

GUARANTEED WAGE OR EMPLOYMENT PLANS



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A reprint of Appendix C from *Guaranteed Wages: Report to the President*
by the Advisory Board, Murray W. Latimer, Research Director

LETTER OF TRANSMITTAL

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, June 9, 1947.

THE SECRETARY OF LABOR:

I have the honor to transmit herewith a report on guaranteed wage and employment plans, which was prepared in the Bureau's Wage Analysis Branch and submitted to the Office of War Mobilization and Reconversion for inclusion in their final report. The field work was conducted under the direction of the Bureau's regional wage analysts.

EWAN CLAGUE, *Commissioner,*

HON. L. B. SCHWELLENBACH,
Secretary of Labor.

PREFACE

In the summer of 1944 the Bureau of Labor Statistics began an inquiry into the subject of guaranteed wage and employment plans, anticipating a general demand for information on the nature of such plans and of the Nation's experience with them. At the time the Bureau began its inquiry, union demand for a guaranteed annual wage was at issue in a dispute case before the National War Labor Board, involving the basic steel industry and the United Steel Workers of America. In rendering its decision in November 1944, the Board refused to grant the union's demand under conditions prevailing at the time. However, in view of the lack of adequate information relating to guaranteed annual wage plans, it was recommended that a thorough study of the subject be made by a special commission to be appointed by the President.

On March 20, 1945, the President designated the Advisory Committee of the Office of War Mobilization and Reconversion to survey "the whole question of guaranteed wage plans and the possibility of their future development in American industries as an aid in the stabilization of employment and the regularization of production." Following this action, the Bureau's program was carried on in cooperation with the Guaranteed Wage Study Staff, designated by the Office of War Mobilization and Reconversion to investigate the problem. In December 1945, the Office of War Mobilization and Reconversion submitted to the Bureau of Labor Statistics a request for a survey of specific experiences with existing and discontinued guaranteed wage and employment plans.

The following report summarizes the major findings of the Bureau's survey, and appears as Appendix C of the Final Report to the Advisory Board of the Office of War Mobilization and Reconversion which was prepared by the Guaranteed Wage Study Staff.

The Bureau's forthcoming final report on guaranteed wage and employment plans will include an analysis of the major characteristics of a number of individual plans.

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APPENDIX C—GUARANTEED WAGE OR EMPLOYMENT PLANS

DEFINITION AND METHODOLOGY EMPLOYED IN THIS STUDY

DEFINITION

The Bureau of Labor Statistics has included in its study of guaranteed wage or employment plans all arrangements, written or unwritten, by which an employer guaranteed or assured to some or all of his employees, in advance, a definite period of employment equal to at least 3 months a year, or an equivalent amount of wages.

This definition is broad, and covered plans framed in a variety of ways: plans which were designated as "guarantees" by the employers and unions which operated under them, and plans which did not carry the title of "guarantee" but which in fact operated as guarantees. In a relatively small number of cases, the plans provided for an "annual wage." In the majority of cases, employment was guaranteed for a stated number of weeks per year and hours per week, frequently less than 52 weeks per year and 40 hours per week. In practice, these guarantees of employment, as well as the few guarantees that were explicitly stated in terms of wages, did guarantee wages for the total number of hours a year over which employment was guaranteed. A distinction between "guaranteed wage" and "guaranteed employment" plans was unnecessary for the purpose of this study.

Despite the general inclusiveness of the definition employed, a number of problems arose respecting its application in border-line situations. The distinction between a guarantee plan and a private unemployment benefit plan, for example, was difficult to draw. The latter were included only where the period of time over which benefits were paid was 3 months or more and where there was a commitment to pay benefits regardless of the size of reserves set aside for this purpose.

It was difficult also, in many instances, to draw the line between a guarantee and an employer's

oral pledge that work in his establishment would be "steady." A large degree of stability is inherent in many types of industry. Moreover, many employers have maintained fairly stable employment in their plants, frequently as a result of planned production and hence employment regularization, without instituting formal guarantees. The volume of employment regularization planning in this country is, in fact, far greater than that encompassed by the actions of the firms that have guaranteed wages or employment. The practice of employing white-collar personnel on an annual rate basis is widespread, especially in government, financial, and institutional establishments. Guarantees of minimum weekly hours or wages are found in many labor agreements, notably in the meat-packing and trucking industries; the practical effect of these arrangements is to afford a guarantee of almost full weekly earnings even when wage earners work only during some part of each week. In none of these situations, however, is there a formal pledge or assurance of continued employment, and the employee is not free from the possibility of lay-off or loss of his job. Oral arrangements (amounting to 36 percent of the currently operating plans included in the study) were included only where there was a formal guarantee or assurance of continued employment or wages.

Many of the plans contained the theoretical possibility of abrogation or modification during the life of the guarantee period under various circumstances. Provisions for modification or cancellation of an announced guarantee did not result in exclusion of the plan from the study.

The so-called wage advance plan was another type of guarantee which raised questions of inclusion. Such plans are sometimes regarded as loan arrangements, because their central feature is the advancement of wages by the employer during short-hour weeks, and the repayment by workers during weeks in which longer hours are worked. They are different from loan plans in essential

characteristics, however. Where there was no obligation to repay the advance unless the employer provided sufficient work to enable the advance to be repaid, the plan was considered to be a guarantee of wages or employment for the maximum period over which wages were advanced, and was included in the study.

METHODOLOGY

On March 1, 1945, the Bureau of Labor Statistics mailed a brief questionnaire to about 90,000 employers for the purpose of determining the extent to which guarantee plans had been adopted in the United States. From the replies to this questionnaire, from a canvass of previous studies and available literature on the subject, and from a list of employers who had filed contracts with the Wage and Hour and Public Contracts Divisions under section 7 (b) (2) of the Fair Labor Standards Act, the Bureau was able to compile a list of firms which appeared to have had a guaranteed wage or employment plan in effect at some time. The Bureau then conducted a field inquiry to determine finally whether these arrangements actually met the requirements of the definition of guaranteed wage or employment plans used in this study, and whether these plans had actually operated. At the same time, information was collected on the basic features and provisions of those plans which met the definition that had been established. A total of 241 plans (196 still in operation and 45 that had been discontinued) were surveyed in this manner and are included in the tabulations in this report. To this group were later added 106 additional discontinued plans about which information was obtained subsequent to the field survey. This number included 96 cases which operated under the Wisconsin unemployment compensation law in 1934 and 1935.

In addition, the Bureau made more specific and detailed investigations of the operations of 62 of the plans and the situations into which they were introduced. Some of the material gathered in the course of this subsequent investigation is also presented in this report.

HISTORICAL DEVELOPMENT OF PLANS¹

INITIATION OF PLANS

Until the passage of unemployment compensation legislation, the history of guarantee plans was part of the history of individual efforts, unaided by government, to mitigate the effects of unemployment in particular industries and plants. During this early period, the idea of guaranteeing wages was not differentiated from other unemployment compensation arrangements. In fact, the term "guaranteed wages" was not used in connection with early plans that have since come to be known as "guaranteed wage" or "guaranteed employment" plans. A good example of this situation was reflected in the language of the Procter & Gamble Co. plan, introduced in 1923, which provided a 48-week-a-year guarantee of employment by assuring that no worker would be unemployed for more than 4 weeks a year.

Trade union sponsorship and individual employer initiation were both important in the early history of guarantees. During the nineteenth century trade union activity had in several instances encompassed the furnishing of out-of-work benefits to members, but such arrangements, of course, carried no obligations by employers to furnish work. The first plans in which employers assumed responsibility for providing work or wages were those of the decade of the 1890's, negotiated in the wallpaper industry, by brewery workers, by textile printers in a New Jersey dyeing and finishing establishment, and established by a small midwestern retailer of sporting goods.

