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Guaranteed-Employment and Annual-Wage Provisions in Union Agreements

Effective January 1945



Bulletin No. 828

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Contents

	Page
Summary.....	1
Extent and characteristics of guaranteed plans.....	2
Guaranty plans in manufacturing agreements.....	4
Number and coverage of plans.....	4
Plans providing annual guaranties to all employees.....	5
Unconditional guaranties.....	5
Conditional guaranties.....	7
Annual guaranties to particular occupational groups.....	8
Unconditional guaranties to limited groups.....	8
Conditional guaranties to limited groups.....	9
Guaranties for periods of less than a year.....	9
Guaranty plans in nonmanufacturing agreements.....	12
Number and coverage of plans.....	12
Annual guaranties to all employees.....	13
Unconditional guaranties.....	13
Conditional guaranties.....	14
Annual guaranties to particular occupational groups.....	15
Guaranties for periods of less than a year.....	18
Unconditional guaranties.....	18
Conditional guaranties.....	19
Appendix A.—Sample guaranty plans.....	22
George A. Hormel & Co.—Straight-time arrangement.....	23
Nunn-Bush Shoe Co.—52 week pay plan	
Procter & Gamble—Guaranty of regular employment.....	26

Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., April 12, 1945

THE SECRETARY OF LABOR:

I have the honor to transmit herewith a report on guaranteed-employment and annual-wage provisions in union agreements. This report is based on a study of over 6,500 agreements current as of January 1, 1945, covering over 8 million workers.

This bulletin, a portion of which appeared in the April 1945 issue of *Monthly Labor Review*, was prepared by Abraham Weiss in the Bureau's Industrial Relations Division under the direction of Florence Peterson, Chief.

A. F. HINRICHS, *Acting Commissioner.*

HON. FRANCES PERKINS,
Secretary of Labor.

(v)

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United States Bureau of Labor Statistics

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Guaranteed-Employment and Annual-Wage Provisions in Union Agreements

Summary

IN RECENT years there has been great interest in various methods of increasing the job security of American wage earners. The unemployment-compensation laws, public-works programs, and sections of the Fair Labor Standards Act represent governmental attempts to provide full employment or measures for alleviating unemployment. The various State unemployment-compensation laws not only provide a limited income, after a waiting period and for a maximum number of weeks, but some of them seek to encourage regularization by including merit-rating provisions under which the employer's unemployment tax decreases in proportion to the increase in employment stabilization. The Fair Labor Standards Act grants a partial exemption from the overtime-pay requirements to those companies entering into agreements with unions which guarantee continuous employment for 52 weeks and limit hours to 2,080 per year.

Although a number of employers have made efforts toward regularizing employment within their plants, only a few have gone so far as to guarantee annual wages or employment to all or substantial portions of their employees. The explanation of the infrequency of annual-wage and guaranteed-employment plans in American industry today lies in the very problem which such plans are designed to correct. As a rule, the only companies which feel they can guarantee full-time employment or annual wages are those which have substantially solved the problem of regularizing employment. Some guaranty plans, after being in operation for a year or two, have been abandoned when the companies found they were unable to finance them during a prolonged decrease in production.

Labor unions, of course, have always been keenly interested in all efforts, governmental and private, to secure regular and full employment. On occasion, they have cooperated with employers in plans for reducing seasonal fluctuations as well as programs for expanding the business of a particular industry or company. Faced with the stark fact of insufficient jobs for all, unions have sought to mitigate some of the effects of job insecurity through share-the-work plans, seniority rules, and dismissal pay for lay-offs. None of these measures, however, provides security of income or employment: Sharing work also means sharing unemployment; seniority rules merely decide who is to be laid off; dismissal pay only softens the blow from loss of job.

To an increasing extent unions are seeking job security for their members through the inclusion of employment or wage guaranties in their contracts with employers. The present report is confined to a discussion of such guaranties in employer-union agreements.¹ As will be seen in the following pages, very few of the agreements currently in force contain a guaranty of employment, and most of those which are in effect are limited in scope. Some restrict the guaranties to particular groups of workers; some provide less than a year's guaranteed employment; some permit the employer to cancel or reduce the guaranty under specified circumstances. None of them provides guaranties of employment for prolonged periods of time, since they are necessarily limited to the duration of the contracts, most of which are in effect for only 1 year.

Limited as they are, the existing employment-guaranty provisions in union agreements represent a partial fulfillment of workers' quest for job security; they may also indicate the beginning of a more general adoption of plans which will provide some measure of security to an increasing number of workers.

Extent and Characteristics of Guaranteed Plans

Extent of plans.—Guaranteed employment or annual wages are assured to approximately 42,500 out of the 8 million workers covered by the employer-union agreements analyzed (table 1). Most of these workers (approximately 30,000) are employed in the service and distributive industries, the agreements for which were negotiated with companies employing relatively small numbers of workers. Although there are a few outstanding examples in manufacturing companies of considerable size, the total number of employees in manufacturing industries who are covered by agreements providing guaranteed employment is very small—about 12,500.

TABLE 1.—*Extent of Employment and Annual-Wage Guaranty Provisions in Union Agreements*

Item	All industries	Manufacturing industries	Nonmanufacturing industries
Agreements examined:			
Number.....	(¹)	6,500	(¹)
Workers employed.....	8,000,000	6,000,000	2,000,000
Agreements providing guaranties:			
Number.....	(¹)	131	(¹)
Companies covered.....	(¹)	142	(¹)
Workers covered.....	42,500	12,500	30,000

¹ The exact number of agreements and companies covered cannot be estimated since many of the agreements are uniform and are separately signed by an unknown number of individual employers, and some were negotiated through employers' associations whose membership is not available. In such instances, available employment data for industries and areas are used for estimating the number of workers covered by the agreements.

Types of plans.—Broadly, the plans provided in current employer-union agreements are of two kinds—those guaranteeing employment and those guaranteeing annual wages. The employment-guaranty plans specify the number of weeks or hours of work to be provided to employees each year, without specifying the amount of earnings to be

¹ See Monthly Labor Review, August 1940, p. 283, for report similar to this one.

received. In other words, what is guaranteed is a year's job (or in some cases, a fraction of a year) with the total annual earnings left a variable. Under annual-wage plans, the employee is guaranteed a weekly income throughout the year, regardless of daily or seasonal fluctuations in employment. Actually, the distinction between guaranteed employment and annual-wage plans is one of emphasis only, for if the employer cannot furnish sufficient work to fulfill the contract, wages must be paid for the remainder of the time guaranteed. The significant differences among the several plans have to do with the relative completeness of the guaranty, that is, how closely the guaranty, whether expressed in wages or in work, comes to providing the equivalent of full employment at normal wages.

Existing guaranty plans represent various arrangements and degrees of regularizing employment or income. In some instances the regular weekly wage is assured for a given number of weeks and a proportion of wages (half pay) is guaranteed during all or a specified number of the remaining weeks. Certain plans guarantee a specified number of hours' or weeks' work a year. Under the hour guaranty, weekly earnings fluctuate according to the actual hours worked in any week; under either plan, if less than 52 weeks or 2,080 hours are guaranteed, the worker has no assurance of a full year's employment or earnings.

Under some plans, full pay during weeks of less than full employment is compensated to the employer by extra work during peak seasons with no increase in the weekly pay during these overtime weeks; under others, the guaranteed wage represents a minimum to which overtime is added when worked. Somewhat similar to a guaranteed-wage plan is the wage-advance arrangement whereby an employer makes a cash loan to eligible workers in "short" weeks to bring their wages up to specified amounts, these advances being subsequently repaid by automatic deductions from wages earned during full-time or overtime weeks. One well-known plan guarantees each eligible employee 52 pay checks per year regardless of business conditions or regularity of employment, but the total annual wage fluctuates since the fund from which the pay checks are drawn is a specified percentage of the company's gross income.

Restrictive and qualifying provisions.—The plans differ not only with respect to the proportion of a year's normal income or work which is guaranteed, but also as to the inclusiveness of the labor force that benefits from the guaranties and as to the conditions, if any, which relieve the employer of fulfilling the guaranty obligations. For example, if the guaranty applies to only a small number of key employees, the plan may involve no major effort toward plant-wide stabilization but represent merely a contractual arrangement for employees who would in any case be fairly regularly employed. Even when the plan covers most of the employees within the plant, benefits are negligible if there are reservations attached which tend to reduce the guaranty as the hazards of unemployment increase.

The contractual obligation under any plan included in a general employer-union agreement is necessarily limited to the effective period of such agreement. Although a few agreements, particularly in the trade industries, are in effect for 2 or 3 years, most of them are negotiated for 1-year terms and the contractual guaranties therefore are automatically limited to seasonal or intermittent situations rather than to prolonged periods of business depression.

The most extended coverage in existing guaranty plans includes all "regular" or "permanent" employees or all those who have completed a probationary period, usually designated as 6 months. Other agreements specify "basic crew," sometimes designated by name, or a fixed total number, with provision for new persons to become eligible if vacancies occur within the original group. The most restricted plans limit the coverage to a relatively few highly skilled craftsmen and foremen or particular groups, such as truck drivers.

