# Labor-Management Contract Provisions 1950-51

## Prevalence and Characteristics of Selected Collective-Bargaining Clauses

Bulletin No. 1091

UNITED STATES DEPARTMENT OF LABOR
MAURICE J. TOBIN, *Secretary*

BUREAU OF LABOR STATISTICS
EWAN CLAGUE, *Commissioner*

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# Letter of Transmittal

United States Department of Labor,
Bureau of Labor Statistics,
*Washington, D. C., May 13, 1952.*

The Secretary of Labor:

I have the honor to transmit herewith a report on the prevalence and characteristics of certain types of clauses contained in collective-bargaining agreements. The report is divided into eight sections—each dealing with a particular field covered in collective bargaining: Wage Escalator Clauses; Grievance Procedures; Premium Pay; Length-of-Service Benefits; Union Status; Equal Pay for Equal Work; Work Stoppage Provisions; and Guaranteed Employment and Wages.

These studies were based upon analysis of a wide variety of labor contracts especially selected for each study from the Bureau's file of approximately 12,000 labor-management contracts voluntarily submitted by employers and labor organizations.

This report was prepared by members of the staff of the Division of Wages and Industrial Relations.

Ewan Clague, *Commissioner.*

Hon. Maurice J. Tobin,
*Secretary of Labor.*

# Contents

# Wage Escalators and the Adjusted CPI

## Extent and Terms of Escalator Clauses in Union Contracts and the Manner in which They Are Affected by Adjusted Consumers' Price Index

LUCY M. KRAMER and JAMES NIX*

ALMOST 3 million workers were affected by labor-management agreements providing for cost-of-living wage adjustments by the end of March 1951. Nine-tenths of these adjustments are made on the basis of the Bureau of Labor Statistics National Consumers' Price Index; and the remainder are based on the CPI for a particular city, or on a State cost-of-living index. Adjustment of wages is quarterly for 88 percent of the workers covered, and of these over 95 percent are covered by two major categories: 1 cent per hour change for each 1.14 point change in the index, and 1 cent for each 1 point change.

The problem created by the revision of the CPI has been taken into account in some of the major agreements which provide wage escalation by specifying that the BLS will be called upon to assist in computing a conversion formula; or by requiring arbitration, renegotiation, or termination of the existing clause; or by including a plan for conversion.

The Economic Stabilization Administrator's General Regulation No. 8, issued on March 1, 1951, permits continuance of escalator clauses in union agreements which were in effect on January 25, 1951. They may operate until June 30, 1951, even if the resulting increases exceed the 10-percent limit on general pay increases over the January 1950 base. However, under the regulation, cost-of-living increases payable under contracts signed after January 25 may not exceed the 10-percent limit.

This limit on pay increases was established by General Regulation No. 6, effective February 27, 1951. The regulation permits pay increases of 10 percent from the base pay period defined as "the first regular payroll period for each appropriate employee unit ending on or after January 15, 1950."

As of April 1, 1951, over a million workers were covered by agreements signed after January 25, 1951, which contained wage escalator clauses.[1]

### Prevalence of Escalator Wage Adjustments

The practice in labor-management negotiations of adjusting wages according to changes in the cost of living increased to such an extent from the end of June 1950 to the end of March 1951 that the number of workers affected has increased more than fivefold. In June 1950, about a half million workers were known to have been covered by the relatively few collective bargaining contracts providing for such automatic adjustments. By the end of March 1951, about 2,650,000 workers were covered by approximately 500 agreements.[1]

In addition, an estimated quarter of a million office or other salaried personnel, employed by firms which have negotiated labor contracts covering their production workers, also receive generally comparable cost-of-living allowances or bonuses. Therefore, about 2,900,000 employees were under various types of escalator plans, linking their wages to changes in living costs, by the end of March.

The coverage of escalator clauses is, of course, only one reflection of changes in living costs as a factor in wage adjustments. Both in collective bargaining and through employer personnel action, many wage increases in recent months have been designed to offset, in part, higher living costs.

Metalworking (primarily the automobile industry) and transportation each accounts for about 42 percent of the workers known to be covered by wage escalator provisions. Construction and textiles together account for another 10 percent, the remaining 6 percent is scattered among various manufacturing and nonmanufacturing industries.

The largest number of transportation workers are railroad nonoperating employees (totaling about a million) covered by a single joint contract of 15 unions signed March 1, 1951. In other industries, the great majority of workers covered by escalator clauses are employed by a relatively few large companies or associations—General Motors, Ford, Chrysler, Studebaker, Hudson, Nash-Kelvinator, Packard, Kaiser-Frazer, Briggs, Bendix, North American Aviation, United Aircraft, International Harvester, Allis-Chalmers, Deere & Co., General Electric, American Woolen Co., New Bedford & Fall River (Mass.) Cotton Textile Manufacturers Associations, Building Trades Employers Association of New York City, Railway Express, Greyhound Bus Lines, and Philadelphia Transportation Co.

At least 80 national and international unions are known to have negotiated contracts containing escalator clauses. The most extensive use of wage escalators has been by the United Automobile Workers (CIO). In addition to the 15 unions of railroad nonoperating employees, other labor organizations which represent significant numbers of workers covered by escalator clauses are the International Union of Electrical Workers (CIO); Textile Workers Union (CIO); United Electrical Workers (Ind.); and the International Association of Machinists (AFL).

## Characteristics of Escalator Clauses

Although upward of 100 formulas for computing or applying cost-of-living wage adjustments are specified in the contracts examined, the bulk of the workers involved (almost 90 percent) are covered by only two types of nearly identical provisions. Typically, wages are adjusted at 3-month intervals at a rate of 1 cent for each 1 point, or 1 cent for each 1.14 point change in the CPI.[2] (See table.)

*Ratio and frequency of adjustment between wages and CPI for workers covered by escalator provisions*

| Ratio of wage change to CPI change | Frequency of adjustment for workers covered (in thousands) | | | | |
|---|---|---|---|---|---|
| | Total | Quarterly | Semiannually | Annually | Once during life of agreement |
| Total | [1]2,577 | 2,269 | 62 | 27 | 219 |
| 1 cent hourly for 1.14 point change | 1,165 | 1,078 | 13 | 3 | [2]71 |
| 1 cent hourly for 1 point change | 1,094 | 1,084 | 10 | ------ | ------ |
| 1.25 cents hourly for 1 point change | 22 | 2 | 20 | ------ | ------ |
| 1 cent hourly for 1.2 point change | 18 | 18 | ------ | ------ | ------ |
| 5 cents hourly for 5 point change | 15 | 15 | ------ | ------ | ------ |
| 2 cents hourly for 2.46 point change | 10 | ------ | 10 | ------ | ------ |
| 5 cents hourly for 4 point change | 10 | ------ | ------ | ------ | 10 |
| 1 cent hourly for 1.25 point change | 10 | 8 | 1 | ------ | 1 |
| 1 cent hourly for 1.12 point change | 5 | 5 | ------ | ------ | ------ |
| $1 weekly for 2 point change | 10 | ------ | ------ | 7 | 3 |
| 1 percent for 1.7 point change | 15 | 15 | ------ | ------ | ------ |
| 1 percent for 1.6 point change | 7 | 7 | ------ | ------ | ------ |
| Wage change same percent as CPI change | 13 | 4 | 1 | 8 | ------ |
| Other | [3]183 | 33 | 7 | 9 | [3]134 |

[1] An additional 73,000 workers are known to be covered by contracts with escalator provisions, but information regarding the ratio and frequency of adjustment for these workers is not available.

[2] Includes 65,000 workers covered by the General Electric-IUE (CIO) contract, which provides for one cost-of-living adjustment in March 1951, 6 months after the effective date of the agreement.

[3] Includes 125,000 workers covered by the contract between the AFL Building Trades Council in New York City and the Building Trades Employers' Association. Under this agreement if the cost-of-living index for New York City rises by more than 10 percent between June 1950 and October 1951 "the percentage in excess of 10 percent shall be multiplied by the hourly rate and then corrected to the nearest multiple of 5 cents." The resulting amount is then to be added to the hourly rates of building trades employees for the period Jan. 1, 1952, to June 30, 1953.

Approximately 45 percent of the 2,577,000 workers are under a 1 cent–1.14 index point ratio, and 43 percent are under a 1 cent–1 index point ratio. As already stated, adjustment of wages is quarterly for 88 percent of the workers;[3] of these, more than 95 percent are covered by the two major categories of ratios, i. e., the 1 cent–1.14 point and the 1 cent–1 point ratios.

A small number of contracts covering approximately 160,000 workers, or about 6 percent of the total coverage, use a percent-point, or percent-

percent ratio; i. e., a percent change in wages correlated with a point change in the index or a percent change in wages correlated with a percent change in the index.

A percent increase in wages, based on a point or percent change in the index, gives both lower and higher paid workers in a given plant the same proportional increase, but widens the spread between established wage scales. For example, a wage rate of $1 an hour increased 5 percent is $1.05; $2 an hour increased 5 percent is $2.10. The original spread in the two job categories was $1. Under a percentage adjustment it becomes $1.05. On the other hand, a flat cents-per-hour increase, while maintaining the spread between wage categories, gives a proportionally higher increase to the lower wage group. Thus, a wage rate of $1 an hour plus a cost-of-living allowance of 5 cents equals $1.05 (a 5-percent increase); $2.00 an hour plus the 5-cent allowance yields a rate of $2.05 (only a 2.5-percent increase).

The national CPI is specified by about nine-tenths of the contracts with escalator clauses. The remainder use the index for a particular city, or in rare instances, State cost-of-living indexes.

**Conversion to Adjusted CPI**

The Bureau of Labor Statistics' CPI from January 1950 forward has been adjusted to correct for the error in the rent index, and to incorporate up-to-date commodity and population weights. The old series will continue to be published at least through 1951.[4]

Practically all the agreements, known by the Bureau to use its index as a wage adjustor, use what is now termed the "old" or "unadjusted" series. This raises the question whether labor and management will decide to convert contracts to the adjusted index, and if so, how. Some agreements have already made such provision and examples follow of the major methods specified.