Best-known among the early guarantee plans were those in the wallpaper industry. A guarantee of 11 months' employment was first introduced in 1894, as a result of negotiations between the National Association of Machine Printers and Color Mixers and the National Wall Paper Company, then a newly formed amalgamation controlling from 50 to 75 percent of the industry. In 1896 the guarantee was extended to 12 months a year; modifications were made in subsequent years. The independent companies in the industry followed

¹ The material in this section of the report is based upon data gathered by the Bureau of Labor Statistics and upon published accounts of guaranteed wage or employment plans.

the bargaining pattern set by the largest firm, and the plan became industry-wide for members of the wallpaper association who bargained with the union. Similar arrangements were made by negotiation with the National Print Cutters' Association of America, which in 1923 joined with the National Association of Machine Printers and Color Mixers to form the United Wall Paper Crafts.

Among the other early arrangements, that involving the National Union of the United Brewery Workmen of the United States is known to have arisen in at least two areas, Philadelphia and New York, and took the form of contract provisions restricting lay-off of regular employees to no more than specified numbers of days during the dull season of the year. The agreement between the Machine Printers Beneficial Association and a New Jersey textile finisher provided each journeyman printer full pay for any period of unemployment prior to July 15 of each year, and half pay for any period of unemployment during the remainder of the year. The plan of the midwestern sporting goods retailer provided an oral guarantee of 52 weeks' pay each year to all employees who had passed a probationary period of approximately 90 days.

Guarantee plans introduced during the early years of the twentieth century involved small establishments in which employers made oral commitments to all or some of their workers to provide them with year-round employment. A retail men's furnishing store, starting in 1905, guaranteed permanent employees 52 weeks of work at full weekly hours; a coffee-roasting establishment, in 1912, began to pay its production workers full weekly pay during slack season weeks; a poultry-cleaning establishment began, in the following year, to guarantee 52 weeks of full-time employment to permanent workers; a small department store began the same guarantee in 1914; and a small drug firm about 30 years ago instituted a year-round weekly wage payment plan covering 2 employees.

The next well-known plan, that of the Columbia Conserve Company of Indianapolis, a producer of soups and other canned products, appeared in 1917. The guarantee was part of a broader social experiment which included profit-sharing and an employee council to give permanent workers a

voice in the management of the enterprise. Phases of the experiment which attracted public attention included the steps taken by the company after introduction of the plan to level out its normally seasonal production pattern, and the eventual turning-over of ownership to the permanent workers covered by the guarantee.

Employer interest in the problem of employment security is reported to have increased substantially after the business depressions of 1914 and 1921, and also as a result of the increasing general interest in scientific management and improved personnel procedures. A number of unemployment benefit plans, many of which had characteristics that are currently attributed to guarantee plans, were adopted during the period between 1919 and the passage of Federal and State unemployment compensation legislation. These plans typically provided for the payment of out-of-work benefits rather than for a guarantee of continuous employment. Where the unemployment benefits covered an extended period of time, the line of demarcation between an unemployment benefit plan and a guarantee plan was difficult to distinguish. As has already been indicated, unemployment benefit plans that provided assurance of benefits for 3 months or more have been included in the data on guaranteed wage or employment plans presented later on in this report.

Several unemployment benefit plans are worthy of mention at this point because of their similarity to many of the early guaranteed wage or employment plans. None of them were included in the data contained in subsequent sections of this report, because they did not meet the 3-month guarantee test referred to above. In 1919 the Dutchess Bleachery, followed in 1920 by an affiliate, the Rockland Finishing Co., began setting aside part of its profits in order to provide its workers half pay during periods of unemployment. The American Cast Iron Pipe Co. introduced an unemployment benefit plan in 1924; the Brown & Bailey Co. did likewise in 1927. During the same period of time, a number of unemployment benefit plans were introduced by joint agreement between management and labor, notably in the needle trades in New York and Chicago, and in the hat and lace industries.

Among the plans introduced during the 1920's that can be classed as guarantees, the most notable

were the joint agreements of the Cleveland garment industry and the International Ladies' Garment Workers Union (1921), the plan of Crocker-McElwain Co. and its affiliate, the Chemical Paper Co. (1921), the Procter & Gamble Co. plan (1923), and the joint agreement between the Seaboard Airline Railway and a federation covering its shop craft employees (1928). The plan in the Cleveland ladies' garment industry was the first of several unemployment compensation devices introduced in the apparel industry during the 1920's, and the only one that qualified as a guarantee under the definition used in this study. By agreement with the International Ladies' Garment Workers Union, Cleveland apparel manufacturers guaranteed 20 weeks of full employment in each 6-month period (later changed to 40 weeks a year), at two-thirds of minimum weekly wages (later changed to half of minimum wages). The Crocker-McElwain plan assured year-round employment at full pay to workers with at least 5 years' service; in subsequent years this plan was modified to provide, finally, less than 50 percent of full-time annual compensation. The Procter & Gamble plan assured 48 weeks' employment to all workers with at least 6 months' service. Since the time of its introduction, the plan has been somewhat modified, principally by limiting eligibility to workers with at least 2 years' service. The Seaboard plan as originally introduced was a guarantee of annual employment for an agreed-upon number of shop employees each year.

As was the case during the earlier two decades of the century, the occasional introduction of a less formal plan by small employers continued. A shoe retailer guaranteed and maintained year-round employment to 15 regular employees starting in 1923; a commercial machinery wholesaler guaranteed 52 full weeks' pay a year to 2 service mechanics; beginning about 1924, a Michigan coal dealer guaranteed weekly wages throughout the year to 7 employees regardless of prevailing conditions; in the same year, a garment manufacturer introduced a guarantee of 52 weeks' full pay covering a group of key workers; from 1 to 4 plans of similar character were introduced during each of the remaining years of the 1920's.

Introduction of guarantees and unemployment benefit plans continued during the depression of the early 1930's. The General Electric Company

in 1930 adopted an unemployment-pension plan, covering 12 of its electrical apparatus manufacturing plants, and in 1931 adopted a plan guaranteeing 50 weeks' work of not less than 30 hours each (modified in subsequent years) to employees with 2 years or more service in 12 lamp manufacturing plants. The Wm. Wrigley, Jr. Co. in 1934 adopted an employment assurance plan with unemployment benefits varying according to a sliding scale dependent on pay level and length of service. The plan of Geo. A. Hormel & Co., meatpackers of Austin, Minn., was started on a small scale in 1931 and its scope gradually extended until in 1940 it covered all but a small percentage of the company's employees.

During and following the depression of the early 1930's, the character of the plans introduced shifted from guarantees of unemployment benefits to guarantees of continued employment. Compulsory unemployment insurance legislation was adopted in Wisconsin in 1932 and at later dates in other States, the latter chiefly under the provisions of the Federal Social Security Act. The legislation permitted modification of the contribution or tax features in the cases of employers who provided guarantees of employment or wages equivalent to legislatively-established standards. The chief, and as far as can be ascertained, the only direct effect of the legislation upon the introduction of guarantee plans occurred in the case of the Wisconsin law, which completely exempted from the unemployment tax employers who guaranteed 42 weeks' pay (at 36 hours a week, changed in 1935 to 40 weeks at two-thirds of full-time) to their workers. A total of 96 employers operated guarantee plans under this law for a period of slightly more than a year, beginning in 1934 and ceasing at the end of 1935. At that time the statutory provisions in Wisconsin were changed to conform to the requirements of the Federal statute, applicable to all State unemployment compensation laws, under which employers who guaranteed employment or wages were given tax credits, but not complete exemption. Only six additional States—California, Florida, Idaho, Indiana, Minnesota, and Oregon—are reported to have made provision in their unemployment compensation laws for guarantee plans, but none of them implemented the clauses with the necessary

administrative regulations. No guarantee plans were ever adopted under these laws.