Some of the plans covering the greatest number of employees have no qualifying clauses; in other words, the employer is obligated to fulfill the terms of the guaranty as long as the agreement is in effect, no matter what circumstances may develop. Several specifically revoke the guaranties in case of bankruptcy or sale of the business and reserve the right to suspend them in emergencies such as fire, flood, strikes, and other situations beyond the management's control. Some plans go much farther and allow the employer to reduce or cancel his obligations in case of "serious decline of business"; in most such cases, however, this cannot be done without permission of the union or after arbitration, and frequently dismissal wages are provided in lieu of payment of the guaranteed annual wage.

Guaranty Plans in Manufacturing Agreements

NUMBER AND COVERAGE OF PLANS

Out of a total of about 6,500 agreements analyzed in manufacturing industries, covering over 6 million workers, 131 provide some form of guaranteed-employment or annual-wage plan. These cover approximately 12,500 workers in 142 manufacturing companies.⁴ Eighty-eight of these companies, employing about 5,850 workers, guarantee a full year's employment or wages; the other 54 companies, employing about 6,500 workers, provide guaranties of less than 1 year. Unqualified year-round guaranties to all or most workers in the plant are provided in only a few agreements, but these cover some of the largest companies having guaranty provisions. Most of the guaranties, both for the year and for shorter periods, have qualifying provisos which allow cancellation or modification under specified circumstances and limit the coverage to certain employees—to those on specified occupations, to those in the company's employ at the time the agreement was signed, to a specified number, or to employees with a specified period of service (table 2).

Most of the employment or wage guaranties in manufacturing industries are incorporated in 1-year agreements, although one plan assures minimum annual wages for 5 years, subject to certain conditions based on the employer's financial ability. One plan, included in uniform agreements signed separately by 58 companies in the textile dyeing and finishing industry, is effective for approximately 2½ years.

In the agreements analyzed, annual wage guaranties for all or virtually all the company's employees are provided by companies engaged in the meat-packing, shoe, dairy, and leather-products industries. Limited groups of workers are covered by wage guaranties signed by companies in the textile printing, finishing, and dyeing, ladies' apparel, grain-milling, and ice industries. Employment guaranties, for both yearly and shorter periods, are provided by a

⁴ Plans covering truck drivers only are considered under nonmanufacturing, even though the agreement may be signed by an employer in a manufacturing industry.

varying number of agreements in the grain- and cereal-milling, dairy, syrups and preserves, electroplating, dress manufacturing, soap, textile refinishing and bleaching, fur designing, and millinery industries.

Although the majority of these agreements containing employment or wage guaranties were signed by individual employers, most of them are of a standard or uniform type. Fifty-eight textile dyeing and finishing companies in the New York metropolitan area, and about 40 textile printing establishments are signatory to standard agreements negotiated by unions with jurisdiction over skilled employees and foremen only. One of the standard agreements included in this study was with a local association of employers in the syrups and preserves industry.

TABLE 2.—*Characteristics of Guaranty Provisions in Collective Agreements in Manufacturing Industries*

Guaranty	Number of agreements	Number of companies covered	Number of employees covered
Total agreements analyzed, having guaranty provisions.	131	142	12, 500
Annual guaranty.....	76	88	5, 850
Covering all or most employees.....	7	6	5, 350
Unconditional.....	5	4	5, 100
Conditional.....	2	2	250
Covering particular occupational groups.....	69	82	500
Unconditional.....	10	23	75
Conditional.....	59	59	425
Less than full-year guaranty.....	55	54	6, 500
Covering all or most employees.....	18	17	6, 300
Unconditional.....	1	12	50
Conditional.....	17	5	6, 250
Covering particular occupational groups.....	37	37	200
Unconditional.....	20	20	100
Conditional.....	17	17	100

PLANS PROVIDING ANNUAL GUARANTIES TO ALL EMPLOYEES

Unconditional Guaranties

Five of the seven agreements which extend annual wage or employment guaranties to virtually all plant employees have no qualifying clauses permitting modification or cancellation during the life of the agreements. Two of these cover approximately 4,000 workers employed by a meat-packing company, one covers about 1,000 shoe workers, and two cover about 100 workers employed by dairy and hardware companies. One of the latter, an agreement with a small dairy in Wisconsin, pledges the employer to "maintain such weekly hours as will best serve its regular personnel maximum and continuous employment; such hours to average 50 per week over a 1-year period," with time and a half for work over 40 hours in any 1 week.⁵ "Regular personnel" includes workers who have completed the 300-hour probationary period.

A 1-year agreement with a southern hardware company⁶ assures each employee a guaranteed minimum weekly wage, equal to 40 times his straight-time average hourly earnings for the preceding year, each week during the life of the agreement. Time and a half is paid for all hours over 8 worked in any 1 day or over 40 worked in any 1 week.

⁵ The union involved is the Food, Tobacco, Agricultural & Allied Workers (C. I. O.).

⁶ Agreement negotiated by the United Steelworkers of America (C. I. O.).

George A. Hormel & Co.—The Hormel annual-wage plan for all plant personnel, as incorporated in its agreements covering its Austin (Minn.) and East St. Louis (Ill.) plants,⁷ amounts to advances on wages during periods of unemployment and repayment of such advances through the working of extra hours, during peak periods, up to 53 hours. The hours of work fluctuate, but the weekly pay remains unchanged.

Under the Hormel "straight time" plan each worker is employed on an annual basis and is assigned a regular weekly rate which is determined by budgeting over a 52-week period the estimated annual labor cost of the department.⁸ The total annual labor expenses for a department are estimated and one fifty-second part of this cost is allocated as a weekly wage cost, which is divided into equal weekly payments graduated according to occupation among the workers estimated as necessary to do the work, regardless of the number of hours worked in any particular week. In return, employees regularly attached to a department work as many hours as are required to turn out the production scheduled, without extra pay, up to a maximum of 53 hours during peak periods; however, when they are required to work more than 10 hours in any 1 day, overtime is paid for hours worked in excess of 48 in that week.⁹

The yearly wage is calculated on the basis of a 40-hour week in most departments, with an allowance for vacation and sick leave. In other departments, in which the budget is insufficient to guarantee 40 hours' pay or for which it is most difficult to forecast yearly production accurately, the yearly wage is based on 38 or 36 hours' pay as a safety margin. If at the end of the year employees in these departments have worked more than the hours paid for, they receive a year-end check for extra hours actually worked.

Bonuses are paid to all plant employees (except a small group of engineers, maintenance men, and elevator operators) if actual production exceeds the estimated volume. In general, the scheduled annual total of unit production divided by 2,000 constitutes one production-hour for the department. Each department is reimbursed for the excess of production-hours over total man-hours actually worked, and this money is thereupon allocated to the individual workers on the basis of their "hourly" rates.¹⁰ When members of a gang are absent, their wages are credited to the gang, and are divided among the employees in the gang at the end of the year.

Nunn-Bush Shoe Co.—The Nunn-Bush plan, which was evolved as a part of the management-worker partnership ideal, guarantees 52 pay checks a year to practically all employees with at least 2 years' service.¹¹ A specified percentage of wholesale value of shoes sold,

⁷ The union at the Austin plant is the United Packinghouse Workers (C. I. O.) and that at the East St. Louis plant is the Amalgamated Meat Cutters & Butcher Workmen (A. F. of L.).

⁸ Data are from union agreement on file in Bureau of Labor Statistics and report entitled "The Hormel Annual Wage, Wage Incentive and Joint Earnings Plans," published by George A. Hormel & Co., February 1944.

⁹ Extra gang employees receive time and a half for work in excess of 12 hours a day or 56 per week, maximum straight-time hours permissible under Section 7(b)(2) of the Fair Labor Standards Act. At the East St. Louis plant, time and a half is paid to all employees for work over 10 hours per day or 53 per week.

¹⁰ The Hormel East St. Louis agreement provides that if at the end of the fiscal year production is less than the budgeted volume of work "the members of the group individually and collectively become indebted to the company for producing that much extra work at the first opportunity, without extra pay." If production has exceeded the yearly schedule, each member of the group receives a bonus on the basis of one-fortieth of a week's pay for each specified unit of production in excess of quota.

¹¹ The plan now covers the company's Milwaukee plant only. A somewhat similar plan for the company's Edgerton, Wis., plant was discontinued at the outbreak of the war when most of the plant's regular employees went into the armed services.

representing the ratio of labor costs to wholesale value of shoes as determined from past years' experience, is put into a Share Production Fund from which all wage payments except those for overtime are made.

Individual weekly drawing accounts are established for each eligible employee from this fund on the basis of one fifty-second of the individual's "yearly differential rate," obtained by multiplying the worker's present average hourly drawing by 2,080 (40 hours \times 52). Individual "differential rates" vary according to occupation. A reserve fund of 12½ percent of the yearly differential rate is maintained to insure regularity of income. Full weekly drawings (one fifty-second of the individual's yearly differential rate) are issued unless the individual employee's reserve falls below 5 percent of the annual estimated income. When an individual's reserve account exceeds 12½ percent of the annual estimated income, the excess is paid as a monthly (or adjusted compensation) check. The company pays the prevailing rate of interest on savings-deposit accounts on the reserve. Changes in the weekly drawing are made by increasing or decreasing the yearly differential rate; a downward revision in weekly drawing may be made if continued payment of the regular weekly drawing would reduce the reserve below 5 percent of the annual estimated income.