(A) Typical of agreements which call upon the Bureau for assistance in converting to the adjusted CPI, is the contract between the railroads of the United States and 15 railroad labor unions of nonoperating employees. It provides that, should the Bureau of Labor Statistics—

> . . . during the effective period of this agreement revise or change the method or basic data used in calculating the BLS Consumers' Price Index in such a way as to affect the direct comparability of such revised or changed index with the index for August 15, 1950, then that Bureau shall be requested to furnish a conversion factor designed to adjust to the new basis the base index of 178.0, described in paragraph (a) hereof, and the several indexes listed in paragraph (c) hereof.

(B) An example of provision for arbitration is found in the current contract between the International Association of Machinists (AFL) and the Santa Clara (Calif.) Machine Shop Employers Association:

> The parties to this Agreement agree that the continuance of the Cost-of-Living allowance is dependent upon the availability of the official San Francisco BLS Consumers' Price Index in its present form and calculated on the same basis as the index for September 1950, unless otherwise agreed upon by the parties. In the event the parties fail to reach such agreement the matter shall be submitted to arbitration as provided for in Section 21 of the Agreement.

(C) The contract between the California Metal Trades Association and various AFL Unions, provides for use of the revised Bureau of Labor Statistics index, as well as for reopening to recompute the wage adjustment basis:

> It is agreed that the cost-of-living adjustments are to be based on the revised BLS index. However, should there be a complete revision of the method used by the U. S. Department of Labor to calculate the Index (Consumers' Price Index) the Index will be invalidated as a means of computing cost-of-living wage adjustments in this agreement. In such event this agreement will be reopened for the sole purpose of developing a new basis for computing adjustments in wages due to changes in the cost-of-living.

(D) The agreement between Four Wheel Auto Drive Co. and United Auto Workers (AFL) provides for a specified period of negotiating on a conversion formula, and then wage reopening in event of no agreement:

> In the event the U. S. Department of Labor ceases to publish the BLS Index or changes the present method of computation thereof, the parties hereto will first attempt to agree upon a formula for determining the cost-of-living adjustment and if such agreement cannot be reached within 60 days the contract may be opened on the question of wages.

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(E) The Pennsylvania Greyhound and the Street Electric Railway Workers (AFL) escalator plan is contingent on the continuation of the old Consumers' Price Index, and may involve termination if there is disagreement on a conversion formula:

> Continuance of the cost-of-living allowance shall be contingent upon the continued availability of official monthly Bureau of Labor Statistics Price Index in its present form and calculated on same basis as Index for September 1950, unless otherwise agreed upon by parties.

(F) The Landers Corp. and the Textile Workers Union (CIO) provide for complete termination of the escalator provision if there is any change in the form of the Consumers' Price Index:

> This cost-of-living allowance is dependent upon the availability of the official monthly BLS Consumers' Price Index in its present form and calculated on the same basis as the June 1950 Index. It is hereby understood and agreed to by both parties to this agreement that this entire section (6) terminates if:
> (1) The BLS Consumers' Price Index is discontinued, or
> (2) Its method of calculation changed, or
> (3) The base period is changed (1935–1939=100).

(G) Specific plans for converting from the "old" to the "new" or adjusted index have already been worked out by some employers and unions. A notable example is the General Motors–UAW (CIO) "Memorandum of Understanding" of March 3, 1951. This provides for use of the "old" index until it is discontinued by the Bureau of Labor Statistics. Thereafter, the "new" or adjusted index is to be used:

> 4. If, in this transition, any disparity in Index points exists between
> (i) the "Old" Index, for the last month of its issuance, plus the "new unit rent bias" correction in effect at the time . . . and
> (ii) the "New" Index . . . for the same month,
> the index points brackets in the table in Paragraph 101 (g) of the May 29, 1950, National Agreement between the parties, shall be adjusted up or down, as the case may be, by the amount of such disparity, if any, so that the transition, as such, from the "Old" Index to the "New" Index will not increase or decrease the amounts of the Cost-of-Living Allowances provided for in Paragraph 101 (g) of the National Agreement between the parties.
>
> 5. It is understood that either party may at any time initiate discussion concerning changing from the "Old" Index to the "New" Index.

Under the GM-UAW conversion formula, a change-over from the "old" to the adjusted CPI would be comparatively simple, given the cut-off date. If, for example, March 15, 1951, had been the conversion date and, allowing for the 0.8 point "new unit rent bias" correction adopted by General Motors and the UAW, the method would be:

| | |
|---|---|
| 184. 5 | (U. S. Average, All Items (Old CPI—3-15-51)) |
| +0. 8 | (Correction for new unit rent bias) |
| 185. 3 | |
| −184. 5 | (U. S. Average, All Items (New CPI—3-15-51)) |
| 0. 8 | (Factor to be subtracted from the CPI point bracket schedule in the May 29, 1950, GM-UAW agreement.)[6] |

Thus, the schedule of "old" CPI point brackets presently in effect in the GM Agreement:

| | *Allowance-per-hour* |
|---|---|
| 164.7–165.8 | 1 cent |
| 165.9–166.9 | 2 cents |
| 167.0–168.1 | 3 cents |
| 168.2–169.2 | 4 cents |
| 169.3–170.3 | 5 cents |

(and so forth, with 1 cent per hour allowance for each 1.14 points change in the index) would become, when converted to the "new" or adjusted CPI points:

| | *Allowance-per-hour* |
|---|---|
| 163.9–165.0 | 1 cent |
| 165.1–166.1 | 2 cents |
| 166.2–167.3 | 3 cents |
| 167.4–168.4 | 4 cents |
| 168.5–169.5 | 5 cents |

Neither the cost-of-living allowance nor the spread of 1.14 index points within each bracket is changed by the transition to the new index.

Several important considerations are involved in converting from the "old" to the adjusted CPI:

(1) The conversion should be made in a period for which both "old" and adjusted series are published.

(2) The spread between the "new" and the "old" series should be considered in adjusting the base figure. One way of doing this is the General Motors–UAW method previously described. An alternative is available, if the date of the base figure in the current contract is January 15, 1950,

or later, inasmuch as the Bureau of Labor Statistics has computed both the "old" and "new" series of the CPI as far back as that date. In such cases the parties to the contract could substitute the adjusted CPI for the "old" CPI of the base date, and thereafter measure change according to the adjusted CPI.

(3) If a correction has been added to the "old" index for the downward bias in the rent index (as in the GM–UAW, Pennsylvania Greyhound–Street Electric Railway Workers, and other contracts), allowance should be made for it in converting to the "new" index, which has been corrected to eliminate the understatement of the rent component.

(4) Since the spread between the "old" and "new" series may vary from month to month, the choice of date for converting to the adjusted series is an important factor.

(5) If the original ratio of wage adjustments to point changes in the CPI was derived from average hourly rates and an "old" CPI, a new ratio, based on the new adjusted index may have to be calculated, although the difference would probably be insignificant. For example, the CPI for January 1950 was 166.9 computed under the old and 168.2 under the new method. If average hourly rates were $1.50, the ratio of hourly wage adjustment to index change would be 1 cent to 1.11 points (166.9÷$1.50) if the old CPI were used and 1 cent to 1.12 points (168.2÷$1.50) if the adjusted CPI were used.

(6) Where percent changes, either in wages or the CPI or both, are involved in any wage adjustment clause, the conversion problem is relatively simple. The parties could substitute the adjusted CPI for the "old" CPI of the current date, and thereafter measure percentage wage or index changes according to the adjusted CPI.

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*Of the Bureau's Division of Prices and Cost of Living and Division of Industrial Relations, respectively.

[1] This estimate represents the minimum coverage of workers by cost-of-living escalator provisions in collective bargaining agreements. The estimate is based on labor contracts on file with or otherwise available to the Bureau of Labor Statistics. It is probable that similar provisions exist in some additional contracts, especially for smaller companies, that have not come to the attention of the Bureau.

The estimate includes workers covered by several important contracts which are under review by the Wage Stabilization Board. On April 25, 1951, the Economic Stabilization Administrator approved an increase of 6 cents an hour for the million or so railroad nonoperating workers covered by the largest of these contracts. This increase, which exceeded the 10 percent ceiling set by General Regulation No. 6, was made on the recommendation of a special railway labor panel appointed by the Administrator.

[2] The 1 cent to 1.14 point ratio first appeared in the General Motors—United Automobile Workers' agreement of May 1948 and was obtained by dividing the average hourly rate of GM workers (approximately $1.485 in the spring of 1948) into the National CPI for April 15, 1948 (169.3).

[3] Over a million workers—most of them railroad nonoperating employees—are covered by contracts providing for quarterly wage adjustments in April, July, October, and January, based on the CPI for February, May, August, and November, respectively. Contracts between the UAW-CIO and large automobile and machinery companies provide for a quarterly review of wages in March, June, September, and December, based largely on the CPI for January, April, July, and October, respectively. These metal-working contracts, together with textile and a scattering of other agreements, bring the total number of workers eligible for adjustments in March and each third month thereafter to well over a million. Relatively few workers receive wage adjustments during the other four months of the year.

[4] For a full discussion of the nature of the adjustment, see Interim Adjustment of Consumers' Price Index by Doris P. Rothwell of the Division of Prices and Cost of Living in the April 1951 Monthly Labor Review.

[5] See Monthly Labor Review, July 1948 (p. 3) for original schedule of cost-of-living allowances continued in the May 1950 agreement.

# Grievance Procedures in Union Agreements, 1950–51

PROCEDURES for handling employee grievances were outlined in 94 percent of 2,850 labor-management contracts recently analyzed by the Bureau of Labor Statistics. Most of the remaining agreements referred to but did not describe a grievance procedure.

Three- and four-step procedures were most frequent. Many agreements had provisions designating the party to present the grievance; fixing time limits on the initiation and processing of grievances; requiring a written record; specifying pay allowances for grievance work; and protecting grievance representatives from lay-off. Mediation was rarely required, but arbitration was common.

Questions of basic wages, hours, and working conditions are usually settled in signed agreements between employer and union, but problems of interpretation and application almost always arise. Moreover, situations frequently develop which were not foreseen when the agreement was negotiated. Problems of seniority, work loads, job rates, etc., are likely to be numerous in a period, such as the present, when many plants are changing their operations to defense production.