Further legislative provision affecting guarantee plans was made in 1938, when the Fair Labor Standards Act was adopted. Under section 7 (b) (2) of this act, exemption from penalty overtime provisions (up to 12 hours a day or 56 a week) was granted in cases where workers were employed—

“on an annual basis in pursuance of an agreement with his employer, made as a result of collective bargaining by representatives of employees certified as bona fide by the National Labor Relations Board, which provides that the employee shall not be employed more than 2,080 hours during any period of 52 consecutive weeks.”

To date, very few employers have used this exemption. The most substantial plan operating under the provision is that of Geo. A. Hormel & Co., which had been in operation prior to the passage of the act.

During the period following the depression of the early 1930's, greater numbers of plans were introduced yearly than in any year prior to the depression. During the years 1938-42 new plans were introduced at the rate of from 19 to 23 a year, compared with a maximum of 4 a year during the 1920's, and from 2 to 6 during the early 1930's. The latter half of the 1930's saw the introduction of a number of “basic crew” provisions in agreements in the wholesale and retail trades. Under these contracts, specified numbers of workers, ranging from less than half to well over three-quarters of the workforce, were guaranteed full weekly wages throughout the year.

The last of the well-known plans, that of the Nunn-Bush Co., was established in 1935. This plan early in 1946 guaranteed a continuous employment relation to workers with the greatest seniority, and provided that the total earnings of all workers with 2 years' service (including, but generally exceeding, the number of workers who had the employment relation guarantee) should be a predetermined proportion, no less than 20 percent of the wholesale value of the company's product. Workers shared in this amount in proportions determined by rates which reflected job differences.

By the beginning of 1946, according to the information which has been compiled by the Bureau, a total of 347 plans which met the definition used in this study had been introduced. A year-

by-year tabulation of the time of their initiation is shown in table 1.

TABLE 1.—Number of guaranteed wage or employment plans in Bureau of Labor Statistics survey, by year of initiation

Year of initiation	Number of plans
Total.....	¹ 347
Prior to 1900.....	3
1905.....	1
1912.....	1
1913.....	1
1914.....	1
1916.....	1
1917.....	1
1918.....	1
1919.....	1
1920.....	4
1921.....	3
1922.....	1
1923.....	4
1924.....	3
1925.....	2
1926.....	2
1927.....	2
1928.....	1
1929.....	4
1930.....	2
1931.....	5
1932.....	6
1933.....	6
1934.....	¹ 102
1935.....	17
1936.....	11
1937.....	10
1938.....	23
1939.....	20
1940.....	19
1941.....	21
1942.....	19
1943.....	8
1944.....	21
1945.....	9
Data not available.....	11

¹ Includes 96 plans initiated in 1934 under the encouragement of the tax exemption provisions of the Wisconsin unemployment compensation law.

DISCONTINUANCE OF PLANS

Of the plans known to the Bureau of Labor Statistics that had been introduced up to the beginning of 1946, 196 were still in existence at that time. The remainder, a group including all of the 96 plans introduced in 1934 under the Wisconsin unemployment compensation law and 55 others, had been discontinued before the end of 1945.

In the case of the 96 Wisconsin plans and a small number of others, discontinuance resulted from the circumstances surrounding the introduction of compulsory unemployment insurance legislation. In the case of the Wisconsin plans, amendment of the State law to conform with the requirements of the Federal Social Security Act removed the

tax exemption which the companies had enjoyed under the former statute, and the employers thereafter individually elected not to come under the guaranteed account provisions of the legislation. In a few other cases, plans that had been instituted prior to the passage of compulsory unemployment compensation legislation were discontinued upon the passage of such laws because it was believed that the objective which the plans were designed to meet was met by those laws.

In the remainder of the cases, discontinuance was largely the result of special individual circumstance, in a number of cases related to the general state of business conditions at the time the plans were discontinued, but on the whole the result of problems facing the individual employer.

Two of the earliest plans abandoned were those of the American Cast Iron Pipe Co., discontinued in 1926, and the Consolidated Water Power & Paper Co., discontinued in 1929. Only incomplete information is available on the reasons for their discontinuance: The former was discontinued on the eve of a major technological change in the industry, the latter during a period of relatively full employment. The wallpaper plan—one of the earliest begun—was discontinued in 1930, after a considerable amount of dispute over the plan's administration, and in a period when depression conditions and the rise of substitute materials were seriously affecting the industry.

The plan of the United Diamond Works, under which benefits had been paid for almost a full year during the 1921-22 depression, ended in 1931, following a period of uncertainty in the industry to which international tariff problems contributed. In the same year the unemployment benefit plans of the Brown & Bailey Co. and the Cleveland garment manufacturers were discontinued; in the latter case the reason is reported to have been the long-range decline of the local market and the shift in the character of the industry. The plans of the Leeds & Northrup Co. and the Dennison Manufacturing Co. were discontinued in 1932 when their unemployment benefit reserves were exhausted. The depression years also saw the disappearance of many of the unemployment benefit plans not included in this study (those that could not meet the test of a 3-month guarantee), resulting chiefly from depletion of their individual unemployment compensation reserves.

Of the plans discontinued after the depression of the early 1930's, 15 were studied in detail by the Bureau, and information is available concerning the circumstances of their discontinuance. The effects of the depression seem to have been an important contributory cause of abandonment in only one case, where the guarantee was substantially modified to provide less than 50 percent of the earnings originally guaranteed, and the plan was finally abandoned in 1937. Four of the plans were abandoned during World War II, largely as a result of wartime business uncertainties. Four were abandoned after management had come to the conclusion that the plans were not needed, because the employer was able to provide substantially more work than the guarantee assured. All but one of these plans had been in existence for 3 years or less, and all were abandoned between the years 1939 and 1942. Three plans—two of which were introduced to avoid overtime compensation and one of which was introduced as an alternative to a wage increase—were abandoned as a result of employee dissatisfaction with the plan and union opposition. One of the remaining three plans was abandoned following the passage of unemployment compensation legislation; another was ended during World War II when management became worried about possible conflict between its obligations under the plan and its obligations to returning veterans, and when a newly organized union showed indifference to the plan's continued existence. Finally, the plan of the Columbia Conserve Co., which had operated successfully over a period of 25 years and through three periods of business depression, was abandoned as the aftermath of a labor dispute. Wages and union organization had arisen as issues among the employee-owners, resulting in a National War Labor Board dispute case and a court suit. The employee-ownership feature of the plan was ended by court order as a result of the suit, and the management of the company simultaneously ended the guarantee. In this case, as in a number of other cases where plans were discontinued, management and union representatives expressed great interest in possible future attempts at guaranteeing employment or wages.

As can be seen from table 2, guarantee plans were discontinued from time to time during the entire span of years over which plans have been

in existence. With the exception of the year 1935, when the 96 Wisconsin plans were discontinued, there is no significant concentration. It is noticeable, too, that the discontinued group includes plans which had been in existence for varying lengths of time. Some, like the wallpaper plan and the plan of the Columbia Conserve Co., were among the oldest plans on record, while others had been in operation for only a few years when they were dropped.

TABLE 2.—Number of discontinued guaranteed wage or employment plans in Bureau of Labor Statistics survey, by year of discontinuation and number of years of existence at time of discontinuation

Year of discontinuation	Total number discontinued	Number of discontinued plans by number of years in existence					
		1 year	2-4 years	5-9 years	10-14 years	15-24 years	25 years and over
Total.....	1 151	1 107	22	13	4	3	2
Total excluding 96 plans adopted in 1934 under the Wisconsin unemployment compensation law and discontinued in 1935.....	55	11	22	13	4	3	2
1926.....	1		1				
1929.....	1	1					
1930.....	1						1
1931.....	3		1		2		
1932.....	2			1	1		
1933.....	1				1		
1935.....	1 97	1 96		1			
1937.....	2			1		1	
1938.....	3	2		1			
1939.....	3	2	1				
1940.....	6	2	2	1		1	
1941.....	5		4			1	
1942.....	6	1	3	1			1
1943.....	8	2	3	3			
1944.....	5		4	1			
1945.....	7	1	3	3			

¹ Includes 96 plans initiated in 1934 under the encouragement of the tax exemption provisions of the Wisconsin unemployment compensation law, and discontinued in 1935 when the tax exemption was eliminated.

