

COLLECTIVE BARGAINING PROVISIONS

Wage Adjustment Plans

Bulletin No. 908-9

UNITED STATES DEPARTMENT OF LABOR

L. B. SCHWELLENBACH, *Secretary*

BUREAU OF LABOR STATISTICS

EWAN CLAGUE, *Commissioner*



Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., May 14, 1948.

THE SECRETARY OF LABOR:

I have the honor to transmit herewith the ninth bulletin in the series on collective bargaining provisions. The bulletin deals with wage adjustment plans, and is based on an examination of collective bargaining agreements on file in the Bureau. This bulletin was prepared by, and under the direction of, Abraham Weiss and by Eleanor R. Lehrer of the Bureau's Division of Industrial Relations, Boris Stern, Chief.

EWAN CLAGUE, *Commissioner.*

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

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Preface

As early as 1902 the Bureau of Labor Statistics, then the Bureau of Labor in the Department of the Interior, recognized the growing importance of collective bargaining, and published verbatim the bituminous coal mining agreement of 1902 between the Associations of Coal Mine Operators of Pennsylvania, Ohio, Indiana, and Illinois and the respective districts of the United Mine Workers of America. Since 1912 the Bureau has made a systematic effort to collect agreements between labor and management in the leading industries and has from time to time published some of those agreements in full or in summary form in the *Monthly Labor Review*.

The first bulletin entirely devoted to collective bargaining agreements was published in 1925 under the title "Trade Agreements in 1923 and 1924." Similar annual bulletins were published in 1926, 1927, and 1928. These bulletins analyzed only outstanding agreements affecting certain industries and certain skilled crafts in which collective bargaining has followed a more or less established pattern.

No bulletins in this field were published by the Bureau between 1928 and 1942—a period during which collective bargaining first lost ground in the depression and then made rapid strides following the enactment of the National Labor Relations Act in 1935. The growth in trade-union membership from fewer than 4,000,000 workers in 1935 to more than 10,000,000 in 1942 not only resulted in a large increase in the number of collective agreements covering industries hitherto not included under collective bargaining, but also extended the scope and area of bargaining in individual industries. In recognition of this development, the Bureau's 1942 report on union agreements (Bulletin No. 686) dealt with provisions and clauses on particular labor-management problems rather than with the agreements of each union or industry separately.

The substance and character of collective bargaining agreements change continuously, and many of the clauses and provisions covered in Bulletin No. 686 underwent significant changes during the war emergency, as a result not only of the normal processes of collective bargaining but of the decisions of the National War Labor Board. New problems meant new clauses and new provisions. The Board also gave added impetus to certain forms of union security, and to certain practices, now deeply imbedded in the entire field of labor-management relations.

The liquidation of the Board, and the renewal of emphasis on free collective bargaining after VJ-day, led to a tremendous increase in

the demand for information on specific current provisions in agreements. Urgent requests came from employers and unions, from the United States Conciliation Service, and from mediators and arbitrators engaged in settling or preventing labor-management disputes. It was largely in response to these requests that the Bureau of Labor Statistics undertook to revise and bring up to date the material on union agreements.

In this revision two significant departures have been made: (1) Accumulation of data has made possible the use of a larger sample than was possible heretofore. (2) The information will be presented in a series of small bulletins, each stressing a major area or significant problem of collective bargaining. This will permit the material for each major problem to be published as rapidly as finished without waiting until all of the subjects of collective bargaining are analyzed. It will have the advantage of greater flexibility in handling specific requests for material from employers, unions, and the public. Some clauses are more or less stable and undergo relatively minor changes even over a considerable period of time and therefore need only occasional revision, whereas others undergo rather rapid change. Also, as new issues develop it will be possible to add new bulletins to the series without revising those already published.

The clauses used are designed to facilitate, but not to condition, the bargaining process. No special attempt has been made to determine the prevailing industry practice or the most frequently used provisions. The clauses are presented, not as models, but as a source of reference for those who participate in collective bargaining negotiations, by making available to them a wide variety of provisions on the specific subjects under consideration. An index of all the contract clauses quoted, with a brief description of each clause, is appended to each report.

This report, dealing with wage adjustment plans, is the ninth in this Collective Bargaining Provisions series. The bulletins already published are as follows:

- No. 908-1 Union Security Provisions.
- No. 908-2 Vacations; Holidays and Week-End Work.
- No. 908-3 Incentive Wage Provisions; Time Studies and Standards of Production.
- No. 908-4 Apprentices and Learners.
- No. 908-5 Discharges, Discipline, and Quits and Dismissal Pay Provisions.
- No. 908-6 Leave of Absence and Military Service Leave.
- No. 908-7 Promotion, Transfer, and Assignment; Lay-Off, Work-Sharing, and Reemployment.
- No. 908-8 General Wage Provisions.

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Collective Bargaining Provisions

Wage Adjustment Plans

Introduction

Wage adjustments, whether applied to individual workers, to employees in a particular job classification, or to a plant as a whole, are often provided for in union agreements. Where authorized or required, wage adjustments may be made on one or several of the following bases: length of service; merit; cost-of-living change; promotion or reclassification; going job rates in the area; company profits; or other specific economic factors. Wage changes based on such factors as cost of living, general economic conditions, industry or area wage changes, are general in character and affect the plant as a whole. The other factors account for wage adjustments to individuals or to groups of employees within a given job classification.

Adjustment of Individual Wage Rates During Term of Agreement

Union agreements frequently provide for the adjustment of wage rates paid to individual employees without affecting the basic occupational wage scales. Such provisions may be general in character, permitting the employer to adjust individual rates, or may specifically spell out a schedule for such increases. Systematized schedules have been evolved as a means of compensating individual employees in proportion to the value of their services to their employer, and in this respect perform somewhat the same purpose as a piecework or wage-incentive plan. In addition, such plans have the merit of encouraging long service and of reducing turn-over. In effect, systematic individual wage adjustment plans standardize the practice of paying several different rates to workers in the same occupation or on the same job.

In such plans, a minimum starting wage rate and a maximum top rate are set. Advancement from the minimum to the maximum rate is determined by a definite schedule of progression. Pay raises within the rate range constitute individual increases in contrast with a general wage level rise which affects the scales for the various job classifica-

tions. Progression within a job classification range may be on the basis of merit alone, automatic length-of-service increments, or some combination of both.

General Permissive Adjustment of Individual Rates

Some agreements provide for individual wage adjustments on the employer's initiative or the union's request without affecting the rates of other employees. Still others make no specific provision for individual wage changes but state that the employer reserves the right to give increases to deserving workers. The employer may be required to notify the union or secure union approval before increasing a single employee's wages without raising wages of all employees in the same classification. In a few instances, individual wage decreases are barred, except by mutual consent of the parties.

1. Employer May Make Individual Wage Adjustments if Warranted

Nothing contained herein shall prevent the company from changing the status of employees within established job classifications from time to time where warranted or from making individual wage adjustments from time to time where warranted in cases where job classifications have not been established.

2. Employer Pledge to Acknowledge Merit by Granting Merit Increases

The employer will continue his policy to regard minimum wage rates as minimums and to acknowledge individual merit by raises above the minimums.

3. Union May Request Individual Adjustment

The employer may make, and/or the union request, individual adjustments in wages at any time during the life of this contract.

4. Union May Request Adjustment; Procedure Outlined

The union may at any time request an adjustment, effective as of a date not earlier than the date of such request, in the rate of pay for any individual job to compensate employees for increases in skill required, responsibility involved, effort and job conditions required in the performance of the job. Such requests for adjustments shall be presented to the employer in writing. On all such requests, the following procedure will be used in order set forth:

1. Representatives of both the union and the employer will review the job specifications, requirements, and conditions.
2. If the parties do not agree, each may then restudy and analyze the particular job, and the resulting data exchanged and reviewed by both parties.
3. If, after 20 days from the date of the written request, an agreement is not reached on the proposed adjustment, the lack of such agreement shall be considered a dispute and shall be submitted to arbitration in accordance with the provisions of article — of the agreement.

5. Individual Increase by Mutual Consent When Job Duties Increased

During the life of this agreement, the company and the union may mutually agree upon additional pay for any particular employee when his duties are materially changed beyond those set out in the wage schedule.

6. *Joint Consideration to Rates for Exceptional Employees*

Rates for employees with exceptional ability in their class of work will be given special consideration by the union committee and management.

7. *Individual Increase Allowed Only by Mutual Consent or Arbitration Award*

No increase shall be granted to any employee unless such increase is mutually agreed to by company and the union, or if said increase is awarded through the decision of an arbitrator.

8. *Union Approval for Merit Increase*

Merit increases in excess of the above rates shall be administered by the company after submitting same to the executive shop committee for approval.

9. *Notification to Union of Individual Wage Adjustments*

The company may at its discretion increase wages in any class or to an individual in any class without necessitating a change in the rate of any other individual or class. The union shall be notified of any such changes.

10. *All Employees in Classification to Receive Some Increase Granted to Individual Already Receiving Top Rate*

After the signing of this agreement no increase shall be granted to any employee receiving the top rate in a classification in any department unless the same rate of increase is granted to all employees in the same class and type of service in such department.

11. *No Individual Increase Without Equal Grant to All Employees in Classification, Unless Union Agrees Otherwise*

No increase shall be granted to any employee in any department unless the same rate of increase is granted to all employees in the same class, and type of service in such departments, except with the approval of the executive shop committee.

12. *Individual Merit Rates No Cause for Changing Base Rates*

The employers reserve the right to pay additional or premium wages under any particular classification in recognition of experience, willingness, and efficiency, but such premium wages for such job shall not be considered as changing the base pay for that job.

13. *Merit Rates Based on Merit Survey Not To Be Used as Basis for Future Minima*

It is clearly understood by the [employer] and the [union] that the attached schedule of minimum wages is not to be regarded as a wage scale intended to fix the weekly salary of every employee. On the contrary, it is understood by the [employer] that this schedule represents merely the minimum standards of compensation in the various classifications below which the [employer] shall not go. The [employer] recognizes that individual merit and responsibility shall be considered for reward. The [employer] agrees to conduct a survey to establish individual wages in keeping with relative merit and responsibility, such survey to be made by each department separately and need not be made at the same time. Such survey shall be completed and any resulting increases made effective not later than 6 months from the date of this agreement. The [union] agrees on its part, that wages above the minima may be paid without incurring obligation by the [employer] to consider such wages as a basis for future minima. Furthermore, the [union] and the [employer] agree that such raises when made shall be on a basis of relative merit and responsibility without

reclassification of the employee, except where such reclassification results from duties actually performed.

Adjustment of Intra-Plant Inequities or Inequalities

Negotiations to eliminate alleged intra-plant inequities or inequalities are sometimes specifically provided. Inequalities involve rates or classifications among employees doing the same class of work, or rates out of line with those for similar skills in other classifications. Other agreements do not specifically mention "inequalities" but contain provisions which can be interpreted as designed to eliminate inequalities. Some of these refer to adjustments to bring individual rates into proper relationship with the general wage schedule or to eliminate unfair conditions or inconsistencies in wage rates; others state that employees doing the same work shall receive the same pay.

Most of the agreements which provide for the adjustment of individual wage inequalities do not specifically outline the procedural steps in handling disputes arising over such questions. These negotiations may be handled through the regular grievance procedure, or through special machinery set up solely for the correction of inequities. They may specifically call for arbitration as a final method or exclude it. In addition, some agreements provide for negotiations to correct individual wage rates not in line with those prevailing in the particular area.

14. *Claims of Inequalities Subject to Arbitration*

If the wage rates being paid to any employee or group of employees are inequitable, they shall be increased in accordance with the procedure set forth in clause—of this agreement [grievance and arbitration procedure].

Same or similar jobs shall receive same or similar pay and inequalities which exist shall be adjusted under clause—of this agreement.

15. *Inequality Disputes Excluded from Arbitration*

In the event the company or the union or any employee makes claim that any individual wage rate set forth in annex A represents an inequality, this agreement shall open up solely for the negotiation of an increase or decrease in such rate.

It is specifically recognized by the parties to this agreement that the negotiations referred to in this article shall not be subject to the arbitration provisions of this agreement.

16. *Special Rate Review Procedure; Final Decision by Employer*

The union shall have the right to bring to the attention of management any alleged inequalities of classification or individual wage rates, which shall be reviewed in accordance with the rate review procedure outlined [below].

The various steps in the procedure for handling requests for review of alleged inequalities in individual hourly rates or incentive rates shall be as follows:

(a) The employe shall present his request directly to his foreman. But he may request his foreman to send for the steward of his department for the purpose (1) of discussing his request with him prior to presentation to his foreman, and (2) of presenting the request. No other union representative

shall participate in such conference. The foreman shall send for such steward, who, before absenting himself from his job, shall fill out and hand to the foreman a written request for such leave of absence on form MS-100. The employe shall be present at the time the request is presented to the foreman.

(b) If the matter is not adjusted to the satisfaction of the employe within 48 hours after presentation of the request to the foreman, then the employe may fill out a rate review request, form MS-99, and forward such form to the company review committee for discussion at convenient times fixed by such committee during working hours or at the end of the first shift. The employe may request his foreman to send for the steward of his department (in the manner provided in paragraph —), (1) for the purpose of assisting him in filling out the rate review request form, and (2) for the purpose of participating in the discussion, at which the employe shall be present.

(c) If the request is not adjusted to the satisfaction of the employe within 1 week after the forwarding of the rate review request form to the company review committee, then the chief steward may request a meeting with the management committee (or representatives thereof) for the purpose of discussing designated rate review request. Only the chief steward, department steward and affected employe may be present at this meeting. Following a review and discussion of the requested rates as provided herein in case an agreement cannot be reached, the decision of the management committee shall prevail.

17. Consideration of Ability in Settling Inequality Claims

Where alleged inequality in individual wage rate prevails, the matter may be taken up for adjustment and settlement made on an equitable basis, ability and skill receiving due consideration.

18. Semi-Automatic Elimination of Differential for Similar Jobs

If work is being performed by an employe that is equal to the same work being performed at a higher rate within the company, the employe performing the job at the lower rate shall be brought by an automatic step to the midpoint of the range as follows:

Seven cents at the end of 60 days. Raises from the mid-point of the range to the top of the range will be made on a merit basis, provided that the quality of production or work performed is equal to that of the employe receiving the higher rate of pay.

19. Wage Inequality Adjustments Effective as of Date of Settlement

When alleged inequalities in rates prevail, the matter may be taken up for plant adjustment and settlement made on a mutually satisfactory basis, but the new rate shall not be retroactive and shall only take effect after it has been mutually agreed on.

20. Wage Inequality Claims Retroactive to Date Mutually Agreed on or 30 Days After Original Request

In the event that either party hereto feels that any standard wage classifications or rates are incorrect by comparison with the general wage level of standard wage classifications or rates in the plant it may, by written notice, signify its desire that such wage classifications or rates be changed and the matter shall then be negotiated. If as a result of consideration of such notice it is determined by negotiation or arbitration that any standard wage classifications or rates should be changed, then such wage classifications or rates shall be adjusted and the revised wage classifications or rates shall become the standard wage classifications or rates in place of those formerly in effect. Payment on revised basis shall start on a date mutually agreed upon, or if date cannot be agreed upon,

shall become effective 30 days after written notice was served by complaining party that change was desired.

21. Claims of Inequity Banned Unless Job Content Increases Substantially

The job classifications and wage scales shown in appendix A, attached hereto, represent the equitable and proper wage rate relationship for all the said classifications. Accordingly, it is agreed that no basis shall exist for an employee whether paid on an incentive or a nonincentive basis, to allege that an incentive base rate inequity exists or a nonincentive wage rate inequity exists and no grievance on behalf of an employee alleging a wage rate inequity shall be filed or processed during the term of this agreement, unless there subsequently is a substantial increase in job content or requirements over that existing on the effective date of this agreement.

Wage Progression Plans

Some plants operate on the basis of single or flat rates, so that every worker in a job classification receives the same rate of pay. Other plants have so-called spread rates or wage progression plans with differentials within the same job classification, and a definite sliding scale whereby workers advance from the minimum to the maximum. In a third group of plants, some jobs carry a single rate, and others a rate range.

Wage progression plans are designed to reward employees for their increasing skills and abilities or for length of service (with consequent savings to employers in the cost of labor turn-over) or some combination of these. The plans may differ not only as to the basis for progression from minimum to maximum, but as to spread of the progression, the speed of the progression, and the increment at each step.

Wage-rate increases in progression plans may be automatically set in accord with length of service alone, or may be based entirely on merit criteria or on some combination of both. Under automatic in-grade wage progressions based on length of service, each worker receives automatic increments until he attains the maximum of the job rate range within a given period of time.¹ Under merit progression systems, a worker's progress within the rate range for his job is determined by management, on the basis of periodic reviews of his work and efficiency. A merit increase, in the strict sense of the term, applies only to the individual worker and not to the job or group of workers. Some plants combine both automatic and merit progression for certain job classifications.

Employers generally claim the right to grant increases solely on merit basis. Many of them are willing to make such adjustments within certain rate ranges on the condition that they alone determine the amounts granted, and oftentimes the periods at which merit in-

¹ Automatic progression plans are to be differentiated from so-called learner's starting, or hiring-in rates, which represent the rates paid to a new, inexperienced worker for a given period before he is advanced to the job rate if it is a single rate job, or to the minimum of the rate range in a progression plan.

creases should be granted. They maintain that the awarding or denial of a merit increase lies within their own discretion and within their responsibility. According to management, substitution of automatic length of service increases for merit raises in a wage progression plan means loss of incentive for workers to increase their efficiency. Since rate ranges imply differences in competence, skill, and ability of individual workers, such factors should alone determine in-grade adjustments. Moreover, differences in individual ability and efficiency are not ironed out by time. Some employers prefer length of service schedules because they mean less administrative effort and responsibility in the handling of individual increases.

Unions generally prefer automatic progression based both on length of service and on additional skill acquired through experience. According to the union, any man who is allowed to keep his job has to meet certain standards and his wage scale should be determined by length of service. Merit rating, they contend, is too personal and may become discriminatory and a source of justified dissatisfaction, or lead to favoritism and to speed-up through employee competition. Some unions, however, accept plans for individual merit increases for greater effort and superior abilities.

Merit Plans

Agreements with merit increase plans provide that an employee progresses within the rate range for his job on the basis of merit alone, i. e., his individual ability and increasing technical proficiency. Very often, such agreements provide for reviews of employees' qualifications every 3, 4, or 6 months to determine who should be granted an increase. In some instances, there are no regular rate review periods, but each employee may file a request for a merit raise at any time. The intervals for merit reviews, the parties to the review (whether management alone or management and union jointly), and the amount of increase may be outlined in the agreement. Some agreements also specify the actual method or standards to be followed in determining an employee's eligibility for a merit increase.

Management generally has full discretion in granting or withholding merit increases. In rare instances, however, agreements provide for a joint union-management committee for reviewing employee records. Sometimes the union has the right to negotiate the standards which are to govern the granting of merit increases without, however, participating in the initial application of these standards in the case of each individual employee. Management's recommendations or decisions may be submitted in advance to the union and quite often the union (or employee involved) is permitted to appeal management's action through grievance procedure. If an increase is withheld, the

agreement may provide that the employee be given a complete explanation.

22. Merit Review Every 3 Months; Amount and Frequency of Merit Raise and Employees Receiving Raise Determined Solely by Company

The spreads above the minima of the foregoing rate range schedules in sections 5-C and 5-D shall be available for merit increases to individual employees who qualify therefor in keeping with the company's plan of merit rating. Each employee, after having progressed to the minimum of the rate range for the job classification, will be merit-rated during the months of February, June, and October of each year that this agreement is in force to determine his eligibility for a merit increase. The employees to receive merit increases and the amount and frequency thereof shall be solely within the discretion of the company.

23. Semi-Annual Reviews; Appeal Within 10 Days

The company will review the position of each employee within the rate range of his job classification each May 1 and November 1, and will notify the employees of the results of the review. Should an employee be dissatisfied with such review, he must appeal through the grievance procedure within 10 days.

24. Frequency of Merit Reviews Geared to Weekly Salary Ranges; Merit Increment Limited to 10 Percent of Basic Rate

Rules for merit increase: Performance of employees will be reviewed by the company periodically to determine eligibility for increase. Such increase, if granted, shall be based upon merit, efficiency, and other qualifications, and shall not exceed 10 percent of the employee's basic weekly salary rate. The maximum applicable time between merit increase reviews shall be as follows:

Length of time from previous increase:	<i>Basic weekly salary rate</i>
6 months.....	\$45.00 or less
7 months.....	\$45.00 to \$60.00
8 months.....	\$60.00 to \$70.00
9 months.....	\$70.00 to \$80.00
10 months.....	\$80.01 to \$90.00
11 months.....	\$90.00 to \$100.00
12 months.....	\$100.00 and over

Each employee shall be informed within 30 days after the designated review date of his status of eligibility for a merit increase. Any disagreement by the union with the decision of management as to the employee's eligibility for a merit increase under this paragraph is subject to the grievance procedure. Nothing in this general agreement shall prevent the company from making such individual interim increases as in its judgment individual effort and efficiency may warrant.