Efficient and orderly arrangements for settling grievances are among the most important aspects of the employer-employee relationship. In this, a clearly defined written grievance procedure in the agreement is an important consideration. It cannot, obviously, guarantee harmonious industrial relations, since many factors come into play in the day-to-day administration of the contract.

## Characteristics of Grievance Procedures

Slightly over a tenth (302) of the 2,850 contracts were examined in detail. Of these, 155 covered a minimum of 5,000 workers each and were applicable to a total of 3,300,000 workers. The remaining 147 agreements, selected at random from the contracts covering relatively small companies, covered in the aggregate about 100,000 workers. Two-thirds of both the agreements and workers involved were in manufacturing industries. The contracts studied were in effect during all or some part of 1950, and most of them continued into 1951.

Disputes subject to grievance procedure were usually limited to the interpretation and application of the existing agreement. Either by implication or by explicit provision, matters involving substantive changes or additions to the contract were generally excluded from the grievance procedure. Frequently, specific issues subject to grievance procedure were named, such as application of seniority in lay-off, recall, promotion and transfer, disciplinary action and discharge, and rate-setting for new jobs, etc. On the other hand, specific issues were excluded from the grievance procedure in about a tenth of the 302 agreements. Among these, discharge during the probationary period was the issue most often excluded. Other issues sometimes excluded were disputes over the general wage level, certain management rights, jurisdictional disputes, hiring, promotion, and transfer.

*Presentation of Grievances.* The Labor Management Relations Act of 1947 provides: "Any individual employee or a group of employees shall have the right at any time to present grievances to their employer and to have such grievances adjusted, without the intervention of the bargaining representative, as long as the adjustment is not inconsistent with the terms of a collective-bargaining contract then in effect: *Provided further*, That the bargaining representative has been given opportunity to be present at such adjustment." This legal requirement was specifically indicated in a substantial proportion of the contracts.

The most common provision (included in 87 agreements) made initial presentation of the grievance optional between the union steward and the employee involved (table 1). Most of these agreements gave the employee the choice of presenting his grievance alone or jointly with his steward, or having his steward present it for him. Thus: "The aggrieved employee, the department steward, or both, at the employee's option, may take up any grievance with the employee's immediate supervisor, providing, however, that in the event the aggrieved employee presents a grievance without the assistance of a steward, the steward shall be notified and given the opportunity to be present at the settlement."

Another substantial group of agreements (75) called for presentation of the grievance by the steward alone. However, several of these also specifi-

TABLE 1.—*Distribution of Provisions for Initial Presentation of Grievances*

| Party presenting grievances | Agreements | | Employees covered | |
|---|---|---|---|---|
| | Number | Percent | Number | Percent |
| Total | 302 | 100 | 3,408,000 | 100 |
| Employee alone | 35 | 12 | 711,000 | 21 |
| Steward alone | 75 | 25 | 706,000 | 21 |
| Employee or steward | 87 | 29 | 1,315,000 | 39 |
| Employee and steward | 38 | 12 | 120,000 | 3 |
| No provision or clause not specific | 67 | 22 | 556,000 | 16 |

cally affirmed the Labor Management Relations Act guarantee of the employee's right to present his own grievance.

Unions generally prefer to have their representatives handle grievances initially in order to discourage individual bargaining between employee and foreman, or the possibility of personal favoritism. Unions also sometimes take the position that the training and experience which many stewards obtain in handling complaints enables them to secure more favorable settlements of deserving cases and to screen out unwarranted complaints.

On the other hand, individual employees sometimes feel that they can make a better presentation of their own grievances and prefer to deal directly with their foremen. The opportunity for so doing, alone or accompanied by their stewards, was provided in over half of the agreements surveyed.

*Steps of Grievance Procedure.* Usually, the processing of an unresolved complaint entails a series of steps, with a higher level of union and management authority participating at each successive stage. If the employee or union is dissatisfied with management's decision—or vice versa, in grievances initiated by management—recourse may be taken to the next higher step for consideration by representatives with greater authority.

From 1 to 7 steps were specified by agreements in the sample (table 2). Some correlation exists between the number of steps and the size of the bargaining unit—contracts covering 1,000 or more employees most frequently specified 4 or 5 steps; 3-step procedures were most common in agreements covering smaller companies.

Generally, the steward and foreman of the aggrieved employee were the representatives at the first step. Representatives of higher rank were then brought in on both sides at each successive step of the procedure. There was little uniformity in the rank of the participants at the various stages, the order of their appearance, or the frequency with which the same combinations of union and management representatives were paired. Union-management representation in a 4-step procedure was as follows, although it is not necessarily typical:

***I. Employee or steward and foreman;***
***II. Chief steward of department and superintendent of department;***
***III. Plant grievance committee and plant manager;***
***IV. Plant grievance committee-national union representative and president of company or his representative.***

Participation at some stage in the grievance procedure by a representative of the national union was provided for by 39 percent of the agreements, covering over three-fifths of the workers. This participation has the advantage, from the national union's viewpoint, of tending to insure consistent, uniform application of national union policy. Moreover, national union representatives are often more experienced and better trained than local union representatives in negotiating with employers, and, therefore, are more likely to secure favorable settlements. However, since most grievances are purely local matters, some employers, as well as some local unions, consider national-union participation unnecessary.

Joint grievance committees, composed of an equal number of representatives of the local union and employer, were provided by about a fourth of the agreements. These committees usually participated at the last step in the procedure.

TABLE 2.—*Distribution of number of steps in grievance procedures*

| Provisions | Agreements | | Workers covered | |
|---|---|---|---|---|
| | Number | Percent | Number | Percent |
| Total | 302 | 100 | 3,408,000 | 100 |
| 1 step | 9 | 3 | 23,000 | 1 |
| 2 steps | 22 | 7 | 126,000 | 4 |
| 3 steps | 83 | 28 | 875,000 | 25 |
| 4 steps | 75 | 25 | 1,162,000 | 34 |
| 5 steps | 31 | 10 | 338,000 | 10 |
| 6 or 7 steps | 6 | 2 | 74,000 | 2 |
| Not stated or not clear | [1] 76 | 25 | 810,000 | 24 |

[1] The majority of these contracts covered associations of employers and indicated the steps of the grievance procedure at the association level, but were not clear concerning the number of steps, if any, for negotiating grievances within the plant or shop of the individual member of the association.

*Written Record of Grievances.* A requirement that the grievance be stated in writing at some stage in the proceedings was specified in 60 percent of the agreements, covering about the same proportion of the workers. About a third of these agreements called for initial written presentation of the grievance; the remainder did not require a written statement until the second, third, or an even later step. By recording the complaint in writing, petty grievances are discouraged and more careful description of the facts is encouraged. By this means, also, the possibility is reduced of the grievance changing form or being misinterpreted at later stages of the procedure.

*Time Limits.* Specified time limits for initiating and processing grievances are often incorporated in agreements in order to limit the amount of retroactive adjustments and to provide a safeguard against disputes dragging on indefinitely. Twenty-one percent of the contracts fixed a limit on the time between the occurrence of the grievance and the initiation of the processing procedures. Commonly, the time limit was 1 week or less, although 30 days was not infrequent, and as much as 60 days was allowed by some contracts.

Some of these agreements also applied time limits on processing after presentation. Others put a time limit on processing but not on presentation of grievances. Altogether, 56 percent of the agreements, covering 60 percent of the workers, limited the time for processing grievances after presentation. These contracts required management to act on grievances within a specified period at some or all steps of the procedure, and limited the time in which the union could appeal decisions to the next higher step provided under the procedure.

*Pay Allowance for Grievance Work.* Slightly over a third of the 302 contracts required the employer to make some payment for employee time spent in acting as representatives for other employees in processing grievances during regular working hours.[1]

The employer paid for all time spent on grievance work in 38 percent of the agreements providing such pay. Limitations of various kinds were set on the amount of grievance time paid by the employer in 56 percent of the agreements. The maximum was usually a designated number of hours per day or week, or less frequently, per month or year. Another limitation was to reimburse stewards only for time lost at certain steps in the procedure. Some agreements limited the number of persons eligible for paid grievance activity, or limited the payment to conferences called by management. In some instances, payment for time spent investigating grievances was prohibited, although time spent in conferring with management was compensated. The remaining 6 percent of the agreements providing pay for grievance work required the company and union to share the cost.

Unions generally favor the principle of company pay for grievance work on the ground that prompt adjustment encourages efficient operations and high employee morale. Employers sometimes object to paying for time not worked and feel that shop stewards spend too much time on grievance work when they are allowed pay for it.

*Protection Against Lay-off.* In a third of the contracts, covering nearly two-fifths of the workers, stewards and/or grievance committeemen were placed at the head of seniority lists; therefore, they would be the last to be laid off in the event of a reduction in force. Justification for this practice—sometimes called "superseniority"—usually is that the job status of trained and experienced union representatives must be protected in order to preserve the continuity of their work.

*Special Procedures.* Special handling of certain issues was provided for by 55 percent of the agreements, covering 70 percent of the workers. Among these issues, which often call for faster settlement than other grievances, are disputes over discharges, rates on new jobs and other matters involving loss of earnings, or company liability for back pay. Another type of grievance, often referred immediately to higher management and union representatives, arises out of broad issues affecting all or a large part of the bargaining unit.

The issue most frequently designated for special handling was discharge or other disciplinary action; it was mentioned in 37 percent of the agreements, covering 54 percent of the workers. About three-fourths had more restrictive time limits on the presentation or processing of disciplinary grievances than on other complaints. More than a third of the agreements requiring special handling of disciplinary grievances called for the bypassing of the first or second steps, or both, of the regular procedure. For example: "If an employee represented by the union is discharged from his employment and believes that he has been unjustly dealt with, such discharge shall constitute a dispute or difference for determination under the Method of Adjusting Grievances provided for in Article XIX, except that it must be taken up within 3 working days after the discharge, and shall be taken directly to the third step (plant grievance committee and departmental executive)."