THE NET STATUS OF PLANS

As has already been shown, the net result of the continued inauguration of new plans and the discontinuance of others was a total of 196 during the early part of 1946. With the exception of the year 1935, when the 96 plans adopted under the Wisconsin unemployment compensation law were discontinued, the picture, as shown in table 3, is

TABLE 3.—Total number of guaranteed wage or employment plans in Bureau of Labor Statistics survey that were in operation each year, 1893-1945

Year	Number of plans in operation at the end of each year	Year	Number of plans in operation at the end of each year
1893.....	1	1929.....	35
1894-95.....	2	1930.....	36
1896-1904.....	3	1931.....	38
1905-11.....	4	1932.....	41
1912.....	5	1933.....	46
1913.....	6	1934.....	1 148
1914-15.....	7	1935.....	68
1916.....	8	1936.....	79
1917.....	9	1937.....	87
1918.....	10	1938.....	107
1919.....	11	1939.....	125
1920.....	15	1940.....	138
1921.....	18	1941.....	154
1922.....	19	1942.....	166
1923.....	23	1943.....	167
1924.....	26	1944.....	183
1925.....	28	1945.....	185
1926.....	29	(Data not available— 11 plans)	
1927.....	31		196
1928.....	32		

¹ Includes 96 plans initiated under the encouragement of the tax exemption provisions of the Wisconsin unemployment compensation law in 1934 and discontinued in 1935 when the tax exemption was eliminated.

one of constant growth of the number of plans in existence, at an accelerated rate during the period since 1934.

The plans that are now in existence, as shown in table 4, have been in operation over varying periods of years. Approximately one-third have been in operation for 10 years or longer, and 11 plans have been in operation for 25 years or more.

TABLE 4.—Number of currently operating guaranteed wage or employment plans in Bureau of Labor Statistics survey, by number of years in existence (as of January 1946)

Number of years in existence	Number of plans still in operation	Number of years in existence	Number of plans still in operation
Total.....	196	10 years.....	9
Less than 1 year.....	7	11 years.....	17
1 year.....	2	12 years.....	6
2 years.....	19	13 years.....	6
3 years.....	7	14 years.....	5
4 years.....	17	15 to 19 years.....	8
5 years.....	13	20 to 24 years.....	8
6 years.....	17	25 to 29 years.....	4
7 years.....	14	30 to 34 years.....	4
8 years.....	11	35 years and over.....	3
9 years.....	8	Not available.....	11

THE EXTENT AND NATURE OF GUARANTEED WAGE OR EMPLOYMENT PLANS IN THE UNITED STATES

CURRENTLY OPERATING PLANS

Prevalence

In January 1946, the 196 guaranteed wage or employment plans known by the Bureau of Labor Statistics to be in operation in the United States covered a total of approximately 61,000 workers. Some of the plans were master contract arrangements, involving a number of employers and unions in the same industry and community, and others were plans which covered several plants of the same company. As a consequence, the number of establishments was, of course, considerably greater than the number of plans. There were, in all probability, additional bona fide plans that were not included in the study. Compared with the total number of establishments or wage earners in the United States, the coverage of all guaranteed wage or employment plans is small. It is estimated to be less than 1 percent of the total number of wage earners employed in nonagricultural, non-governmental establishments. The significance of the plans lies, however, in their provisions and accomplishments, rather than in their prevalence.

The 196 plans were found in a great many industries. Almost 40 percent of them, involving 38 percent of total employment covered, were in manufacturing industries. Within the manufacturing group, the plans were most frequently found in industries which have substantial seasonal variations, and those which produce for consumer demand. The greatest numbers of plans occurred in establishments manufacturing food products—brewing, meat packing, grain and flour; in textile mills—primarily in dyeing and finishing establishments; and in apparel companies. Relatively few plans were found in heavy or basic manufacturing industries, which are subject to much wider cyclical fluctuations, but often to less marked seasonal variation (table 5).

TABLE 5.—Number of currently operating guaranteed wage or employment plans in the Bureau of Labor Statistics survey, by industry group

Industry group	Number of currently operating plans
Total plans.....	196
Manufacturing, total.....	75
Food and kindred products.....	21
Textile-mill products.....	15
Apparel and other finished products made from fabrics and similar materials.....	12
Lumber and timber basic products.....	1
Paper and allied products.....	3
Printing, publishing, and allied industries.....	8
Chemical and allied products.....	5
Leather and leather products.....	1
Stone, clay, and glass products.....	1
Iron and steel and their products.....	2
Nonferrous metals and their products.....	1
Machinery (except electrical).....	2
Electrical machinery.....	1
Transportation equipment (except automobiles).....	1
Miscellaneous manufacturing industries.....	1
Nonmanufacturing, total.....	121
Nonmetallic mining and quarrying.....	1
Construction—general contractors.....	3
Wholesale trade.....	23
Retail trade.....	56
Real estate.....	2
Railroads.....	1
Water transportation.....	10
Warehousing and storage.....	1
Services incidental to transportation.....	1
Communication.....	1
Heat, light, and power.....	2
Services.....	19
Nonprofit membership organizations.....	1

Outside manufacturing industry, the greatest number of plans was in the retail trade group. As in the case of the manufacturing industries which produced consumer products, the establishments in retail trade were in many instances in lines of activity that were subject to significant seasonal variation: mail order houses, clothing stores, department stores. The same was true of establishments in wholesale trade, which contained the next most numerous group.

The detailed studies of experience with guaranteed wage or employment plans in 62 cases demonstrated about as wide a variety of month-

to-month employment variations as exists in all American industry. Within individual industries or groups of plants, the studies did not point to the existence of special situations or exclusive processes that might have led to greater employment stability or served to give competitive advantage among the companies which had guarantees in effect. An overwhelming majority of the guarantees, in fact, were introduced by firms which faced employment stabilization problems of the same kind that are faced by employers generally.

The majority of the establishments that guaranteed employment or wages were located in the industrial regions of the country. More than 70 percent of the 196 were in the Middle Atlantic and Great Lakes regions, and almost 45 percent were in the cities of New York, Chicago, Cleveland, and Philadelphia. Very few were found in the Southeast, Southwest, or West. The following cities had the largest numbers of plans:

Chicago, Ill.....	10
Cleveland, Ohio.....	10
Detroit, Mich.....	6
Milwaukee, Wis.....	5
New York, N. Y.....	61
Philadelphia, Pa.....	5

Plans were found in establishments of all sizes, although most of them were in small establishments. Table 6 contains a distribution of the total number of wage earners in establishments covered by the plans in 172 cases for which such information was available. While in several cases the employment data for individual plans group together the employment of a number of establishments, as in the cases of master contracts and companies with more than one establishment under the same plan, the table gives a fairly good picture of the size of the establishments involved. About 55 percent of the plans were in employing units of less than 50 persons; an additional 10 percent of the plans were in employing units of 50 to 100 persons. Ten percent of the plans were in employing units of 1,000 persons or more.

TABLE 6.—Number of currently operating guaranteed wage or employment plans in Bureau of Labor Statistics survey, by total number of wage earners

Total number of wage earners in establishment or establishments covered by plan	Number of currently operating plans
Total.....	¹ 196
Less than 25.....	64
25 to 49.....	29
50 to 74.....	13
75 to 99.....	5
100 to 249.....	23
250 to 499.....	² 14
500 to 749.....	3
750 to 999.....	3
1,000 to 2,499.....	² 6
2,500 to 4,999.....	² 6
5,000 to 7,499.....	2
7,500 to 9,999.....	1
10,000 and over.....	3
Total employment not available.....	³ 24

¹ A guaranteed wage or employment plan embodied in a master contract between a trade association and a union is counted as a single plan, and is classified according to the total number of wage earners in all of the covered establishments. There are 10 such cases.