25. Initial Rating by Company at 6-month Intervals; Notice to Employee and Union of Results of Review Within 5 Days; Reasons for Action Given if Grievance Filed

Attached hereto and made a part of this agreement as appendix 2, are copies of: (a) the form which sets forth the objective factors to be followed in making merit increases within rate ranges, a definition of normal quantity of a given operation, and (b) a tabulation setting forth the weighting assigned to the objective factors.

The company shall apply these standards and make the initial determination as to merit increases. Each employee shall be reviewed for this purpose once each 6 months, without prejudice to the company's right to make more frequent

reviews in its discretion. Any complaints as to the company's action may be filed through the contract grievance procedure. Immediately, or in no event later than 5 working days following a review, each employee and the union will be notified in writing whether or not he has been awarded a pay increase.

In the event a grievance is filed, the employee and the union committeeman shall be entitled to a full statement of the reasons for the action. Such statement need not be in writing, but should specify which standards of performance the employee has failed to meet.

The company shall establish for each employee a review date at each interval of 6 months from his date of hire, and shall grant him a merit review at that time. When it is found to be impracticable to review the employee on this specific date, he shall be reviewed as nearly as possible to his established review date, but in no event later than 15 days from his review date; however, any increase in his rate resulting from such review shall be effective as of the pay-roll period nearest to his established review date.

26. Periodic Reviews Suspended When Economic Conditions Affect Company. Listing of Permissible Actions by Company if Employee not Qualified for Merit Raise.

Increases within the rate range of a job classification shall be made as follows: The records of employees who have had a previous review in the same job classification shall be reviewed 6 months after the last review. New employees who have been placed in a new job classification shall be entitled to a review 6 months after employment or after having been transferred to the new job classification; except in the case of transfer to a new job in the same promotional series, with no increase in pay, when the review shall be 6 months after the employee's last review. Continuing reviews shall be made at 6 months' intervals until the maximum of the range is reached. The interval between reviews will usually be 6 months but in case of absences for any cause except vacation, the review date shall be 6 months, plus the number of days of absence in excess of 10 regular 8-hour workdays during the 6 months' period, after the last review date or date of transfer or employment, adjusted to the nearest date on which a pay-roll week begins.

Although those reviews will usually and normally be made, this procedure may be suspended during periods when the company is seriously affected by economic conditions, but will be resumed when the period of severe economic conditions no longer prevails. When the review indicates that the employee has made progress on the job by demonstrated ability and performance, he shall be considered to have qualified for and shall be given an increase to the next step of progression in his job classification. These progression steps shall be at the rate of 5 cents each, except that the last step within the range may be less than 5 cents if a greater increase would exceed the maximum for the job range. When the review indicates that the employee has not made progress on the job by demonstrated ability and performance so as to qualify him for an increase to the next progression step and for that reason an increase in pay is not warranted, he may be retained in his job at the same rate, or be transferred, or separated from the pay roll, but the employee shall be informed of such determination, and the union shall be notified. If necessary the union may request a review of such a decision. Such review shall be made by a representative or representatives of the union and a representative or representatives of the company.

27. Union Representative Present at Periodic Merit Review; Disputes Subject to Grievance Procedure

The rate and record of each employee shall be reviewed every 16 weeks with a view to wage adjustment in accord with his proven ability, production, etc. This

periodic review is not to be construed to mean that any employee is guaranteed an increase as a result of this review.

Periodic reviews of employees shall be administered in such a way as to allow the union to represent the employee at the time of his review. Any such review that is not satisfactorily concluded automatically goes to step 2 of the grievance procedure.

A special review for any employee shall be made in the event of a change of work or other conditions which may warrant such special review.

28. *Joint Merit Review; Shortened Procedure for Complaints*

Merit increases shall be granted to employees who qualify under the merit rating plan set forth in subsection "c" immediately above.

Merit committees shall be established for purposes of reviewing an employee's qualifications to determine whether such employee qualifies for a merit increase.

These committees shall be composed of the department head and the office manager representing the company and the chief steward and committeeman representing the union.

This committee shall conduct quarterly reviews of all employees eligible for merit increases.

After such quarterly reviews, each employee who has been reviewed shall be given a copy of the review sheet. If the employee is denied a merit increase and feels that he has just cause for complaint, he shall have the opportunity of appealing his review through the grievance procedure as is provided for in step 3 and subsequent steps.

29. *Employer's Merit Review Subject to Arbitration*

We will arbitrate with the committee every man not drawing top wages in his department so that he can be considered for an increase every 90 days until he receives top pay. If at the end of 90 days the arbitration committee considers he has not improved his efficiency, he will not receive the increase.

30. *No Definite Review Periods; Amount of Increment and Factors Considered Specified*

Within the rate range merit increases shall be made at 5-cent intervals wherever possible, based upon the following three factors:

1. Quantity of production;
2. Quality of production;
3. Attendance.

31. *Merit Increases During Review Period Limited to 20 Percent of Staff*

The employer shall review the pay-roll for consideration of merit increases to not more than 20 percent of the employees on July 1, October 1, January 1, and April 1. Merit increases, if given, shall be in recognition of ability, cooperation, and general improvement in suitability for the position, and shall not in any instance exceed \$10 per month.

32. *Merit Raises Granted to 25 Percent of Workers at Each Review Period; Time Limit on Filing Complaints*

Between July 15 and July 31 and the following January 15 and January 31 the company shall review the status of each employee who at the beginning of such review period was being paid at a rate equal to or more than the midpoint of his labor grade and below the maximum rate for such grade. Upon each such semiannual review individual merit increases will be granted to 25 percent of the number of such employees in amounts of 5 cents, or if the rate of an employee receiving an increase is less than 5 cents below the maximum rate for his labor grade, then in an amount equal to the difference between such em-

employee's rate and such maximum rate. Merit increases so granted shall be made effective as of the beginning of the first pay-roll period commencing on or after the twenty-second day of the month in which such review is being made. Under no circumstances shall a merit increase result in a rate higher than the maximum rate for the labor grade in which the employee is working.

Any denial of a merit increase as a result of improper discrimination in the application of the merit review shall be subject to the grievance and arbitration procedures. Any grievance under this section must be filed in writing within 15 days after the end of the semiannual review period.

33. *Increases Up to Top of Job Grade by Aptitude and Merit; to Top by Merit Only; Factors Listed*

Advancement from "D" to "C" and from "C" to "B" grades may be made by the company at any time the employee has demonstrated superior aptitude and merit.

Advancement in all classes from "B" to "A" shall be by merit only. Merit increases shall be determined within the limit of total merit increase by the company.

In considering increases because of merit, the company will take into consideration all factors regarding the employee's qualifications including the following:

- (a). General aptitude and skill.
- (b). Sense of responsibility for equipment used.
- (c). Quality of work performed.
- (d). Quantity of work performed.
- (e). General cooperation with other employees and management.
- (f). Length of service.

34. *Employer to Give Consideration to Union Nominations for Merit Increase*

The status of all employees covered by this agreement shall be reviewed at least twice a year by the company for the purpose of granting salary increase for merit. The company will give consideration of proposals from the union concerning special qualifications of any employee, but shall be the judge of merit and shall make the final determination as to merit increases under this section.

35. *Union May Petition Company for Individual Merit Raises*

The grievance committee shall have the right to present requests for adjustment of inequalities and for merit increases in wages to which the company will give reasonable consideration.

36. *Union May Recommend Merit Increases; Disputes Arbitrable*

Merit reviews for engineers and technicians shall take place on May 1 and November 1 of each year. The merit reviews shall be handled on the following basis:

The union shall submit to the company a list of employees whom they consider eligible to receive merit increases within the month preceding the review.

Any dispute arising out of the application of this section shall be subject to grievance procedure and arbitration.

37. *Employee Participates in Efficiency Rating; Right to Make Written Agreement*

The rating or evaluation of all employees shall be specific, be related to the job description, and shall discuss the actual performance of the work done by

the employee. The rating or evaluation shall be made with the knowledge and active cooperation of the employee and such a rating or evaluation in its final form shall be seen by and discussed with the employee, who may thereafter comment on it in writing. Such comments shall be filed along with the rating or evaluation as part of the employee's personnel record.

Automatic Progression Plans

Agreements containing automatic progression plans provide for automatic wage increases from the minimum to the maximum rate on the basis of length of service. Generally, the automatic steps cease when an employee reaches the maximum rate for his job. The increment is nearly always specified, as is the time span of the rate range established for the job.

Some agreements specifically recognize management's right to modify the fixed plans in exceptional cases and grant increases at shorter or longer intervals and in larger or in lesser amounts. Some allow management to withhold raises for certain reasons, such as lack of qualifications. In some cases, details are included regarding increases for employees on leave of absence. Since the key factor in automatic length-of-service wage progression is experience within the job, credit is often extended for comparable experience with other employers.

38. *Automatic Increases Every 4 Months to Maximum of Rate Range*

Employees employed at the minimum rates of the classification rate ranges established herein shall receive an automatic increase of 5 cents after every 4 months' employment, but the last automatic increase shall in no event bring the wage rate above the maximum of the employee's classification rate range.

39. *Automatic Increases Yearly for 8 Years*

First pilots shall be paid a minimum base pay, payable monthly at the following rates:

	<i>Per annum</i>
First year.....	
Second year.....	(1)
Third year.....	(1)
Fourth year.....	(1)
Fifth year.....	(1)
Sixth year.....	(1)
Seventh year.....	(1)
Eighth year and thereafter.....	(1)

¹ Increases of \$200 per year.

40. *Automatic Yearly Progression to Maximum Except for Laborers*

For each year of service with the company an employee shall be entitled to a rate of 2 cents per hour above the minimum set for his particular job and such increased rate shall be effective automatically upon each anniversary of employment until the maximum rate for the job has been reached; *Provided, however, That no automatic increase in rate shall be paid to employees who are classified as "laborers."*

41. Automatic Increases in Mileage Rates Up to 3 Years

The company will pay all motor coach operators in division — on the following rate schedule:

	<i>Per mile</i>
Less than 6 months' service.....	\$0. 0396
More than 6 months' service and less than 1 year.....	. 0410
More than 1 year's service and less than 18 months.....	. 0440
More than 18 months' service and less than 3 years.....	. 0455
More than 3 years' service.....	. 0485

42. Progression to Top Rate Limited to "Qualified" Employees

It is agreed that no employee will remain in the first bracket in a classification for longer than 3 months after his first regular quarterly rating, and that no employee will remain in the second bracket for a longer period than 6 months after his first regular quarterly rating; then all qualified employees will be advanced to the third bracket.

43. Automatic Progression Schedule Modified According to Worker's Progress

These schedules indicate the intervals and amounts of adjustment for consideration, and it is recognized that cases might arise where it would be advisable for the management to grant increases at shorter intervals or in larger amounts than shown on the schedule to those employees who are making exceptional progress as workmen, or to grant increases at longer intervals or at lesser amounts than shown on the schedule to those employees who are not making satisfactory progress.

44. Listing of Prerequisites for Length of Service Increase. Cancellation of Increase on Failure to Qualify.

Employees may in the company's discretion be considered for a length of service increase only when they have: (1) Reached the maximum rate of their labor grade; (2) been continuously employed for at least 2 years; (3) not had an individual increase for at least 1 year; (4) no opportunity or capacity at that time for promotion or transfer to a higher grade job; (5) qualified on the basis of their last four merit ratings and their attendance and safety records.

If after receiving a length of service increase an employee fails in any two successive ratings to qualify, such increase may be removed. If removed, such increase shall be restored whenever a subsequent rating shows the employee to be properly qualified. No question arising under this section 5B shall be the subject of the grievance or arbitration procedure except as to whether or not the company has followed the procedure provided for herein.

45. Specified Increase Quarterly; Effect of Absence on Service Requirement Specified; 10-Day Notice to Union if Automatic Increase Withheld

The standard hourly rate of an employee, when below the job rate of his job grade, shall be increased during the term of this agreement according to the schedule set forth in paragraph —, provided the employee has worked 30 days or more since the date of his last employment or since the date of the last wage progression increase he received following the date of his last employment subject to the further provisions of paragraph —.

An increase of 6 cents per hour shall be given quarterly to employees in all grades and shall become effective on the first of the fiscal months of July, October, January, and April, provided that an employee's resulting rate of pay shall not exceed the job rate of his job grade classification.

Computation of the minimum requirement of 30 days worked under (the first) paragraph above shall be made as indicated in the following special cases:

An employee who goes out on a personal or disability leave of absence and returns to the roll between two successive scheduled increase dates shall be credited with any days worked (since date of employment or last scheduled increase whichever is applicable) both before and after the leave.

An employee who has qualified to receive a scheduled increase under [the first] paragraph, but who does not receive the increase due to the fact that he is off the roll [personal or disability leave of absence] on the effective date of the increase, shall receive the increase effective on his return to the roll provided he returns before the next succeeding scheduled increase date.

An employee absent [other than paid vacation absence] on the effective date of an increase provided in [the first] paragraph above, but otherwise eligible, shall receive the increase effective only on and after his return to active duty.

If, in the judgment of the company, an employee is not entitled to an increase under the provisions of [the first] paragraph due to his performance on the job, his conduct, or excessive unexcused absenteeism or tardiness, the company may withhold such increase, provided it has notified the union in writing at least 10 days in advance of the date the increase was to have become effective.

46. *Speed of Progression Varies With Type of Job*

Unskilled job.—Start at bottom of the range and after 4 months progress to top of range.

Semiskilled employees.—Start at bottom of the range and after 6 months progress to top of range.

Skilled employees.—Start at the bottom of the range and after 8 months progress to the top of range.

A list of classifications showing a break-down of skilled, semiskilled, and unskilled jobs follows: * * *

47. *Reclassification Not to Affect Automatic Progression to Maximum of Grade*

Reclassification from one occupation group to a different occupational group within the same grade will not affect the automatic rate progression of the employee. The automatic rate progression shall continue without interruption until the maximum rate of the grade is reached.

48. *Credit for Previous Experience Toward Progression*

In the application of the foregoing schedules of minimums, experience shall include all regular employment in comparable work.

49. *Credit for Previous Experience at Company's Option*

The company may, at its discretion, grant a new employee pre-employment service credit for starting rate or wage progression purposes not to exceed the total service of such employee with the company or any other telephone company.

50. *Credit for Previous Experience on Specified Jobs Only*

The following schedule of minimum wages shall be in effect from [date] for the balance of the term of this agreement, unless changed as a result of the wage reopening provided in section—hereof. Experience, as used herein, shall mean only experience gained as an employee of the [company], except in certain classifications which have been specifically designated by an asterisk (*). In these classifications experience gained on a daily newspaper in a city of 100,000 population or more shall be credited to employees to establish the proper minimum wage.

51. *Service Credit for Time Lost During Leave Limited to Absences for Specified Causes*

The rate for each employee shall be determined by the length of time the employee has worked in his particular classification insofar as automatic progression is concerned. Time lost through illness or other causes in excess of 10 consecutive calendar days shall not be included in computing length of time for purposes of calculating the date when an automatic increase becomes effective, except for the following:

(a) Absence for service with the land or naval forces of the United States which shall be governed by the provisions of section — of article — hereof.

(b) Absence due to an accident subject to the provisions of the Workmen's Compensation Act.

(c) Not more than one employee in a calendar year who has been regularly employed by the company for more than 1 year and who has been granted a leave of absence for official union business will be entitled to receive the rate of pay in his job classification, upon his return to work, which he would have received had he not taken such leave.

52. *Lay-Off and Leaves Over 30 Days, Except Military Leave, Excluded in Calculating Length of Service for Automatic Increase*

Where length of service with the company determines an automatic increase in rate of pay, such length of service is determined from the time of original employment by the company, except in a case where employment ceased as a result of resignation, discharge, or dropping from the rolls, in which case such length of service is determined from the time of the last employment by the company. In determining such length of service for this purpose the period of any lay-off of 30 or more days and the period of any leave of absence of 30 or more days and the initial period of formal training do not count as service with the company. Where an employee is granted a military leave of absence for service in the armed forces, or a female auxiliary thereof, or in the Maritime Service of the United States, and he is reinstated by the company upon the termination of such leave of absence, the period of such leave of absence will count as service with the company in determining such total length of service for this purpose.

Combination Automatic and Merit Progression

Under plans combining the basic principles of both the automatic and merit increase plans, increases may be made automatically at specified intervals for a certain length of time on the basis of length of service and thereafter by merit, or increments may be granted automatically up to some point within the range, with further increases on the basis of merit alone. These plans sometimes represent a compromise between the union's desire for an automatic increase plan and management's wish to give merit increases only.

53. *Automatic Increases to Mid-Point of Rate Range; Merit Progression to Top of Range*

The present wage rate ranges of the production day work employees shall be split at the mid-point in each case, the lower half range to be an automatic step-rate schedule with two equal steps at 1 month and 2 months to the mid-point of

the range. The upper half from the mid-point to the maximum shall be a merit range, subject to the rating of the responsible foreman or department heads.

54. *Automatic Progression to Mid-Point of Range for Day Workers, to Three-Quarter Point for Incentive Workers; Merit Increases Thereafter*

A day worker shall be advanced automatically to the mid-point of the rate range for his job, and an incentive worker shall be advanced automatically to the three-quarter point of the rate range for his job, after he has worked on his job for the following periods:

- (a) Four months, for jobs having a guaranteed top rate up to and including \$1.16 per hour.
- (b) Six months, for jobs having a guaranteed top rate from \$1.17 per hour up to and including \$1.44 per hour.
- (c) Eight months, for jobs having a guaranteed top rate from \$1.45 per hour up to and including \$1.73 per hour.

Merit increases above the mid-point of the rate ranges for day workers and the three-quarter point of the rate ranges for incentive workers shall be determined every 6 months by the company subject to review under the grievance procedure.

Employees subject to merit increases shall be notified in writing of the result of the company's review of their rates.

55. *Automatic Increases Up to 12 Months' Service; Further Increases on Merit*

Basis for length of service increases:

- (a) After 3 months' service, 5 cents per hour.
- (b) After 6 months' service, 2½ cents per hour.
- (c) After 12 months' service, such employees will be eligible for merit increases.

Plan for merit increases:

- (a) The rates of employees eligible for merit increases will be reviewed on July 1 and January 1 of each year.
- (b) No merit increases to exceed 5 cents per hour.
- (c) Nor more than two merit increases to be granted to the same employee in any 12-month period.

56. *Automatic Increases to "Normal Rate," Merit Reviews Thereafter at 6-Month Intervals*

That the following system of wage increases will be followed:

Job levels 1 to 6 inclusive:

- Step 1. An employee starting at the minimum of the wage range will receive 4 cents an hour increase at the expiration of the first 3 months after he is classified.
- Step 2. An additional 5 cents an hour at the expiration of the next 3 months.
- Step 3. An additional 5 cents an hour at the expiration of the next 3 months (which brings him to the normal rate).

Job levels 7 to 9 inclusive:

- Step 1. An employee starting at the minimum of the wage range will receive 5 cents an hour increase at the expiration of the first 3 months.
- Step 2. An additional 5 cents an hour at the expiration of the next 3 months.
- Step 3. An additional 5 cents an hour at the expiration of the next 3 months (which brings him to the normal rate).

Job levels 10 to 12 inclusive:

Step 1. An employee starting at the minimum of the wage range will receive 5 cents an hour increase at the expiration of the first 3 months after he is classified.

Step 2. An additional 5 cents an hour at the expiration of the next 3 months.

Step 3. An additional 6 cents an hour at the expiration of the next 3 months (which brings him to the normal rate).

The foregoing is to be automatic providing the employee is making reasonable progress and has the proper attitude towards his job.

That the employer may of his own accord change the rates of individual employees based on the following factors:

(a) Attentiveness to duty.

(b) Quality of work.

(c) Rate of production.

That the employer will review the wage rate of individual employees at least once every 6 months for increases above the normal rate of the job level but such increases will be granted only as provided in paragraph — above.

57. Primary and Secondary Length of Service and Merit Increases. Limit on Amount of Individual and Plant Merit Raises

Primary length of service increases:

Automatic increases of 5 cents per hour at 2-month intervals shall be granted to employees who are rated below the minimum of their labor grade until their rate is — dollar and — cents (\$—) per hour, or the minimum rate for the labor grade, whichever is less. As shown by the schedule, this results in employees in skilled labor jobs being automatically increased to — dollars and — cents (\$—) per hour, while employees in unskilled labor jobs are increased to the single rate shown for these labor grades.