The plan covers all employees with 2 years' service except handicapped workers. Eligible workers are classified into A, B, and DB members. Class A members, limited to 595, may not be laid off; the others may be laid off if work for the first group falls below 40 hours a week, but as long as employed they participate in the Share Production Fund. Each month, the company furnishes the union with an estimate of the status of the Share Production Fund and at the end of the year union accountants are given access to the company's records to check the wholesale value of the shoes packed during the life of the agreement and the wages paid out of the fund.

Conditional Guaranties

Two of the 7 agreements which assure employment or wages on an annual basis, to all the plant's employees, include certain limitations on the employer's responsibility. These conditional guaranties cover about 250 workers.

Under one of these, effective for 1 year with a grain mill,¹² the work guaranty is 48 hours for millers, machine tenders, and one millwright, and 40 hours each week for all other "regular employees" (i. e., those with at least 60 days' service). Time and a half is paid for work over 8 hours per day or 40 per week. However, employees may be laid off regardless of the guaranty during any prolonged shut-down caused by an "act of God, lightning, fire, or explosion."

The other agreement, in effect for 5 years with a southern textile dyeing company¹³ employing about 200 workers, provides minimum weekly wages (\$18 for men and \$15 for women)¹⁴ to employees with 6 months' service, but limits the company's obligation to \$8,000 per year. In the case of employees who fail to report for work when

¹² Agreement negotiated by the American Federation of Grain Processors Council (A. F. of L.).

¹³ Agreement negotiated by the Federation of Dyers, Finishers, Printers, & Bleachers (C. I. O.).

¹⁴ During employment, the minimum hourly scale is 80 cents for men and 62 cents for women, or weekly minimums, on a full 40-hour basis, of \$32 and \$24.80, respectively.

notified, the equivalent of the amount earned by workers in their department is deducted from their weekly minimum, but such deductions are applied only during slack periods when application for the weekly minimum is made.

ANNUAL GUARANTIES TO PARTICULAR OCCUPATIONAL GROUPS

In 69 of the 131 manufacturing agreements providing continuous annual employment or a minimum annual wage, the guaranties are limited to a specified number of the plants' employees or to those engaged in particular occupations. About 500 workers, employed by 82 different firms, are covered by these guaranties. In 10 of these agreements the guaranty is unqualified, but in the remaining 59 is subject to cancellation or modification in emergencies.

Unconditional Guaranties to Limited Groups

Of the 10 agreements which guarantee a minimum annual wage to a limited number of workers 7 refer to or contain provisions similar to section 7 (b) (2) of the Fair Labor Standards Act.¹⁵ Four of these, with individual textile printing firms, were negotiated with a union representing highly skilled printers only; the fifth, with 5 ice-manufacturing companies, was signed with a union consisting of only engineers-in-charge and operating engineers; the sixth, with a mid-western millinery firm employing about 300 workers, limits the guaranty to foremen and 1 head machinist; and the seventh, with a grain firm, is limited to maintenance employees and watchmen.¹⁶

Each of these seven plans restricts the annual hours to be worked—2,000 hours under the textile-printing, ice-manufacturing, and grain-milling agreements, and 2,080 hours under the millinery agreement. The millinery and the four textile-printing agreements specify time and a half for work over 40 hours per week, although the textile plans permit the workweek to be extended by mutual consent to a maximum of 48 hours. The ice-manufacturing and grain-milling agreements require overtime pay only after 12 hours per day or 56 hours per week. Under the textile-printing agreements, employers unable to work as a result of physical disabilities arising outside the course of their employment receive pay for not over 2 weeks, with the understanding that the hours paid for shall be made up if possible. A discharged employee receives 1 full week's pay. Vacancies caused by discharge must be filled immediately, for the remaining period of the contract.

The annual guaranties in 3 of the 10 agreements which limit the guaranty to particular employees, but carry no other qualifications, are not subject to the Fair Labor Standards Act. A Chicago dress manufacturer guarantees cutters, representing about 10 percent of the work force, a specified annual salary, exclusive of overtime.¹⁷ An association of 10 employers engaged in the manufacture of syrups and

¹⁵ Under section 7 (b) (2) of the Fair Labor Standards Act of 1938, employers may obtain partial exemption from the overtime requirements of the act by entering into agreements (with unions certified as bona fide by the National Labor Relations Board) that provide for employment on an annual basis and limit hours of work to 2,080 in any 52 consecutive weeks. Employees must be paid time and a half for hours over 12 per day or 56 per week.

¹⁶ The unions signing these agreements are, respectively: Machine Printers Beneficial Association (Ind.); International Union of Operating Engineers (A. F. of L.); United Hatters, Cap & Millinery Workers (A. F. of L.); and Food, Tobacco, Agricultural & Allied Workers (C.I.O.). While this last agreement does not specify annual employment or an annual wage, the guaranty is implied by virtue of the overtime tolerance.

¹⁷ Agreement negotiated by International Ladies' Garment Workers' Union (A. F. of L.).

preserves, guarantees "permanent routemen [driver-salesmen] and cooks" 52 weeks of steady employment in each of the 2 years of the agreement.¹⁸ One company, engaged in electroplating and employing about 60 workers, guarantees 5 designated maintenance men 48 hours of work "or the monetary equivalent thereof" in every week during the 52-week period of the contract. The agreement does not mention overtime pay.¹⁹

Conditional Guaranties to Limited Groups

Of the 59 agreements providing conditional guaranties to limited numbers of employees, one is a 1-year grain-milling agreement covering fewer than 15 employees.²⁰ It guarantees annual employment to all those in the bargaining unit at the time the agreement was negotiated, but not to employees thereafter hired; the guaranty is void in the event of sale or liquidation. If it becomes necessary to lay off more than 2 employees on the seniority list in order to maintain the 52-week guaranty to the senior employees, and no agreement on the lay-off is reached, the issue may be arbitrated. The guaranty provides a minimum weekly wage equivalent to 40 times an employee's hourly rate for 52 consecutive weeks, with time and a half for all work in excess of 40 hours per week.

Fifty-eight agreements in the textile dyeing and finishing industry in the Paterson (N. J.) and New York areas, negotiated by local unions of foremen, skilled employees, semiskilled employees, and assistant colorists, guarantee annual wages to these particular groups of employees; the guaranty is cancelled in the event any plant or department is shut down by "Government directive order."²¹ An employee whose services are ended because of "job or department elimination" receives severance pay equal to 2 percent of his annual earnings for each year of service up to a maximum of 5 years, and any discharged worker is entitled to 2 weeks' severance pay (discharges are not arbitrable).

Pay on the basis of 52 weeks per year is provided for all skilled employees who have passed a 30-day probationary period and to all semiskilled employees and assistant colorists previously paid on a basis of 52 weeks per year, "provided, however, that this condition shall not be construed to mean that if the employee's relations with the company are severed voluntarily or involuntarily, that such employee shall be entitled to the weekly wage based on the 52-week principle." For semiskilled employees and assistant colorists not previously paid on the basis of 52 weeks per year, the agreement provides half pay up to 14 weeks if the plant or department shuts down for more than 6 weeks for lack of work. New employees, who replace those on the 52-week basis leaving the company's services either because of discharge or by resignation, must be placed on the full-year basis.

GUARANTIES FOR PERIODS OF LESS THAN A YEAR

Employment or wage guaranties for periods of less than a full year are provided in 55 of the 131 manufacturing agreements studied

¹⁸ Agreement negotiated by United Retail, Wholesale & Department Store Employees (C.I.O.).

¹⁹ Agreement negotiated by United Electrical, Radio & Machine Workers (C.I.O.).

²⁰ Agreement negotiated by the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers (A. F. of L.).

²¹ These local unions are affiliates of the Federation of Dyers, Finishers, Printers & Bleachers (C.I.O.).

which include guaranties. These cover about 6,500 workers and, with a few exceptions, the guaranties are limited to particular groups of employees and may be suspended by the employer either when specific contingencies occur or "at any time."

Fur-clothing industry.—Under 1 agreement, negotiated for a 3-year period with 12 employers employing a total of fewer than 50 fur designers, patternmakers, and fitters,²² the annual guaranty amounts to 46 full weeks of work (except for fitters, who are guaranteed 47 weeks), exclusive of vacation with pay or overtime.

Dress manufacturing.—Under 2 dress-manufacturing agreements in Wisconsin, negotiated for 3-year terms, a specified number of permanent employees (about two-thirds of total plant employment) are guaranteed 45 weeks or 1,800 hours of work for each contract year.²³ The employer, however, has the right to cancel the guaranty if present wages are increased by 5 percent or if he is "not * * * able to comply with the guaranty of the equivalent of 45 weeks of employment." In the latter case the 5-percent increase in wages is automatically effective.

The guaranty is exclusive of overtime but includes paid vacation time, the latter being credited on the guaranty on a pro-rata basis in case of cancellation. Vacancies among the permanent staff are automatically filled by temporary workers "whose efficiency averages 87½ percent of the base rate for three previous pay periods." Permanent workers absent "for a legitimate reason or sickness for 2 months, or less," are entitled to return to the permanent list, if vacancies are available at the time of the return. Employees absent from work without legitimate excuse and without notification to the company lose their permanent status, but determination of such status must be mutually agreed upon by the company and union.