² Includes 1 master contract plan.

³ Includes 7 master contract plans.

In 130 of the 196 plans, unions represented the employees covered by the guarantees in general collective bargaining relations (table 7). Where one union was involved, the unions were A. F. of L. affiliates in 36 cases, C. I. O. affiliates in 64 cases, and were unaffiliated in 13 cases. In 17 cases there were 2 or more unions of different affiliation representing the workers. In a majority of the cases where unions represented the workers, the plans were subjects of collective bargaining. In a number of cases, however, the plans were introduced prior to unionization and have not since been included within the scope of collective bargaining.

TABLE 7.—Number of currently operating guaranteed wage or employment plans in Bureau of Labor Statistics survey, by representation of covered workers

Representation of covered workers	Number of currently operating plans
Total.....	196
Nonunion.....	66
Union.....	130
A. F. of L. affiliate.....	36
C. I. O. affiliate.....	64
Unaffiliated union.....	13
Two or more unions with different affiliations.....	17

Characteristics

The basic features of the guarantee plans may be characterized best in terms of the kinds of workers eligible for coverage and the requirements which workers must meet before they are eligible for benefits, the proportions of workers actually covered, and the amounts of wages or employment guaranteed.

In 101 of the 196 plans, as indicated in table 8, coverage under the plan was open to all or nearly all workers (in some cases to all production workers, and in others to some or all other wage earners as well, including office workers, supervisory force, salesmen, etc.). In 63 of these cases, employees automatically became eligible upon hiring or within 30 days thereafter. Service requirements ranged from 3 months to more than 5 years in all but 4 cases; in these the duration of the requirement was indefinite, depending upon the employer's judgment concerning the necessary probationary period. In a large number of cases, especially where there were union contracts, the eligibility period coincided with the probationary period provided in the contract for the attainment of permanent status or a place upon the seniority rolls.

TABLE 8.—*Eligibility requirements in currently operating guaranteed wage or employment plans in Bureau of Labor Statistics survey, by representation of covered workers*

Eligibility requirement	Number of currently operating plans		
	Total	Union	Non-union
Total.....	196	130	66
Coverage open to all employees.....	101	54	47
Upon hiring or after service of 30 days or less.....	63	37	26
Upon service of 3 months.....	4	2	2
Upon service of 6 months.....	9	4	5
Upon service of 1 year.....	9	5	4
Upon service of 1½ to 5 years.....	7	4	3
Upon service of 5 years or more.....	5	2	3
Upon selection by employer.....	4	---	4
Coverage includes only employees in "regular" jobs.....	35	29	6
Coverage open only to employees in specific departments or occupations.....	51	45	6
Upon hiring or after service of 30 days or less.....	36	32	4
Upon service of 3 months or more.....	9	7	2
Upon selection by employer.....	2	2	---
Employees in "regular" jobs only.....	3	3	---
Unknown.....	1	1	---
Coverage confined to key employees.....	9	2	7

Coverage was open only to employees in "regular" jobs in 35 of the 196 plans. The limits of this kind of coverage were in some cases established by "basic crew" contract provisions that specified the numbers of workers who were to be covered, and in other cases were established by specific elimination of "temporary," "extra," or other similar groups of workers. Limitation of the guarantee to regular workers occurred chiefly in retail and wholesale establishments, and additional length-of-service requirements were either nonexistent or brief.

In 51 cases, coverage was confined to employees in certain departments or occupations: For example, to machine printers in textile finishing and dyeing mills, to pressmen in a newspaper plant. More than two-thirds of these cases had length-of-service requirements of 30 days or less.

Coverage in nine cases was confined to key employees, usually selected upon an individual basis with an eye to the importance of the job and the service record of the individual. Plans of this variety included one which covered a small group of key production and nonproduction workers in a garment plant but excluded the bulk of the production workers, and another in an ice-cream factory which covered a small selected group of employees in a number of key skilled jobs during the dull season.

The proportions of workers covered were, of course, highest in the group of plans which permitted all employees to be eligible, and lowest in the plans restricting coverage to employees in specific departments or occupations and to key employees (table 9). Among the 101 plans where all the employees were eligible for coverage, there were 38 where every employee in the establishment was actually covered by the guarantee; in the remainder of these plans, the minor exclusions of small groups of workers and the length of service provisions reduced the proportions of workers actually covered, but only in a small number of cases to less than 60 percent. Among the 60 plans restricting coverage to specific departments or occupations or to key employees, generally less than 30 percent of the total number of workers in the establishment were actually covered by the guaran-

tee. A tabulation of proportions of workers covered showing union and nonunion establishments separately indicates a great range in both groups, but with more restricted coverage in the case of the plans in unionized establishments (table 10). This reflects to some extent the influence of the "basic crew" contracts, and the fact that the plans were limited to those parts of the establishments over which the unions had jurisdiction.

TABLE 9.—Proportion of wage earners covered in currently operating guaranteed wage or employment plans in Bureau of Labor Statistics survey, by eligibility provisions

Percentage of total wage earners covered by guarantee	Number of currently operating plans	Number of currently operating plans with eligibility open to—			
		All employees	Employees in regular jobs	Employees in specific departments or occupations	Key employees
Total.....	196	101	35	51	9
Under 5 percent.....	12			12	
5 and under 10 percent.....	13			12	1
10 and under 20 percent.....	7			5	2
20 and under 30 percent.....	12	3	1	7	1
30 and under 40 percent.....	10	5		3	2
40 and under 50 percent.....	10	2	4	3	1
50 and under 60 percent.....	11	4	2	4	1
60 and under 70 percent.....	17	13	3	1	
70 and under 80 percent.....	15	11	4		
80 and under 90 percent.....	14	12	2		
90 and under 100 percent.....	9	8	1		
100 percent.....	38	38			
Data not available.....	28	5	18	4	1

TABLE 10.—Proportion of wage earners covered in currently operating guaranteed wage or employment plans in Bureau of Labor Statistics survey, by representation of covered workers

Percentage of total wage earners covered by guarantee	Number of currently operating plans		
	Total	Union	Non-union
Total.....	196	130	66
Under 5 percent.....	12	11	1
5 and under 10 percent.....	13	12	1
10 and under 20 percent.....	7	5	2
20 and under 30 percent.....	12	10	2
30 and under 40 percent.....	10	5	5
40 and under 50 percent.....	10	7	3
50 and under 60 percent.....	11	7	4
60 and under 70 percent.....	17	14	3
70 and under 80 percent.....	15	10	5
80 and under 90 percent.....	14	9	5
90 and under 100 percent.....	9	5	4
100 percent.....	38	17	21
Data not available.....	28	18	10

The proportion of coverage was highest in plans in small employing units, as shown in table 11. Thus, 34 of the 38 plans in which 100 percent coverage was reported were in establishments employing less than 50 workers. There were, however, a small number of plans covering 70 percent or more of the total workforce in establishments or employing units with several hundred or more than one thousand workers. In absolute figures respecting numbers of covered wage earners, 149 of the 188 plans for which information was available covered less than 100 wage earners, 18 covered from 100 to 500 wage earners, 7 covered from 500 to 1,000, and 14, or 7 percent of the total number, covered 1,000 workers or more (table 12).