Secondary length of service increases:

These increases shall be granted to employees receiving less than the minimum for their labor grade in 5-cent increments on their anniversary date. The increases shall be continued thereafter at 6-month intervals until the employee has reached the minimum rate of his labor grade, with the final increment in an amount sufficient only to adjust to the minimum rate.

These increases are based on the assumed progress of the average producer, and shall not preclude the granting of merit increases to employees who are above the average producer. However, if intervening merit increases are granted, no automatic length of service increase shall be granted sooner than 6 months. Such increases will become effective on the weekly pay period immediately following the anniversary date.

Primary merit increases:

These shall cover increases between the starting rate of the employee and the minimum rate of his labor grade in recognition of faster than average advancement.

Secondary merit increases:

These shall cover merit increases between the minimum and the maximum of the labor grade. Such merit increases will be considered at any time, and the foreman will advise the employee whether or not he will recommend such merit increase within 3 days.

All individual merit increases (primary or secondary) shall be restricted to not more than 10 cents an hour, or two-thirds of the difference between the minimum and the maximum rate of the labor grade, whichever is higher.

The average of all merit increases (primary or secondary) for all employees shall not exceed 5 cents per employee by departments during any 1 year, effective July 1 of each year.

58. Semi-Automatic Increases to Progression Point; Merit Raises Thereafter. Denial of Merit Raise Subject to Arbitration

The company and the union have agreed to the following plan for making wage increases within the wage rate ranges applicable to the classifications set forth in schedule B, which also reflects the stipulated progression points and progression intervals applicable to the plan.

1. Increases to progression point :

Employees below the progression point of their classification who have a length of service of 6 months in that classification since the date of their last increase shall be eligible for a progression increase to the next higher step of the progression schedule. The time required for an employee to progress from the hiring rate to the minimum rate, normally 3 months, shall not be considered as service for the purposes of this plan.

Increases up to the progression points are semi-automatic. Such increases may be withheld but the affected employees may submit their cases to grievance procedure and arbitration.

2. Increases from progression point to maximum :

Employees above the progression point shall be reviewed for an increase 12 months from the date of their last increase and be eligible for an increase.

Increases above the progression point shall be determined in the discretion of the company but shall be subject to appeal through the grievance and arbitration procedure in case of any claim that the company has acted in an arbitrary or capricious manner in its determination of such increases.

3. Effective date of increases :

Effective dates of all increases under this plan will be the beginning of the week following the completion of the applicable intervals.

59. Average of Merit Increments Limited to 5 Cents an Hour in Year

Classifications shown in schedule A provide a "guaranteed maximum" and a "merit maximum." Advancement above the "guaranteed maximum" will be by merit only and to secure such advancement an employee must possess special ability and experience or other unusual qualifications. The average merit increase to all employees eligible to merit increases shall not exceed five cents per hour in any calendar year beginning July 1.

Adjustment of General Wage Level During Term of Agreement

Prior to World War II a few union agreements contained provisions for the adjustment of general wage rates during their life. The main concern of the labor movement has been to maintain and gradually raise the standard of living. Unions have, therefore, been reluctant to include plans for the adjustment of wage rates during the

life of an agreement because of the possibility that wage adjustment formulas may be offered as substitutes for actual wage increases.

Under normal conditions and on a long-term basis, unions are opposed to the principle of tying wages to the cost of living. Such a policy would, in their opinion, freeze the level of "real wages" and prevent employees from benefiting from expanding business, increased labor productivity, and expanding national income. They regard wage raises to compensate for increases in the cost of living as only one factor, and not the major factor justifying requests for higher wages. They also generally avoid plans whereby wages are adjusted to profits or specified commodity prices, because of fear that (1) the workers will be forced to bear the brunt of depressed conditions or managerial inefficiency, and (2) living standards will be lowered.

During the war period, plans for wage adjustments to cost-of-living changes during the life of an agreement were considered valid only if adjustments made under them conformed to the limitations set by Government wage stabilization regulations.² In the reconversion period, the uncertainty of forecasting price trends and their effects on wages and the cost of living induced a number of unions to negotiate contracts providing for wage reopening during the life of the agreement. These unions did not want wages to remain frozen for a year or longer (depending on the length of contract term) while important price and other economic changes might seriously undermine the standard of living of the workers affected by the contract.

Wage renegotiation plans are of two general types—permissive and automatic. The permissive plans authorize the negotiations of new wage rates at any time or at stated intervals during the life of the agreement, or when either party can demonstrate that a significant change in such factors as general economic conditions, cost of living, or prevailing wages, has occurred justifying a change in wages. The automatic plans make wage changes compulsory in conformance with specified change in the cost of living, price of given commodities, profits, or other economic factors.

Some agreements have combined permissive and automatic plans. These require automatic adjustments within certain limits, after which the question of wage rates becomes a subject for further negotiations.

Either type may provide for upward wage adjustments only or for both upward and downward adjustments. In the latter case, existing wage standards may be protected by prohibiting any decrease in rates below the wage level at the time the agreement was signed.

² General Order No. 22, National War Labor Board.

In the event the parties are unable to reach agreement on modifying the wage scale, under a permissive plan, the existing wage scale may remain in force; or the issue may be arbitrated; or the agreement may be terminated; or the union may have the right to strike, while the rest of the contract remains in force. The Labor Management Relations Act of 1947 requires 60 days' written notice of intent to modify or terminate a contract, notification within 30 days to the Federal Mediation and Conciliation Service and the State Mediation Agency (if any exists) that a dispute exists, and extension of the contract without strike or lock-out until 60 days after the initial notification or until expiration of the contract, whichever is later. It is not clear whether, under the Act, the restrictions on strikes apply only to the expiration of agreements or whether they apply also to wage reopening clauses.

Permissive Wage Adjustment Plans

General Wage Reopening Clauses

General wage reopening clauses permit either party (although in some cases the union only) to reopen the wage question for any reason at any time during the term of the agreement after due notice. Such clauses provide the greatest flexibility in wage renegotiations since they do not tie the reopening to any specific economic factor.

Another type of general wage reopening clause, designed to maintain a degree of stability in the wage level, authorizes wage reopenings only at stated intervals during the life of the agreement or only after a stated period of time, or limits the number of times wages may be renegotiated. During these intervals, the established rates must remain in effect. A few agreements, however, which permit either party to ask for wage renegotiation only at specified times, allow wage reopening at any time by mutual consent.

Some agreements, on the other hand, provide that the wages agreed upon at the time of contract negotiation shall be fixed for their duration and no reopening is permitted.

60. Wage Reopening—No Restrictions

Wages shall be subject to negotiations at any time at the request of either party.

61. Wage Reopening—Notice Required

Wage adjustments through the plant may be considered by special negotiations at any time during the life of this agreement, upon 30 days' written notice to the company or the union.

62. Wage Reopening Every 4 Months

The company and the union agree that at the end of each and every 4 months, either party has the right to reopen this contract to readjust the existing wage scales.

63. Wage Reopened After 120 Days

General wage rates shall remain unchanged for a period of 120 days. Thereafter, general wage rates shall be subject to negotiations from time to time during the term of this contract. If either of the parties subject to this agreement desire to reopen the general wage rate issue, they shall give the other party 15 days' written notice.

64. Reopening Once During Second 6 Months of 1-Year Agreement

Either party may give 30 days' written notice for negotiations on a general wage change once during the second 6-month period of this agreement.

65. Reopening at 6-Month Intervals of 1-Year Agreement

It is agreed, however, that the wage clause of this agreement can be reopened at the expiration of any 6-month period, without the reopening of this working agreement, upon written notice given by either party 30 days prior to the expiration of any 6-month period from the date of this agreement or any anniversary date of this agreement.

66. Reopening Twice During 1-Year Agreement

Both parties to this agreement reserve the right to take up the question of wages whenever deemed advisable but such request may not be made oftener than twice a year.

67. Reopening Limited to Twice During 1-Year Term

It is agreed that the present classifications as shown in "B" and present wage scales will be continued during the life of this agreement except insofar as they may be changed as a result of negotiation between the company and the union, it being understood that neither party may request negotiations for change in wage scale more than 2 times in the contract year.

68. Wage Reopening—Either Party Every 6 Months; Mutual Agreement at Any Time

Either party may reopen wage negotiations once every 6 months upon 15 days' written notice to the other party, unless reopened at a shorter interval by mutual agreement.

69. Two-Year Agreement—Yearly Wage Reopening

The parties reserve the right to open the question of wage rates as of [date] by giving notice in writing by registered mail to the other, 30 days prior to [date]. In the event no such notice is given the wage rates as provided for herein shall remain unchanged for the duration of this agreement.

70. Reopening Twice During Second Year of 2-Year Agreement

Either part, upon the giving of 30 days' written notice to the other party, may reopen the single subject of general wages, on one occasion only between April 15, — and October 15, —, and again on one occasion only between October 15, — and April 15, —, on the single subject of general wages.

71. Three-Year Agreement—Yearly Wage Reopening

Either the union or the company may reopen the contract for a general revision only of (1) the scales of basic monthly and hourly wage rates in any or all classifications, or (2) changes in shift differentials, effective as of November 30, —, and November 30, —, upon serving the other party with a written notice, not less than 40 days prior to the aforesaid dates, of its desire to so reopen the contract; whereupon, the parties shall negotiate such wage revision during the 40-day period.

72. *Fringe Issues and Wages May Be Reopened on Specified Notice at First Anniversary Date of 2-Year Contract*

Notwithstanding the forgoing provisions of this agreement, either party may reopen negotiations on August 12, —, for the sole purpose of discussing vacations, social security program, sick benefits, pensions and wages, provided that the party desiring to reopen such negotiations shall give to the other party written notice of such desire at least 60 days and not more than 75 days prior to August 12, —. In the event that neither party serves such notice of reopening prior to August 12, —, as herein provided this agreement shall continue in full force and effect and subject to the provisions of sections — and — of this article.

73. *Time Limit on Negotiations After Reopening*

Six months from the date of this agreement either party may give notice to the other of an intention to negotiate wage rate adjustments. The parties agree upon receipt of 7 days' written notice to meet and negotiate wage rate adjustments to become effective the first pay period after an agreement is reached. Such agreement shall be reached within 10 days from the commencement of negotiations.

74. *Fringe Wage Issues Excluded in Wage Reopening Clause*

It is agreed that matters such as holidays with pay, shift bonuses, vacation pay, insurance, overtime pay, reporting pay, make-up pay, guaranteed minimums, and the like are not wage matters subject to this clause and are therefore not subject to reopening or revision hereunder.

NOTE.—Wages may be reopened twice a year, with arbitration if no agreement is reached.

Wage Reopening Based on Specific Factors

CHANGES IN COST OF LIVING

A change in the cost of living is the factor most commonly specified in justifying renegotiation of wages. The broadest type of cost-of-living wage adjustment clause is that which permits reconsideration of wages whenever the cost of living changes, without, however, specifying the amount of change. Others use such general criteria as a "substantial" or "decided" change. Such general clauses allow room for disagreement as to whether there has been sufficient change in the cost of living to warrant reopening, what index to use as a measuring rod, and what basis to use for computing the wage changes in the event there has been a change in the cost of living.

In order to avoid disputes as to whether or not negotiations should take place, some permissive cost-of-living clauses require a given change in a cost-of-living index before an adjustment in wages may be requested. These changes may be expressed in percentage or point terms. The agreement may also specify which index is to be used to measure the amount of change, the Bureau of Labor Statistics overall national consumers' price index, the local city index, or some other index.

75. General Permissive Cost-of-Living Reopening Clause

The parties acknowledge that under the agreement between the union and the (employer), the wages of workers may be revised in the case of a change in the cost of living.

76. Upward and Downward Adjustments to "Substantial" Change in Bureau of Labor Statistics Index

It is further agreed that should the cost of living as published by the United States Bureau of Labor Statistics Index show a substantial increase or decrease, either party to this agreement may reopen the question of wage scales for appropriate revision, upon 15 days' notice.

77. Reopening Geared to "Decided" Change in 6-Month Period

At the end of 6 months, should the cost of living vary to a decided extent, the union or the employer shall have the right to open negotiations for a wage adjustment. Fifteen days' notice in writing must be given by either party.

78. Upward and Downward Adjustment to Cost of Living or Devaluation of Dollar

Should there be a rise in the cost of living or devaluation of the dollar, then it is agreed that the parties will meet for the purpose of considering an increase in wages commensurate with the rise in the cost of living. Should the parties disagree, then such disagreement shall be treated as a dispute under this agreement and be adjusted as any other dispute through the machinery for adjustment of disputes, as hereinafter provided.

If the wages shall have been increased pursuant to the provisions of paragraph — immediately above, and should there thereafter occur a decrease in the cost of living, then it is agreed that the parties will meet for the purpose of considering a decrease in wages commensurate with such decrease in the cost of living. Should the parties disagree, then such disagreement shall be treated as a dispute under this agreement and be adjusted as any other dispute through the machinery for adjustment of disputes, as hereinafter provided. However, it is understood and agreed that in no event shall any decrease in wages, if granted under this paragraph—, exceed the amount of the increase which has been previously granted under paragraph — of this agreement.

79. Specified Percentage Increase in Cost of Living; No Reference to Index

In the event of an increase in the cost of living of at least 5 percent from the effective date of this agreement, the union may ask for a general increase for its members.

80. Specified Point Increase in Bureau of Labor Statistics Consumer's Price Index

This agreement shall be in effect and full force from February 15, —, to April 30, —. In the event, however, that the cost of living index as established by the Department of Labor's Bureau of Labor Statistics, known as the "Consumers' Price Index," should, at any time during the term of this agreement, show a rise of 10 or more points by comparison with the index on February 15, —, the union shall have a right to reopen the wage provisions of this agreement.

81. Specified Point Change in National Industrial Conference Board Index

This agreement shall be in full force and effect from the twenty-fifth day of November, —, to the first day of December, —, and thereafter until or unless 30 days' notice in writing containing the proposed change is given by either party to the other for a change. However, should the cost of living index, as compiled by the National Industrial Conference Board, show an increase or

decrease of 6 points above or below the index level of — between November 25, —, and December 1, —, the union or the management will have the privilege of initiating a discussion regarding a wage rate adjustment.

82. Reopening Geared to Specified Point Increase; Bureau of Labor Statistics and National Industrial Conference Board Indexes Averaged

It is further agreed that the question of wage rates, including piece rates, may be reviewed at any time after December 15, —, at the written request of the union by registered mail to the corporation, only if the average cost of living index figures for June — as published by the Bureau of Labor Statistics and the National Industrial Conference Board shall have increased 10 points or more, this 10-point increase to be determined by averaging the increases shown by the Bureau of Labor Statistics and the National Industrial Conference Board.

83. Reopening When Massachusetts State Index Shows Specified Percent Rise After Given Date

If on July 1, —, or at any time thereafter during the term of this agreement, the cost of living, as shown by the Necessaries of Life Division, Massachusetts Department of Labor and Industries, shall have increased 5 percent or more over the cost of living for the month of January —, as shown by said Necessaries of Life Division, Massachusetts Department of Labor and Industries, the Union shall have the right to request a wage increase based on such increased cost of living, and in the event that the parties hereto are unable to arrive promptly at an agreement on such increase, the question shall be arbitrated in the manner provided by article — hereof. It is understood and agreed that in the event there shall be an increase in the cost of living, under the provisions of this paragraph of the agreement, that such increase shall not be for any period prior to July 1, —.

84. Reopening Geared to Cost of Living and Other Specified Factors; Wage Changes Not to Affect Employer's Competitive Position Adversely

If during the term of this agreement, or any renewal thereof, there shall be any significant change in the factors upon which wages depend, either in cost of production, competitive conditions, cost of living, or inflation or deflation, either party may demand a change of existing rates, provided that said change in no wise affects the "employer's" competitive position in relation to other — mills in the South. If the "union" and the "employer" cannot agree upon the terms of such revision within 15 days of the opening of negotiations, such matters shall be submitted to the impartial chairman, as hereinafter provided, for final and binding decision in the same manner as provided for the disposition of disputes, grievances, and other matters.

85. Maximum Amount of Increase Stipulated; Agreement Terminated Upon Notice if Negotiations Fail

If at any time after June 1, —, the parties hereto agree that living costs and area wage rates have risen substantially over the living costs and area wage rates which prevailed in November —, then the union may reopen this agreement at any time thereafter by written notice to the company for the negotiation of a nonretroactive general increase not exceeding 5 cents an hour in the wage rates fixed by paragraph — but for no other purpose. Upon the giving of such notice, the parties will immediately commence negotiations in respect to an increase within the foregoing limits. If the parties are unable to agree within 30 days after the commencement of such negotiations upon a general increase within the above limits, then either party may terminate this agreement forth-

with by giving written notice to this effect to the other within the next 10 days. The failure to give such notice within said period shall constitute a waiver of the right to terminate this contract pursuant to the aforesaid provision, shall then continue in accordance with its terms. One reopening shall exhaust the privilege granted by this paragraph.

86. *Effective Dates of Any Wage Adjustments Specified*

In the event of national currency regulation or other changes which shall affect the purchasing power of the dollar, or in the event of an increase or decrease in the cost of living, the wages herein provided to be paid shall be subject to revision, upwards or downwards, as the case may be, and for that purpose, conferences between the association and the union shall be held —.

However, any revision in the wages, if so determined, shall not become effective until whichever of the following dates first succeeds the date of such dispute: May 15, July 15, September 15 or January 15.

87. *Union May Reopen in Event of Inflation or Legal Reduction in Hours*

In case of inflation of monetary values, commodity prices, or reduction in working hours by law, within the life of this agreement, local No. — reserves the right to reopen this agreement for necessary readjustments.

CHANGES IN GOVERNMENT WAGE OR PRICE POLICY

Agreements negotiated during the war years, when wages were largely controlled by Government stabilization regulations, very often based reopening of wages on substantial changes in the national wage policy. Wage rate renegotiations are still currently stipulated by some agreements, where legislation or other Government action affects minimum wages in the industry or changes the price ceilings of the company's product.

88. *Wage Reopening Based on Change in National Wage Stabilization Policy*

Upon any change in the National Wage Stabilization Policy brought about by legislation, Executive Order, War Labor Board, Presidential proclamation or through interpretation by, or directives of, the Economic Stabilization Director, either party, upon 30 days' written notice to the other, shall have the right to open for renegotiation the present wage scales in conformity with such newly established wage policy.

89. *Company May Reopen if Premium Price Plan Discontinued*

The wage schedule attached hereto shall continue in full force and effect until June 30, —, and for a further period of 12 months unless notice is given by either party to the other not less than 30 days prior to July 1, —, that changes are desired in said schedule, except that the company reserves the right to reopen wage negotiation at any time the present premium price plan is discontinued.

90. *Reopening Based on Economic Conditions or State or Federal Wartime Regulations*

It is the intention of both parties to this agreement to continue with the wage schedule as stated herein until June 1, —; *Provided, however,* That revisions in the scale of wages that may be necessary due to economic conditions or wartime regulations by State or Federal authorities, shall be subject to negotiations upon 35 days' written notice by either party. Both parties reserve the right to terminate this agreement upon failure to arrive at an agreement on wage schedules.

91. *Reopening if Price Relief Granted by OPA*

In the event that the company should obtain price relief from the OPA sufficient to compensate it for its increased labor costs resulting from the various provisions of this contract, the union shall have the right to reopen and renegotiate the straight time hourly job rates upon 30 days' notice in writing to the company.

92. *Reopening if Price Controls on Food, Clothing, and Rents are Terminated*

In the event price controls are abolished during the term of this contract on food, clothing, and rents, the wage clause may be reopened upon 30 days' written notice by either party.

93. *Reopening if National Wage and Price Policy Adopted for Industry or if Overtime Work Discontinued*

Provided that it is mutually agreed by the parties hereto that if and when a national policy be adopted prescribing a formula for wage rates and ceiling prices in the — industry as a whole throughout the Nation, or if the employer permanently discontinues overtime employment as a general and over-all practice at its — mills, except for causes beyond its control, either party hereto may ask for further consideration of the wage scales herein specified, and negotiations shall be undertaken to arrive at a scale of wages consistent with the formula which may thus be nationally adopted. In such negotiations and in the application of any such formula, consideration shall be given to increases in wage rates which have heretofore been made by the employer, including those made by reason of this agreement; and a mutual effort will be made to arrive at a new wage scale based upon the application of the formula so adopted.