Special treatment for complaints arising out of broad issues affecting all or a large part of the bargaining unit was called for in about 10 percent of the agreements. Five percent provided special handling of grievances initiated by management against the union or individual employees. This usually consisted of bypassing the steps involving foremen, stewards, and other representatives with limited authority. Omission of the first one or two steps was also fairly common in grievances arising over matters of safe working conditions (particularly in the steel industry) and complaints involving incentive rates or production standards. Fewer steps, more restrictive time limits, or other special handling was occasionally specified for grievances arising over union membership, lay-offs, transfers and promotions, eligibility for pensions, and "emergencies."

*Mediation and Arbitration*. Agreements often provide for the assistance of outside impartial agencies in the settlement of grievances which have not been adjusted in all the steps of the grievance procedure.

Outside mediation was specified as part of the grievance procedure in about 5 percent of the agreements. However, mediation was most frequently made optional with the parties. The mediation agency most frequently specified was the Federal Mediation and Conciliation Service.

Arbitration as the terminal point in the disposition of a grievance was prescribed in nearly 90 percent of the 302 agreements. This finding conforms with results in a Bureau of Labor Statistics survey of arbitration provisions in effect in 1949.[2] Of the 1,500 agreements then studied, over four-fifths required arbitration of unsettled grievances.

Arbitration is the one means by which the final decision is taken out of the hands of the parties involved. Having voluntarily agreed to arbitrate, they are bound to accept and comply with the arbitrator's decision. A typical clause providing for both mediation and arbitration reads as follows: "If the matter is not concluded at two meetings between the parties, it may be referred to the Federal Mediation and Conciliation Service for mediation. If mediation fails to settle the grievance satisfactorily, then the grievance shall be submitted to a board of arbitration, the decision of which shall be final and binding on the parties."

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[1] Data on pay allowances were also available for the larger group of 2,850 contracts. The proportion of these contracts which compensated in whole or in part for grievance time was about the same as in the sample of 302 contracts; i. e., a third. Such payment was provided by a majority of the agreements in each of these industry groups: Transportation equipment, machinery, rubber, petroleum refining, chemicals, furniture and finished lumber products, communications, and electric and gas utilities. Relatively few agreements in apparel, printing, construction, services, trade, and transportation provided pay for employee grievance representatives. In most of these industries, however, grievance negotiations are commonly conducted by representatives employed by the national or local union.

[2] See Arbitration Provisions in Union Agreements in 1949, Monthly Labor Review, February 1950 (p. 160). For a wide variety of illustrative grievance and arbitration clauses, see Grievance and Arbitration Provisions, U. S. Department of Labor, Bureau of Labor Statistics, Bulletin No. 908-16.

# Premium Pay: An Analysis of Industrial Practices

Premium pay [1] is designed in general to compensate employees for conditions of work that are considered disadvantageous or burdensome. During the past 20 years, the payment of premiums for work after some standard number of hours in the day or week, on certain days in the week not scheduled as regular workdays, on late shifts, and on holidays has become widespread in American industry.

Overtime pay at time and a half for work after 40 hours a week is currently a predominant practice; time and a half for work after 8 hours a day is also widely established. Double time for work on paid holidays is a frequent practice. For Saturday and Sunday work, limited information indicates that payment of time and a half and of double time, respectively, are most general.

Provisions covering premium-pay practices in private industry have developed through the collective-bargaining process or by employer personnel action, and through legislation. This article traces both approaches from the period immediately preceding World War II to early 1951.[2] Before 1940, premium-pay practices were developed almost entirely through private determination, with the significant exception of the Fair Labor Standards Act. During the war years, the National War Labor Board exercised wide jurisdiction over the entire field of wage practices. From 1945 through 1950, development was largely through collective bargaining or employer personnel action. With the reestablishment of wage controls in January 1951, Government regulation has again become an important factor.

## Before World War II

Great impetus to the spread of premium pay for overtime was given by the Fair Labor Standards Act of 1938. Two years after its effective date, overtime pay, at time and a half after 40 hours a week was required for most employees covered by the act. Although this standard was not new, the act served to give it the force of law and extend it to many workers not previously subject to overtime provisions. The act did not provide for daily overtime, a principle recognized in other Federal legislation. The Walsh-Healey Public Contracts Act of 1936 [3] required payment of time and a half after 8 hours daily as well as after 40 hours weekly. The eight-hour law in 1940 which affected Federal public works required time and a half pay after an 8-hour day.

Provision for premium pay for overtime on a daily basis was typical in a variety of industries in the early 1940's. Time and a half after 40 hours weekly or 8 hours daily was overwhelmingly found, for example, in 1941 in the aircraft, aluminum, automobile, electric-equipment, steel, machine-tool, metal-mining, rubber, and shipbuilding industries.[4]

Extra pay for holiday work was a well established practice by 1941. Double time [5] was the most customary rate for work on holidays for which employees received straight-time without working. Rates of time and a half and double time for working on unpaid holidays were about equally prevalent among the union agreements studied. [6]

Premium pay for both Saturday and Sunday work was commonly provided in 1942 [7] among union agreements in the following industries: aircraft, automobile, electrical products, machine tools, and shipbuilding (except on the Pacific Coast). In aluminum, iron and steel fabrication, rubber, and the building trades, premium pay was generally allowed for work on Sunday but not on Saturday. Both Saturday and Sunday premium pay were rare or nonexistent in basic iron and steel, chemicals, and nonferrous metal mining, smelting, and refining—mostly continuous process industries. The premium rates most frequently specified were time and a half for Saturday and double time for Sunday.

Information on the prevalence of night-shift differentials before World War II is too fragmentary to permit generalizations. However, in several important defense industries—aircraft, automobile manufacturing, and shipbuilding—a large percentage of union agreements provided shift differentials in 1940.[8]

## During World War II

The outstanding development affecting premium pay during World War II was Executive Order No. 9240, which became effective October 1, 1942, and was operative until the end of hostilities.

"This Order was designed to facilitate round-the-clock war production, to discourage absenteeism resulting from the payment of premium rates for work on particular days, as such, and to increase the over-all efficiency of workers by encouraging a day of rest in each workweek."[9] The order permitted the payment of a premium rate of time and a half for work over 8 hours a day or 40 hours a week, or on the sixth day of a regularly scheduled workweek where required by law or contract. However, it required the payment of double time for work on the seventh day of a regularly scheduled workweek; and time and a half for work on 6 holidays.[10] Thus, the order eliminated overtime premiums greater than time and a half, except for work on the seventh day of a regularly scheduled workweek; it prevented payment of extra compensation for work on Saturdays and Sundays, as such, and limited premium pay on holidays.

The National War Labor Board did not evolve a generally applicable policy on shift premiums until late in the war. Under the policy finally developed, the maximum shift differentials which the Board would order or approve were 4 and 6 cents an hour for work on the second and third shifts, respectively, in continuous process industries, and 4 and 8 cents in noncontinuous industries.[11]

Industry or area practice or a combination of both usually determined the Board's action on voluntary applications for approval of new or liberalized overtime pay provisions. "In general, voluntary requests for daily overtime payment after 8 hours' work or more in any one day were approved without question in view of the prevalence of a standard 8-hour day in American industry. Board action on voluntary requests for weekly overtime for hours in excess of 40 and less than 48 in a week was normally based on industry practice in an area. Overtime for hours in excess of 48 would ordinarily be approved irrespective of industry practice in the absence of a finding that such payment would be seriously unstabilizing to an industry or area. . . . Overtime issues in dispute cases were handled by the Board on a case-by-case basis, primary consideration being given to the equities of a particular situation."[12]

**Recent Practices [2]**

The principle of daily overtime was recognized in about 95 percent of the union agreements analyzed for 1948 and 1949. Nearly all of these set premium pay at time and a half the regular rate. A few agreements, mostly in the construction industry, provided double time.

Overtime was paid after 8 hours' work under all but a tenth of the agreements providing for penalty rates. Payment for daily overtime after a regular schedule of less than 8 hours was largely restricted to agreements in the apparel and the commercial and newspaper printing industries.

For work beyond the regularly scheduled workweek penalty rates were somewhat less customary than for daily overtime. Three-fourths of the agreements analyzed specifically provided for premium payment for weekly overtime work, almost invariably at time and a half. Very few agreements required double time. This does not mean that premium rates were not paid for work in excess of 40 hours in the remaining agreements, inasmuch as time and a half must be paid to workers to whom the overtime provision of the Fair Labor Standards Act applies.

Of the agreements that called for weekly overtime pay, 93 percent specified that such payment was to be made after a 40-hour workweek; about 5 percent—mostly in apparel, lumber, printing, and telephone and telegraph—specified overtime pay after workweeks ranging from 30 to 37½ hours. A few additional agreements, with basic weekly work schedules of less than 40 hours, stipulated that overtime pay was not to begin until after 40 hours.

Data secured by field visit in 8 industries were studied to supplement the analysis of union agreements.[2] In these industries, payment of time and a half after 40 hours was almost universal. Premium pay for daily overtime work, however, was the prevailing practice only in the machinery and the west coast lumber industries. Daily overtime premiums were paid by plants employing about two-thirds of the workers in men's cotton garments and footwear, and less than half of the workers in the remaining 4 industries: rayon,

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nylon, and silk; southern cotton textiles; wood furniture; and southern sawmills.

Firms employing almost all office workers studied in 12 important cities during 1949–50 paid premium rates for overtime; 87 percent of the workers were affected by the Fair Labor Standards Act pattern—time and a half after 40 hours a week—whether or not they were subject to the act. An additional 10 percent received time and a half after a shorter weekly schedule. Less than 2 percent were employed in establishments that either provided no overtime rate or never worked overtime. The principle of daily overtime applied to only about a third of the office workers, largely concentrated in manufacturing establishments.

Shift operations were mentioned in 84 percent of the agreements analyzed, covering 92 percent of the employees. Three-fourths of the workers covered by shift-premium provisions were employed under contracts that referred specifically to both second and third shifts.[13] Most of these agreements required a slightly higher differential for work on the third shift. About a quarter of the workers were covered by clauses that established a uniform differential for any work other than on the day shift.