In the event the employer has been unable to furnish 1,800 hours' work to the permanent employees during any contract year, he may either pay a refund (minimum rate for piece workers and hourly rate for time workers) for such hour deficit, or pay back 5 percent of the earnings of such permanent employees from the beginning of the yearly contract period. If the employer cancels the guaranty during the contract year, the refund is based on the proportion of hours worked to the prorated guaranty.

In the event the employer complies with the conditions and penalties established for cancellation or nonfulfillment of the guaranty, he is credited with State unemployment benefits received by the employees affected; but if employees find temporary employment elsewhere, he is credited with such earnings against any hour or week deficit resulting from such cancellation or nonfulfillment. If, however, he elects to pay to the employees 5 percent of earnings from the date of any yearly contract period, in lieu of making up the hour deficit, he is not credited with such unemployment benefits or earnings.

Time lost as a result of plant shut-downs caused by "fire, tornado, explosion, or any other catastrophe beyond the control of the employer" or by voluntary absence from work or through sickness, is deducted from the guaranty. The employer is also relieved of obligation in the event he discontinues business. All the terms and conditions affecting the guaranty are subject to arbitration.

²² Agreement negotiated by International Fur and Leather Workers' Union (C. I. O.).

²³ Agreements negotiated by International Ladies' Garment Workers' Union (A. F. of L.).

Cereal and grain companies.—The work-guaranty plan in a company making cereals²⁴ includes a wage “loan” when less than 30 hours’ work is provided in any week. This company, operating on a normal 40-hour-week basis, guarantees a minimum of 1,704 working hours annually, including vacation time, to employees with 3 years’ seniority, provided such workers have reported and worked whenever work was available. The guaranty is subject to a deduction for time lost through sickness or accident or shut-down of the mill, caused directly or indirectly by fires, strikes, floods, and other causes beyond the company’s control.

An employee with 3 or more years’ service who in any week earns wages for less than 30 hours, owing to lack of work, is paid for the actual hours worked plus (if he so requests) the difference between actual earnings and 30 hours’ pay. The money advanced is deducted, interest free, from the first week’s or weeks’ wages amounting to more than 30 hours’ work. When employment is terminated for any reason, all excess payments become immediately due and payable in full.

Five agreements, covering separate plants of another company making cereals and other grain-mill products,²⁵ with about 2,000 workers, contain a reference to the existing “guaranteed work plan.” Although the plan grants the company the right to modify or terminate it at any time, 2 of these agreements provide that the plan shall continue during their term; 1 restates the company’s right, “in the event of changed conditions,” to change or terminate the plan; and the remaining 2 make no reference to this point.

This “guaranteed work plan” assures 140 hours of work per month and provides a system of lay-off pay to hourly and piece workers with 6 months’ accumulated service within a continuous 12-month period. New employees are eligible to participate, after completing similar service requirements, upon approval of the plant management. Guaranteed time is calculated once a month and is included in the pay for the latter half of each month. Vacation time is included in the guaranty but time lost for personal reasons, sickness, and accident is deducted.

In case of lay-off, a qualified employee is entitled to 70 hours’ pay per month at his regular rate for from 2 to 6 months, depending on his length of service, with a maximum of 6 months’ lay-off pay for 3 years’ service. Payments are discontinued, however, if full-time employment is obtained elsewhere or if an employee fails to return upon request, or if he quits, is discharged, or is laid off because of destruction of property or because of the permanent closing of a plant or department. An employee returning to work after a lay-off automatically comes under the 140-hour guaranty for the calendar month in which he returns, unless he was off for more than 6 months, in which event he is considered as a new employee and not eligible for guaranteed employment for another 6 months.

Procter & Gamble.—Nine agreements covering plants of the Procter & Gamble Co.²⁶ refer to the company’s guaranteed-employment plan, reaffirming the company’s right to terminate or modify it at any time. The plan covers all hourly paid employees who have been in

²⁴ Agreement negotiated by the American Federation of Grain Processors (A. F. of L.).

²⁵ Agreements negotiated by locals of the Food, Tobacco, Agricultural & Allied Workers Union (C. I. O.).

²⁶ Agreements are signed by local unaffiliated plant unions. The guaranty applies at another plant of this company, but is not referred to in the agreement for this plant.

the company's service for a period of 2 years, except workers hired to replace those in military service, who are considered temporary employees. Eligible employees are guaranteed work for 48 weeks per year, less time lost for holiday closings, disability because of sickness or accident, voluntary absence, and certain emergencies such as floods, fires, and strikes.

The plan has certain protective clauses which permit the company to transfer employees to other work (even to that paid at a lower rate), to change the number of hours constituting the established workweek to which the guaranty applies, and to reduce the hours of guaranteed work to 75 percent of the standard workweek in effect at each plant.

Textile printing.—Wage guaranties amounting to less than a full year's earnings are provided in 37 agreements negotiated by a union²⁷ which includes only highly skilled textile printers. In 17 of these, covering silk-textile printing firms, printers and apprentices are guaranteed full pay from January 1 to July 15, and half pay for any period in the rest of the year during which they may be out of work, with the stipulation that if hostilities should terminate prior to a specified date or if Government orders or directives issued prior to that date "confront the industry with a curtailment of business which reduces operations," either party may, on 15 days' notice, request negotiations on the advisability of "maintaining or modifying the full-work guaranty."²⁸

The other 20 agreements covering cotton-textile printing firms, provide no guaranty of full pay during specified periods but specify without any qualifications "one-half pay for any 17 weeks during which, at any time throughout the terms of this contract, a printer is not employed." Under these agreements, employees receive a full week's wages, whether or not they work a full 40 hours, if they report without previous lay-off notice from the company or if they work at any time during any calendar week; under the silk-textile printing agreements, they receive full pay if they report for work or if they work at any time during any 3 days of any calendar week. Under both plans, a printer who leaves a company's employ, or who has been discharged, must be replaced by another journeyman printer for the remaining period of the agreement.

Guaranty Plans in Nonmanufacturing Agreements

NUMBER AND COVERAGE OF PLANS

Approximately 30,000 workers in nonmanufacturing industries, out of an estimated 2 million workers under the nonmanufacturing agreements included in this study, are covered by some form of employment or wage guaranty.²⁹ Over 90 percent of these workers receive year-round guaranties, while the others are assured employment or wages for periods of less than a year.

Most of these plans cover persons employed in retail and wholesale trade, chiefly in New York City. Others cover workers in service industries, such as cleaning and dyeing establishments, and in maintenance work in hotels, office buildings, and railroads, as well as public-

²⁷ Machine Printers Beneficial Association (Independent).

²⁸ Foremen, under these agreements, "must be hired on an annual basis and shall receive an annual salary payable in equal weekly installments."

²⁹ See footnote to table 1, page 2.

utility employees, press wireless operators, and employees in social services, cemeteries, and custom tailoring. In several branches of retail and wholesale trade, the agreements examined were negotiated with employers' associations and cover numbers of employers, while elsewhere identical agreements have been signed separately by individual employers.

Owing to the nature and type of the industries involved, the normal size of establishment which these agreements cover is very small. In addition, the guaranty most frequently covers only a portion of the working staff—a "basic crew" agreed upon at the time the agreement was negotiated. According to some of the retail-trade agreements—for example, those covering department or specialty stores—only such skilled employees as custom tailors or furriers benefit from the guaranties. However, with few exceptions, replacements of covered employees are included in the plans, and there is no reduction, therefore, in the number of full-time guaranteed jobs.

The majority of the agreements which contain guaranties are in effect for 2 years, and in one instance for 3 years. Most of them are voidable under certain specified conditions, among which are liquidation or discontinuance of business, withdrawal of capital, "material decrease in revenue," "unforeseen catastrophe," "conditions arising out of the national emergency," situations "seriously affecting either party," etc. In the event of disagreement between the parties on the necessity for the modification or termination of the guaranty, arbitration is usually specified. Under a few plans, chiefly in trade but including a telegraph agreement covering press wireless operators, dismissal pay is granted to employees laid off.

ANNUAL GUARANTIES TO ALL EMPLOYEES

Unconditional Guaranties

Some of the nonmanufacturing plans guarantee year-round work to all employees without restrictions of any kind. Between 10,000 and 13,000 workers in over 2,400 retail establishments in New York City are covered by such guaranties in 2-year agreements negotiated with grocers, fur dealers, and men's and boys' clothing merchants and in 1-year agreements covering retail liquor dealers.³⁰

The food and grocery store 2-year agreements, negotiated with several employers' associations as well as with individual employers, specify that all employees "now or hereafter employed * * * are to be continued in such employ during the life of the agreement," and no worker "employed * * * continuously for a period of one week or longer shall be discharged except with the written consent of the * * * union." The entry of a new partner into the firm is not deemed cause for discharge. The fur and liquor agreements guarantee 52 consecutive weeks of work, exclusive of overtime, and the men's and boys' clothing agreements assure continuous employment to every "steady" salesman and stock clerk throughout the life of the 2-year agreement and thereafter, unless his employer gives him and the union at least 2 weeks' notice of discharge prior to the expiration of the agreement. Both the food and clothing agreements require that vacancies be filled immediately.