94. *Increase in Minimum Wages*

It is hereby agreed that, should the Congress of the United States pass a law establishing a minimum wage rate of 65 cents per hour, the parties will on 30 days' written notice by either party reopen the wage clause of this contract for further discussion; provided, however, such clause shall not be reopened and no meeting shall be held until 10 days prior to the effective date of such law.

NOTE.—The starting rate in this agreement, 60 cents per hour, is increased to 70 cents after 16 weeks of continuous service.

95. *Increase in Minimum Wage or Change in Price Ceilings of Product*

It is agreed that in the event of any Federal legislation which increases the minimum wage to or above — cents per hour, or in the event of any change in price ceilings of the type of [product] manufactured by the company during the life of this agreement, rates of pay may be subject to revision upward or downward as of the date of the giving of the notice hereinafter provided for.

CHANGES IN GENERAL ECONOMIC CONDITIONS OR COMPANY'S
COMPETITIVE POSITION

Some agreements provide that wage negotiations may be reopened if changes in economic conditions or in the company's competitive position warrant it, or if such changes have imposed a hardship on either party.

96. *Wage Reopening When Economic Conditions Warrant*

The company or the employees shall have the right to open negotiations in regard to wages by giving 1 month's written notice of such intention when economic conditions warrant such.

97. *Reopening Geared to Substantial Change in Economic Conditions*

It is further agreed that in the event that there be a substantial change in economic conditions for and during the term of this contract warranting a reconsideration and adjustment of the wages paid employees, either party to this agreement shall have the right to reopen the wages fixed at the time of this agreement upon giving no less than 30 days' notice of such intention to the other party.

98. *Reopening Geared to Industry and Area Economic Status*

The matter of the general wage scale shall be subject to negotiation during the life of this agreement only if conditions economically and in the industry and area warrant. It is specifically understood that matters of general wage scale shall not be subject to arbitration provided in article —.

99. *Reopening Based on Changes in Company's Competitive or Economic Position; Effective Date of Adjustment Outlined*

In the event that at any time either party hereto feels that changes in the company's competitive or economic position justify a different general level of wages in the plant it may, by written notice, signify its desire that all or certain wage classifications or rates be changed and the matter shall then be negotiated. If as a result of consideration of such notice it is determined by negotiation or arbitration that any or all standard wage classifications or rates should be changed, then such wage classifications or rates shall be adjusted and the revised wage classifications or rates shall become the standard wage classifications or rates in place of those formerly in effect. Payment on revised basis shall start on a date mutually agreed upon, or if date cannot be agreed upon, shall become effective 30 days after written notice was served by complaining party that change was desired.

100. *Wage Reopening When Changed Economic Conditions Impose Hardship on Either Party*

Negotiations can be reopened on the matter of wages at such time as economic conditions change to such an extent that a hardship is imposed on either party. Notices to reopen must be given 30 days in advance.

101. *Reopening Based on Company's Ability to Pay as Shown by Its Books*

The wage structure, a basic part of this agreement, and appearing herein as exhibit —, shall not be changed during the term of the agreement. However, the ability of the company to pay higher or lower wages, as determined by its books and records, and the standard of its industry, may be the basis of wage negotiations prior to any renewal of the agreement.

102. *Reopening for Upward Adjustment Based on Company's Financial Position*

It is mutually agreed that within 30 days prior to January 12, —, the wage schedule will be reviewed to ascertain whether the financial position of the company, at that time, will permit of further upward adjustments and such review is to include consideration of the question of two additional paid holidays. If the review and negotiations connected therewith fail to terminate in a mutual agreement, the provisions of article XVI, paragraph 1 (a) of this agreement (no strike, no lock-out clause), shall be waived and either party shall enjoy complete freedom of action.

103. *Company May Reopen Wages if Operations Run at Loss for 3 Months*

The company, likewise, reserves the right to reopen the discussion of wages at any time after July 1, —, should its manufacturing operations be a loss for

3 consecutive months. Such discussions shall continue for not more than 30 calendar days after the company has given the union notice of its intentions to make any change in wage rates and if a mutually satisfactory understanding cannot be concluded during such period, nothing in this agreement shall be construed as limiting the right of the company to make any such change after the expiration of said period.

104. *Company Will Consider Wage Adjustment in Event of Drastic Inflation; Union Will Consider Reduction if Necessary to Meet Competition.*

The company declares that it will voluntarily consider remedying any great hardship caused its employees by drastic inflation when it can be shown such action becomes necessary; and the union declares that it will voluntarily consider reduction in rates of pay of employees covered by this agreement if in its judgment such reduction is necessary to meet a competitive situation which interferes with the procurement of business by company.

CHANGES IN INDUSTRY OR AREA WAGE LEVELS

In some agreements, wage reopening is conditioned on the prevailing wage level of competing companies. Reopening may be requested by one or both of the parties if general wage increases or decreases are adopted by a majority of the companies in the specific industry, by the leaders of the industry, or by other plants in the area. In some instances, wage adjustments are applied to individual job classifications to keep pace with "going" rates for these jobs in the area.

105. *Reopening in Event of Change in Wage Structure Generally and Nationally*

If during the term of this agreement the wage structure generally and nationally shall change then the parties agree to negotiate on the subject of wages.

106. *Reopening if Industry Leaders Make General Wage Increases*

If, during the life of this agreement, increased wage rates on a company-wide basis are established and paid by the — yard packers, the union shall have the right to reopen the wage rates by giving 30 days' prior written notice of such intention.

107. *Reopening if 60 Percent of Industry Modifies Wage Policies*

This agreement shall continue in full force and effect until September 1, —, except that wage schedules shall continue until March 18, —. The only exception to this is that in case of a major or outstanding change in wage policies in the industry, as represented by 60 percent of the productive capacity of the — industry, the wage question may be reopened on 30 days' written notice by either party.

108. *Reopening if Three of Five Competitors in Area Renegotiate Wages*

If at any time during the life of this contract three of the five competing refineries in the — area open negotiations for general wage increase, the union may, on 30 days' written notice, open wage negotiations.

109. *Reopening in Event of General Wage Changes in Area*

In the event of any general fluctuation in wages in this area, either party to this agreement shall be entitled to open negotiations under this section for a revision of wages specified herein in accordance with such a trend.

110. *Adjustment to Prevailing Rates in Similar Plants in Area*

The company also agrees to cooperate with the union in any effort to keep the rates in the plant covered by this contract in line with the majority of similar plants in this competitive area.

111. *Adjustment of Wages Not in Line With Area Practice*

All employees whose wages or remuneration is not in accord with the existing comparative standard rates in this area for like work shall be adjusted to a favorable level. Necessary adjustments may be reached through collective bargaining.

112. *Reopening if Non-Association Member Has Competitive Advantage*

If any dairy employer, who is not a member of the [association], and therefore not subject to the wage provisions of this agreement, and who, by reason of this fact, has a competitive advantage over the employer who is signatory to this agreement, it is agreed that the wage provisions of this agreement may be reopened for further negotiations and adjustments. If no agreement can be reached the matter shall be referred to arbitration as provided in article —.

REDUCTION IN WORKWEEK

Some agreements allow wages to be subject to renegotiation if the workweek is reduced either through legislation or by the employer at his own discretion since reductions of the workweek without a wage adjustment may mean a considerable loss in weekly pay.

113. *Wage Reopening if Workweek Reduced by Company*

It is the intention of the company to operate the — mill and powerhouse 6 days per week. Should conditions develop beyond the control of the company, necessitating a reduction in the workweek schedule, the company will be willing to reopen the contract for the purposes of discussing an upward revision of wages.

114. *Reopening if Workweek Reduced by Legislation*

In the event that the maximum workweek is reduced by legislative act to a point below the regular workweek provided for herein, the question of wages may be reopened for further negotiations.

115. *Wage Reopening on Return to 5-Day Week*

It is agreed that the wage clause may be reopened for negotiations in the event the company desires to return to a 5-day week.

116. *Reopening if Workweek Reduced Below 48 Hours. Prerequisites Listed for Retroactivity of Wage Adjustment.*

It is also mutually agreed that should a reduction in hours occur whereby less than 48 hours per week are worked, the union or the company may open the agreement for wage negotiations. Temporary reduction of the 48-hour workweek caused by conditions beyond the control of the company shall not be cause for opening. In the event that wage negotiations are inaugurated due to conditions within the company's control, the result of wage negotiations shall be effective from the date when the reduction in workweek occurred, provided negotiations are concluded or the case has been referred to some Federal or State agency created for the purpose of settling labor disputes within 90 days after reduction in hours became effective.

CHANGES IN PRICE OF PRODUCT

In rare instances, the wage question may be reopened in the event the employer increases the price of the products manufactured or in the price of the metal used in the employer's operations.

117. Reopening Geared to Rise in Price of Product

In case of inflation and the rise in price of — products, the union workers have a right to demand a higher union wage scale during negotiations of representatives of both the union and the employers.

118. Reopening of Wages if Discontinuing of OPA Results in Change of Price of Copper

All wage increases granted in this contract shall continue during the term of this agreement only so long as the present program of the Office of Economic Stabilization, Office of Price Administration, and Civilian Production Administration as to price quotas, premiums, and subsidies set forth in the Office of Economic Stabilization release of March 28, 1946, OES Release 34, as supplemented by a telegram from the Office of Economic Stabilization and the Office of Price Administration dated April 16, 1946, shall remain in effect without reduction of the amount of money received by the company per pound of applicable metal, and shall be applied to the operations of the company herein. In the event of discontinuance or modification of said program resulting in a reduction, or such reduction, the wages and compensation paid employees for work performed hereunder shall be thereupon considered to be reopened for further negotiation.

119. Reopening if Price of Metal Used in Construction Changes

Contractor and union agree that the question of wages may be reopened at any time by the union during the life of this agreement in the event there is any change in the [city and State] base price of sheet metal.

120. Reopening if Prices Fall Below Cost of Production or if Natural Catastrophe Occurs.

The minimum rates of pay shall be those set forth and described on addendum "A" and made a part hereof; *Provided*, That at any time between September 1 and December 1, —, either party may open up negotiations with a view to fixing the wage scale for the 1947-48 season. Within 5 days after the giving of said notice, the parties agree to enter into negotiations with a view of agreeing on a wage scale for the 1947-48 season. If they are unable to reach an agreement thereon within a period of 15 days, then either party shall have the right to refer the matter to arbitration for settlement as provided in article VII hereof. In the event of such disagreement, the parties hereto agree to immediately and forthwith, instead of waiting 10 days, proceed to select the arbitrators, and the arbitrators shall fix and determine the rates of pay for said season within 30 days after the matter has been referred to them. Such wage scale, when fixed and agreed on, shall remain in full force and effect for the 1947-48 season; except that in the event of any catastrophe during the term of contract which would be considered an act of God, such as a hurricane or freeze or other conditions beyond the company's control, including a decline in the price of the products sold by the company to a point below the cost of production, processing and selling, wages shall be open to revision on the part of either party on 1 week's written notice.

Upon the giving of such written notice, as aforesaid, of an intention to re-negotiate such wage scale for the reasons aforesaid and effective date and dura-

tion thereof, the parties shall immediately enter into negotiations with a view to settling such new wage scale. If they are unable to agree on such new wage scale within 15 days, each party shall have the right to refer the matter to arbitration in the same manner above set forth for the fixing of the 1947-48 wage scale.

NOTE.—This agreement covers processing of fruits.

Status of Agreement if Parties Fail to Agree on Wage Adjustment

A permissive clause merely permits wages to be renegotiated but does not guarantee that a wage adjustment will actually be made. Some permissive clauses, however, stipulate that if the parties fail to agree on the amount of the wage adjustment, the matter will be referred to arbitration for a final determination. Others provide a special wage tribunal to settle these disputes. If arbitration is not provided for, the ban on strikes and lock-outs may be lifted if the parties fail to agree on the wage changes. Still others provide that the wage clause may be canceled if no agreement is reached on wage adjustment, but that the other provisions are to remain in force until their expiration date. Other agreements allow cancellation of the entire contract in the event the parties fail to agree on the wage changes.

121. *Arbitration if Parties Fail to Agree on Wage Adjustment*

Either party to this contract may propose to the other at any time changes in the general wage rates by giving to the other party 30 days' formal written notice of their proposal. The parties shall then meet within a week from receipt of such notice for the purpose of negotiating a new wage scale. If no agreement is reached within 30 days from the service of written notice, the matter shall be referred to arbitration as provided in article —.

122. *Special Wage Arbitration Tribunal*

It is hereby agreed that if there shall occur a general decline or fall of earnings of full fashioned hosiery workers in the industry, or if the cost of production on the same type and condition of equipment shall generally decline, or if general conditions shall warrant a decrease, then the association on behalf of all its members covered by this agreement, may request in writing and in detail a specific revision of the rates of pay.

In the event there shall occur a rise in the earnings of full fashioned hosiery workers in the industry, or an increase in the cost of living, or if conditions generally shall warrant an increase in earnings, then the union may request in writing and in detail a specific revision of the rates of pay.

In either event, the union and the association shall negotiate the request and if they cannot agree within 15 days after the receipt thereof upon a revised schedule of rates of pay, then that matter shall be submitted to arbitration by a wage tribunal, composed of three persons, who shall be selected as follows: The union shall designate one person, the association shall designate one person (these two persons shall be known as the party representatives), and these two shall select a third person, who shall be known as the referee. In the event the two party representatives shall fail to agree upon a referee within 5 days after the expiration of the aforesaid 15-day period of negotiations, then the

impartial chairman shall designate the referee, after consultation with the parties to the agreement.

The wage tribunal shall hear testimony as expeditiously as possible and render its decision, which shall be final conclusively binding upon the parties hereto. A majority decision by the wage tribunal shall be the decision of the wage tribunal.

The wage tribunal may revise the schedule of rates under the provision of this clause, but only after considering the operating conditions in the member mills and their continued sound operation, and may condition the revision of the schedule of rates upon changes in method of operation, installation of new equipment, or fulfillment of any other condition, which in its opinion will tend toward job and earning security.

123. Standards to Govern Arbitrator's Decision Stipulated

On or after — the union or the employer may initiate negotiations by giving 14 days' written notice for an increase or reduction in the piece or time rates provided in this agreement. Upon failure to agree either party may submit the matter to arbitration in accordance with section — of this contract. In considering such matter the arbitrator shall consider all pertinent factors, and shall hear both sides, giving weight particularly to the elements of the changes in the cost of living, degree of business prosperity in the branch or division in question, competitive conditions generally, domestic and foreign, and unfilled orders on hand. The arbitrator will be expected to render a decision within 2 weeks after the hearing.

124. Scope of Arbitrator's Authority Specified

At any time during the term hereof, the union shall have the right to demand an increase in wages, based upon an increase in the cost of living. Should the employer reject this demand, the demand shall be referred to arbitration as provided for in paragraph — hereof, and the arbitration award shall fix the amount of such increase and the time during which it shall remain in effect, but not beyond [the expiration date of the agreement].

125. Agreement Continues to Stated Expiration Date if Parties Fail To Agree on Adjustment

The terms and conditions of this agreement shall continue in effect until midnight April 30, —; *Provided, however,* That either party may, on April 1, —, give written notice to the other party of its desire to negotiate a general and uniform change in rates of pay. Within 5 days after the giving of such notice, the parties shall meet for the purpose of negotiating such issue. Failing agreement on such issue on or before April 30, —, this agreement shall remain in effect until midnight April 30, —.

126. Wage Clause Terminated; Other Contract Provisions Remain in Effect

The plant-wide level of wages in effect on the date this agreement is signed will not be changed by plant-wide wage increases or decreases during the term of this agreement, except should either of the parties desire to negotiate a change of this wage level, 60 days' written notice to that effect shall be given. During said 60-day period no change in the plant-wide wage level will be made except by agreement between the company and the union. At the end of the 60-day period if no agreement is reached, the obligation of either party to maintain the then existing plant-wide level of wages shall be terminated, but all other provisions of this agreement shall remain in effect.

127. *Agreement Terminated Unless Jointly Extended for Further Negotiations; Cost-of-Living Bonus Continued if no Reopening*

On or after September 1, —, either party hereto may once request by written notice a conference to consider the question of wages. If within a period of 30 days from receipt of said notice an agreement is not reached on the question of wages then this contract shall forthwith terminate unless the parties mutually agree to extend this contract for a specific period for the continuation of negotiations. In the event neither party requests such conference on or after September 1, —, then said payment of said provisional living allowance of \$17.70 per month shall continue in effect to and including December 31, —, at which time it shall forthwith cease and terminate.

128. *Strike Permitted if Parties Fail To Agree on Wage Adjustment*

Either party may give 10 days' written notice to the other party of the time and place for the commencement of a conference of the parties for the purpose of negotiating changes in wage rates. In the event that the parties fail to reach an agreement within 60 days from the time notice was given to begin conferences both parties shall be relieved from compliance with rule 5 of article — (no-strike no-lock-out clause).

129. *Strike Permitted Provided Secret Strike Vote Taken on Company Premises Under Government Supervision*

This agreement shall become effective upon date of signing and shall remain in full force until April 15, —, inclusive, and thereafter from year to year unless within the 10-day period immediately preceding the 30 days prior to any date of expiration, notice is given in writing to the other party by the party desiring the change. *Provided, however,* That either party may reopen this agreement once, on or after April 15, — (upon giving of 10 days' prior written notice) for the sole purpose of negotiating upon the subject of wages. All provisions of this agreement shall remain in full force and effect after reopening as above provided, except that employees constituting a majority of the bargaining unit may "strike" in support of the "wage" demands upon the following conditions, namely:

(1) Not less than the 40 days following the date of notice of reopening, a majority of the employees of the bargaining unit have voted by secret ballot for such strike;

(2) Such vote shall be conducted on the company premises during working hours and at company expense under the supervision of the United States Conciliation Service or the National Labor Relations Board; and

(3) The ballot for taking such a vote shall read as follows: "Do you vote for an immediate strike for the wage demands made by local — upon the company?"
Yes ----. No ----.

A "strike" (for the purpose of this paragraph) shall mean the concerted action of certain individual employees constituting a majority of the bargaining unit in remaining away from the company's premises until settlement of the "wage" demands.

130. *Action After Failure to Reach Settlement Does Not Affect Agreement; No-Strike Clause Inoperative*

Either party to this agreement may propose to the other at any time adjustments in rates of pay or wages by giving the other party written notice of the adjustments desired. Whereupon, the parties will meet promptly for discussion and will endeavor in good faith to reach an agreement. If no agreement is reached within 15 days from the service of such written notice aforesaid (or such

time as is mutually agreed upon), then either party may be free to take such action as it deems proper. Any action taken under this section shall not affect the remainder of the agreement, and the no-strike section shall become inoperative.

131. *No-Strike Clause Not Applicable to Wage Issues; Other Agreement Terms Remain in Effect*

Either party to this agreement shall have the right to open negotiations on wages and other economic issues by serving 30 days' written notice upon the other party of such desire at any time after March 21, —. A period of 30 days shall be provided for negotiations on such demands, and any such adjustments agreed upon within 60 days of such notice shall become effective 60 days after the date of such notice.

If the parties are unable to reach an agreement under the provisions of this paragraph on these issues, the first sentence of paragraph 3.03 (no strike, no lock-out clause) shall not be applicable with respect to these issues but all other provisions of this general agreement shall remain in full force and effect.

132. *Agreement Terminates 30 Days After Notice if Negotiations Fail*

At any time during the month of April, and at any time during the month of September, either party may request a revision in wages and rates of pay, whereupon the parties shall negotiate in good faith for a period of 15 days. If the parties are unable to reach an agreement within such 15-day negotiating period, then either party dissatisfied may within 1 week after the expiration of said 15-day negotiating period, give to the other party, notice in writing, of the termination of the contract. Upon such written notice of the termination of the contract being duly given, the contract shall remain in effect for a period of 30 days from the service of such notice, but shall thereupon at the expiration of such 30-day period stand terminated, and of no further force and effect.

133. *Agreement Terminated on Secret Vote of 75 Percent of Employees if Negotiations Fail After 60 Days; Wages and Other Money Items Subject to Revision*

This agreement may be opened once after September 28, —, upon 60 days notice in writing by either party for the purpose of negotiating in respect to base wages, overtime pay, holiday pay, and vacation pay. If, after 60 days of negotiation following the opening of the agreement subsequent to September 28, —, as provided above, the parties have failed to reach agreement, the employees may vote to terminate this agreement on a secret ballot in a poll at a place to be mutually agreed upon under the supervision of a committee of 3 persons selected by the employer and the union. If 75 percent of the employees vote to terminate this agreement in the poll as conducted above, this agreement shall then expire on the first Monday following the tally of the votes in the poll. Only one such poll may be conducted during the life of this agreement and it must take place after November 28, —, and before September 28, —.