The most common shift differentials were 4 and 6 cents for the second and third shifts, respectively. Among the agreements specifying a percentage premium, the most common combination of second- and third-shift premiums was 5 and 7½ percent.

In the agreements providing a single night-shift differential, the amount most frequently specified was 5 cents, but almost equally prevalent were premiums of less than 5 cents or between 5 and 10 cents. Of the workers covered by a percentage differential, the majority received 10 percent; almost all of these workers were employed in the electrical machinery and telephone and telegraph industries.

About a tenth of the contracts providing shift differentials allowed 8 hours' pay for a night shift of less than 8 hours, in addition to the premium rate for each hour worked.

Premium pay for work on Sundays not scheduled as regular workdays was specified in two-thirds of the union agreements analyzed, covering more than half of the employees involved. Double time was specified in more than three-fourths of these agreements, covering four-fifths of the workers. The remaining agreements prescribed time and a half. In general, premium-rate provisions for Sunday work did not make payments contingent on the number of hours or days previously worked during the week.

Firms employing almost 70 percent of the office workers studied by the Bureau in late 1949 and early 1950 indicated either that their office employees never worked on Sunday or that they had no special pay provisions for such work. Of those firms with a Sunday pay policy, virtually all paid either time and a half or double time; the latter rate was slightly more prevalent.

About 45 percent of the union agreements analyzed, covering 25 percent of the employees involved, specified extra compensation for Saturday work, usually at the regular overtime rate of time and a half. About two-fifths of the workers covered by Saturday premium pay provisions had to meet specific work requirements in order to qualify for such pay; typically they must previously have worked 40 hours or 5 days during the week. Employees regularly scheduled to work on Saturday or Sunday were often specifically excluded from receipt of premium pay for such work.

Observance of holidays was provided in all but 4 percent of the agreements analyzed. In 58 percent, all holidays recognized were paid for; 23 percent granted unpaid holidays exclusively; and 15 percent provided both paid and unpaid holidays.

Among the agreements providing penalty rates for work on paid holidays, about two-thirds specified double time. Two and a half times the regular rate was required by 16 percent of the agreements and triple time by 6 percent. Most of the remainder provided for time and a half.

About three-fifths of the agreements providing a penalty rate for work on unpaid holidays specified a rate of time and a half. Nearly all of the remaining agreements required double time for holiday work.

## Current Stabilization Program

Between March 1950 and March 1951, the estimated increase in weekly overtime work, paid for at premium rates, added an average of about 2 cents to hourly earnings in manufacturing.

The pressure of the defense emergency on manpower resources had increased the importance of premium pay for late shift, overtime, week-end and holiday work as sources of worker income.

The significance of premium-pay practices has been recognized in the wage stabilization program. In fact, the Defense Production Act of 1950 (sec. 702 (e)), defines "wages, salaries, and other compensation" for stabilization purposes to "include all forms of remuneration to employees by their employers for personal services, including, but not limited to, vacation and holiday payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments."

General Wage Regulation No. 1 of the Wage Stabilization Board, adopted January 30, 1951, required prior approval from the Board for increases in overtime premium practices and rates and in night-shift and other bonuses. In General Wage Regulation No. 6, approved February 27, 1951, which permits, without prior approval, general pay increases of 10 percent above the January 1950 level of straight-time hourly earnings, the policy on premium pay was outlined more concretely. Under this regulation, increases in premium rates which went into effect before January 25, 1951, with one exception, do not have to be charged against the 10-percent allowance. The exception relates to shift bonus rates, increases in which are required to be offset against the 10-percent allowable increase.

Subsequent to January 25, 1951, the cost of increases in premium-pay rates or other forms of compensation must be considered in determining the allowable increase. However, stabilization policy limits only the liberalization of *rates* but does not limit increased wage *payments* arising from increased work subject to premium-pay arrangements already in effect. Thus, an increase in premium overtime rates from time and a half to double time made after January 25, 1951, must be counted as part of the 10-percent permissible wage increase; but an increase in overtime earnings due to a rise in the number of man-hours worked at already established premium rates is not restricted.

At the time of writing, wage stabilization policy as expressed in General Regulation No. 6 is under review by the Board. Present policy relating to premium rates may be modified as a result of this review.[14]

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[1] Premium pay, as used in this article, refers to compensation above the regular rate of pay for overtime, week-end and holiday work, and work on night shifts. These premiums, with the exception of those for night shifts, are typically expressed in multiples of the regular rate; viz, time and a half, double time, etc. Night shift premiums, commonly called shift differentials, are usually expressed either in cents-per-hour or as a percentage of the regular rate; thus, 5 cents an hour for second shift workers or 10 percent of the regular hourly rate for third shift workers.

[2] Further detail on premium pay practices is provided in a mimeographed bulletin, "Premium Pay in Private Industry" U. S. Department of Labor, Bureau of Labor Statistics, January 10, 1951. The basic data for this article and for the mimeographed bulletin were obtained by study of union agreements and special tabulations of recent Bureau occupational wage rate sur veys. Holiday provisions in 2,316 agreements covering over 4 million workers in 1950 and other premium pay provisions in 464 agreements covering almost 2½ million workers in 1948–49 were analyzed. Since the analyses of union agreements did not include nonunion establishments and included office workers only to a minor extent, special tabulations were prepared based on recent Bureau surveys of occupational wage rates and premium pay practices: (1) for eight industries, employing in the aggregate large numbers of nonunion. workers; (2) for 12 cities, with an office-clerical worker employment of approximately 1,125,000.

[3] Applicable to Federal Government contracts in excess of $10,000 for the manufacture or furnishing of materials, articles, supplies, or equipment.

[4] Overtime Provisions in Union Agreements in Certain Defense Industries, Monthly Labor Review, April 1941.

[5] Throughout this article, the total rate for holidays has been used. Thus, double time consists of the straight-time rate plus a premium rate equal to straight time.

[6] Vacation and Holiday Provisions in Union Agreements (January 1943, BLS Bull. No. 743, p. 7), based on a sample of approximately 12,000 agreements in effect at the beginning of the war.

[7] Saturday and Sunday Pay Provisions of Union Agreements in Twelve War Industries, February 1942, U. S. Department of Labor, Bureau of Labor Statistics. (Mimeographed.)

[8] Shift Operations Under Union Agreements, Monthly Labor Review, October 1940.

[9] The Termination Report of the National War Labor Board, Vol. I, p. 319.

[10] New Year's Day, Fourth of July, Labor Day, Thanksgiving, Christmas, and either Memorial Day or one other holiday of greater local importance.

[11] The Termination Report of the National War Labor Board, Vol. I, pp. 192–3.

[12] The Termination Report of the National War Labor Board, Vol. I, pp. 309–310.

[13] In this report, the first shift refers to the morning shift, the second to the afternoon or evening shift, and the third to the night shift.

[14] Subsequent to the writing of this article, the Wage Stabilization Board adopted, July 19, 1951, General Wage Regulation No. 13. This regulation provides that "premium pay relative to days and hours of work, shift differentials," among other fringe benefits, which do not exceed prevailing industry or area practice either as to amount or type, need not be offset against the 10-percent limit specified by General Wage Regulation No. 6.

# Collectively Bargained Length-of-Service Benefits

STATUS ATTAINED owing to length of service is a prized asset to the average worker, as it may govern his claim to a job in the event of reduction in force, or his chances for promotion to a better job.[1] Length of vacation or sick leave, eligibility for a pension, or selection for work on the day or the "lobster" or "graveyard" shift are other important benefits determined or based on seniority.

To determine the prevalence of various length-of-service benefits which make workers reluctant to transfer to new jobs, 330 current collective-bargaining agreements covering over 4 million workers were analyzed by the Bureau of Labor Statistics.[2]

In the minds of many workers, the rights and benefits acquired through length of service serve as a strong deterrent to changing jobs. A survey made by the U. S. Employment Service in 1942 revealed that the most frequent reason for refusal to transfer to new jobs, given by 40.6 percent of the men interviewed, was loss of seniority rights on their present jobs.[3]

At a time of national emergency, however, worker reluctance to lose seniority by moving to other jobs—while understandable from the individual worker's viewpoint—may prevent the most effective allocation of manpower. This is especially true currently, when increasing defense production at some plants and decreasing civilian goods production at others call for a considerable degree of labor mobility. Payment of higher wage rates in defense industries tends to overcome the reluctance of workers to give up their old jobs, but this in turn increases the difficulty of stabilizing wages and preventing inflationary trends.

## Seniority and Transfers to Defense Jobs

The problem of encouraging workers to transfer to defense employment was encountered in World War II. To promote this movement, the Office of Production Management, and later, the War Manpower Commission, worked out plans for protecting the seniority of a worker who transferred from a less to a more essential job with another firm.

In the automobile industry, for example, the Office of Production Management and union and industry representatives first agreed upon a seniority protection plan in September 1941.[4] Under this plan, workers who transferred to a defense job with another employer, or who began a defense training program, continued to accumulate seniority with the company from which they were laid off or released. These workers were required to return within 1 week if recalled by their original employer.

The OPM program was replaced in December 1942 by a War Manpower Commission stabilization plan, applying to all industry in the Detroit area. Under its terms, employees who transferred to a higher skill or to full-time employment, retained their seniority status with their former employers, but did not accumulate seniority during their absence. In other words, seniority was frozen as of the date of transfer.

No similar arrangements had been developed as of June 1951 to meet shifting manpower requirements arising out of the Korean situation and the accelerated defense program. However, a few labor-management agreements currently in effect provide for the protection of seniority rights of employees who transfer to defense industries. Such protection is usually afforded only if the transfer is at the request of the Federal Government. Thus, one agreement provides: "When a specific request for a specific employee is made by the Government for transfer into another industry, the employee will not lose seniority rights, if said employee returns within 2 weeks after such service has been completed."

To facilitate labor mobility, other agreements allow employees to take their accumulated service if they transfer from plant to plant of the same employer. Some of these agreements permit transfer of service only for specified purposes, such as vacations, severance pay, and protection of pension rights.