³⁰ These agreements were negotiated by the Retail, Wholesale & Department Store Employees (C. I. O.), Fur & Leather Workers Union (C. I. O.), Amalgamated Clothing Workers (C. I. O.), and Retail Clerks International Protective Association (A. F. of L.), respectively.

Conditional Guaranties

A number of the other agreements in retail trade, both with employers' associations and with individual employers, guarantee year-round employment to all employees but permit the guaranty to be cancelled under certain specified circumstances. About 375 firms, employing over 1,800 workers in men's hats and furnishings and cigar and luncheonette stores, subway newsstands, and alteration and tailoring of fur garments, provide such conditional guaranties.³¹ Except for the fur and retail cigar and luncheonette store agreements which run for 2 years, these are 1-year agreements and the guaranties assure a minimum coverage through a provision that vacancies must be filled immediately or within a few weeks.

The retail men's wear agreements guarantee to each employee, after a 2-week trial period, "52 consecutive weeks of employment" but the employer retains the right to discharge employees, subject to arbitration, under the following specified circumstances: For good cause, such as insubordination or dishonesty; upon 2 weeks' written notice to the union and with its written consent; in the event a store is discontinued; or when the employer is in need of "relief." The last mentioned refers to a situation in which an employer's business has changed permanently for the worse, so that it is financially impossible for him to continue to employ his full staff of regular employees. "Slack season" is expressly ruled out as a basis for discharge. The employer has the right at the expiration of the agreement to make changes in the labor force, provided the union is given 6 weeks' prior notice, but no personnel changes may be made unless the union accepts the change within a week after notice. In disputed cases, however, the employer may seek arbitration.

The agreements with retail cigar and luncheonette stores likewise guarantee 52 consecutive weeks of employment, including limited sick leave, for all employees retained after a 2-week trial period. Three weeks' dismissal pay is provided for employees affected by "a lay-off or a store closing * * * where less than 4 employees are employed and where unemployment insurance is not being paid." No employee may be discharged, suspended, or laid off pending an application to the union and a decision by the arbitrator, and the entry of a new or additional partner or stockholder is specifically mentioned as not being a sufficient cause for discharge.

A 2-year agreement with an association of fur merchants in Atlantic City guarantees all employees 1,750 hours of work a year, which is the equivalent of 50 weeks based on the standard 35-hour workweek. Paid vacations of 1 or 2 weeks, depending upon length of service, are also provided. The guaranty may be invalidated only in the event of "an unforeseen catastrophe which makes it physically impossible" for the employer to furnish 1,750 hours of work and if the employer "actually does not have 1,750 hours of work for the particular year except that an employer who violates this agreement by sending work to outside contractors shall be deemed to guarantee 1,750 hours of work in any event."

Another agreement guarantees agents currently employed on subway newsstands not less than 1 year's employment, except for certain

³¹ Agreements for the men's furnishings and luncheonette stores were negotiated by the Retail, Wholesale & Department Store Employees (C. I. O.); for newsstands, by the United Office and Professional Workers (C. I. O.); and for fur shops, by the International Fur & Leather Workers' Union (C. I. O.).

stands which are closed during the summer months, in which case the guaranty is for 9 months' employment. However, the company reserves the right to discontinue the operation of any newsstand as a result of conditions beyond its control and arising out of the national emergency. In the event that the subways discontinue any present services, the company may lay off men in proportion to the number of stands discontinued. Relief from the guaranty clause in the event of any unusual conditions—"including material decreases in the revenue from the stand"—is also granted.

ANNUAL GUARANTIES TO PARTICULAR OCCUPATIONAL GROUPS

About half (13,000) of the total workers in nonmanufacturing industries, covered by year-round guaranties, include special groups of employees who comprise only a part of the working force of about 2,000 employers. These workers include cemetery employees, truck drivers, railroad maintenance and repair workers, public-utility employees, social-service employees, inside cleaning and dyeing workers, retail and wholesale clerks, bushelmen, and fur workers in fur shops and department stores. The majority of these agreements permit the employer to modify or cancel the guaranty under specified circumstances.

Two agreements for cemetery employees guarantee specified amounts of employment to their "regular" employees.³² One establishes 3 classifications of workers: "Casual employees"; a basic crew of "regular employees Class A" who are paid regularly irrespective of weather conditions and may not be laid off; and a basic crew of "regular employees Class B" who are guaranteed a minimum of 33 weeks of employment during the 9 months between April and December. Basic Crews A and B have approximately the same number of employees and vacancies must be filled within 2 weeks except vacancies in the Class B quota after November 15. Any season's quota of Class B employees must include those in that classification during the previous season and any necessary replacements to maintain the minimum crew. The other cemetery agreement provides that no "regular" employee shall be laid off during its 2-year term. It establishes 6 days as the normal workweek but permits the employer to limit the workweek to 5 days every alternate week and specifies 3 months during which the workweek consists of 5 days only.

Another type of guaranty is found in standard agreements signed by 448 companies in the retail and wholesale paper and paper-box industry in New York City, under which each employer agrees to employ "not less than one chauffeur or driver for the full time of 52 weeks per year."³³ Drivers may be discharged only for justified cause, such as incompetence or failure to report an accident. Under 2-year agreements with an association of 23 employers and 3 independent firms engaged in textile refinishing and clothing manufacture, 90 drivers are guaranteed regular employment through a provision that each of the signatory employers is to employ a specified minimum number of drivers each working day.³³

Bushelmen are guaranteed 40 hours of work per week, 52 weeks per year, under a 1-year agreement signed by an association of retail

³² Both agreements negotiated by the Food, Tobacco, Agricultural & Allied Workers (C. I. O.).

³³ Agreements negotiated by the International Brotherhood of Teamsters, etc. (A. F. of L.).

clothing merchants in New Haven, Conn.³⁴ Five agreements, with Chicago fur and department stores, guarantee 52 weeks' work, exclusive of overtime, to fur workers.³⁵ In 3 of these cases, the guaranty includes 1 week's vacation; in the other two, 2 weeks vacation.

Under a "continuity of employment" agreement between the Seaboard Air Line Railway and various A. F. of L. shop-craft unions, the parties negotiate in December of each year the size of a minimum force (currently 2,300 employees) of "mechanics, apprentices, helpers and coach cleaners" who are guaranteed employment for 6 days per week during the ensuing 12-month period. In the event it is found necessary to close permanently any shop or engine terminal during the year, the company is not required to transfer the employees affected to some other terminal on the system, but the established minimum number of positions on the system must be maintained at all times. Reductions in the size of the minimum force are permissible under 2 conditions: (a) if the established minimum of coach cleaners is found excessive, and (b) if "any situation arises during the life of the agreement which would seriously affect either party." Joint conferences must be held before reductions are made and if no solution is reached either party may terminate the agreement on 10 days' written notice.

An agreement covering a public-utility company contains a "guaranteed annual income" plan for certain listed monthly and hourly paid employees.³⁷ Those who are paid on a monthly basis are guaranteed against deductions from their regular monthly wage during the 1-year period of the contract "because of lack of work or inability on the part of the company to supply work." Furthermore, no deduction is made for time off, not to exceed 1 week, for necessary personal reasons such as serious sickness or death in the immediate family, provided such time off is made up by working two-thirds of the hours lost. Listed employees who are on an hourly basis are given the opportunity to work a minimum of 2,080 hours during the year, including vacations and holidays. The guaranty is unconditional except for men released in the event that the company is required by the Government to institute a workweek in excess of 40 hours.

Under a 1-year agreement with a social-service agency, visiting housekeepers who had at least 1½ years' service when the agreement was signed are guaranteed an annual wage equal to 52 times their regular rates.³⁸ However, all earnings, including regular, overtime, vacation, and sick-leave pay, are credited toward fulfillment of the annual guaranty. Each visit is to be paid for at the time made at the specified rate, and any balance due on the annual guaranty must be paid in a lump sum within 2 weeks after the end of the year. The wage guaranty is forfeited in the event of resignation or dismissal, except when dismissal is caused by retrenchment or reorganization, in which event the employee is entitled to payment of the proportionate part of the guaranteed wage from the start of the 1-year period to the date of dismissal, plus dismissal pay amounting to 1 week's pay for every year of service after 2 years' service, up to a maximum of 6 weeks' pay. Housekeepers on the guaranteed list are entitled to 2

³⁴ Agreement negotiated by the Amalgamated Clothing Workers (C. I. O.).

³⁵ Agreements negotiated by the International Fur & Leather Workers' Union (C. I. O.).

³⁷ Agreement negotiated by International Union of Operating Engineers (A. F. of L.).

³⁸ Agreement negotiated by United Office & Professional Workers (C. I. O.).

weeks' paid sick leave per year; other absences are deducted from the guaranty unless they total less than one-half day in any 1 day or an aggregate of 2 days in any 1 year.

An agreement with a press wireless company guarantees "at least one-half pay of the full weekly wage in every week throughout the year" to a total of 43 Morse operators highest on the seniority list, and to all "printer operators, maintenance men and radio operators of at least 1 year's seniority standing."³⁹ The company reserves the right to furlough the junior Morse operators on the guaranty list and to hire or use other operators if those on the list refuse a job providing 30 hours' work per week after posting by the company. When the need for a particular job ends, the furloughed employee is restored to the list. In case of "jobs of local nature which are not required to be bulletined," employees on half-pay basis must be available for duty should their services be required. The employer may elect to pay dismissal pay in lieu of half-time pay at the rate of 1 full week's wages for every 6 months of service, up to a maximum of 26 weeks' full pay.