134. *Effective Date of Wage Adjustment Specified, Whether Mutually Agreed Upon or Awarded by Arbitrator*

This agreement shall commence on the 4th day of February —, and shall end on the 31st day of January —; *Provided, however,* That not later than December 15, —, either the union or the employer may give notice that it desires an increase or decrease in wages, as the case may be, and call for a conference thereon. If any change shall be agreed upon, it shall become effective as of February 1, —. If after notice for an increase or decrease in wages has been requested, and an agreement with respect thereto has not been reached on the 15th day of January —, the matter shall be submitted to arbitration in

accordance with the arbitration provision contained in this agreement. Any increase or decrease in wages awarded by the arbitrators shall be effective as of February 1, —.

Automatic Wage Adjustment Plans

An automatic wage adjustment clause makes specified wage adjustments mandatory whenever certain stipulated changes take place in the factors cited in the agreement. Such a clause makes unnecessary frequent negotiations on the wage issue.

Automatic plans may be designed to adjust wage rates to fluctuations in the purchasing power of wages or in the ability of the enterprise to pay higher or lower wages. They are based on a recognition, in advance, that a wage adjustment should automatically follow changes in cost of living, specified prices, or the rate of profit.

In the case of automatic adjustments to changes in the purchasing power of wages, the purpose is to maintain at a fixed level during the life of the agreement the amount of goods and services the wages will buy. If wage rates are geared to cost of living, then "real wages"—the amount of goods and services which the workers can buy—remain the same.

Automatic Adjustments Based on Cost of Living

Automatic cost of living adjustment or "escalator" clauses make mandatory a specified wage adjustment if there is a change in the cost of living. Wages may be automatically adjusted whenever a specified change occurs in a cost-of-living or price index or may be adjusted to whatever change occurs in the index during a specified time interval.

Some clauses provide for wage adjustments corresponding to percentage changes in a consumers' price index; others base adjustments on point changes in an index. The wage change may be a flat monetary amount, that is, a uniform number of cents per hour for all workers, or the wage rates may be adjusted by the same percentage that the index has changed. The change in wages may correspond exactly to the degree of change in the cost of living index. It may be less or more.

A percentage wage increase gives the more highly paid workers a larger money increase, while a uniform cents-per-hour wage adjustment is more favorable to the lower paid workers. A percentage change retains the same relative difference between job classifications, but alters existing monetary differentials between the rates for different classifications. A flat increase in cents-per-hour gives the lower paid workers a larger percentage increase and reduces the proportionate spread between them and the more highly paid workers.³

³ For a more detailed discussion of point v. percentage changes, see: "Adjustment of Wages to Changes in the Cost of Living," Monthly Labor Review, November 1946, reprinted as Serial No. R 1862.

135. *One Cent Change for Each Point Change in Bureau of Labor Statistics Index*

During the life of this agreement the base rates of each individual employee will be adjusted 1 cent for each point increase or decrease in the Bureau of Labor Statistics Cost of Living Index above or below the index for December 1946: *Provided, however*, no wage rate shall be reduced below the rate in effect September 3, —.

Any increase or decrease in wages made in accordance with such index shall be effective on the first day of the workweek following the release of such index by the Bureau of Labor Statistics.

136. *Automatic Percent Increase to Specified Percent Increase in Bureau of Labor Statistics City Index*

It is hereby agreed that should cost of living figures for the city of — issued by the United States Bureau of Labor Statistics, at any time during the term of this agreement, show an increase of 3 percent or more above the figures issued nearest to March 1, —, a like percentage of increase shall be made on all rates specified in this agreement, such increases payable from the date such increases in cost-of-living figures were issued by the United States Bureau of Labor Statistics.

137. *Upward and Downward Percent Adjustment Equal to Specified Percent Change in Index During 6-Month Period*

The rates hereinabove set forth shall become effective July 1, —, in accordance with agreement between negotiating committees dated August 16, —.

If the Bureau of Labor Statistics Cost of Living Index for the — area is 5 percent or more higher or lower on January 15, —, than it was on July 15, —, then the wages payable to employees covered hereunder and the contract rates shall be automatically increased or decreased the same percentage on January 15, —.

138. *Percent Wage Adjustment Based on Percent Change in Index; Adjustments at 3-Month Intervals; Limits on Downward Adjustments*

As used hereinafter, the "base level" of the cost of living in [city] shall be considered to be at 130.5 index points, as shown upon the Consumers' Price Indexes for Moderate Income Families, published by the Bureau of Labor Statistics of the United States Department of Labor.

Upon every rise or fall in said "Consumers' Price Indexes for Moderate Income Families" for [city] of 3 percent or more of its base level, the employer will increase or decrease the wages of each of his employees by an equal percentage of those wages on the date of said increase, or decrease; *Provided, however*, That no such increase or decrease shall be made before August 15, —, or less than 3 months after any prior such change in wages; and no such change in wages shall bring about a reduction of the wages of any employee below the level of those wages 1 week after the date of the execution of this agreement, or below the minimum wage rates hereinafter provided.

139. *Percent Wage Adjustment Based on Point Change in Index; Limit on Downward Adjustment*

Because of the danger of inflation or rapid rise in the cost of living, it is agreed that each time that the cost-of-living index of the United States Bureau of Labor Statistics rises 2½ points or more, during the life of this contract, the employer will increase the wage rate of each of his employees a corresponding percentage. Similarly, whenever the cost-of-living index declines 2½ points or more, wages shall be decreased a corresponding percentage, except

that in no event shall a lesser wage rate be paid than that provided for each individual at the inception of this agreement or any extension thereof. Within 5 days after the receipt of a notice containing such request, the company shall appoint representatives empowered to act jointly with a committee of the union for the purpose of making such wage and hourly rate adjustments. All such increases and decreases shall be retroactive to the date of notification. The cost-of-living index is assumed to be 134.0 as of May, —.

140. Percent Wage Change Based on Specified Point Change in Index if Change Lasts 2 Months

Said salaries and wages shall remain in effect for the life of this agreement, except that salary and wage scales shall be adjusted automatically during the term of this agreement if the Consumers' Price Index for Large Cities, published by the United States Department of Labor, increases or decreases more than 5 points from the index figure for the month which includes the date on which this agreement becomes effective [date], which figure shall constitute the base index figure for the purpose of this agreement. Changes in salary and wage schedule shall only be considered if such variations from the said base index figure remain for another 30 days succeeding the month during which the change of more than 5 points occurred.

The monthly indices used as a basis for making automatic adjustments provided for in this article shall be the actual months covered by the index and not the date of their release or publication. The base index figure shall be that published for the month in which this agreement becomes effective [date] and not the date of its publication.

Any such automatic adjustment in wages and salaries shall be retroactive to the beginning of the first pay week in any one month for which the index had increased or decreased, as outlined in [the first] section of this article.

Notwithstanding any provisions contained in [the first] paragraph hereof, it is expressly agreed that in the event of a decrease in the cost of living during the term of this agreement the wage scales payable by the company shall not in any case be adjusted below the wage scales established by this agreement, so that the wage scales established hereunder shall be the floor of such scales for the term of this agreement.

Examples of the cost-of-living clause are as follows:

(1) Assuming that the base index would be 136.0 and should it rise to 141.0 and remain at this figure for another 30 days, this would result in an automatic salary and wage increase equal to 5 points, which, measured on the figure of 136.0, would amount to 3.68 percent of the prevailing base rates in the case of increases.

(2) Assuming that the base index would be 136.0 and should it fall to 131.0 and remain at this figure for another 30 days, this would result in an automatic salary and wage decrease equal to 5 points which, measured on the figure of 136.0, would amount to 3.68 percent of the prevailing base rates in the case of decreases.

141. Percent Wage Change Based on Point Change in Index—Adjustment at 6-Month Intervals

During the life of this contract rates may be adjusted every 6 months in accordance with the composite index, Changes in Cost of Living, as published by Department of Labor, Washington, D. C. Adjustments may be made as of April 15 and October 15 on the basis of 1 percent of the base rate of pay for each point change during the preceding 6 months. It is understood that the index for [city] "all items" be used for the purpose.

142. Flat Wage Changes Based on Point Changes

It is agreed that whenever the cost of living as shown by the official monthly cost-of-living index of the Bureau of Labor Statistics, United States Department of Labor, has risen 3 full points, using 115.6 as the base, an increase of 2 cents per hour in base wage rates will be granted, to become effective as of the fifteenth day of the first calendar month in which such increase is shown by such official figures for each additional 3 full point increase in said index an additional increase of 2 cents per hour will be granted effective in like manner. Piecework rates will be adjusted proportionately.

143. Automatic Adjustment to Specified Point Change in Average of Specified Commodities in Bureau of Labor Statistics Index

If the cost of living as reflected in the figures of the Bureau of Labor Statistics of the United States Department of Labor as of the date hereof shall fluctuate 5 points in the average of the following commodities: food, clothing, fuel, and housing—the wage scale shall be adjusted accordingly after giving 30 days' notice of such desire by either party, subject to such governmental regulations or orders as may be applicable.

Automatic Adjustments Based on Prevailing Industry or Area Wages

A few agreements provide that wages are to be automatically adjusted to meet rates paid by competing companies in the industry or area. Scales may be increased or decreased automatically in case of increase or decrease in the wage structure nationally or in an industry or in a particular branch of an industry.

144. Automatic Increase in Event of General Wage Increase in Industry

The company agrees that in the event of a general wage increase in the — industry, that they will give the same increase.

145. Automatic Increase if Industry Raises Wages; Company Right to Reduce Wages if Industry Does So

During the continuance of this agreement whenever there is a general increase in the rates of wages in effect in the worsted branch of the — industry the company will increase wages accordingly and whenever there is a general decrease of wages in said branch of said industry it shall have the right to decrease wages accordingly.

146. Automatic Adjustment to Increases Granted by Industry Pace Setters

It is stipulated and agreed that the wage rates set forth in a letter from the company to the union dated September 18, —, and acknowledged by the union, shall be the prevailing wage rates during the life of this agreement, with the proviso that in the event of a general wage adjustment within the so-called "Big Four," namely, —, —, —, —, the amount of such adjustment and/or adjustments will be automatically reflected in the rates set forth in the existing contract between the parties.

147. Company Will Give Increase Given by Competitors in Area

In consideration of the union and its members agreeing that there will be no strikes, refusal to work, slow-downs or interference with the company's production as a result of the present wage demand, the company agrees that it will give the increase given by the big three — mills of [city] effective as of the

date agreed to by said — mills. In the event that there is a difference in the increase given by the big three — mills, the company will follow the majority, regardless of whether the majority is higher or lower. In the event of a difference in the effective date, the company will make its increase effective as of the middle of the three big — mills.

148. *Company to Maintain Job Rates Not Lower Than "Weighted-Average Rate" of Competing Plants in Area*

The company will maintain a wage rate for each job classification not lower than the weighted-average rate of pay currently in effect and paid for a comparable job classification by other plants in the general locality within a radius of 20 miles from its [city] plant. It is not to be construed that the company's rates of pay will be the highest paid by any one individual plant for comparable job classifications, but it does mean that each rate of pay will be not lower than the weighted-average rate in the aforesaid locality.

149. *Automatic Adjustment to Equal Prevailing Minimum Rates in Area*

The company hereby agrees that it will at all times pay rates at least equal to the prevailing minimum rates for similar work in this area.

150. *Automatic Adjustment to Going Area Rates on Specified Date*

The company agrees to continue to pay wages in a fair relationship to going rates in the — area, and that on January 1, —, wages at the — company will be adjusted by mutual agreement, based upon the [year] pattern of wages then paid in the area.

151. *Automatic Adjustment to Prevailing Rate Paid Under Local Agreements Negotiated by Affiliated Unions*

Provided, however, That the company agrees that all of its employees at the plant of the company who are in a classification which but for this agreement would be represented by some local union affiliated with the [international union] other than the said [international union], shall be paid the same rates of pay as do apply for such employees under the prevailing terms of local agreements which may be in effect with such other union in that particular locality for that specific classification of work, at the time of execution of supplemental agreement.

152. *Adjustment "On Comparable Basis" to Competitor's Increase*

During the life of this agreement if any competitor doing business in our same trading area increases the wage of his worker above our scale we offer to meet such increase on a comparable basis.

153. *Employer to Pay Rates Comparable to Those Paid by Named Competitors*

The company shall pay to employees performing [product] work in the company's plants, rates comparable to those paid for the same type of [product] by — corporation at [city]; by — company at [city] and by — company at [city].

154. *Employer to Match Increase Obtained by Union in Agreement With Competing Employers*

Should any increase in the wage scales existing under the agreement presently in force between the [employers' association] and locals — of the — International Union of America, be agreed to by them or otherwise fixed, during the term of this agreement, then and in such event, the employer herein agrees that he will be bound thereby and will be obligated to pay to his employees hereunder, retroactive to February 1, —, such increased wage scales.

155. *Automatic Increases Equal to Those Granted in Other Specified Plants of Employer*

If, during the term of this agreement, the company shall grant to all hourly production employees at all other works of the company engaged in the manufacture of [product] i. e. [name of plants] (1) a general wage increase or (2) beneficial changes in the vacation-with-pay plan, then such general wage increase or changes in the vacation-with-pay plan shall forthwith be placed in effect for the employees of — works covered by this agreement; *provided, however,* That if the amounts of the general wage increases at said works are not identical then the company will place in effect a general wage increase at — works equal to the highest general wage increase placed in effect at the aforementioned works. A "general wage increase" means an increase identical in amount per hour for all employees in the production bargaining unit over and above the \$0.13½ per hour recently placed in effect or currently being offered at the aforesaid works.

Automatic Adjustments Based on Reduction in Workweek or Change in Minimum Wages

Agreements sometimes protect employees against loss of "take home" pay when the workweek is reduced by providing for automatic, specified adjustment in wages. Guaranties may be given that no worker will have his wages reduced or provision may be made for a specific amount or percentage of increase in wage rates.

156. *Specified Wage Increase if Federal Minimum Wage Increased to 65 Cents*

It is agreed that if, during the term of this contract, or any extension thereof, the United States Government changes the minimum wage law to provide for a minimum wage of 65 cents per hour, that simultaneously with the effective date of such minimum wage law the wage rate per hour in classifications (a) to (d), inclusive, above, shall be increased 2½ cents per hour.

157. *Specified Monetary Increase if Workweek Falls Below 48 Hours*

If during 1947, the company, for any reason whatsoever, should drop the schedule for the regular full workweek below 48 hours an additional 6 cents per hour will be paid for the period affected.

158. *Specified Percent Increase if Hours Cut From 48 to 40*

Hours of employment shall be based upon an 8-hour day and a 48-hour week for the duration of this agreement. However, the practicability of reducing the workweek to 40 hours may be reviewed on May 1, —. If, as a result of that review, a decision is reached to so reduce the workweek, it is agreed that all wages set forth in exhibit A shall be increased by 8½ percent.

159. *Specified Increase if Workweek Cut from 6 to 5 Days*

Effective as of the date of the signing of this agreement by the company and the union, an increase of \$1 per 8-hour shift in all present wage classifications will be granted to employees covered by this agreement, with 50 cents per 8-hour shift thereof retroactive to and including March 19, —. This increase shall be effective while the plant is operating on a 6-day per week basis.

It is the policy of the company to operate the plant on 6 days per week basis with 1 shut-down day per week, but in the event it becomes necessary for any reason to operate on a 5 days per week basis and in conformance with the rec-

ommendations of the Nonferrous Fact-Finding Board, an additional increase of 48 cents per 8-hour shift will be granted in all wage classifications.

160. Agreement to Conform Automatically to New Legal Minimum Wage, if Higher, and Hours, if Lower

It is hereby mutually agreed that in the event that the Federal, State, or municipal government shall pass a law, statute, or ordinance limiting the hours of work and establishing a minimum wage applicable to the employer's business, such law, statute, or ordinance is to supersede this agreement in respect to the hours of work and minimum wage to be paid herein, provided the minimum wages so declared by law are higher or hours less than those provided herein.

161. No Reduction in Weekly Wages and Upward Adjustment of Piece Rates if Law Limits Hours of Work

In the event that either a State or Federal law reduces the working week to less than 40 hours, the wages actually received by week workers shall not be reduced by virtue of such reduction in hours, and the piecework rates shall be revised upwards so that no employee suffers a loss of money wages as the result of any legislation limiting the number of hours which the employee may work.

Automatic Adjustments Based on Price of Product

Provisions calling for the automatic adjustment of wages to the price of a commodity are rare in this country, except in nonferrous metal mining and smelting. Such agreements provide for wage increases and decreases as the prices change, but specify a minimum rate below which wages cannot fall during the life of the agreement. The adjustments may be made in line with the prices of the several metals produced by a particular mine, or on an "average" or a combined price change of the metals produced or on the price of one metal.

Unions have generally opposed this system of wage adjustment on the ground that such a sliding wage adjustment has no relationship to the needs of the workers who may be forced to take a wage cut when they can least afford it. Moreover, where the wage scale is based on an industry average, a particular group of workers may have their pay adjusted according to the average price even though their employer may receive far more for his metal or metals than the average market price.

162. Weekly Bonus Geared to Quoted Selling Price of Metal

Effective July 1, —, the company agrees to pay a weekly lead price bonus, as follows:

"25 cents per shift worked for each 1 cent above 12¢ per pound lead [city]. Fractions shall be paid in proportion. The [city] lead price shall be the average weekly price as quoted in the Engineering and Mining Journal for the current week. In the event the price of lead shall drop below 13½ cents per pound the company will agree to continue to pay a lead price bonus of 37½ cents per shift worked."

163. Upward and Downward Adjustment Based on Sales Price

All cigars sold to retail at more than quoted retail price, the making price shall be advanced \$2 per 1,000 for each 1 cent increase in retail sales price. The same formula shall apply on reduced selling price down to list price only. This shall apply to cigars in any class.

164. Bonus Geared to Price of Product Plus Upward Wage Adjustment to Match Increase in Specific Industry

It is agreed, that if, during the term of this contract, and its continuation as agreed upon by the joint industrial relations board, there shall be variations in the price of shingles as determined by methods to be agreed upon, bonus payments shall be made.

1. The minimum wage shall remain at \$... per hour and all differentials between the bracket classifications shall remain the same except as they may be adjusted under art. —, and with the further exception that in the event wage rates in the lumber industry are adjusted upward, the above minimum, together with all other classifications shall be adjusted uniformly upward in an amount sufficient to maintain the now existing differential between the minimums of the Douglas fir area and the shingle industry, and thereafter shall be adjusted uniformly upward or downward to maintain said differential but shall in no event be reduced below the rates now in effect except that if lumber industry increases are made retroactive, the date the adjustment in the shingle industry shall be effective shall be the beginning of the pay roll during which the lumber industry increase is agreed to.

2. Effective December 1 —, a bonus of 10 cents per hour at straight time for all hours worked shall be paid in all classifications. (See sec. —.)

3. A committee which shall be chosen by the joint board shall meet on the third Friday in the months of April, July, October, and January, beginning with the month of April —, for the purpose of determining and announcing changes in the hourly bonus rate.

4. Under rules which shall be agreed to by the joint board, the net mill price of grades No. 1, No. 2, and No. 3, 16-inch shingles shall be obtained as of the close of each of the 3 months preceding the month in which the committee meeting is held. The average of the prices thus obtained shall be used—allowing for 60 percent of grade No. 1 shingles, 30 percent of No. 2, and 10 percent of No. 3—to determine the amount of price change.

For each full 4 cents increase in price above \$7.85 per square, the bonus rate shall be increased 1 cent per hour.

For each full 4 cents decrease in price, the bonus rate shall be decreased 1 cent per hour.

5. Should the regular wage rates be changed in accord with subsection 1, under this section, the current hourly bonus rate shall be increased or decreased to correspond exactly with such changes, except that the bonus set up for the first period of December 1, —, to May 1, —, shall not be affected by this section.

165. Sliding Scale Geared to Price of Metal Suspended

The sliding scale relating wages to the price of [metal] is suspended for the duration of this agreement.

Combination Permissive and Automatic Plans

Some agreements combine permissive and automatic wage adjustment plans. Within certain limits, wage adjustments are automatic,

but beyond these limits rates become a subject for negotiation between management and the union.

166. One-Cent Adjustment for Every Point Change Within Fixed 20-Point Range; Negotiations Thereafter

It is agreed between the company and the union, that paragraph — of article — of the present agreement (which permits either party to reopen wage question on 30 days' notice "when economic conditions warrant") between them be temporarily suspended during the substitution of the following procedure, which provides for an automatic cost-of-living adjustment on wages within the 20-point range of 131.1 and 151.1 of the Index of Consumer Prices for Moderate Income Families, including all items, as published monthly by the United States Department of Labor.