TABLE 11.—Proportion of wage earners covered in currently operating guaranteed wage or employment plans included in Bureau of Labor Statistics survey, by total number of wage earners

Percentage of total wage earners covered by guarantee	Number of currently operating plans by total number of wage earners										
	Total	Less than 25	25-49	50-74	75-99	100-249	250-499	500-749	750-999	1,000 and over	Total employment not available
Total.....	196	64	29	13	5	23	14	3	3	18	24
Under 5 percent.....	12		1			4	6	1			
5 and under 10 percent.....	13	1			2	3	1	1	1	4	
10 and under 20 percent.....	7	1	1	1		2				2	
20 and under 30 percent.....	12	5	2	3			1			1	
30 and under 40 percent.....	10	1	2	1		5				1	
40 and under 50 percent.....	10	5				1	1			3	
50 and under 60 percent.....	11	4	1	3		1	1		1		
60 and under 70 percent.....	17	7	3	2	1		2		1	2	
70 and under 80 percent.....	15	9	1			2				3	
80 and under 90 percent.....	14	4	4	1	1	2	1			1	
90 and under 100 percent.....	9	2	4	1		1				1	
100 percent.....	38	25	9	1	1	1				1	
Data not available.....	28		1			1	1	1			24

TABLE 12.—Distribution of number of wage earners covered by currently operating guaranteed wage or employment plans in Bureau of Labor Statistics survey

Number of wage earners covered	Number of currently operating plans
Total.....	¹ 196
Less than 5.....	33
5 to 9.....	32
10 to 24.....	41
25 to 49.....	30
50 to 99.....	13
100 to 499.....	² 18
500 to 999.....	² 7
1,000 to 4,999.....	³ 13
5,000 and over.....	1
Covered employment not available.....	² 8

¹ A guaranteed wage or employment plan embodied in a master contract between a trade association and a union is counted as a single plan, and is classified according to the total number of wage earners in all of the covered establishments. There are 10 such cases.

² Includes 2 master contract plans.

³ Includes 4 master contract plans.

For purposes of comparative analysis of the duration of the guarantees, the Bureau has classified the plans in accordance with the amount of wages or employment guaranteed or advanced, in terms of weeks of full-time or part-time hours or pay. In the few cases in which the duration of the guarantee was adjusted according to a sliding scale on the basis of such factors as wage rate or length of service, the maximum duration of the guarantee was used for the tabulation. The number of weeks of employment guaranteed was chosen as the means of expressing the common denominator because guarantees in terms of number of weeks of employment per year occurred most frequently. The actual wording of the guarantees reflected a wide range of plan and contract terminology. The variety of language used is illustrated by a listing (on p. 13) of extracts from the texts of plans which guarantee substantially the same employment—a full year, at full-time wages.

Almost two-thirds of the plans (128 out of 196) guaranteed employment for a full year at full-time hours or pay (table 13). Most of these arrangements were guarantees of 52 full weeks of employment or pay in the absence of employment; very few were expressed in terms of an annual wage. Eighty-five percent of the plans (166) guaranteed full-time pay for 40 weeks or more. The total of 61,000 workers covered by the 196 plans was distributed in approximately the same manner as the number of plans (table 14).

TABLE 13.—Duration of guarantee in currently operating guaranteed wage or employment plans covered by Bureau of Labor Statistics survey, by representation of covered workers

Duration of guarantee	Number of currently operating plans		
	Total	Union	Non-union
Total.....	196	130	66
Full year (52 weeks, 2,080 hours, etc.).....	140	80	60
At full-time hours or pay.....	128	69	59
At less than full-time hours or pay.....	12	11	1
50 weeks' full-time hours or pay.....	9	9	—
48 weeks' full-time hours or pay.....	7	5	2
47 weeks' full-time hours or pay.....	4	4	—
46 weeks' full-time hours or pay.....	8	8	—
40-45 weeks' full-time hours or pay.....	10	9	1
38-39 weeks' full-time hours or pay.....	11	10	1
13-37 weeks.....	7	5	2
At full-time hours or pay.....	3	2	1
At less than full-time hours or pay.....	4	3	1

TABLE 14.—Duration of guarantee in currently operating guaranteed wage or employment plans covered by Bureau of Labor Statistics survey, by number of workers covered by guarantee

Duration of guarantee	Total number of workers covered in currently operating plans
Total.....	¹ 61, 229
Full year (52 weeks, 2, 080 hours, etc.).....	² 51, 250
At full-time hours or pay.....	² 41, 529
At less than full-time hours or pay.....	9, 721
50 weeks' full-time hours or pay.....	1, 465
48 weeks' full-time hours or pay.....	³ 4, 176
47 weeks' full-time hours or pay.....	41
46 weeks' full-time hours or pay.....	20
40 to 45 weeks' full-time hours or pay.....	745
38 to 39 weeks' full-time hours or pay.....	⁴ 138
13 to 37 weeks.....	3, 394
At full-time hours or pay.....	1, 206
At less than full-time hours or pay.....	2, 188

¹ Data not available for 8 plans.

² Data not available for 5 plans.

³ Data not available for 2 plans.

⁴ Data not available for 1 plan.

Most of the guarantees were expressed in terms of employment rather than in terms of wages. The detailed studies made by the Bureau in 62 cases indicated that this manner of expression arose largely from the employer's confidence that he could provide the stated amount of work, and where the worker failed to make himself available for work, no pay was generally given.

Thus far, it has appeared that a major proportion of the guarantees provided full-time pay for an entire year, and that a large group provided

coverage for all employees upon hiring or after a relatively short period of time. A cross-tabulation of these two characteristics provides a method of determining the extent to which full-year guarantees and guarantees to all employees after a short period of time coincided. Table 15 shows the multiplicity of combinations of guarantee and eligibility provisions that were embodied in the

plans. For example, of the group of 128 plans which guaranteed full-time employment for an entire year, 39 afforded coverage to all employees upon hiring or within 30 days thereafter. The remainder had additional length-of-service requirements, or restricted coverage to employees in "regular" jobs, to employees in specific departments or occupations, or to key employees.

TABLE 15.—Duration of guarantee in currently operating guaranteed wage or employment plans covered by Bureau of Labor Statistics survey, by eligibility requirements

Duration of guarantee	Number of currently operating plans																
	Grand total	Coverage open to all employees								Coverage includes only employees in regular jobs	Coverage open only to employees in specific departments or occupations					Coverage confined to key employees	
		Total	Upon hiring or after 30 days or less	Upon service of 3 months	Upon service of 6 months	Upon service of 1 year	Upon service of 1½ to 5 years	Upon service of 5 years or more	Upon selection by employer		Total	Upon hiring or after 30 days or less	Upon service of 3 months or more	Upon selection by employer	Employees in regular jobs only		Unknown
Total.....	196	101	63	4	9	9	7	5	4	35	51	36	9	2	3	1	9
Full year (52 weeks, 2,080 hours, etc.).....	140	70	40	4	6	8	5	3	4	32	29	19	6	1	3	-----	9
At full-time hours or pay.....	128	67	39	4	6	7	4	3	4	27	25	16	5	1	3	-----	9
At less than full-time hours or pay.....	12	3	1	-----	-----	1	1	-----	-----	5	4	3	1	-----	-----	-----	-----
50 weeks' full-time hours or pay.....	9	4	3	-----	-----	1	-----	-----	-----	2	3	1	1	-----	-----	1	-----
48 weeks' full-time hours or pay.....	7	4	1	-----	1	-----	2	-----	-----	-----	3	3	-----	-----	-----	-----	-----
47 weeks' full-time hours or pay.....	4	4	4	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
46 weeks' full-time hours or pay.....	8	8	8	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
40-45 weeks' full-time hours or pay.....	10	4	3	-----	-----	-----	-----	1	-----	1	5	4	1	-----	-----	-----	-----
38-39 weeks' full-time hours or pay.....	11	4	4	-----	-----	-----	-----	-----	-----	-----	7	7	-----	-----	-----	-----	-----
13-37 weeks.....	7	3	-----	-----	2	-----	-----	1	-----	-----	4	2	1	1	-----	-----	-----
At full-time hours or pay.....	3	2	-----	-----	1	-----	-----	1	-----	-----	1	1	-----	-----	-----	-----	-----
At less than full-time hours or pay.....	4	1	-----	-----	1	-----	-----	-----	-----	-----	3	1	1	1	-----	-----	-----