## Length-of-Service Benefits

Rights and benefits based on length of service may be classified in two categories: (1) Benefits or privileges earned by an employee's length of service without reference to length of service of other employees; these include paid vacation, sick leave, and automatic increases under a wage progression plan. (2) Rights and benefits which are determined by seniority (i. e., employees' length of service relative to each other); examples are claims to jobs in event of lay-offs, promotions, or transfers, and choice of shift.

Unions generally favor seniority as the governing factor in selecting employees for lay-off, promotions, etc. They maintain that a reasonably close correlation exists between length of service and efficiency, and that merit and other factors are too difficult to measure objectively. A disadvantage of seniority, from the union standpoint, is the possibility that it may cause dissension among members. Younger workers sometimes feel that strict application of the seniority principle favors older workers at their expense.

Many employers, on the other hand, assert that to give seniority more weight than merit tends to reduce efficiency by requiring the promotion, or retention, of employees who are not best suited for the jobs involved. They maintain that the difficulty of measuring merit can be overcome by such devices as careful job analysis and merit rating, trial periods for employees on new jobs, and resort to the plant grievance procedure in case of disputes over merit.

*Lay-Off and Rehiring.* Over three-fourths of the 330 agreements analyzed required that varying degrees of consideration be given to seniority in establishing the order of lay-off (table 1). About 60 percent of the agreements made seniority the governing factor in establishing the order of lay-off. Almost half of these added a qualifying statement to the effect that the senior employees must be competent to perform available work.

Another group of agreements (12 percent of the total) made seniority a secondary consideration, i. e., seniority governed the selection of employees for lay-off only if the employees involved were approximately equal in ability.

Seniority was given most weight in lay-offs in the mass-production industries, possibly because a large proportion of employees have approximately the same degree of skill and ability. More than 95 percent of the workers covered by agreements examined in machinery, rubber, stone, clay, and glass products, petroleum refining, food and kindred products, and communications were employed under provisions which gave seniority primary consideration in lay-offs. The proportion exceeded 75 percent in tobacco, textiles, and electric and gas utilities, and was over 50 percent in transportation equipment, paper, and fabricated metal products. In primary metal industries and chemicals, the majority of the workers were covered by agreements which made seniority the governing factor only where merit was equal.

Construction was the only industry group in which none of the agreements studied gave consideration to seniority in lay-offs. Absence of such a provision in this industry is due largely to the intermittent character of employment—construction workers move from job to job so frequently that basing lay-offs on seniority is impracticable. In the apparel industry, lay-off by seniority is rare because it is customary to share available work among all employees, rather than to lay off junior employees in slack periods. In each of the following industry groups, seniority was considered in lay-offs for less than half of the workers: leather and leather products, mining, transportation (other than railroad), services, and hotels and restaurants.

TABLE 1.—*Consideration of seniority in determining order of lay-offs*

| Degree of consideration | Agreements | | Workers covered | |
|---|---|---|---|---|
| | Number | Percent | Number | Percent |
| Total | 330 | 100 | 4,179,000 | 100 |
| Seniority governs | 119 | 36 | 1,095,000 | 26 |
| Seniority governs, provided senior employees competent to do available work | 83 | 25 | 759,000 | 18 |
| Seniority given equal consideration with ability | 2 | 1 | 7,000 | (1) |
| Seniority secondary, i. e., governs only if ability equal | 38 | 12 | 500,000 | 12 |
| Weight given seniority not clear | (2) 11 | 3 | 343,000 | 8 |
| No reference to seniority | 77 | 23 | 1,475,000 | 36 |

1 Less than 1 percent.
2 Includes several agreements which give seniority different weights among different groups of employees, e. g., for employees hired before February 1, 1941, order of lay-off is determined solely by seniority; for employees hired after that date seniority is given secondary consideration. Also included are a few multi-plant contracts which merely provide that seniority will be in accordance with local arrangements.

In rehiring, seniority usually was given the same weight as in lay-offs, because agreements commonly provided for rehiring in reverse order of lay-off. Application of seniority in rehiring may decrease the mobility of labor reserves. Laid-off workers often prefer to await recall by their former employer rather than to move to another company, where they would be at the bottom of the seniority list. Provision for rehiring by seniority gives each firm a reserve of its own experienced workers who are more likely to be available when needed.

*Promotions.* Almost 60 percent of the agreements required some consideration of seniority in promotions. Most of them specified that seniority would govern only if the employees were competent to perform the work or only if the employees involved were of equal ability (table 2). An example of the latter type of provision reads: "In making promotions, seniority shall prevail only where other qualifications are equal. The 'qualifications' as used in this paragraph shall include such matters as experience, physical fitness, skill, knowledge, adaptability, efficiency, responsibility integrity, and the like."

Industry groups in which 90 percent or more of the workers were covered by agreements making seniority a factor in promotions were: food and kindred products, chemicals, petroleum refining, rubber, stone, clay, and glass products, primary metal industries, transportation equipment, and electric and gas utilities.

Particularly interesting—especially in light of widespread popular conceptions that unions almost universally seek to base promotions on seniority—was the finding that 136 contracts covering almost half (46 percent) of all the workers made no reference to seniority.

TABLE 2.—*Consideration of seniority in selecting employees for promotion*

| Degree of consideration | Agreements | | Workers covered | |
|---|---|---|---|---|
| | Number | Percent | Number | Percent |
| Total | 330 | 100 | 4,179,000 | 100 |
| Seniority governs | 9 | 3 | 48,000 | 1 |
| Seniority governs provided senior employees competent to do work | 91 | 28 | 717,000 | 17 |
| Seniority given equal consideration with ability | 5 | 1 | 26,000 | 1 |
| Seniority secondary, i. e., governs only if ability equal | 77 | 23 | 1,368,000 | 33 |
| Weight given seniority not clear | 12 | 4 | 86,000 | 2 |
| No reference to seniority | 136 | 41 | 1,934,000 | 46 |

In general, employers hold that efficiency is impaired and individual employee incentive is stifled if seniority, rather than ability, governs promotions. Unions, in contrast, often take the position that seniority should be the primary factor in making promotions. They contend that other factors are too difficult to measure objectively—particularly if no joint machinery is set up to review these factors.

*Transfers.* Approximately a fifth of the workers were covered by contracts which called for transfers from one job to another according to seniority. For example: "To promote the orderly transfer of employees to other jobs within the same wage spread, the company shall post notice in the plant requesting employees who wish to transfer from their jobs to other jobs which may become available within the same wage spread. Employees desiring such transfers shall fill out a form provided for this purpose by the company; thereby creating a pool of available people who wish to transfer. Transfers shall be made on the basis of seniority."

*Shift Preference.* A fourth of the agreements, covering about the same proportion of the workers, provided that senior employees were entitled to first choice of shifts. Owing to the general preference of workers for the day shift, the effect is to give older employees first consideration for assignment to that shift.

Industry groups in which shift preference according to seniority was most common were transportation equipment, rubber, textiles, and communications.

*Vacation Dates.* Choice of vacation periods was determined by seniority in a third of the agreements covering 26 percent of the workers. Thus: "In cases where a number of employees choose the same vacation period and all of them cannot be spared for that period, seniority will be the determining factor in the allotment of vacation time."

*Length of Paid Vacation.* Over four-fifths of the agreements, involving 70 percent of the workers, graduated the amount of paid vacation based on employees' length of service. For example: "Each employee who has completed 1 year of continuous employment will receive 1 week's vacation. Each employee who has completed 5 years' continuous service will receive 2 weeks' vacation. Each employee who has completed 15 years of continuous service will receive 3 weeks' vacation."

*Length of Paid Sick Leave.* Graduation of sick leave according to length of service was provided in only 14 percent of the agreements, covering about the same percentage of the workers. An example reads as follows: "Each full-time employee who at the time of illness or injury is and has been in the active service of the employer for a period of 1 full year or more shall be entitled to 6 working days' sick leave with full pay. Each full-time employee who at the time of illness or injury is and has been in the active service of the employer for a period of 2 full years or more shall be entitled to 12 working days' sick leave with full pay."

Paid sick leave was most common in food and kindred products (mostly meat packing) and communications.

*Automatic Wage Progression Plans.* Slightly over a tenth of the agreements had minimum and maximum wage rates for the same job classification and a definite schedule of length-of-service wage increases within the rate range. In some of these agreements, automatic wage increases were based solely on length of service. In others, increases were automatic up to a given point within the range, with further increases on the basis of merit alone.

*Dismissal Compensation.* Agreements covering almost a fourth of the workers provided for severance pay in the event of termination of employment. Pay was usually graduated according to length of service, as in the following example: "The employer agrees to pay 1 week's severance pay for each year of service."

Dismissal compensation provisions were, however, concentrated in a relatively few industries—rubber, food and kindred products (mostly meat packing), primary metal industries (mostly basic steel), and communications.

Provision for severance pay gives employees a limited degree of job security, by making dismissal of long-service employees costly to the employer.

*Pensions.* Nearly two-thirds of the employees were covered by agreements providing pension plans. In all of these plans, employees must have a specified minimum number of years' service in order to become eligible.

*Other Benefits.* Among the other benefits occasionally determined by length of service were preference for premium pay work, such as overtime, Saturday, Sunday, and holiday work; choice of days off; preference for regular employment (among part-time and seasonal workers); choice of runs (in transportation agreements) or routes (for driver-salesmen); eligibility for paid holidays and guarantee of 40 hours' work per week; amount of Christmas bonus; and length of unpaid leave.

Some employers give privileges and awards in recognition of long service, other than those which are collectively bargained. Bonuses and nonmonetary benefits such as watches, insignia, reserved parking space, etc.,[5] are examples of such employer recognition.

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*Assisted by Rose Theodore and Dena Wolk.

[1] The courts have ruled in several cases that seniority is a property right protected under the due process clause of the Federal Constitution. See *Griffin* v. *Chicago Union Station Co.* 13 F. Supp. 722 (1936).

[2] Of the 330 agreements, 198 covered a minimum of 5,000 workers each and were applicable to slightly over 4,000,000 workers. The remaining 132 agreements, selected at random from contracts of relatively small companies, covered about 150,000.