The above mentioned automatic cost-of-living adjustment shall go into effect as of September 16, —, for the balance of the month of September and the month of October and thereafter is to be changed from month to month, up or down, as the case may be, based on the above mentioned index as published monthly by the United States Department of Labor.

This cost-of-living adjustment is to be granted on the basic rates of pay now in effect, at the rate of 1 cent per hour for each point, bringing it up or down, from month to month as the index may indicate, starting with the index figure of 131.1 as of April 15, —, and until such index figure reaches 151.1, equivalent to a cost-of-living adjustment of 20 cents per hour, actually being paid by the companies, at which point the companies and the union would again meet to review the situation on wages. The latest information available being, that the index figure for August 15, —, is 143.7, this would mean that the cost-of-living adjustment for the period from September 16, —, to end of October would be at the rate of 13 cents per hour.

In order to facilitate computation of the adjustment it is agreed that if the index should show an exact one-half point difference, then it would count for one-half cent, but that all fractions under one-half point be disregarded and over one-half point be counted as one full point.

It is agreed that in no case would the present basic wage rates be reduced during the life of the agreement.

It is agreed that each monthly change shall be in effect as of the first pay period in such month.

It is agreed that this procedure is based on the Index of Consumer Prices for Moderate Income Families, including all items, as published monthly by the United States Department of Labor, and that the proposed cost-of-living adjustment will be increased or decreased from month to month as the index figure may fluctuate.

167. Percent Wage Adjustments Twice Yearly Based on Percent BLS Index Changes; Negotiations Including Arbitration if Index Rises Abnormally Between Periods

All the parties hereto recognize that the United States today is laboring under a state of emergency due to world conditions generally, and, as a result thereof, general rises in the cost of living are possibly in the offing; it is therefore agreed:

(a) That if, during the time of this agreement, the general cost of living rises to 5 percent or over from that of January 1, —, this to be determined by the Department of Labor Statistics, then and in that event, the scales of wages herein provided, and the pay of such workers receiving more than the pay herein provided, shall be increased by the employers proportionately to such existing rise or rises.

(b) Such increases in the scale of wages, proportionate and equivalent to the rise of 5 percent or over in the cost of living as stipulated above, shall become effective twice during each year, if the emergency so requires, on July 1 and January 1. In the event that the rise in the cost of living does not reach 5 percent during the first 6-month period, the increase in the scales of wages shall become effective immediately, as soon as the cost of living rises to and over 5 percent at any time during the second period.

It is understood by both parties that should the cost of living rise abnormally during any of the two given periods, namely, July 1 and January 1, the union and the employers will meet in conference to discuss ways and means of meeting any unusual emergency of this kind. In the event of any disagreement resulting from such conference the matter shall be referred for arbitration, as provided in paragraph — of this agreement.

(c) In the event that the cost of living will rise in excess of 5 percent during each specified 6-month period, the union shall have the right to ask for a further adjustment in the scales, equivalent to the amount over and above the 5 percent increase as stipulated in the preceding paragraph. Such additional increase shall also become effective on July 1 and on January 1. In the event of any dispute as to such additional increase above 5 percent said matter shall be referred for arbitration, as provided in paragraph — of this agreement.

Cost-of-Living Bonus

Wage adjustments based on changes in the cost of living are an addition to existing wage rates and become an integral part of these rates. Allowances for increased cost of living, however, may take the form of a temporary bonus supplementary to and kept separate from the regular wage rates.

168. *Cost-of-Living Bonus Continued*

It is agreed that the cost-of-living bonus granted in previous agreements shall continue in full force and effect during the life of this contract.

169. *Flat Monthly Cost-of-Living Bonus*

To pay to each employee employed in said classifications a provisional living allowance of \$17.70 per month. Said provisional living allowance shall not become a part of basic wages and shall be included in computing employee benefits, vacation allowance, holiday pay, overtime payments, and tax deductions.

170. *Monthly Cost-of-Living Bonus Graduated to Employees' Hourly Rates*

That effective March 1, —, and continuing through September 30, —, and thereafter, if not terminated on such date by 10 days' prior written notice by one party to the other, on a month-to-month basis until terminated by either party at the end of any such month by 10 days' prior written notice to the other, a further cost-of-living bonus shall be paid each month to each employee actively and continuously working during the month, such bonus for each employee to be equivalent in amount to the rate hereafter set forth applicable to such employee for each pay-roll hour for such employee, with time and one-half such rate for all hours worked in excess of 40 hours per week, and to be calculated and paid at the end of each month, except the bonuses for March and April, which shall be calculated and paid in the ordinary course of business in the immediate future. The bonus rates shall be as follows :

Where the basic hourly rate is—	<i>The bonus rate shall be (cents)</i>
\$0.82 or below.....	10.4
\$0.83-\$0.87.....	11.3
\$0.88-\$0.92.....	12.1
\$0.93-\$0.97.....	12.9
\$0.98-\$1.02.....	13.7
\$1.03-\$1.07.....	14.6
\$1.08-\$1.12.....	15.5
\$1.13-\$1.17.....	16.3
\$1.18-\$1.22.....	17.2
\$1.23-\$1.27.....	18.0
\$1.28-\$1.32.....	18.9
\$1.33 or above.....	19.8

171. *Three Percent Cost-of-Living Bonus Applied Only to Specified Amount; Minimum Increase in BLS Index Specified*

Should the Consumers' Price Index for [city] (formerly Cost-of-Living Index), as determined by the Bureau of Labor Statistics, increase not less than 3 index points (nearest integer) above the June 15, —, figure in any subsequent 3-month period, the company will pay as a corresponding cost-of-living bonus, in cash monthly installments, the sum of not less than 3 percent (nearest integer) on the first \$— of annual salary of each employee. The adjustment shall be made no oftener than quarterly and shall become effective in the first month occurring after the 3-month period in which the above rise in the index occurs.

172. *Combination Automatic and Permissive Cost-of-Living Bonus Plan; Weekly Percentage Adjustments to Gross Earnings When BLS Index Rises Between 7 and 12 Percent; Renegotiation, Including Arbitration, if Index Increases More than 12 Percent*

When the cost of living as shown by the United States Department of Labor Consumers' Price Index for Large Cities, for all items, exceeds by 7 percent, the level of July 15, —, the following clause shall become effective:

A percentage bonus equal to any increase over 7 percent in the cost of living, as shown by the above-mentioned index, above the July 15, —, level, shall be added weekly to the gross earnings of all persons covered by this agreement.

This bonus will be paid on the first full week in the month following the receipt by the company of publication of any increase in the cost of living over the established level. This bonus will be continued weekly until such receipt of the next publication. Should there be any increase as indicated by the index, the bonus will then be the increase in the percentage above the 7 percent over the July 15, —, level. This procedure will be followed until the index shows an increase in the cost of living of 12 percent over the July 15, — level.

Should the cost of living exceed 12 percent of the July 15, —, level, then the company reserves the right to reopen the cost-of-living bonus section of this contract for any further increases, above the 12 percent in the cost of living. The union shall be given a 10-day written notice by the company of this reopening. Immediately following that 10-day period, the union and the company shall renegotiate the cost-of-living bonus and the agreement resulting from such renegotiation shall then be incorporated in a writing to be signed by both the union and the company. Should such renegotiation fail, the company agrees to arbitrate any increase in the cost of living over 12 percent above the July 15, —, level.

Should the cost of living drop while any bonus is in effect, the bonus will be lessened by an equal amount.

173. *No Increased Bonus if Cost of Living Rises; Reduction in Existing Bonus if Cost of Living Declines*

Other than the agreed exceptions, all other employees shall have added to their weekly earnings a 10 percent cost-of-living bonus. This cost-of-living bonus shall remain at 10 percent as long as no decrease occurs in the cost-of-living figure for December 15, —, as shown in the index of the cost of living for [city] published by the Bureau of Labor Statistics of the United States Department of Labor. Should such a decrease occur then from month to month thereafter, commencing in each month with the first full week thereof, the percent of the decrease in the cost of living will be determined by subtracting from the cost-of-living figure for December 15, —, as described above, the cost-of-living figure shown in each succeeding monthly issue of the said publication. The amount of such decrease in the cost of living shall be converted to the nearest full percentage and the cost-of-living bonus for that month shall be obtained by subtracting the percent of the decrease from 10 percent.

Bonus Plans

Some agreements provide for a gratuity to workers in the form of a Christmas or year-end bonus or some other specified gratuity. Even in plants and establishments where such bonus plans are actually in operation, management has been reluctant to write bonus provisions into agreements because it has felt that a bonus represents a gratuity which employers should be free to grant or not. Bonus payments of various sorts have, however, been incorporated into the terms of some agreements. Such bonuses may take the form of an outright gift or be made contingent on employees' specific contributions. Bonuses for attendance, safety, production or continuous service are more frequently included since management feels that these represent payments for specific performance rather than gratuities.

It is sometimes difficult to differentiate between a Christmas bonus, annual bonus, and continuous-service bonus in those cases where the amount of the bonus is related to the employee's period of service with the employer. The distinction at times seems to be in the time of the payment, i. e., whether made at Christmas or at another time of the year, and/or the frequency of payment, i. e., whether made annually, semiannually, or at more frequent intervals.

The bonus may be a fixed amount, a percentage of earnings, a portion of an available sum of money, and it may be graduated according to length of service. Eligibility requirements may be established, such as a minimum length of service or nonparticipation in strikes or other work stoppages.

Clauses which provide for bonuses if the company operates at a profit are similar to profit-sharing plans except that they do not tie the amount of the bonus directly to the amount of profit made. Bonus

payments tied directly to production may be established as a fixed amount per employee or per unit of production, or may be based on the total output, production, or sales.

Christmas and Continuous Service Bonus Plans

174. *Christmas Bonus To Be Negotiated*

The firm agrees that on or about November 1 of each year, it will negotiate with the union for the payment of a Christmas bonus to its employees and will make a satisfactory attempt to arrive at an agreement in connection therewith.

175. *Christmas Bonus—Company to Continue Past Practice*

The company agrees to continue its past practice with respect to the payment of a Christmas bonus; such payment, if any, to be contingent upon the same factors as heretofore.

176. *Employer Relieved of Obligation for Future Christmas Bonuses But Reserves Right to Pay Bonus*

In consideration of the increased rates of pay granted in this contract, the union acknowledges and agrees that the company is hereby relieved of any responsibility in the future for the payment of Christmas and year-end bonus awards, but nothing in this contract shall prevent the company paying such awards if the company deems it to be advisable.

177. *Christmas Bonus—Provided Profits in Company's Opinion are Sufficient*

The company agrees to pay a Christmas bonus (for the year —), if the profits for the 6-month period ending December 1, —, are determined by management to be sufficient to pay the same.

The bonus plan will be as follows: Those employed continuously from 1 to 5 years will receive 1 percent of yearly earnings based on the number of hours worked per week not to exceed 40 hours per week at the base hourly rate; those employed 5 years and over will receive 2 percent of yearly earnings based on the number of hours worked per week not to exceed 40 hours per week at the base hourly rate.

The period over which this bonus will be figured is from December 1, —, to December 1, —.

178. *Christmas Bonus—Fixed Amount to All Regular Employees*

The employer agrees to pay all regular employees a Christmas bonus of \$25 each.

179. *Christmas Bonus—Fixed Amount to Employees with 1 Year of Service*

In lieu of the present Christmas bonus as now paid by the employer, a Christmas bonus of \$20 for each employee (except clerical and supervisory) having 1 year or more of service shall be paid during the month of December.

180. *Christmas Bonus—40 Hours' Pay*

The company will not change its Christmas bonus policy, to wit, the payment of 40 hours' pay to those employees in the company's employ at least 2 months at Christmas time.

181. *Christmas Bonus—Fixed Amounts Geared to Length of Service; No minimum Service Requirements*

All employees covered by this agreement shall receive a Christmas bonus computed in the following manner:

(a) All employees who, as of December 15, —, have been in the employ of the company for less than 3 months shall receive the sum of \$5.

(b) All employees, who, as of December 15, —, have been in the employ of the company for 3 months but who have accumulated less than 1,500 working hours in the employ of the company shall receive the sum of \$15.

(c) All employees who, as of December 15, —, have accumulated 1,500 working hours or more in the employ of the company but have been in the employ of the company less than 2 years, shall receive the sum of \$25.

(d) Each employee who, as of December 15, —, has been in the employ of the company for 2 years or more shall receive 1 week's pay based on the average normal straight time pay per week of such employee as computed over the prior 52 weeks and not less than the guaranteed pay of such employee for a 40-hour week.

182. Christmas Bonus—Fixed Amount if no Strike During Year

Employer shall give to each employee a Christmas gift of \$25, payable on the pay day closest to Christmas. In the event that there has been any strike or work stoppage, authorized or unauthorized, complete or partial, during a calendar year in which the gift is to be paid, this paragraph shall be inoperative and no Christmas gift of \$25., or in any other amount, shall be paid to any employee.

183. Christmas Bonus Not Considered Part of Basic Wage Structure

Christmas bonus—The company agrees to pay a Christmas bonus as follows: To those in the employ of the company 1 to 6 months, \$15; 6 to 12 months, \$20; 1 to 2 years, \$30; 2 to 5 years, \$35; 5 to 10 years, \$40; over 10 years, \$50. The same provisions concerning requirements for qualification for vacations in terms of hours to be worked which apply before employees can qualify for Christmas bonuses, except that the date for determining the number of hours worked in the course of the year shall be the 15th of December of each year.

It is understood that by paying this Christmas bonus this shall not be deemed to be a part of the basic wage structure of the company. The company is unable to make any representation to the union as to whether or not it will be in a position to continue the Christmas bonus after the termination of the contract.

184. Continuous Service Bonus Plan—Fixed Amounts Graduated According to Length of Service

Effective Christmas [year] it is agreed that any employee on the seniority list having 60 days or more seniority shall receive a Christmas bonus to be paid in the following manner:

60 days to 1 year.....	\$5.00
1 year to 2 years.....	15.00
3 years or more.....	25.00

185. Annual Bonus at Sole Discretion of Company

The company has, in the past, when its financial condition was deemed adequate, distributed to its employees a percentage of their annual straight time earnings as a gratuity.

It is understood and agreed that such bonus gratuities are specifically excluded from negotiations between the parties to this agreement. The determination as to payment of such annual distributions as well as the amount thereof lies within the exclusive discretion of the company.

186. Annual Bonus—2 Percent "Wage Dividend"

The company agrees to pay all employees on December 18, a 2 percent wage dividend based on any work performed during the current year. The year shall

be computed from December 1 of the previous year to November 30 of the current year.

187. Annual Bonus—2½ Percent of Annual Earnings; Bonus Paid to Separated Workers

The company agrees to pay a bonus of 2½ percent on the total compensation received by each employee from December 1, —, to November 30, —. This bonus shall be payable on December 15, —, except that if any employee quits, is discharged, or laid off, he shall receive this bonus with his final pay.

188. Annual Bonus—3 Percent of Earnings to Employees with 1 Year of Seniority by Cut-Off Date

For the calendar year —, a bonus of 3 percent of his total earnings during the calendar year — will be paid to each employee covered hereby having one or more years of seniority on December 31, —. Such bonus will be paid by the company during the period from May 1, —, to June 15, —. No employee who has lost his seniority for any reason on or prior to December 31, —, shall be entitled to such bonus or any portion thereof. Any employee entering the military service of the United States after the date hereof but before such payment becomes due and who had at least 1 year's seniority on December 31, —, shall be paid his bonus at the time of his departure.

189. Continuous Service Bonus—Semi-Annual Percentage Bonus Graduated According to Length of Service

The company shall pay a semiannual bonus for the year — to all regular employees. Such bonus shall be upon a graduated scale, according to the employee's tenure of service, and shall be based upon a designated percentage of the employee's gross earnings during the bonus period. The scale and basis for determining such bonuses shall be as follows:

	<i>Percent of earnings</i>
Service from 3 months to 18 months.....	1
Service from 18 months to 3 years.....	2
Service from 3 years to 5 years.....	3
Service from 5 years to 10 years.....	4
Service over 10 years.....	5

Each semi-annual bonus shall be computed on the employee's gross earnings for not more than 13 complete pay periods preceding the computation. A period of 3 weeks shall be allowed the company for computation purposes, and the succeeding bonus shall be computed on the next 13 pay periods following the last pay period used in the previous computation. The bonuses shall be paid at the end of the computation periods or sooner if possible.

190. Continuous Service Bonus Twice Yearly—Percentage of Earnings; Graduated According to Length of Service. Payable to Discharged or Resigned Workers

A service bonus based on length of continuous service with the company will be paid to all eligible employees twice a year, about July 1 and January 1.

The percentage of earnings to be paid as a service bonus shall be as follows:

	<i>Percent</i>
Employees with service over 30 days and less than 6 months.....	9
Employees with service over 6 months and less than 1 year.....	12
Employees with service of 1 year or more.....	15

When an employee resigns from the service of the company or is discharged, he or she shall be entitled to the service bonus payable on his wages earned.

191. *Continuous Service Bonus for Women—Percentage of Earnings Graduated According to Length of Service*

Regular hourly-paid women employees will continue to receive the service bonus premium which is applied on their regular hourly rates, in the amounts of 3 percent after 1, 6 percent after 2, and 10 percent after 3 years of continuous service, respectively. Such years are further defined as meaning 52 weeks in each of which one or more days have been worked.

192. *Ten Percent Bonus Twice Yearly to Employees With 6 Months' Service; Separated Employees Excluded*

All hourly employees with 6 months or more seniority shall receive a 10 percent bonus of their gross earnings for the past 6-month period, payable approximately July 1 and January 1.

An employee who has been laid off or is on sick leave shall receive a bonus based upon his earnings for the period worked payable at the regular time.

An employee discharged or who quits shall not be entitled to any bonus.

A new employee's first bonus is payable at the end of his first 6 months of continuous employment. Thereafter it is payable January 1 and July 1 as in [first paragraph above]. It is understood that his second bonus will be based upon his gross earnings dating from his first bonus payment date to the regular payment date.

193. *Union Members Only Receive Bonus Based on Percentage of Employee's "Gross Wages"*

There shall be paid to each employe on May 1 and November 1 of each year, or at such time when said employee is discharged or terminates his employment, a lump sum cash bonus of 5 percent of the total of such employee's gross wages during the preceding 6-month period, but no bonus shall be paid until an employee has become a member of the union.

194. *Continuous Service Bonus—10 Percent of Wages to Personnel Who Stay With Vessel for Stated Period*

Each member of the unlicensed personnel who shall have been continuously employed on a vessel at the company for at least 45 days prior to the lay-up of such vessel at the close of the sailing season and who shall complete his duties in connection with such lay-up, shall receive a bonus equivalent to 10 percent of the wages received by him during the period of such continuous employment in such season.

195. *Bonus to Employees Finishing Season Based on Minimum Time Worked Each Season*

All employees, at the finish of our completed season, or once a year, in case we should work the year around, and who have worked 65 percent of the total days the factory has operated and are on the pay roll at the end of the completed season, will be paid a bonus as follows: Those who have been on the pay roll 65 percent of the working days each year for 5 consecutive years or more and finished season will receive a bonus equal to 80 hours at their regular hourly rate they are receiving when bonus is paid. Those who comply with the above conditions for 3 to 4 years, inclusive, will receive a bonus equal to 60 hours, and those who comply with the above conditions from 1 to 2 years, inclusive, will receive a bonus equal to 40 hours at the hourly rate they are receiving when the bonus is paid.

196. *Flat Bonus for Continuous Employment for Stated Period; Weekly Bonus to Those Employed Part Time During Period*

The employer shall, upon the signing of this agreement, pay a bonus of \$36 to each worker who was employed continuously during the period of August 25 to

December 31, —, both dates inclusive, and a bonus at the rate of \$2 per week for each week of employment during said period to each worker who was employed during any part, but not during the whole of said period.

Attendance Bonus Plans

197. Attendance Bonus—Flat Weekly Bonus in War Stamps; No Excuses for Absence or Lateness

The Employer agrees to pay each employee \$1.50 in war stamps per week for full attendance and promptness. No excuse will be accepted for absenteeism or lateness.

198. Attendance Bonus—5 Cents Per Hour for all Hours Worked in Week Provided No Absences

Each employee who works the full schedule of hours required during each week shall receive an attendance bonus of 5 cents per hour for all hours worked during that week. It is understood and agreed that employees absent from work for any reason whatsoever during any part of the full schedule of hours required during any week shall not be entitled to receive the attendance bonus for the week in which the absence occurred. It is further understood and agreed that the attendance bonus shall not be considered as part of the earnings of each employee for the purpose of computing the cost-of-living bonus.