LISTING OF GUARANTEED WAGE OR EMPLOYMENT PLAN CLAUSES, ILLUSTRATING THE VARIETY OF METHODS EMPLOYED TO EXPRESS GUARANTEES OF FULL-TIME ANNUAL EMPLOYMENT

1. The employer agrees to continuously employ----- union persons * * *. These shall constitute the basic staff and shall not be subject to lay-offs at any time.
2. The tenure of employment of permanent employees shall be 52 weeks in each year without any lay-off whatsoever.
3. For each full year of service after the first year, 2 months of indemnity in case of complete lack-of-work lay-off, or 346⅓ hours of straight time pay in case of partial lack-of-work lay-off, will be added to the indemnity or guarantee until, after 6 full years of service, a maximum of 1 year or 2,080 hours' indemnity or guarantee is provided.
4. All employees shall receive 12 months of uninterrupted employment.
5. All steady employees who come under the scope of this agreement shall be guaranteed steady employment throughout the life of this contract.
6. The basic gang employed by the employer hereunder shall consist of 3 mechanics, 2 helpers and 1 car washer. Each of such men shall be employed by the employer for 2,000 hours during the period of 1 year covered by this agreement * * *.
7. All skilled employees covered by this agreement who have passed their probationary period as hereinbefore set forth, shall be paid on the basis of 52 weeks per year.
8. * * * each of the said members of the said association in the employ of the company * * * shall * * * work not more than 2,000 hours during 50 calendar weeks of the period covered by this contract. It is the intent of the parties hereto that the members of the association shall have 2 weeks' vacation with full pay.
9. Each employee * * * will be offered 2,000 hours of work during the calendar year. In addition to offering each employee 2,000 hours of work, each

employee will be given paid time off at times to be designated by the employer to make this agreement conform to the 40-hour provision in the regular contract.

10. The employer guarantees to the 5 maintenance men named in the contract between the parties, dated November 1, 1941, not less than 48 hours of work, or the monetary equivalent thereof, in every week during the 52-week period which is the term of this contract.
11. It is further agreed that regular employees be employed 52 weeks per year.
12. Whenever the term "steady employee" or "steady employees" shall be used in this agreement, it shall refer to such employees of the employer who are guaranteed under this agreement 12 months work in each year during the period of the contract.
13. A salesman may be discharged upon 2 weeks' written notice by the employer to the union * * * (slack season, however, shall not be deemed a cause or a reason for the discharge of a regular salesman).
14. Said employer agrees to employ said employee as _____ for a term of 1 year from the date hereof, at a weekly salary of _____.

Further examination of the group of cases which provided the most substantial guarantees to the broadest groups of workers shows that they were for the most part cases that involved small or medium-sized groups of workers (table 16), and that more than half of them occurred in wholesale and retail trade (table 17). The proportion of unionized establishments was substantially less in this group than in the entire group of 196 plans.

TABLE 16.—*Distribution of 56 currently operating plans guaranteeing full-time employment or wages for 52 weeks a year to all workers upon hiring or upon service of 1 year or less, by number of covered workers*

Number of wage earners covered	Number of plans	
	Upon hiring or after 30 days or less	Upon service of 1 year or less
Total.....	39	56
Less than 5.....	5	5
5 to 9.....	9	12
10 to 24.....	9	10
25 to 49.....	10	15
50 to 99.....	1	3
100 to 499.....	3	5
500 to 999.....	-----	-----
1,000 to 4,999.....	1	3
5,000 and over.....	-----	1
Covered employment not available....	1	2

TABLE 17.—*Distribution of 56 currently operating plans guaranteeing full-time employment or wages for 52 weeks a year to all workers upon hiring or upon service of one year or less, by industry*

Industry group	Number of plans	
	Upon hiring or after 30 days, or less	Upon service of 1 year, or less
Total.....	39	56
Manufacturing, total.....	7	14
Food and kindred products.....	3	7
Textile-mill products.....	-----	1
Apparel and other finished products made from fabrics and similar materials.....	-----	1
Printing, publishing, and allied industries.....	3	4
Chemicals and allied products.....	1	1
Nonmanufacturing, total.....	32	42
Construction—general contractors.....	2	2
Wholesale trade.....	9	13
Retail trade.....	14	18
Real estate.....	1	2
Communication.....	1	1
Heat, light, and power.....	-----	1
Services.....	5	5

DISCONTINUED PLANS

A total of 151 plans are known to have operated in the United States and to have been discontinued prior to 1946, including the 96 which were in existence for slightly more than 1 year under the provisions of the Wisconsin unemployment compensation law during 1934 and 1935. The discontinued plans involved total employment of nearly 180,000, of which approximately 3 percent involved the 96 Wisconsin plans and more than 85 percent the plan of 1 large manufacturing concern. The reasons for their discontinuance have already been discussed in an earlier section.

The plans that have been discontinued exhibit no characteristics essentially different from those of the plans which are still operating. Information concerning the number of wage earners covered under the plans (table 18), the coverage provisions and eligibility requirements of the plans (table 19), and the duration of the guarantees provided (table 20), show the same general picture that has already been presented with re-

spect to the plans that are still in operation. As far as industry distribution is concerned, the discontinued plans show a substantial scattering among virtually all of the same industries in which guaranteed wage or employment plans continue to exist (table 21). Aside from the 96 Wisconsin plans, it appears that plans in retail and wholesale trade were discontinued to a lesser extent than in other industries.

TABLE 18.—Discontinued guaranteed wage or employment plans covered in Bureau of Labor Statistics survey, by number of covered workers

Number of wage earners covered	Number of discontinued plans
Total.....	¹ 151
Total, excluding 96 plans which operated under Wisconsin unemployment compensation law, 1934-35.....	55
Less than 5.....	11
5 to 9.....	2
10 to 24.....	6
25 to 49.....	6
50 to 99.....	6
100 to 499.....	13
500 to 999.....	3
1,000 to 4,999.....	2
5,000 and over.....	2
Covered employment not available.....	¹ 100

¹ Includes 96 Wisconsin plans for which data are not available.

TABLE 19.—Discontinued guaranteed wage or employment plans covered in Bureau of Labor Statistics survey, by eligibility requirements

Eligibility requirements	Number of discontinued plans
Total.....	¹ 151
Total, excluding 96 plans that operated under the Wisconsin unemployment compensation law, 1934-35.....	55
Coverage open to all employees.....	36
Upon hiring or after service of 30 days or less.....	16
Upon service of 3 months.....	2
Upon service of 6 months.....	5
Upon service of 1 year.....	8
Upon service of 1½ to 5 years.....	3
Upon service of 5 years or more.....	2
Upon selection by employer.....	—
Coverage includes only employees in "regular" jobs.....	3
Coverage open only to employees in specific departments or occupations.....	12
Upon hiring or after service of 30 days or less.....	11
Upon service of 3 months or more.....	1
Coverage confined to key employees.....	4

¹ Includes the 96 Wisconsin plans, which are not shown in the body of the table.

TABLE 20.—Discontinued guaranteed wage or employment plans covered in Bureau of Labor Statistics survey, by duration of guarantee

Duration of guarantee	Number of discontinued plans
Total.....	¹ 151
Total, excluding 96 plans that operated under the Wisconsin unemployment compensation law, 1934-35.....	55
Full year (52 weeks, 2,080 hours, etc.).....	31
At full-time hours or pay.....	23
At less than full-time hours or pay.....	8
50 weeks' full-time hours or pay.....	2
48 weeks' full-time hours or pay.....	3
47 weeks' full-time hours or pay.....	—
46 weeks' full-time hours or pay.....	—
40 to 45 weeks.....	¹ 103
At full-time hours or pay.....	¹ 102
At less than full-time hours or pay.....	1
38 to 39 weeks' full-time hours or pay.....	3
13 to 37 weeks.....	9
At full-time hours or pay.....	2
At less than full-time hours or pay.....	7

¹ Includes 96 Wisconsin plans operating from 1934 to 1935 under State unemployment compensation law which set a minimum standard of 42 weeks' guarantee (at 36 hours per week in 1934 and two-thirds of full-time hours in 1935).