Retail and wholesale trade agreements in New York City.—Over 1,500 employers in New York operating wholesale, jobbing, textile converting, warehouse, and retail establishments (excluding department stores) have negotiated agreements which guarantee full-time employment to a "basic crew" or to "regular full-time workers" or to "permanent employees."⁴⁰ It is estimated that 10,000 workers are covered by these guaranties, most of which are in effect for 2 years, although one with about 450 proprietors of retail furnishing and dry-goods stores runs for 3 years. Under one of the plans covering about 400 shoe stores, regular part-time workers are guaranteed employment for at least 3 full days (or 3 nights and a Saturday) weekly for 52 consecutive weeks.

The size of the basic crew is negotiated for each individual establishment, and in most cases is frozen for the duration of the agreement. One association agreement provides for determination of the number to be included through the grievance and arbitration machinery; another stipulates that the size of the basic crew must equal the number of workers which the employer has continuously employed all year round for the 12 months preceding the signing of the agreement.

Members of the basic crew are not subject to lay-off at any time during the life of the agreement and, in most cases, vacancies in the basic crew must be filled immediately. An exception is made in the dry-goods agreements if the employee leaving enters business within a 5-block radius of the employer's store. According to this agreement, extra employees may be hired for not over 6 weeks, but if retained for periods in excess of a total of 12 weeks they become permanent employees. The number of extra employees is jointly determined by the employer and the union, with resort to arbitration if there is a difference of opinion.

According to about four-fifths of these agreements the employer has recourse to arbitration, "should conditions arise during the term of the agreement which necessitate a reduction of [basic crew] staff." Several, including an agreement covering retail shoe stores, state that

³⁹ Agreement negotiated by Commercial Telegraphers' Union (A. F. of L.).

⁴⁰ Some of these employers are covered by association agreements; some were signed individually. Since the latter contain virtually the same terms as the association agreements, the analysis is restricted to the association agreements. Likewise, if the union has a form contract which is separately signed by individual employers, only one representative agreement is discussed. These agreements were negotiated by the United Retail, Wholesale and Department Store Employees (C. I. O.).

the basic-crew guaranty shall not be subject to arbitration. A few of the agreements which permit arbitration specify the circumstances which warrant a request by the employer for a reduction or lay-off in the number of employees, e. g., permanent or substantial decline in business other than seasonal slack time, permanent withdrawal of capital, store closing, or "some unavoidable cause which will make it impossible for the employer to continue employing all the workers of the basic crew." Three agreements provide for termination of the guaranty on dissolution, liquidation, consolidation, sale, bankruptcy, or assignment for creditors, and one other specifies that no wages shall be paid when the place of business is closed because of fire.

Employees who are affected by staff reduction are granted dismissal pay under 4 agreements, and preferential rehiring rights under one of these. In 3 cases the dismissal pay amounts to 2 weeks' wages but in one instance applies only to lay-offs in stores where fewer than 4 workers are employed and which are not covered by unemployment insurance. In the fourth agreement the amount of dismissal pay varies with the length of service and depends on whether the dismissal was a result of sale or entry of a partner, or because of adverse business. The amounts range from the equivalent of 1 week's pay for less than 1 year's service to 6 weeks' pay after 3 years' service.

GUARANTIES FOR PERIODS OF LESS THAN A YEAR

Of the approximately 30,000 workers in nonmanufacturing industries protected by employment-guaranty provisions, 2,000 were covered by provisions guaranteeing less than a year's employment or wages. Such guaranties were found in agreements with over 200 firms employing workers in custom tailoring of women's garments and fur coats, maintenance painting in hotels and office buildings, selling and jobbing materials for the fur-manufacturing industry, cemetery work, and retail salesmen in women's and children's wearing apparel stores, truck drivers and chauffeurs, warehousemen, and polishers employed by furniture stores. Some of these guaranties, although applicable to only a fraction of the total force, are unconditional, while others permit cancellation of the plan, generally in the event of liquidation of the business.

Unconditional Guaranties

Two agreements negotiated with women's specialty stores in Chicago guarantee \$1,900 per year to about 60 custom tailors; in one, tailors receive \$55 per week for a 40-hour week and the guaranty therefore amounts to 34½ weeks' pay; in the other, the regular weekly wage is \$52.50 for a 35-hour week and the guaranty amounts to slightly more than 36 weeks' pay.⁴¹

Twelve agreements guarantee employment to approximately 200 workers engaged in fur repairing and custom tailoring in both fur and department stores in Cleveland and Chicago.⁴² In 8 of the agreements, the minimum guaranty, exclusive of overtime, ranges from 38 to 44 weeks; in three agreements, in which the standard workweek is 35 hours, it is 1,650 hours; in the twelfth it runs from the start of the season on May 1 until February 1 (9 months) for cutters, operators,

⁴¹ Agreements negotiated by International Ladies' Garment Workers' Union (A. F. of L.).

⁴² Agreements negotiated by International Fur & Leather Workers' Union (C. I. O.).

and nailers, and until the end of February (10 months) for finishers. In addition to the specified guaranty, 3 agreements provide 1 week's paid vacation, and 1 agreement, 2 weeks' paid vacation. One agreement includes the vacation week in the 38-week guaranty.

A standard agreement, covering about 250 maintenance painters in a number of hotels and office buildings in Cleveland, provides a guaranty of not less than 42 weeks' work, at 40 hours per week, including 10 days' annual sick leave and 14 days' vacation with full pay.⁴³ The hourly rate for these workers is \$1.25, whereas painters in general construction work, employed on a day-to-day basis, receive \$1.55 per hour.

An agreement covering cemetery workers in Milwaukee defines regular employees as "those employed regularly for 9 months, and * * * on call during the balance of the year" and contains the following guaranty: "Regular employees shall be given an amount of employment between December 1 and April 1 that compares with the average amount of employment during the same period of the 3 previous years."⁴⁴

Conditional Guaranties

A plant-wide agreement covering a textile-bleaching firm guarantees weekly paid truck drivers and helpers 48 weeks of work, but the company reserves the right to lay off drivers "in the event of an unusual slack period or in a period of emergency where production materially decreases."⁴⁵

Three 2-year association agreements covering 44 employers and 150 employees dealing in materials used in the fur-manufacturing industry guarantee full employment for 10 months each year, including 7 days' paid sick leave.⁴⁶ During July and August, equal division of available work is practiced. An employer who finds himself overmanned during the guaranteed period of employment may submit his case to arbitration, and the arbitrator, after examining the employer's records, may reduce the guaranteed period of employment, in which case the additional lay-off period is to be shared among the employees affected. In the event of a general strike or lockout among the wholesale fur manufacturers in New York City, the arbitrator is to rule whether a division of work shall be instituted. The agreement is automatically terminated when an employer liquidates or discontinues his business.

Under an association agreement covering 8 retail furniture merchants in New York City, about 40 chauffeurs, warehousemen, and polishers are guaranteed work for a minimum of not less than 5 days per week during 21 weeks of the year, a minimum of 4 days during 1 week, and a minimum of 3 days per week during the remaining 30 weeks, at a wage scale proportionate to the minimum weekly wage scale.⁴⁷ The agreement also provides 18 paid holidays and a minimum of 10 paid Saturdays during the summer months, even though no work is performed, but such holidays and Saturdays are not included in the computation of the annual guaranty. No lay-offs may be made "because of insufficiency of business" during the term of the contract, but the agreement is voided if the employer goes out of business.

⁴³ Agreements negotiated by International Brotherhood of Painters, Decorators & Paperhangers (A. F. of L.).

⁴⁴ Agreement negotiated by Food, Tobacco, Agricultural & Allied Workers (C. I. O.).

⁴⁵ Agreement negotiated by Textile Workers' Union (C. I. O.).

⁴⁶ Agreements negotiated by International Fur & Leather Workers' Union (C. I. O.).

⁴⁷ Agreement negotiated by International Brotherhood of Teamsters, etc. (A. F. of L.).

New York women's apparel stores.—Under 2-year agreements with an employers' association and a number of independent employers, both "steady" and "steady-extra" sales clerks in retail ladies' and children's apparel stores in New York City are guaranteed employment for specified periods each year.⁴⁸ The association contract, covering about 800 workers, insures "steady sales clerks" a minimum employment of 10½ months in each year and "steady-extra sales clerks" 19 consecutive weeks starting October 1, and 12 consecutive weeks starting March 15.⁴⁹ The standard agreement with nonassociation members provides the same guaranty to "steady employees" but 4 more weeks to "steady-extra employees." Under both plans, "steady sales clerks" receive 2 weeks' paid vacation and "steady-extra sales clerks" 1 week's paid vacation in addition to the employment guaranty. In all these stores not more than 1 "steady-extra sales clerk" may be employed for every 2 "steady sales clerks," except that 1 "steady-extra sales clerk" is permitted where only 1 "steady sales clerk" is presently employed.