199. Attendance Bonus—5 Percent; Excusable Absences Listed

Unless otherwise mutually agreed upon, the firm shall continue its present 5 percent attendance bonus. The company and the union shall mutually agree upon a fair and equitable list of rules covering valid excuses, the period when this bonus should be paid.

The union agreement provides that the present attendance bonus of 5 percent will remain in effect and will be paid to the employees every 3 months. The following shall be among the legitimate excuses for being absent :

1. Death in family.
2. Jury service.
3. Attendance in court or before other Government agencies.
4. Visit to a serviceman or woman or by a serviceman or woman in the immediate family.
5. Sickness of worker.

Only when so requested by the company, an employee, who was absent due to sickness, shall present reasonable proof of such sickness.

200. Attendance Bonus:—Cents Per Hour for Hourly Workers; Percent of Earnings for Salaried Employees; Amount of Bonus Cut by Unexcused Absences

Regular hourly employees will receive an attendance bonus amounting to 2½ cents per hour for all hours worked from January 1 to the first Sunday in December as regular employees. Regular employees (salaried) will receive an attendance bonus of 5 percent of the wages earned during the period January 1 to the first Sunday in December. Employees quitting or discharged prior to the first Sunday in December shall not be entitled to any bonus. Regular employees laid off for lack of work, however, shall receive the bonus. Employees absent from work without excuse as hereinafter provided, for 2 days in the period January 1 to the first Sunday in December shall have their total bonus reduced by 20 percent, and each additional day's absence shall reduce their original total bonus by an additional 10 percent. Absence because of illness will be excused only on receipt of a doctor's certificate or by reporting to the employer's personnel department at the time of illness, if possible, not after. Other necessary absences may be excused by obtaining written permission from a designated

executive of the employer 24 hours in advance. Only absences approved in writing by an executive designated in writing to the union shall be excused. The company agrees to notify an employee of any alleged unauthorized absence within a period of 1 week of its occurrence. Any disagreement between the employee and the company regarding the absence must be presented as a grievance to the union within 1 week of the date of original notification, otherwise the absence will be considered unexcused.

201. Attendance Bonus—Graduated Amounts Geared to Number of Shifts Worked During Year

The company agrees to continue, during the life of this union agreement, the antimigration bonus established for the year — . The bonus is payable for each calendar year after January 1 of the succeeding year to employees on the pay roll on January 1 of the succeeding year. The bonus is computed as follows:

1. For men working—

	<i>Per shift</i>
265 to 269 shifts in any calendar year.....	\$0.15
270 to 274 shifts in any calendar year.....	.10
275 to 279 shifts in any calendar year.....	.15
280 to 284 shifts in any calendar year.....	.20
285 or over shifts in any calendar year.....	.25

2. The number of shifts worked shall be determined by dividing total straight time hours worked by 8.

202. Attendance Bonus Eliminated; Amount Added to Existing Rates

All bonuses being paid as a reward for employee attendance will be eliminated and this same percentage of bonus now allowed will be added to existing rates as of the date of this contract.

Production, Sales, and Other Bonus Plans

203. Graduated Bonus if Production Exceeds Quota in 4-Week Period

When the ticketed¹ production of rolled zinc, rolled lead and ceramite for a 4-week period is within the brackets shown below, the wage rate for the 4-week period will be increased by the amount indicated.

Ticketed production during 4-week period (in tons) :	<i>Increase per hour (cents)</i>
461 to 530.....	2
531 to 599.....	2
600 to 668.....	2
669 and over	2

204. Flat Bonus if Production Exceeds Quota Over 4-Week Period

When the first-run production in the dye department shall reach an average of 8,000 dozen per day for a consecutive 4-week period, the company will pay to the dye-house employees an additional bonus of 3 cents an hour for time worked after such 4 weeks average of 8,000 dozen a day has been established.

205. Production Bonus to Production and Nonproduction Workers. Paid Weekly for Excess Over Past Performance Standard. Computing Overtime Under Bonus Plan

The wage bonus plan is based upon past performance standards of list price production and productive hours worked during the prescribed base period.

¹ Ticketed production was substituted for shipments on [date] at a meeting between the company and the union.

These are the essential factors for initiating a standard amount of list price production per hour which must be exceeded during a week using the entire week's production and the entire week's productive labor in order to effect bonus payment.

The wage bonus shall be paid weekly along with the regular pay-roll check.

To arrive at the amount of bonus paid for the productive workers take 50 percent of the excess over standard and apply this percentage to their total pay, the result being the amount of bonus paid for that week.

In order to arrive at the bonus paid for the nonproductive worker, take 50 percent of the excess over standard and apply this percentage to their total pay, the result being the amount of bonus paid for that week.

The basic hourly rates in existence will continue and be guaranteed under the operation of this plan.

Bonus wage earnings are increased in proportion to increased production.

Overtime under the bonus plan will be computed as follows: regular hours times the regular base rate equals regular pay. Overtime hours times one-half of the base rate equals overtime pay. Overtime pay plus regular pay equals pay roll before bonus payment. Bonus percentage equals standard excess times 50 percent. Regular pay including overtime pay times bonus percentage equals bonus earnings. Bonus earnings plus total pay including overtime equals total pay including bonus earnings.

The past performance standard has been arrived at by taking 6 months' actual production of the entire plant divided by the total amount of productive hours for the same period.

The weekly amount of plant production divided by the weekly amount of productive hours will give the actual performance for that particular week. Percent of excess of the weekly performance over standard is the factor used to arrive at bonus pay for that particular week.

206. Production Bonus Based on Monthly Ratio of Pay Roll to Total Productivity

The following incentive plan is a part of this contract:

(1) When the ratio of pay roll to total productivity for any month is less than 0.50, a premium of 1 cent per hour for each hour worked during that month will be paid. The productivity figure referred to above will be calculated as follows:

Net sales, less purchased parts, plus the sales value of kiln settings, plus the sales value of first-grade ware discharged, divided by 3.

Pay roll shall be the total wages paid to all workers exclusive of office, technical, and managerial personnel.

(2) A bonus of 1 cent per hour for each hour worked during the month will be paid if:

The new kiln production value of first grade stoneware drawn from the kiln is 94 percent or greater than the total content value of such kilns drawn and

The new kiln production value of first grade whiteware, exclusive of porous ware drawn from kiln is 84 percent or greater than the total content value of each kiln drawn and

The net kiln production value of first grade porous ware drawn from kiln is 80 percent or greater than the total content value of such kilns drawn.

207. Monthly Production Bonus Fund Based on Items Made and Sold. Eligibility Defined as 60 Days' Service

For calendar months commencing on March 3, —, the company will pay a monthly production bonus to each eligible employee. The term "eligible employee" shall include all employees who are members of the bargaining unit

who have been continuously in the employ of the company for 60 days or more prior to the beginning of any calendar month.

At the end of each calendar month commencing with the end of the month of March —, the company will credit to a production bonus fund an amount of money equal to the number of products manufactured and sold by the company on and after March 3, —, and for which the purchase price has been paid multiplied by the unit bonus. A list of products manufactured by the company on which the bonus will be computed and the amount of the unit bonus to be credited to the production bonus fund for each product is set forth in exhibit B—Bonus, which is attached hereto and made part of this agreement. Subject to approval by the negotiating committee, the company may amend the exhibit B—Bonus, by adding or deleting products listed thereon and by increasing or diminishing the unit bonus for any of the products listed.

To determine the amount of the individual bonus for each eligible employee for the calendar month, the amount of money which has been credited to the production bonus fund for that month will be divided by the total number of hours actually worked during such calendar month by all eligible employees of the company entitled to participate in the production bonus for such month. The quotient of such division will be the rate of bonus per hour actually worked per eligible employee. This rate of bonus per hour actually worked per eligible employee will then be multiplied by the number of hours actually worked by each eligible employee during the calendar month. The result of this multiplication will be the amount of production bonus payable to such individual eligible employee for the calendar month.

The production bonus will be paid by the company to its eligible employees on the twentieth day of the month following the month during which the bonus was earned. The first production bonus will be paid on April 20, —.

208. Production Bonus—Fund Based on One-Half of Each 1 Percent Net Gain in Annual Production Over Base Production Index Multiplied by Total Pay Roll. Individual Bonus Geared to Hours Worked. Union and Employer Share Eages of Employee Appointed to Check Company Calculations

The following plan is established for sharing the benefit of improvements in productivity over the levels of production performance which were accomplished in the year's period preceding August 1, —.

a. A production index of 72.9 pounds of salable products produced per man-hour is established as the standard of performance actually accomplished in the year's period from July 1, —, through June 30, —.

b. The total pounds of production includes all finished [products] manufactured at the — plant, but does not include the byproducts of the [product] manufacturing operations, such as [byproducts].

c. The total hours worked includes the actual hours worked by all hourly-paid employees with two exceptions: Mechanical construction project hours charged to capital account, and labor hours spent in packing the variety package.

d. At the end of each calendar year the actual production index for the year will be compared with the index of 72.9 for the base period year. One-half of each 1 percent net gain over the standard will be multiplied by the total dollars of pay roll for all hourly-paid employees during such year to establish a fund to be distributed as follows:

1. The hourly-paid employees eligible to share in the fund will be as follows:
 - (a) All hourly-paid employees currently on the pay roll at the end of the year.
 - (b) All hourly-paid employees who are on a leave of absence status.

(c) All hourly-paid employees temporarily laid-off at the end of the calendar year who have had one or more years of continuous service.

(d) All hourly-paid employees who were retired at age 65 during the current calendar year.

2. The total fund will be apportioned as soon as practicable after the end of the year to those who are eligible for a share on the basis of the actual hours worked by each participant in relation to the total hours by all of the participants in that calendar year.

e. It is recognized that the objectives specified can be accomplished in the following ways among others:

1. Improved methods and equipment.

2. Less waste of materials which will increase the pounds produced as well as reduce the hours required for handling waste materials.

3. Increased pounds produced within capacities of equipment by avoiding delays and interruptions as far as possible.

f. Employees will be kept posted of progress toward objectives by quarterly reports which will be posted.

g. An hourly-paid employee whose qualifications are determined as satisfactory by mutual agreement of both parties will be selected to work with the members of the management staff in determining the results under this plan. It is understood that such person will be given full opportunity to check the calculations made by the company under this plan. It is understood that the appointment of such person will be for a period of 1 year subject to renewal for additional years, unless either party objects to a reappointment. The company and the union will share equally the actual cost of the wages of such person at his regular wages for the actual hours that he will be required on this assignment.

h. In order that the plan covered in this section may have a fair start for the calendar year —, the company agrees to give credit for an accomplishment at the standard index of 72.9 pounds per hour for the first 7 months of the year — (January 1 through July 31), rather than use the actual index for that period which is a lower amount.

209. Production Bonus—Specified Amount Per Unit Shipped. Pro Rata Payment to Employees on Leave

The company shall place in a fund to be distributed among the hourly paid employees each 3 months \$2 per unit for each [product] shipped and 10 cents on each [product] shipped.

New employees will not be eligible for participation in this plan until the start of the next 3-month period from the date of his employment.

An employee on sick leave or authorized leave of absence must work at least 30 days of the 3-month period to be eligible for participation. His participation shall be equal to the percentage of the period for which he worked.

210. Monthly Bonus Graded to Value of Shipments Above Standard. Adjustment for Varying Workweeks. Minimum Work Requirements Specified

As an additional incentive and until the employer obtains sufficient experience to prove or disprove the practicability of the following bonus arrangement, the employer agrees to an over-all monthly production bonus which shall begin at a shipping minimum of (\$550) times the number of shop employees. The rate of bonus shall be 1 hour's pay for each \$2.50 of shipments per employee above the minimum. *Example:* Total shop employees 200 times \$550 equals \$110,000 minimum. Monthly shipments equal \$130,000 less \$110,000 minimum equals \$20,000 bonus shipments; 200 employees times \$2.50 equals \$500 worth of ship-

ments per hour of bonus; \$20,000 bonus shipments divided by \$500 equals 40 hours of bonus pay. Should experience prove this bonus arrangement not practical the employer shall notify the union and suspend within 30 days this arrangement and in the meantime shall meet with the union and arrive at a bonus arrangement which shall be mutually satisfactory. It is also further understood that the shipping rate of \$550 per employee is based on a 40-hour week. Should the workweek be increased, for example, to 44 hours per week, the shipments per employee shall be increased a similar percentage or to \$605 per employee, or to such percentage as the percentage of work hours increases.

To determine the minimum shipments for bonus calculation and to share in this an employee must be on the pay roll for the first day of the bonus period for which the bonus is paid. Any employee who works at least 50 percent of the time in any given month shall receive bonus for that period worked regardless of the reasons for not having worked a full month. To compensate for the employees not eligible to share in the bonus because they did not work 50 percent of the full month, the employee or employees who did not share will not be counted in determining the minimum shipments. This revision, if any, will take place at the end of the month for which the bonus is figured.

The bonus is to be paid monthly on the third pay-day of the following month. Should an employee leave the employ of the employer, he shall be paid the amount due him for the specific period in which he was employed.

211. Production Bonus—Specified Amount Graduated to Monthly Sales. Bonus Includes All Company Employees with Named Exceptions and Excludes Employees Absent or Late

The employer agrees to pay a bonus to its employees employed at the factory at [address], whether members of the bargaining unit or not, and excluding only ———, to be divided amongst them equally and to be payable monthly as follows:

Where the sales as represented by shipments of the employer less returns, discounts and credits total at least \$75,000 per month then the bonus to be paid shall be the sum of \$1,000.

Where the sales as represented by shipments per month as defined herein exceed \$75,000 then the bonus shall be an additional \$150 for each additional \$10,000 of such sales.

The bonus provided for herein shall be payable on or before the fifteenth of the month and is to be based on the sales of the preceding month.

A statement by the auditor of the employer setting forth the sales of the employer as defined herein shall be final and conclusive on the parties hereto.

It is agreed between the parties that if an employee is absent from work for 2 days in one month without permission of the plant superintendent and not as a result of sickness or injury then such employee shall not be entitled to share in the bonus payment based on the sales in the month when the employee was so absent.

It is agreed between the parties that if an employee is late on three occasions during 1 month without permission of the plant superintendent then such employee shall not be entitled to share in the bonus payment based on the sales in the month when the employee was late.

In the event of a dispute on absences or latenesses then the decision of the employer shall be final and conclusive.

212. Production Bonus—Amount Geared to Time Saved in Doing Specific Job

Incentive payment and other special conditions of employment for emptying and refilling gas oxide purifying boxes at the ——— plant;

1. In addition to the regular hourly wage of employees assigned this work, a bonus will be paid as follows :

If the job is completed in not more than 825 man hours, a total bonus of \$115.

If the job is completed in not more than 775 man hours, a total bonus of \$130.

If the job is completed in not more than 725 man hours, a total bonus of \$145.

If the job is completed in not more than 675 man hours, a total bonus of \$160.

If the job is completed in not more than 625 man hours, a total bonus of \$175.

If the job is completed in not more than 575 man hours, a total bonus of \$190.

If the job is completed in not more than 525 man hours, a total bonus of \$215.

2. The only man hours that shall not be included in the above bonus hours of the employees in the emptying and refilling of the oxide gas purifying box shall be the hours of the employee designated to care for the conveyors and the foreman designated to supervise the job.

3. The disposal of the spent oxide and cleaning up of the grounds outside of the oxide gas purifying box during and after the emptying and refilling of the box shall be done by the crew participating in the bonus and such time for this cleaning up shall be included in the man hours when determining the total bonus earned.

213. Increase Granted if Hourly Production Matches That of Specific Competitors

If at any time the hourly production of the — plant or the [plant] is raised to a point comparable with the production of the — company and the — company, then the rate of pay for machine-men shall be — cents per hour in accordance with the foregoing schedule.

214. Safety Bonus—Specified Mileage Rate if no "Chargeable Accidents." Right to Appeal Accident Claim

In addition to the above rates operators shall be paid .25 cents per mile for the actual mileage operated and on all allowed mileage on regularly scheduled sign-up runs as a bonus for having no "chargeable accidents."

This bonus shall continue to be paid to each operator during the term of this agreement until an operator shall have a chargeable accident at which time the operator involved in the chargeable accident shall be deprived of such bonus for a period of 30 days. At the end of the 30-day period the bonus, as stated above, shall again be paid and shall extend until such time as another chargeable accident may occur. Each chargeable accident shall cause the operator involved in same to be deprived of his bonus for 30 days.

Crowded busses, weather conditions, condition of pavement, traffic conditions, and all other conditions which contribute to the cause of accidents are to be taken into consideration whenever accidents are charged; and whenever the operator involved feels unjustly charged with an accident he shall have the right to appeal.

An appeal on a chargeable accident must be handled in the form of a grievance and a report made in writing by the operator to his union committee within 5 days of the date of the form 10 that is issued on such chargeable accidents. The union committee will then make an investigation and if they deem it advisable a hearing will be held in accordance with the grievance procedure set up in the contract in section —; however, such hearing must be held within 15 days of the date of the form 10 otherwise the decision of the superintendent charging the accident shall stand.

Profit-Sharing

Under profit-sharing plans, employees receive, in addition to wages, a predetermined and fixed share in the company's net profits at the

close of any fiscal period. In contrast to automatic wage adjustment, profit sharing usually takes the form of annual or semi-annual bonuses, supplemental to regular wages. The amount of the bonus is tied directly to the amount of company profits. Such plans do not include either bonus systems of wage payment or year-end gratuities given at the discretion of the employer.

The underlying principle of profit sharing is based on the belief that the present wage system is too rigid to enable employees to secure their proper share in the company's income and that profit sharing (by promoting mutuality of interest on the part of management and workers) will tend to increase productivity and thus the company's net income, and at the same time assure its fair distribution.

The United States has only a small number of profit-sharing plans, and probably a majority of these are in unorganized plants. It is unusual for a profit-sharing plan to exist side by side with a union agreement, or for union agreements to contain provisions for the adjustment of wages by a share of the employer's profits.

Profit-sharing plans provided in union agreements differ in three major respects: (1) the formula or method used in calculating the share of profits going to employees; (2) eligibility requirements; and (3) frequency and manner of distribution of the total amount available.

Some plans are based on sharing a fixed percentage of the profits, either before or after taxes. In others, a fixed amount is set aside by the company from the net profit and the remainder (or part of the remainder) is distributed among the eligible workers as a cash bonus. A cash profit-sharing bonus may be given when the company's share holders receive dividend payments. Accounting practice for computing the profit figure is frequently specified.

The individual employee's share may be based on his total hours worked during the fiscal period, in relation to his annual earnings, on his length of service, or on a combination of these factors.

215. *Reference to Company Profit-Sharing Fund*

The following benefits will be available to all eligible employees, subject to economic conditions and general company policy with respect thereto: — Employees Savings and Profit Sharing Pension Fund, in accordance with the provisions and bylaws thereof. * * *

216. *Profit Bonus at Sole Company Discretion*

Bonuses from the profits of the company shall be paid to the employees as heretofore, without the right, however, of the union to be furnished with any statements of the profits of the company, or the method in which said bonuses are calculated and distributed; it being the company's intent to continue in effect the bonus plan heretofore paid employees, which has been filed and approved by the War Labor Board. According to that plan, bonuses will be more or less dependent upon the earnings of the company.

217. *Payment and Amount of Bonus at Sole Company Discretion*

The company has, in the past, when its financial condition was deemed adequate, distributed to its employees a percentage of their annual straight time earnings as a gratuity.

It is understood and agreed that such bonus gratuities are specifically excluded from negotiations between the parties to this agreement. The determination as to payment of such annual distributions as well as the amount thereof lies within the exclusive discretion of the company.

218. *Cash Bonus Graduated According to Company's Net Earnings*

The employer agrees to pay a Christmas bonus on the following basis:

(a) If the net earnings of the company for the year 1947 equal or exceed \$800,000, but are under \$900,000, a bonus of \$40. will be paid each employee.

(b) If the net earnings of the company for the year 1947 equal or exceed \$900,000, but are less than \$1,000,000, the company will pay each employee a bonus of \$50.

(c) If the net earnings of the company for the year 1947 equal or exceed \$1,000,000, but are less than \$1,200,000 the company will pay each employee a bonus of \$60.

(d) If the net earnings of the company for the year 1947 equal or exceed \$1,200,000, but are less than \$1,300,000, the company will pay each employee a bonus of \$70.

(e) If the net earnings of the company for the year 1947 equal or exceed \$1,300,000, but are less than \$1,400,000, the company will pay each employee a bonus of \$80.

(f) If the net earnings of the company for the year 1947 equal or exceed \$1,400,000, but are less than \$1,500,000, the company will pay each employee a bonus of \$90.