TABLE 21.—Discontinued guaranteed wage or employment plans in the Bureau of Labor Statistics survey, by industry group

Industry group	Number of discontinued plans
Total.....	¹ 151
Total, excluding 96 plans that operated under Wisconsin State unemployment compensation law, 1934-35.....	55
Manufacturing, total.....	44
Food and kindred products.....	12
Textile-mill products.....	3
Apparel and other finished products made from fabrics and similar materials.....	4
Furniture and finished lumber products.....	1
Paper and allied products.....	6
Chemical and allied products.....	3
Rubber products.....	1
Stone, clay, and glass products.....	2
Iron and steel and their products.....	1
Nonferrous metals and their products.....	2
Machinery (except electrical).....	2
Electrical machinery.....	3
Automobiles and automobile equipment.....	1
Miscellaneous manufacturing industries.....	3

¹ Total includes 96 plans in Wisconsin for which industry data are available only on the basis of broad industry groupings, and by establishments, rather than plans, as follows:

Industry group:	Number of establishments
Total.....	176
Manufacturing.....	21
Transportation, communication, and public utilities.....	37
Wholesale and retail trade.....	57
Finance, insurance, and real estate.....	25
Miscellaneous services.....	23
Educational, religious, medical, etc., services.....	12
Municipal.....	1

TABLE 21.—Discontinued guaranteed wage or employment plans in the Bureau of Labor Statistics survey, by industry group—Continued

Industry group	Number of discontinued plans
Nonmanufacturing, total.....	11
Bituminous and other soft-coal mining.....	1
Nonmetallic mining and quarrying.....	1
Construction—special trade contractors (subcontractors).....	1
Wholesale trade.....	1
Retail trade.....	4
Highway freight transportation.....	1
Water transportation.....	1
Heat, light and power.....	1

EXPERIENCES WITH GOVERNMENT LEGISLATION

Reference has already been made to the 96 plans which operated for approximately 1½ years under the Wisconsin Unemployment Act of 1932, and the fact that no plans at all have come into existence under the guaranteed-account provisions of the Federal Social Security Act of 1935. The provisions of the Fair Labor Standards Act relating to guaranteed wage or employment plans in section 7 (b) (2) have been mentioned, and the Bureau's study has included a specific exploration of the experience with this law.

Twenty companies reported the operation of guaranteed wage or employment plans (eight of which are still in operation, the remainder having been discontinued, largely during the war years) under section 7 (b) (2) of the Fair Labor Standards Act.² The number of plans that have fully met the requirements of the law is unknown; none has been the subject of final court determination. In some of the 20 cases, however, there was some question whether the full requirements of the law or regulations had actually been met, (a) because of apparent failure to meet the requirement that the union representing the employees be certified

² Employers who had filed contracts with the Wage and Hour and Public Contracts Divisions under the provisions of sec. 7 (b) (2) were included in the Bureau's canvass; the Administrator's regulations under the Fair Labor Standards Act require that contracts under sec. 7 (b) (2) be filed with the Wage and Hour and Public Contracts Divisions.

Five of the twenty firms which reported operation under sec. 7 (b) (2), however, were not included in the list of companies that had filed with the Wage and Hour and Public Contracts Divisions.

as bona fide by the National Labor Relations Board, (b) because of contract provisions that may not have met the full requirements of the law (a matter which could not be finally determined because the plans had not been officially commented upon by the Wage and Hour and Public Contracts Divisions or ruled upon by the courts), or (c) because of failure (in five cases) to file contracts as required by regulation.

Eight of the companies which took advantage of the provisions of section 7 (b) (2) were included in the Bureau's detailed study of 62 cases. In one case the inducement of the overtime exemption was reported to have been responsible for initiation of the plan, which was sponsored by management. In two, the overtime exemption was reported to have been important in determining management's acceptance of union proposals for guarantee plans. In another, management's desire for overtime exemption and labor's desire for security were reported as equally important motives. In the remaining 4 cases, guarantee plans were already in effect or about to be put into effect in October 1938, the effective date of the Fair Labor Standards Act, and were modified to conform to its provisions.

Of the eight guarantees studied, five are still in operation (in only four cases under 7 (b) (2), however). One of the former 7 (b) (2) plans was abandoned because of employee dissatisfaction following a drop in annual earnings during the 2 years after the plan's inauguration. The earnings' decline had resulted from operation of the annual hours ceiling, some employees having to be laid off as early as the first week in November. The second was abandoned because of the difficulty of adhering to the annual hours limit under wartime conditions. The third was abandoned because of the general uncertainty of operating any guarantee under wartime conditions. In the latter two cases, some sentiment was reported for eventual reinstatement of a guarantee, although in both cases union representatives were lukewarm about the possibility of the plans again taking the shape of 7 (b) (2) arrangements because of the elimination of premium overtime pay and the absolute ceiling on annual hours of work. In an additional case, where a guarantee is still in operation, 7 (b) (2) provisions were eliminated in 1942 because of longer wartime working hours.

The best-known of the guarantee plans which has continued to operate under section 7 (b) (2), and the one which covered more wage-earners than any other 7 (b) (2) plan, has been that of Geo. A. Hormel & Co., whose plan antedated the Fair Labor Standards Act. At the congressional hearings on that act, representatives of the firm appeared, to urge the inclusion of a provision which would enable it to preserve its established guarantee; section 7 (b) (2) was framed to allow the continuation of and to encourage arrangements of this kind.

Six of the eight firms which operated under section 7 (b) (2) reported some difficulty during their experience with the plan in balancing man-hours so that the annual limitation stipulated in the law would not be exceeded. In two of the cases it was necessary to lay off employees before the end of the year.

One-third of the 54 employers (of the entire group of 62 studied) did not invoke the provisions of 7 (b) (2) in connection with their guarantees because they were unable to meet requirements of the section (either the guarantee provided more or less employment than the stipulated 2,080 hours, or no bargaining unit existed in the plant) or because by the nature of its business the firm was not subject to the Fair Labor Standards Act. Other reasons for failure to take advantage of the provisions of 7 (b) (2) reported less frequently were union opposition to elimina-

tion of premium overtime payments and the impossibility of controlling employees' annual hours to conform to the 2,080-hour limitation. A large proportion of the employers who did not invoke section 7 (b) (2) were not acquainted with its provisions.³

Chiefly because of unfamiliarity with its provisions, very few of the employers or union officials interviewed had suggestions to make for improvement in the provisions or administrative interpretations of section 7 (b) (2). Three employers suggested the removal of the 2,080-hour ceiling on hours, and the substitution of an annual overtime penalty provision for hours beyond this point. Four suggested that the provisions of 7 (b) (2) be made applicable to nonunion as well as to union employees. It was also suggested that the securing of interpretations or rulings on the legality of guaranteed wage proposals from the Wage and Hour and Public Contracts Divisions be facilitated and that such action be taken before contracts were signed or went into effect. Two employers and one union official suggested that in addition to an annual guarantee, the section provide for a guarantee of minimum hours per week. In general, union officials were reluctant to consider giving up premium overtime rates for a guaranteed wage or employment plan.

³ No special reasons for not utilizing 7 (b) (2) were reported by the employers who had filed contracts with the Wage and Hour and Public Contracts Divisions but had not, in fact, operated under guaranteed wage or employment plans.