Vacancies among "steady" or "steady-extra" sales clerks, no matter what the cause, must be filled immediately. For new employees a 2-week trial period, which may be increased to 3 weeks at the employer's request, is specified in the association agreement while the independent employer agreement provides for 1 week. Should any employee prove to be unsatisfactory during the trial period, a successor must be hired "so that there shall be no lapse of time between the termination of the trial period of the unsatisfactory employee and the employment of his successor."

Under the association agreement, the employer reserves the right to change his sales force either 2 weeks prior to the expiration of the first year of the agreement, or 2 weeks prior to the expiration of the agreement. Employees affected are to receive 2 weeks' notice; if the change is desired after the first year of the agreement, the employer must also submit a written statement of the reason for such change to the union and the association.

The association contract (but not the independent standard contract) frees the employer of his obligations to furnish minimum employment in the event of a bona fide liquidation or if the employer discontinues his business. Should the employer reenter business prior to the expiration of the agreement, either individually or by entering into a partnership, he resumes his obligations from the date of reentry into business until the expiration of the agreement.

Licensed officers on Great Lakes and inland waterways vessels.—Licensed deck and engine officers on Great Lakes and inland river vessels receive employment or wage guaranties under 22 agreements examined. Fourteen of these cover licensed engine officers and 8 cover licensed deck officers, although 2 of the latter cover pursers and stewards only.⁵⁰

Under several agreements, a company may modify its guaranty and lay off affected personnel after a period of 7 days if vessel service is discontinued because of marine disaster, condemnation by the Bureau of Marine Inspection and Navigation, or sale, commandeering,

⁴⁸ Agreements negotiated by United Retail, Wholesale & Department Store Employees (C. I. O.).

⁴⁹ In certain specified sections of the city "steady-sales clerks" must be employed for a minimum period of 10 months each year and "steady-extra sales clerks" for 18 consecutive weeks in the fall season and for 11 consecutive weeks in the spring season.

⁵⁰ Agreements covering engine officers were negotiated by the Marine Engineers' Beneficial Association (C. I. O.); those for deck officers, by the Masters, Mates & Pilots (A. F. of L.).

or taking over by Government authority. In contrast, one agreement provides that "suspension of operations—shall not relieve [the company] from its guaranty of the said 6 months' continuous employment."

Guaranties for engine officers run from 6 months to a full year. Two plans guarantee employment for 12 months; six for 10 months; two for 9½ months; and three for 9 months. The fourteenth guarantees 6 months' pay when boats operate from 4 to 6 months in a year, 8 months' pay when boats operate from 6 to 8 months, 10 months' pay for from 8 to 10 months, and 12 months' pay when boats operate more than 10 months. In 6 of the 14 agreements, junior officers on Class A vessels, and all officers on other than Class A vessels receive lesser guaranties, usually 1 month less, but amounting to 3 months less in one agreement.

Under one agreement all engine officers on Class A vessels receive their regular monthly salary each month for the full period of the agreement, including 4 weeks' vacation. On other vessels, the chief and first assistant engineer, though guaranteed 12 months' work in each year, receive less pay during the lay-up season, which includes 6 weeks' paid vacation at lay-up wages. Second assistant engineers on these vessels, who work a major portion of the operating season and who are still in service at the end of the season, are guaranteed 3 months' work additional, including 4 weeks' vacation at lay-up pay. Guaranties in the agreements analyzed covering deck officers run from 5 to 12 months. One provides 12 months, two provide 10 months, two provide 8 months, one provides 7 months, one provides 6 months, and the eighth, covering two groups of pursers, 5 and 7 months, respectively.

Appendix A.—Sample Guaranty Plans

GEORGE A. HORMEL & CO.—STRAIGHT-TIME ARRANGEMENT

Each employee regularly assigned to a straight-time department will receive the weekly rate of pay provided for him in the latest approval of the straight-time plan for his department. This rate of pay will be subject to any increases or decreases affecting the plant as a whole. Each employee will receive his regular pay check every week except when absent beyond regularly provided sick leave or vacation. * * *

The straight-time arrangement with respect to any department may be cancelled at any time that department fails to abide by all working agreements, or at any time the discontinuance of the straight-time arrangement in some other department directly affecting it requires the cancellation.

If other hour limitations become established by law, this plan will be changed to conform to such law, or if the company considers the straight-time plan unworkable because of the passage of any such law, the whole straight-time arrangement, or any part of it, may be cancelled as of the effective date of any such law.

Any time any department becomes dissatisfied with the straight-time arrangement and wishes to cancel it, such cancellation may be effected in the usual manner of handling grievances.

Otherwise straight-time arrangement may be discontinued only by thirty days' advance notice of desire to make such discontinuance at the end of the company's fiscal year. * * *

If there is any increase or decrease in the amount of work required to produce the budgeted volume, a corresponding adjustment will be made in the department volume budget or in the number of people in the department. The choice as to which adjustment shall be made will be left to a decision by a majority in the department in case the change is an increase.

In case the required amount of work is reduced sufficiently to permit the removal of one or more employees, such employees will be transferred from the department on a seniority basis. When the manufacture of some item is discontinued, or when, because of a change in method of operation, certain job or jobs are discontinued, it is understood that it will be necessary to reduce the straight-time gang correspondingly. Such reductions will be made on the basis of seniority.

Except as provided in the 2 preceding paragraphs * * * there will be no reduction in the number of employees in any straight-time department within a period of one year from the latest approval of the straight-time arrangement for that department. Any employee who is laid off from a straight-time department may find employment elsewhere on the basis of his regular seniority rights, or, on application, may be transferred, at his regular rate of pay, to the "extra gang" which will be maintained to handle extra work, temporary replacements, and other business requirements which cannot be handled by the regular straight-time departments. During the period of any one fiscal year, this extra gang will not be reduced below the number who have been transferred to it from regular straight-time employment, thus maintaining employment with full pay for at least one year for the number of individuals originally assigned to the straight-time schedule for any year.

Any employee laid off from the extra gang may find other employment on the basis of his seniority rights.

For each department for which it is possible to establish some measure of the work to be done, the budgeted annual volume will be stated. (See schedule B attached.)¹

In any year in which the department produces less than the budgeted annual volume, the members of the department, individually and collectively, become indebted to the company for producing that much work at the first opportunity.

At the end of any year in which the cumulated production of the department is in excess of the cumulated budgeted annual volume, bonuses will be paid the members of the department. These bonuses will be calculated on the basis of what the cost of the extra production would be by adding more employees to

¹ Schedule B referred to in the plan is not reproduced.

the department, and the specific method of calculating it with respect to the department will be found in Schedule B attached.

At the end of any year in which the cumulated production of the department is in excess of the cumulated budgeted annual volume, and during which regular members of the department have been absent without pay and without being replaced, the cost of such replacements will be put in a "kitty" to be distributed among the members of the department in whatever manner the majority of the department may agree.

For each department there will be maintained what will be known as a "kitty." Schedule B attached will show the department work budget, if any. Unless otherwise provided in schedule B for those departments having work budgets, employees docked for absence, and employees absent on vacations granted on the basis of 5, 15 or 20 years' service, will be replaced.

Replacements will be made in either men or money. That is to say, if the department does not require a replacement man, the money for the replacement will go to the department kitty.

The management will have the right to insist on replacements if the tonnage produced falls below the daily or weekly volume which the company's business requires, or if the average actual hours worked is or threatens to be in excess of 40 hours per week.

The department committee will direct whether replacement money will be paid to individuals in the gang or whether it will remain in the department kitty. The money in the department kitty will be distributed among the members of the department at the end of each fiscal year, and in whatever manner the majority of the department may agree.

NUNN-BUSH SHOE CO.—52 WEEK PAY PLAN

A. Definition, Gross Amount, Determination Thereof

The parties hereto agree that the capital, management, and labor interest in the business of the Nunn-Bush Shoe Co., shall constitute a true partnership insofar as sharing the proceeds of production. The parties further agree that * * * percent of the wholesale value of the Nunn-Bush shoes * * * packed during the term of this agreement shall be a fair reward for the labor interests as below limited. The management accordingly agrees that during the period of this agreement the amount paid to "labor interests" below limited shall equal * * * percent of the wholesale value of the Nunn-Bush shoes * * * packed during the term of this agreement * * *

In determining the wholesale price of the shoes packed during the term of this agreement, the prevailing wholesale prices at the time of packing shall be used, except that allowances shall be made for damaged shoes, and which said allowance shall be determined in the manner established by the usual custom. In addition thereto, management agrees that all sample and trial shoes produced shall be credited at the highest wholesale price prevailing in the month when the sample or trial is completed.

The management further agrees to notify the union of any conferences with respect to contemplated changes in the wholesale price list and to permit any duly authorized agent or agents of the union to attend such conferences.

The management further agrees to give free access to the necessary books and records of the management and full cooperation once during each calendar year to an auditor or auditors selected by the union to check the wholesale value of the shoes packed during the life of this agreement and the earnings paid out of the workers' share-production fund. The management further agrees to forward to the union each month during the term of this agreement its most accurate estimate of the status of the said workers' share-production fund * * *.

B. Drawing Accounts and Classification of Membership

In order to effect an orderly distribution of the union members' share of the receipts of the company, the parties agree that a drawing account system, as hereinafter more fully set forth, shall be employed * * * percent of the wholesale value, as hereinbefore adjusted, of the Nunn-Bush shoes * * * packed during the life of this agreement * * * shall be credited to the aforementioned drawing account by management.