[3] The study, based on interviews at 40 local Employment Service offices in 21 States, is reported in a Short History of the War Manpower Commission, Preliminary Draft (p. 57), U. S. Department of Labor, Bureau of Economic Security, June 1948.

[4] Seniority in the Automobile Industry, Monthly Labor Review, September 1944.

[5] Recognition for Long Service. (Studies in Personnel Policy, No. 106, National Industrial Conference Board, 1950.)

# Union Status Under Collective Agreements, 1950–51

UNION-SHOP clauses in collective-bargaining agreements increased in prevalence during 1950–51, compared with 1949–50,[1] while those providing for maintenance of membership or merely sole-bargaining recognition decreased. Significant contracts in which union-shop or modified union-shop provisions were incorporated during the past year were: Chrysler-United Automobile Workers (CIO), Crucible Steel-United Steelworkers (CIO), and United Rubber Workers (CIO) agreements with Firestone, Goodyear, Goodrich, and United States Rubber Co. In addition, union security was affected by passage of State and Federal legislation and by legal interpretation of the Labor-Management Relations Act. The Railway Labor Act was amended in January 1951 to permit negotiation of union-shop agreements in the railroad and air transport industries, and by midsummer, several large railroad companies had signed such agreements. Two States, Texas and Nevada, enacted laws during the first half of 1951, which, in effect, ban union-security agreements, bringing to 17 the number having statutes regulating or prohibiting such agreements.[2]

Legal interpretations of union-security provisions were noticeably affected by a decision of the United States Supreme Court; in May 1951 the Court held that the Labor Management Relations (Taft-Hartley) Act of 1947 required non-Communist affidavits from national officers of the American Federation of Labor and Congress of Industrial Organizations as well as from officers of their affiliated unions. On the basis of this decision, the National Labor Relations Board ruled in July 1951 that union-shop agreements signed by AFL and CIO affiliates were illegal if such agreements had been negotiated in the period between the effective date of the Act and the subsequent filing of the affidavits. Later the Board reversed its ruling, and a law was also enacted by Congress affirming the legality of these agreements. This law also amends the 1947 Act by eliminating the requirement that a majority of the employees in the bargaining unit must vote in favor of the union shop before such a provision can be incorporated in an agreement. Generally, workers have voted approval of the union shop in these elections. In 1950, for example, the union shop was approved in 5,718 out of 5,938 NLRB elections.

The relative importance of the union-shop over other union-security provisions is revealed in a recently completed survey of 2,651 agreements, covering 5,581,000 workers, and in effect in late 1950 and 1951: 61 percent of these contracts had union-shop clauses, 13 percent provided for maintenance of membership and 26 percent gave only sole-bargaining recognition; in addition to these union-security provisions, check-off clauses were included in 67 percent of the agreements. By comparison, a survey of 2,150 agreements, in effect a year or so earlier and covering an estimated 4 million workers, showed that the union shop was provided by 50 percent of the contracts; maintenance of membership, by 21 percent; sole bargaining, by 29 percent; and check-off, by 64 percent.

*Union Shop.* Of the 2,651 agreements analyzed in the 1950–51 period, 1,612, covering nearly three-fifths of the workers provided for the "union-shop"; i. e., all or nearly all employees in the collective-bargaining unit are required to be members of the union (table 1).

The most common of the several types of union-shop provision [3] specifies that present employees must be union members and that new employees, not union members at the time of hiring, must join within a specified time after starting work. This type of clause was found in 62 percent of the 1,612 union-shop agreements. Some agreements (14 percent of all union-shop contracts) further provided that preference must be given union members in filling vacancies.

A modified union shop (i. e., providing specific exemption of certain groups of employees from the membership requirement) was stipulated in an additional 14 percent of the union-shop agreements. The most important of these, in terms of number of workers involved, were the agreements incorporating the General Motors-type of provision. Under such contracts, employees hired after the effective date of the agreement are required to join the union and maintain membership for at least a year; those who were union members when the agreement became effective are also required to maintain their membership; but employees who were not members at that time are not required to join. Another interesting—although not necessarily new—modification, found mostly in contracts of the American Newspaper Guild (CIO), requires a specified proportion of new employees (e. g., nine out of every ten) to become union members within a specified time or face discharge. None of these agreements indicate by what process those workers who do not have to join the union are to be selected.

The remaining 10 percent of the union-shop agreements required that employees must be members of the union before beginning work. Although some of these contracts did not state specifically that an employee must be a union

TABLE 1.—*Types of union-status provisions established by collective-bargaining agreements*

| Types of union status | All agreements in sample [1] | | Agreements with employment data | Workers covered | |
|---|---|---|---|---|---|
| | Number | Percent | | Number | Percent |
| Total | 2,651 | 100 | 2,448 | 5,581,000 | 100 |
| Union shop | [2] 1,612 | 61 | 1,469 | 3,231,000 | 58 |
| Membership maintenance | 343 | 13 | 327 | 912,000 | 16 |
| Sole bargaining | 696 | 26 | 652 | 1,438,000 | 26 |

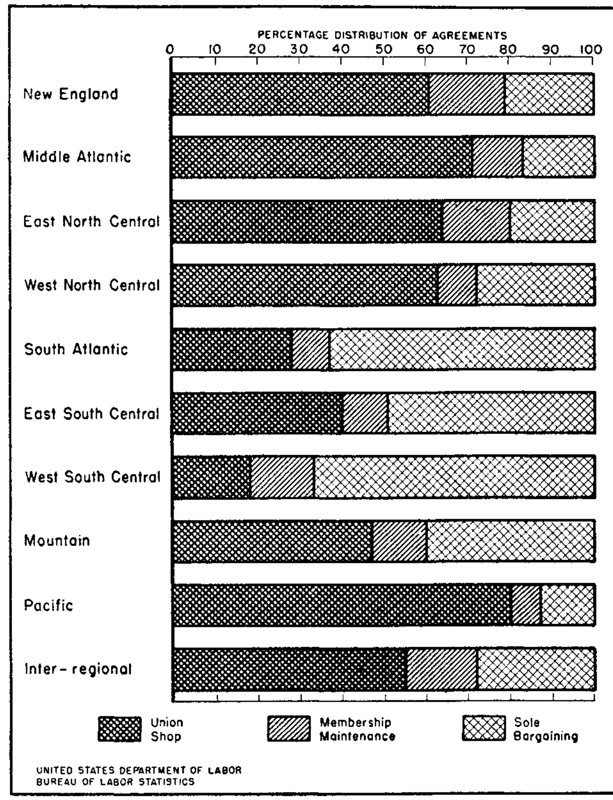
[1] Not included in the final sample of 2,651 agreements were 26 contracts with no union-status clause and 80 in which union-status provisions could not be definitely classified. Most of these agreements made the type of union security contingent on developments and interpretations of the Labor Management Relations Act of 1947, or various State laws. The most significant of these are the national anthracite and bituminous-coal mining agreements, covering approximately 475,000 workers, which provide for a union shop "to the extent and in the manner permitted by law."

[2] Includes a few agreements which provided that the union shop would become effective after a union-shop election, as required by the Labor Management Relations Act of 1947. Also included are the company-wide contract between the Ford Motor Co. and the United Automobile Workers (CIO), and several other company-wide contracts which provide for a union shop except in States where the union shop is banned by law. Since the number of workers who are covered by the contracts and employed in such States is not known, the number of workers under union-shop contracts is overstated to a minor extent.

member before starting work, the stipulated conditions of employment were such that the great majority of workers hired would be union members. For example, a few agreements provided that graduates of a union-sponsored training school would be given preference for employment.

Analysis of union-shop provisions in the 1950–51 agreements showed that at least three-fourths of the workers in 10 of the 26 industry groups were covered by union-shop clauses. They were apparel, paper and allied products, rubber, printing and publishing, transportation equipment, construction, wholesale and retail trade, services,

**Chart 1.—Union Status Provisions in Collectve-Bargaining Agreements, by Region, 1950–51**




hotels and restaurants, and transportion (table 2). Union shops were provided for in three-fourths of the agreements negotiated by unions affiliated with the AFL, compared with a half of the contracts of CIO affiliated unions, and a third of the agreements of unaffiliated or independent unions (table 3). In the Pacific region (California, Oregon, and Washington), four-fifths of the agreements analyzed called for a union shop (table 4 and chart 1). By contrast, the proportion of such clauses was lowest (18 percent) in the West South Central States (Arkansas, Louisiana, Oklahoma, and Texas).

*Maintenance of Membership.* Union security by means of maintenance-of-membership clauses became important during World War II, when this provision was adopted by the National War Labor Board as a compromise between labor's demands for the union-shop and employer opposition to it. Under a maintenance-of-membership clause, an employee need not join the union, but if he is a member on the effective date of the contract, or later becomes a member, he must maintain his membership for the duration of the agreement as a condition of continued employment.

This type of union status has declined in importance since the end of World War II hostilities, and was provided by only 13 percent of the 1950–51 agreements studied. It is most prevalent in the primary metal industries, in which four-fifths of the employees were covered by such provisions.

*Sole Bargaining.* About a fourth of the agreements, covering 1,438,000 workers, grant sole bargaining rights to a union without the protection of a union-shop or maintenance-of-membership clause. Under such contracts, the employer is not permitted to deal with a rival union or group of employees during the life of the agreement, and the union bargains for all employees in the unit, irrespective of whether they are or are not members of the union. A provision of this type is significant only if the union has not utilized the services of the NLRB for certification.

A few agreements containing sole-bargaining clauses also included "harmony" provisions such as the following:

> The company adopts the policy of encouraging union membership for all its employees, both new and old, and will cooperate with the union in advising its employees that a contract exists between the company and the union, so that all employees (except those excepted) may be properly informed and thereby afforded a suitable opportunity to join the union within a reasonable time, and to remain therein in good standing during the life of this agreement.
>
> The company recognizes the right of the union to know of the employees newly employed or recalled to work and will furnish their names to the union.