(g) If the net earnings of the company for the year 1947 exceed \$1,500,000, the company will pay each employee a bonus of \$100.

To qualify for the bonus, employees shall have been employed by the company for 30 days or longer, as of December 1.

This bonus shall be paid on or before the 21st day of December and in the first instance shall be based upon the net earnings as determined by the company auditor, and following the annual C. P. A. audit, including deductions for the previous bonuses paid. If there is any discrepancy resulting in an increase in bonus, as against that paid, all employees shall be paid such increase on or before January 31 of the year following.

219. *Bonus Based on Percentage of Annual Earnings if Company Operates "At a Profit." Limitations on Arbitrator*

A bonus of $1\frac{1}{4}$ percent of the earnings of each employee for the current year will be paid at Christmas, provided the company operates at a profit for the period of January 1, — to January 1, —. The company will supply a statement by a certified public accountant indicating whether such profit has been made. No changes in the principles employed in operating expenses in the current year shall be made as compared with those incurred in the previous year. This may be submitted to arbitration, as per this contract, and the arbitrator will not in any manner disclose any facts obtained from the company's financial statements or records to the union or to other parties but shall only render a decision as to whether the bonus is due.

220. Ten Percent of Net Profits. Individual Share Proportionate to Hours Worked During Year. Share Paid to Eligible Employees Despite Severance.

The employer and the union are agreed that there shall be a distribution of 10 percent of the net profits for the fiscal year resulting from the employer's operations, as more fully provided herein, commencing with the fiscal year of February 1, —.

The 10 percent net profits, as determined herein, shall be divided among all the employees of the employer or any concessionaires of the employer, upon the following bases:

(a) The fund resulting from the determination of 10 percent of the net profits, as set forth herein, shall be divided by the total man-hours worked by the employees qualified to participate in the distribution.

(b) Each qualified employee will be paid a sum equal to this hourly figure multiplied by the number of hours he (or she) worked during the fiscal year period of the plan.

(c) A "qualified" employee shall be an employee who has worked for the employer more than 300 hours during one fiscal year. The number of hours worked by every such qualified employee shall be used in the determinations under (a) and (b) above and such employee shall share in the distribution notwithstanding his (or her) severance of employment before the time for distribution.

(d) Distribution of the said 10 percent shall be made as soon after January 31 of each year as is practicable.

The 10-percent distribution shall be determined upon the net profit figure resulting each fiscal year from a compilation of the data from the employer's operations based as follows: (a) gross sales less the cost of goods sold and normal operating expenses, including deductions for shrinkage caused by theft, errors, and mark-downs; (b) plus items of other income, including, but not limited to, cash discounts; interest on accounts receivable, interest charged to departments (expense offset) for inventory investment, and income from tenants.

The employer further agrees that the items comprising "operating expenses" shall not be unduly augmented by the inclusion therein of: (a) charges for increased rentals paid to owners of property who are identical to, or affiliated with, stockholders of the employer; (b) interest for loans or mortgages in excess of the normal rates for such loans; (c) charges to depreciation, reserves, or special items in excess of recognized accounting practices; or (d) charges for improvement which may be more properly chargeable to capital asset items.

It is understood and agreed between both parties hereto that the yearly statement of net profits and balance sheet attested to by — —, certified public accountants shall constitute a full and final accounting for the purposes of this agreement.

It is agreed that the provisions of this article relative to profit sharing shall be continued from year to year hereafter so long as collective bargaining relations between the parties hereto continue, subject, however, to revision or termination as provided for in the basic collective bargaining agreement of which this article is a part.

221. One-Fifth of Net Profits Before Taxes. Individual Share Based on Annual Earnings, Service, and Position

The company shall for the calendar year 1947 distribute to its employees, other than officers of the company, one-fifth of its net profits before income taxes.

Distribution shall be made to employees on a unit basis as follows:

(a) Each employee is credited with one unit for each \$100 of annual earnings.

(b) Each employee is credited with one unit for each year of continuous service.

(c) Five units are credited for each employee holding a supervisory position.

(d) Fifteen units are credited to each assistant department head.

(e) Twenty-five units are credited to each department head.

Payment shall be made semiannually as follows:

(a) One payment to be made as soon as possible after June 30, —, based upon an estimate of the net profits for the year as shown by the company's books for the first 6 months of the year.

(b) A second payment shall be made on or about the end of the calendar year based upon profits for the entire year, less the payment previously made.

In order to be eligible to receive the foregoing payments, an employee must actually be in the employ of the company on June 30, —, as to the first payment, and December 31, —, as to the second payment (or on the day on which payment is computed if such payment is computed prior to December 31, —). In the event an employee leaves the employ of the company after said dates, but before the date of actual payment, he shall not thereby lose his right to share in said payments.

In order to be eligible to participate in the foregoing plan, an employee must have acquired seniority of at least 1 year. However, any employee who has acquired 6 months' seniority but less than a year's seniority on June 30, —, or December 31, —, shall be eligible for his share of the profits for the 6 months he worked ending with those dates, providing he remains in the employ of the company for the next 6 months and thus has acquired at least 1 year's seniority before actual payment becomes due.

222. Ten Percent of Net Profits Before Taxes. Individual Share Equals Ratio of 10 Percent Profits to Total Pay Roll; With Minimum Guarantee of 5 Percent of Annual Earnings. Company Figures Not Subject to Question by Union. Special Provision for Employees Leaving Company Before Bonus Payment

As a bonus to all its employees (employees in this article include all office, supervisory, salaried, and technical employees, excepting those earning \$5,000 or more per year) the company will divide among its eligible employees 10 percent of the company's net profit before taxes earned during the fiscal year ending September 30, —, not including any dividends or other distributions from any subsidiary corporation of the company, and the company further guarantees that such bonus shall, under no circumstances, amount to less than 5 percent of the total earnings of each eligible employee, from October 1, —, to October 1, —. It is mutually agreed that such bonus shall be paid in consideration of annual employment of not more than 2,700 hours and shall if added to the regular rate be so divided as to include the additional time and one-half for all hours worked in excess of 2,080 hours.

To determine each employee's share in such bonus, an amount equal to 10 percent of the company's net profit, as provided above, shall be divided by an amount equal to the company's total pay roll for the fiscal year ending September 30, —, exclusive of payments made to employees whose base pay is \$5,000 or more during such fiscal year. Each eligible employee's share of the bonus shall be the same percentage of his total earnings during the fiscal year as results from such division.

The amount of the total year's bonus shall be estimated as of April 1, —, and 40 percent of each employee's share in such bonus, as so estimated, shall be calculated and paid to eligible employees on July 1, —. The actual bonus shall be determined at the close of the fiscal year and that portion of each employee's

actual share in such bonus not already paid shall be paid to eligible employees on December 15, —.

Any employee who has been in the employ of the company for 6 months or more, and severs his relations with the company for any reason, shall be paid his share of the profit sharing bonus, such bonus to be paid on the dates specified above.

Any employee that is compelled to leave the company for the following reasons, before the payment of the profit sharing bonus payment (1) illness and furnished certificate signed by attending physician; (2) death of employee; (3) marriage of female employee; (4) employee retiring at the age of 65; (5) veteran leaving to attend school; (6) other unforeseen conditions that are agreed upon by the company and the union: then the profit-sharing bonus will be paid to such employees or their beneficiaries, such payments to be made on scheduled dates.

Any portion of the total bonus which is not distributed to employees by reason of ineligibility shall be added to the amount of bonus for distribution pro rata among the then remaining eligible employees at the next payment date.

In the event that the aggregate payment of bonus to each employee, as calculated herein, should not equal 5 percent of such employee's total earnings, the company will add to such payment on December 15, —, an amount sufficient to make such aggregate distribution equal to 5 percent of such employee's total earnings for the fiscal year.

On or before the thirtieth day of each month, beginning with the month of November —, the company shall post, in a conspicuous place in the plant, a notification of the estimated percentage of total earnings for the preceding month under this plan and also the estimated percentage of total earnings for the period from October 1, —, to the date of posting under the plan, based upon the earnings and pay roll of the company for such month and such period.

It is an express condition of the operation of this bonus plan that the union agrees to accept, as conclusive and final, the figures, records, data, and calculations submitted by the company to the Revenue Department of the United States of America in its Federal tax returns filed for the period involved; and further, as a condition precedent to the operation of this plan, the union agrees to accept as final, without recourse to any review or dispute, the statement of the company as to all elements or factors upon which estimated anticipatory and final profit sharing calculations are made, based upon such records.

In addition to the wages, incentives and bonus plan provided above, the company will not reduce or withdraw, during the life of this contract, the security program and other benefits in effect on the date hereof, consisting of life insurance, health, and accident insurance, hospitalization for employees and their families, and surgical benefits for all employees fully paid for by the company after 1 year's employment.

223. Twenty Percent of Operating Profit Before Taxes. Individual Share Graduated to Seniority. Union May Use Own Accountants to Verify Profit Figures.

In addition to the cost-of-living hourly rate adjustment, a profit sharing plan will become operative with the signing of this contract.

Twenty percent of the operating profit of the — division, before providing for Federal Government income and excess profit taxes, shall be distributed to men on the factory pay roll as soon after the end of the company's fiscal year on June 30, as the books can be closed and audited to determine the proper amount to be apportioned under this plan.

It is understood that the — division includes all products fabricated in both the — and — plants, as long as these properties are operated by the — corporation.

In other words all products on which men included on the factory pay roll perform labor.

It is also understood that the operating profit of the — division will not include :

(1) Profit or loss arising from the sale of capital assets generally known as land, buildings, equipment, other investments and raw material or parts (aside from ordinary and regular company transactions) on which no labor operations have been performed.

(2) Profit or loss arising from the sale of [product] and any other products sold by the — products division. This division sells only products in the same form as purchased and on which no factory operations are involved. Separate records of the activities of the — products are maintained.

This new labor agreement is effective from February 11, —, however, since it is not expedient to take a physical inventory on February 10, a necessary step to segregate the profit for the period from February 11 to June 30 from the profit for the full fiscal year, for the purpose of inaugurating the profit-sharing plan, the initial portion to be distributed as soon after June 30, —, as completed records will permit, shall be based on 10 percent of the — division profit for the full fiscal year ending June 30, —. Thereafter the profit to be distributed shall be 20 percent of the — division profit for periods ending June 30 as provided.

The negotiating committee will accept the certified statement as prepared by — —, a firm of certified public accountants employed by the company. In the event the committee should have reason to question computation of — division profit as determined by the firm of certified public accountants employed by the company, and the question cannot be satisfactorily cleared by the company's officers, the negotiating committee shall have the right to call in another firm of certified public accountants, acceptable to the company, for the purpose of verifying the figures prepared by the company's independent firm of certified public accountants. The cost of such a verifying audit shall be shared equally by the company and union.

No man shall participate in the profit-sharing plan unless he has performed at least 800 hours straight time labor in the period from January 1, —, to June 30, —, and thereafter at least 1,600 hours straight time labor in the 12-month period from July 1 to the following June 30. The only exception to be made from this provision is that in case of extended illness of an employee, he shall (or in case of death of an employee, his estate shall) participate in the profit-sharing plan in the class he would have been placed had he worked the full year, in the ratio of the number of full months worked to the 12 months in the full period. In order to be eligible under this exception the employee at the time he becomes incapacitated must :

- (1) have at least 1 full year continuous local — union seniority,
- (2) and be subject to medical examination by company's doctor to determine cause of illness,
- (3) be free from venereal diseases. In the event illness or death results from venereal diseases the employee is excluded from the benefits of the above exception.

The method of distributing the apportioned share of profit to individuals shall be based on local — union seniority together with any other factors the company and negotiating committee may agree upon.

Credits in the form of units will be assigned to individuals as indicated in the following schedule :

All men with a local — union seniority of 5 years or more at the end of any June 30, shall be assigned a credit of 5 units.

All men with a local — union seniority of 4 full years at the end of any June 30 shall be assigned a credit of 4½ units.

All men with a local — union seniority of 3 full years at the end of any June 30 shall be assigned a credit of 4 units.

All men with a local — union seniority of 2 full years at the end of any June 30 shall be assigned a credit of 3½ units.

All men with a local — union seniority of 1 year at the end of any June 30 shall be assigned a credit of 3 units.

Any man with a local — union seniority of less than 1 year, but who has performed at least 800 hours straight time labor in the period from January 1, — to June 30, —, or at least 1,600 hours straight time labor in subsequent 12-month period shall be considered a one year man.

The total units assigned for any profit sharing period will be divided into the total amount of apportioned profit to be distributed, thereby giving the unit a monetary value which when applied to the number each man has accrued will determine his individual share.

224. Ten Percent of Net Profit After Taxes. Semi-Annual Distribution. One-Year Service Requirement

It is agreed that all hourly employees in the employ of the company, for a period of 1 year and affected by this agreement, will receive 10 percent of the annual net profit, derived from the [city] and [city] plants, after proportionate [city] and [city] taxes of the company. (This net profit to be shown on the published statement of the company as submitted to the stockholders and Security Exchange Commission by the certified public accountant.) Such moneys will be proportioned to the employees on the basis of the actual hours worked during the period, however, such hours not to exceed an average of 40 hours per week. This additional compensation will be paid semiannually to the employees as soon as possible after the closing of the company's records, for the 6-month period ending June 30 and December 31.

225. Ten Percent of Net Profits Before Taxes but not Over 15 Percent of Net Profits After Taxes. Equal Shares to Employees, Prorated if Absent for Listed Causes. Employees Terminated Are Disqualified

Anything in this contract notwithstanding, it is recognized that the task of operating and maintaining the facilities of the No. 2 refinery will require, insofar as the management shall deem practical, the interchangeability of employees between classifications, groups, and departments, the overlapping of classifications and duties, and a substantial reduction in the force heretofore required to operate and maintain each of the various parts of the refinery. In consideration, therefore, of the agreement of the union and employees to cooperate in achieving the foregoing ends, the company agrees that in addition to the wages set forth in article — of this contract there shall be distributed annually to the refinery employees, as defined in this contract, and other employees of the company working at the No. 2 refinery a total of 10 percent of the net profits, before income taxes (but not in excess of 15 percent of net profits after taxes) of the No. 2 refinery, subject to the following terms and conditions.

The net profits of the No. 2 refinery shall be determined by an audit made by that firm of independent certified public accountants which audits the company's annual financial statement and shall be certified by such firm of certified public accountants to both the company and the union within 30 days after the completion of the annual audit and report of the company's operations. Such certificate shall be final and binding upon the company, the union, and all employees.

All employees eligible to participate in the foregoing distribution of profits shall receive an equal share, except that in the case of employees working only part time in the No. 2 refinery, the share of such employees will be on a pro rata

basis, based on the amount of time charged by the company to the No. 2 refinery operations. The company shall have the right to designate one or more supervisory employees as ineligible to participate in the profit-sharing plan.

In case an employee does not work the entire fiscal year for reasons such as those listed below, his share in profit distribution shall be a pro rata share based on the period he worked during the fiscal year.

(a) Employment after the beginning of the fiscal year.

(b) Death before the end of the fiscal year.

(c) Absence for illness or injury, except for the period during which sick benefits are paid plus 30 days.

(d) Lay-off.

(e) Leave of absence.

Any individual whose employment is terminated, either voluntarily or otherwise, before the end of the fiscal year shall not be eligible to share in profit distribution.

In the event of a general breach of article — which results in shutting down the plant, all employees, as defined herein, shall forfeit their claim to share in the distribution of the net profits for the fiscal year in which such breach occurred.

226. Fifteen Percent of Profit After Company Sets Aside Fixed Amount of Net Profits After Taxes. Equal Distribution to Employees With 1 Year's Service

The company will set aside \$225,000 of the net profits of the company after taxes; 15 percent of the balance of the net profit remaining will be distributed to the employees covered by this agreement. In the case of any employee who has been an employee of the company less than 1 year at the time of the distribution of said net profit, his or her share will be computed and distributed to such employee pro rata in accordance with the employee's length of service; the balance then remaining shall be distributed equally among all other employees of the company covered by this agreement who have been employees of the company for 1 year or more. Distribution of profits under the above plan shall be made within 30 days after the profits are determined at the end of the company's fiscal year to such employees covered by this agreement who are still in the employ of the company. It is recognized by the union that this is a gratuitous profit-sharing plan; that it is not to be construed as employee earnings so as to be made, either by the union or any employee covered by this agreement, the subject matter of any claim or suit under any Federal or State Fair Labor Standards Act. Employees' share of distributions will be subject to any deductions required by Federal or State law including taxes and Social Security.

227. Twenty Percent of Net Profits After Company Pays Wages, Salaries, and \$2 per Share to Stockholders. Distribution to Factory and Office Employees on Seniority Basis

After paying the existing rate of wages to mill employees and salaries to office employees and a fair return to its stockholders, which shall be \$2 per share, the company will then divide 20 percent of the remaining net profits as a bonus among its mill employees and office employees strictly on the basis of seniority. The distribution of the bonus is to be made early in the month of December after the result of the first 11 months' operation is known.

228. One-Half of Annual Net Profit After Specified Deductions. Employee Shares Distributed by Union

A profit-sharing plan shall be in effect between the company and the employees, whereby after deduction of 8 percent of the — fair valuation of the company's assets plus inventory on hand as of July 31, the annual net profit of the com-

pany, to be determined after closing of the company's books July 31, will be divided equally after taxes are paid (50-50) between the contracting parties. The amount so to be divided will be known about the end of the next following month (August). The union will make distribution of its share of the profits among the employees as it may decide. The company's office personnel will be available to assist in calculating the amount due each employee, placing same in envelopes or writing checks therefor and to aid in any other reasonable way.

229. One-Half of Net Income After Company Sets Aside Fixed Sum and Taxes

The amount paid union employees, beginning February 1, —, shall be increased as herein set forth by — —.

A share of the profits earned by [company] during the fiscal year ending January 31, —. The share of the said profits shall be paid weekly over the period February 1, — to January 31, —. The total amount of profits to be divided is \$196,775. An employee's share of the profits is determined by dividing the total number of regular employees, irrespective of union affiliation, excluding the executives, buyers, resident and operating manager, and all employees having separate contract or other union arrangements with [company], into the total amount of the wage fund. For the purpose of this agreement, the amount guaranteed to be paid weekly to each full-time union employee will be \$2.11 per week. Employees working on a schedule less than 40 hours to receive a proportional part of the \$2.11. If, at the end of the year, there remains any sum in the profit funds undistributed the balance shall be paid and distributed with the last payment.

All union members who were members on February 1, —, and are presently employed shall be entitled to participate in the profits as of February 1, —, but otherwise no employee shall be entitled to participate in the profit fund until they have been employed by [company] for a period of at least 3 months. No person leaving the employ of the company shall be entitled to any further share of the profits after the date of severance of employment.

In the event that this profit sharing plan is continued beginning February 1, —, unless the parties agree on modification thereof, the amount of the profits to be placed in the profit pool for distribution will be calculated as follows: New profits before taxation for the fiscal year ending January 31, —, will be conclusively determined by the certification by the [company] accountants, in accordance with the customary accounting practices, from the operation of the business, excluding what is known as "Capital gains and losses." Out of the net profits there will be set aside 4 percent on the total capital investment in the business of \$12,500,000, or the sum of \$500,000. There will be then set aside the amount of taxes applicable to this sum of \$500,000, which \$500,000 is to be net to the corporation. The balance of the net income, after deducting this item of \$500,000 and the item of taxes in respect to the \$500,000, will be divided one-half to the owners and one-half to the employees' profit pool.

230. Percent Bonus if Plant Shows Profit; Bonus Increased if Company and Plant Both Show Profit

A year end bonus of 1¼ percent shall be paid if the plant operates at a profit. This will be increased to 2 percent if the company and the plant both operate at a profit.

231. Cash Bonus Equal to Dividend on 50 Shares of Stock if Dividends Are Paid to Shareholders. No Eligibility Requirements Specified.

The company agrees that whenever it shall pay a dividend to shareholders, it will pay to each employee on the company's pay roll on the pay-day following the date of declaration of such dividend, a cash amount equivalent to the dividend

on 50 shares of stock, subject to the necessary deductions required by law. Payment shall be made on the pay-day coinciding with or following the date on which dividends are paid to shareholders.

232. Two Cents Per Hour if Net Earnings Before Taxes Do Not Decrease More than 15 Percent

— — the company also agrees that if the net earnings of the company before taxes for the period of May 1, — to May 1, —, do not decrease more than 15 percent, an additional 2 cents an hour will be paid to the drivers of both companies and that this wage payment will be made for the period from May 1, —, to December 31, —, if the net earnings before taxes for the calendar year — do not decrease more than 15 percent.

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