That furthermore all payments made, except as provided in the section of this contract designated "overtime" shall be charged to the aforementioned drawing

account, which said payments have been classified under the heading of "wages" on the books of the company. This group of employees, as hereinafter more fully set forth, shall constitute the "labor interest" hereinabove referred to.

This said labor interest shall consist of the following classifications of membership and the rights, interests and benefits of each classification:

"The class A membership shall consist of those workers whose service record began with the Nunn-Bush Shoe Co. prior to March 1, 1942, and such workers who have attained a class A rating since said time, except those workers who, because of a disqualification as hereinafter more fully set forth, were unable to attain the said class A membership. The class A worker shall constitute a permanent labor force and shall not be subject to lay-offs. The class A workers are to share exclusively in whatever production that can be secured by the management until such time as increased production necessitates additional workers, as hereinafter enumerated."

The total membership of class A workers is limited to 595, including those class A members and workers who attain a class A membership while on leave of absence; it being understood that care must be taken that the rights of all workers who are on leave of absence are preserved when promotions to class A memberships are made.

"The class B membership shall consist of all those workers except those hereinafter or hereinbefore classified as otherwise, who have been employed at the Nunn-Bush Shoe Co., Milwaukee plant, for a period of at least 2 years. These said class B members shall immediately begin to participate in the share production plan at the commencement of the first 4-week period after the second anniversary of their employment, and they shall be entitled to all the rights, interests and benefits of the class A membership, except that they may be subject to lay-off in accordance with the terms of this contract.

"The class C membership shall consist of all workers who had not reached the age of 45 years at the time of their commencing employment at the Nunn-Bush Shoe Co., Milwaukee plant, such members, of course, being members in good standing in the * * * union * * * but who shall have served less than 2 years.

"The class D membership shall consist of those workers who are 45 years of age or more at the commencement of their employment with the company and who have not previously earned a higher classification as hereinbefore set forth.

"The class DB membership shall consist of those class D members who have completed 2 years of employment with the company and who are eligible to the share production plan. The same is hereinbefore explained in reference to class B members. However, such class DB members shall at no time be eligible for promotion to class A membership.

"The class HA membership shall consist of those workers who were previously classified as class A members but who, because of their physical or mental impediment, were unable to perform the minimum of work provided in the various factory schedules and consequently were taken out of the share production plan. Such members are to be paid on an hourly basis. Otherwise, they shall have the same rights and benefits of the class A membership with respect to lay-offs.

"The class HB membership shall consist of those workers who were previously classified as class B but who possessed some physical or mental impediment and could not perform the minimum amount of work provided in the various factory schedules and consequently were taken out of the share production plan. Such members shall be paid on an hourly basis."

Class B members shall be promoted to class A membership according to seniority upon vacancy occurring in the class A membership hereinbefore set forth and agreed upon as being limited to 595, due to death, resignation, discharge or permanent termination of employment. Provided, however, if there are no members in the class B membership, then the class C members shall be promoted to class A membership according to seniority upon vacancies occurring in the class A membership; provided further, however, that such class C members shall have at least 2 years' service record at the Milwaukee plant of the * * * company.

All classes A, B, and DB employees are to equally share in production in accordance with the present existing agreement with the management.

All classes B and DB members may be laid off when production needs are not sufficient to maintain class A members working at least 40 hours per week. In the event of necessity of lay-off, there shall be no discrimination between class C and class D members, except on a basis of seniority rights. That furthermore in the event of a further lay-off, there shall be no discrimination between a class B employee and a class DB employee, also, except on the basis of seniority rights.

Classes HA, HB, C, and D members are wage earners and work for a stipulated amount per hour, the total of their wages being paid out of the gross share before any balance is allocated to the accounts of classes A, B, and DB.

Earnings of classes A, B, and DB members are to be allocated to the individual account of each of said members, that member being paid in cash any balance to his or her credit after providing for a reserve fund of 12½ percent of his or her annual estimated income which said reserve includes provision for holidays, vacation period or sick leave as hereinafter more fully set forth. The adjustments on said individual accounts shall be made at the end of each 4-week period and when the reserve in each individual account exceeds 12½ percent of the annual estimated income, the excess shall be paid during the following 4-week period, permission being granted to management to include said excess in the regular weekly drawing. * * *

Management further agrees to pay interest on the balance in the individual reserve accounts of the said classes A, B, and DB members at the same rate as is currently being paid by banks on savings deposit accounts (currently agreed at 1 percent per annum) except, however, such computations shall be made at the end of the 4-week period in accordance with the adjustments made on the individual account of each member. * * *

It is agreed that during the period of this contract, changes may be made in the differential base rates upon mutual agreement by and between management and the executive board of the union.

It is agreed for the purpose of calculating the drawing account of each individual member of the union, a yearly differential rate of 2,080, or 40×52 , multiplied by the present average hourly drawing, shall be the basis of calculation. However, adjustments in individual differential rates may be made during the period of this agreement, but such individual adjustments shall not be effective or paid until approved by the executive board of the union; provided, however, that when production department members are called to do maintenance work, they shall receive compensation at a rate agreed upon by and between the management and the executive board of the union; * * *

C. Stabilized Annual Income

For the purpose of stabilizing annual earnings of the employees of the company in the union's jurisdiction, it is agreed that each class A, B, and DB member shall receive at least 1 drawing for each week that this agreement is effective, and that the amount of such drawing will be at least 1/52 of the member's yearly differential rate except as that differential rate may be changed in accordance with the provision permitting adjustments of the individual rates and except as the multiplier can be changed in accordance with the provision hereinafter relating to "over-drafts." However, for the purpose of establishing in all departments uniformity of drawing for absence, due to recognized cause, the union agrees that each class A, B, and DB member shall be entitled during the term of this contract to 5 days of absence with drawings for recognized cause.

D. Reserve and Overdraft

The parties agree that it is highly advisable to establish a reserve in the workers' fund of each individual class A, B, and DB member, in such instances as hereinbefore set forth, in order to guard against the disruption of drawing schedules due to adverse business conditions and both parties agree to promote the accumulation and maintenance of such reserve accordingly. Commencing February 26, 1945, this reserve shall consist of 12½ percent of the annual estimated income, the same being computed by multiplying the present average hourly drawing by 2,080. The said 12½ percent individual reserve account shall include drawing for 1-week vacation, 5 holidays and 5 sick days. However, management will continue to pay the regular weekly drawing including weeks with holidays, vacation and 5 days of sick leave, if by so doing the individual reserve is not reduced below 5 percent of the annual estimated income but no monthly or adjusted compensation payments will be had if by so doing, the said reserve is reduced to a sum less than 12½ percent of the annual estimated income.

When it is apparent that due to adverse business conditions the said reserve accounts shall be depleted if no change is made, the drawing account rates shall be revised by agreement between the management and the executive board of the union to a point where the reserve account will at no time be less than 5 percent of the annual estimated income.

PROCTOR & GAMBLE—GUARANTY OF REGULAR EMPLOYMENT TO EMPLOYEES

The following provisions constitute the plan known as The Proctor & Gamble Guaranty of Regular Employment and will apply at such factories of the * * * Company * * * as have been duly notified in writing of their inclusion in said plan by order of the board of directors of the * * * Company. * * *

To the employees located at such factories as above stated whose pay is computed on an hourly rate, and who have had at least 24 consecutive months of employment immediately preceding the application of this plan to their employment, the undersigned company hereby guarantees regular employment for not less than 48 weeks (or its time equivalent) in each calendar year less only time lost by reason of holiday closings, vacation with pay, disability due to sickness or injury, voluntary absence, or due to fires, floods, strikes, or other emergency whether like the foregoing or not, and subject to the following provisions:

Regular employment shall be understood to mean employment for not less than the hour week established from time to time by the company as the standard hour week at each of its factories.

When an employee first comes under this guaranty after January 1 of any calendar year, the company guarantees to him under the terms and provisions outlined herein that he shall not be unemployed in excess of 4 weeks (or its time equivalent), plus time lost for reasons herein stated, during the remainder of the calendar year.

The company reserves the right under the guaranty to transfer any employee to work other than that at which he is regularly employed, and to compensate him for the same in accordance with the wage rate which prevails for the work to which he has been transferred.

Upon authorization from the board of directors and without changing the established hour week, the hours of work for employees coming within the terms of this guaranty may be limited to 75 percent of the established hour week less time lost for reasons stated above, whenever in the opinion of the board of directors such action seems justified.

Any individual hired to replace an employee leaving for military service or training, or for other services made necessary by a national emergency, shall be considered a temporary employee and he shall be so informed at the time of his employment. The company will not consider such an employee within this guaranty. If at a later date subsequent to his employment, conditions should warrant it, within the sole discretion of the company, he may be informed that he is then eligible for this guaranty in accordance with the terms of this plan.

The right to discharge any employee at any time is reserved to the company employing such employee.

This guaranty of employment has been established because the company believes it to be sound business practice and a desirable protection for its employees. It is the intent of the company to maintain it, but the company must and does reserve the unqualified right, to be exercised at its sole discretion, to withdraw this guaranty at any of its factories, or to terminate or to modify this guaranty at any time.