with the company two years.

Mr. Moreell, incidentally, draws $125,000 in wages from J. & L.

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Wheeling Steel—This pension plan is non-contributory and is based on the number of years of continuous service at age 70 (or voluntarily at 65) multiplied by one per cent of the compensation. It applies to everybody, workers and officers alike. William W. Holloway, chairman, with the company since 1920, now receives $75,833.36 in salary; Archie J. McFarland, president, with the company since 1930, $75,833.36, and John L. Neudoerfer, vice-president, $56,875.

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Youngstown Sheet & Tube—Frank Purnell, president, will receive an annuity of $18,000 a year for eight years after retirement, paid for by the company.

He drew, in 1948, $117,000 salary, which was $13,000 more than in 1947.

Walter E. Watson, vice-president, received $91,000. He received a $16,000 raise over 1947.

J. L. Mauthe, vice-president, received $66,000 in 1947, but a $12,000 raise in 1948 netted him $78,000.

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Crucible Steel—This is a non-contributory plan and provides a pension of $7,500 a year for W. H. Colvin, Jr., president; W. P. Snyder, Jr., chairman, $7,212 a year, and R. E. Christie, vice-president, $7,500.

In 1948, Mr. Colvin's salary was $72,000, Mr. Snyder's was $60,000, and Mr. Christie's was $40,000.

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Armco Steel—This plan is now contributory, but past service prior to 1945 was paid for entirely by the company. And in the case of Charles R. Hook, chairman of the board, his pension plan is still non-contributory. Mr. Hook will receive a pension of $20,000 a year.

Mr. Hook did all right, too, in the way of salary in 1948. His regular salary was $100,046.08 and his "incentive compensation" amounted to an additional $110,000. W. W. Sebald, president, drew a total salary of $166,708.72. Ralph L. Gray, vice-president, was paid $117,765.80.

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National Supply—A. E. Walker, chairman and president, will receive $25,000 for 10 years following retirement, paid for by the company. The company has an additional contributory plan which will give him another $12,000 a year, but what payments are made by the company and those made by Mr. Walker are not shown.

Mr. Walker's salary in 1948 was $75,000, and that of A. W. McKinney, vice-president, was $65,000 (including a $20,000 bonus.)

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The official statements filed with the SEC do not make clear whether the pension plans in the following companies are contributory or non-contributory:

American Steel Foundries, whose president, Thomas Drever, will receive a $17,474 pension each year, and Sharon Steel, whose president, Henry A. Roemer, will receive a pension of $7,092 a year.

> Mr. Drever, by the way, drew a total of $76,996 in salary from American Steel Foundries in 1948. C. C. Jarchow and C. L. Heater, vice-presidents, each received $45,000, and Ernest P. Waud, president of Griffin Wheel (an American Steel Foundries subsidiary), was paid $63,048.
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> In his capacity as chairman and president of Sharon Steel, Mr. Roemer was paid $100,000 in 1948.

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In the case of Republic Steel, T. M. Girdler, chairman, is listed for a pension of $50,000 per year, and C. M. White, president, $50,000 per year. The record seems to indicate that Mr. Girdler's pension is non-contributory.

Mr. Girdler's 1948 salary was $275,000 and Mr. White was paid $200,000. One vice-president was paid $85,000, one was paid $80,000, and three others received $70,000.

Mr. White told newspaper reporters, after the fact-finding board made its report, that Republic Steel does not like the idea of bearing the entire cost of social insurance and pension programs.

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In the case of Inland Steel, there are two plans in effect, one of them non-contributory. Clarence B. Randall, president, is listed to receive a pension of $19,716.96 per year, but what amount is non-contributory is not shown.

Salaries paid by Inland to its executives in 1948 were also very substantial, to say the least. Mr. Randall was paid $79,000. He was vice-president at that time. Wilfred Sykes, 1948 president, was paid $100,000; Joseph L. Block, vice-president, $79,000; L. B. Block, vice-president, $53,000; Philip D. Block, Jr., assistant vice-president, $49,025; Everett D. Graff, president of Ryerson & Son, Inc. (Inland subsidiary), $89,000; Russell L. Peters, treasurer, $33,825; Robert C. Ross, vice-president, $62,999.92; Edward L. Ryerson, chairman of the board, $60,000; Henry H. Straus, vice-president, $52,500; Earl A. Tanner, president, Inland Steel Products Co., $65,000.

Mr. Randall ($19,716.96 pension per year) issued a statement on the fact-finding board recommendations.

"In a free America," he said, "no man should be fully relieved by others of the duty of providing for his future and that of his family."

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HOW CAN THE STEEL INDUSTRY HONESTLY AND LOGICALLY ARGUE AGAINST NON-CONTRIBUTORY PENSIONS AND SOCIAL INSURANCE FOR THE STEEL-WORKERS?

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