**TABLE 2.**—*Union status provisions, by industry*

| Major industry group | Total in sample | | Type of union status | | | | | | Check-off | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Union shop | | Membership maintenance | | Sole bargaining | | | |
| | Agreements | Workers [1] | Percent of agreements | Percent of workers | Percent of agreements | Percent of workers | Percent of agreements | Percent of workers | Percent of agreements | Percent of workers |
| Total | 2,651 | 5,581,000 | 61 | 58 | 13 | 16 | 26 | 26 | 67 | 78 |
| *Manufacturing* | *1,797* | *4,051,000* | *59* | *57* | *16* | *20* | *25* | *23* | *75* | *85* |
| Food and kindred products | 195 | 330,000 | 67 | 59 | 8 | 5 | 25 | 36 | 61 | 76 |
| Tobacco | 18 | 40,000 | 22 | 17 | 28 | 9 | 50 | 74 | 94 | 89 |
| Textile mill products | 189 | 249,000 | 51 | 66 | 12 | 7 | 37 | 27 | 96 | 98 |
| Apparel and other finished textile products | 93 | 345,000 | 97 | 99 | 1 | --- | 2 | 1 | 45 | 48 |
| Lumber and timber basic products | 73 | 47,000 | 57 | 69 | 7 | 6 | 36 | 25 | 62 | 38 |
| Furniture and finished wood products | 52 | 37,000 | 65 | 74 | 8 | 3 | 27 | 23 | 79 | 71 |
| Paper and allied products | 87 | 110,000 | 82 | 93 | 7 | 5 | 11 | 2 | 56 | 48 |
| Printing and publishing | 89 | 51,000 | 85 | 87 | 6 | 6 | 9 | 7 | 17 | 19 |
| Chemicals and allied products | 85 | 97,000 | 40 | 32 | 18 | 39 | 42 | 29 | 93 | 94 |
| Petroleum and coal products | 30 | 59,000 | 20 | 7 | 30 | 17 | 50 | 76 | 80 | 82 |
| Rubber products | 22 | 124,000 | 78 | 90 | 18 | 7 | 4 | 3 | 86 | 95 |
| Leather and leather products | 61 | 75,000 | 57 | 74 | 17 | 9 | 26 | 17 | 74 | 80 |
| Stone, clay, and glass products | 72 | 98,000 | 61 | 68 | 13 | 24 | 26 | 8 | 89 | 78 |
| Primary metal industries | 112 | 542,000 | 45 | 14 | 38 | 80 | 17 | 6 | 89 | 98 |
| Fabricated metal products | 145 | 193,000 | 65 | 51 | 19 | 38 | 16 | 11 | 80 | 79 |
| Machinery (except electrical) | 191 | 275,000 | 41 | 42 | 27 | 19 | 32 | 39 | 82 | 92 |
| Electrical machinery | 85 | 323,000 | 47 | 22 | 18 | 8 | 35 | 70 | 84 | 95 |
| Transportation equipment | 106 | 979,000 | 59 | 77 | 23 | 8 | 18 | 15 | 83 | 95 |
| Professional, scientific, and controlling instruments | 31 | 35,000 | 48 | 53 | 23 | 14 | 29 | 33 | 84 | 78 |
| Miscellaneous [2] | 61 | 42,000 | 66 | 65 | 11 | 13 | 23 | 22 | 75 | 80 |
| *Nonmanufacturing* | *854* | *1,530,000* | *64* | *60* | *7* | *6* | *29* | *34* | *50* | *62* |
| Mining, crude-petroleum, and natural-gas production | 66 | 38,000 | 20 | 10 | 28 | 55 | 52 | 35 | 80 | 93 |
| Transportation [3] | 228 | 309,000 | 67 | 82 | 4 | 2 | 29 | 16 | 46 | 48 |
| Communications | 72 | 467,000 | 7 | 8 | 12 | 11 | 81 | 81 | 97 | 100 |
| Utilities, electric and gas | 69 | 142,000 | 56 | 61 | 16 | 9 | 28 | 30 | 64 | 78 |
| Wholesale and retail trade | 172 | 133,000 | 76 | 91 | 3 | 3 | 21 | 6 | 40 | 48 |
| Hotels and restaurants | 43 | 121,000 | 98 | 99 | 2 | 1 | --- | --- | 18 | 46 |
| Services [4] | 141 | 115,000 | 82 | 95 | 4 | --- | 14 | 5 | 43 | 53 |
| Construction | 41 | 199,000 | 90 | 94 | --- | --- | 10 | 6 | --- | --- |
| Miscellaneous [5] | 22 | 6,000 | 59 | 72 | 5 | 1 | 36 | 27 | 55 | 62 |

[1] These workers are covered by 2,448 agreements for which employment data are available.
[2] Includes jewelry and silverware, buttons, musical instruments, toys, athletic goods, ordnance and ammunition.
[3] Excludes rail and air carriers.
[4] Includes financial, insurance, and other business services, personal services, automobile repair shops, amusement and recreation establishments, medical and other health services.
[5] Includes farming, fishing, educational institutions, nonprofit membership organizations and governmental establishments.

TABLE 3.—*Union status provisions, by affiliation, and by type of recognition*

| Item | Total in sample | American Federation of Labor | Congress of Industrial Organizations | Independent | Item | Total in sample | American Federation of Labor | Congress of Industrial Organizations | Independent |
|---|---|---|---|---|---|---|---|---|---|
| All agreements | 2,651 | 1,363 | 973 | 315 | Percent of workers covered by— | | | | |
| All workers [1] | 5,581,000 | 1,973,000 | 2,987,000 | 621,000 | Union shop | 58 | 79 | 51 | 25 |
| Total percent | 100 | 100 | 100 | 100 | Membership maintenance | 16 | 8 | 24 | 6 |
| | | | | | Sole bargaining | 26 | 13 | 25 | 69 |
| Percent of agreements with— | | | | | Covered by check-off: | | | | |
| Union shop | 61 | 76 | 50 | 33 | Percent of agreements | 67 | 46 | 90 | 86 |
| Membership maintenance | 13 | 9 | 19 | 10 | Percent of workers | 78 | 47 | 96 | 92 |
| Sole bargaining | 26 | 15 | 31 | 57 | | | | | |

[1] See footnote 1, table 2.

Industries in which sole bargaining was most prevalent, in terms of number of workers involved, were tobacco, petroleum products, electrical machinery, and communications.

*Check-Off Provisions.* Two-thirds of the agreements, covering over three-fourths of the workers, had "check-off" provisions; i. e., union dues, and, in some instances, such items as initiation fees, and assessments aré deducted from the worker's pay by the employer.

Under the LMRA of 1947, employees who wish their dues checked off are required to sign authorizations which may not continue for more than a year or the life of the agreement, whichever is shorter, without an opportunity for withdrawal. Many contracts provide that the authorization would be automatically renewed for another year unless revoked by the employee during an "escape" period:

> Authorization shall be irrevocable for the period of 1 year, and shall automatically renew itself for yearly periods thereafter; provided, however, that it may be revoked by giving written notice to the company and the union at least 60 days and not more than 90 days before the expiration of any such yearly period.

Many unions favor the check-off as a method of dues collection, not only because of its convenience, but also because it assures dues payment by employees who might otherwise fail to

TABLE 4.—*Union status provisions, by region*

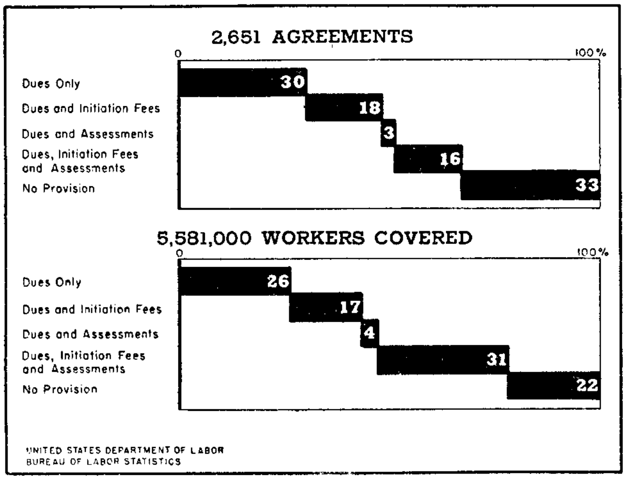
| Region [1] | Total in sample: Agreements | Total in sample: Workers [2] | Union shop: Percent of agreements | Union shop: Percent of workers | Membership maintenance: Percent of agreements | Membership maintenance: Percent of workers | Sole bargaining: Percent of agreements | Sole bargaining: Percent of workers | Check-off: Percent of agreements | Check-off: Percent of workers |
|---|---|---|---|---|---|---|---|---|---|---|
| Total | 2,651 | 5,581,000 | 61 | 58 | 13 | 16 | 26 | 26 | 67 | 78 |
| New England | 226 | 297,000 | 61 | 57 | 18 | 13 | 21 | 30 | 80 | 84 |
| Middle Atlantic | 641 | 1,234,000 | 71 | 76 | 12 | 9 | 17 | 15 | 71 | 64 |
| East North Central | 664 | 933,000 | 64 | 54 | 16 | 18 | 20 | 28 | 72 | 83 |
| West North Central | 191 | 162,000 | 63 | 47 | 9 | 20 | 28 | 33 | 49 | 76 |
| South Atlantic | 200 | 201,000 | 28 | 20 | 9 | 11 | 63 | 69 | 80 | 89 |
| East South Central | 96 | 86,000 | 40 | 26 | 11 | 34 | 49 | 40 | 79 | 79 |
| West South Central | 97 | 95,000 | 18 | 15 | 15 | 10 | 67 | 75 | 78 | 85 |
| Mountain | 60 | 35,000 | 47 | 30 | 13 | 29 | 40 | 41 | 57 | 64 |
| Pacific | 290 | 552,000 | 80 | 75 | 7 | 8 | 13 | 17 | 27 | 45 |
| Inter-regional [3] | 186 | 1,986,000 | 55 | 52 | 17 | 22 | 28 | 26 | 77 | 92 |

[1] Regions referred to in this article include the following States: *New England*—Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont; *Middle Atlantic*—New Jersey, New York, Pennsylvania; *East North Central*—Illinois, Indiana, Michigan, Ohio, Wisconsin; *West North Central*—Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; *South Atlantic*—Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; *East South Central*—Alabama, Kentucky, Mississippi, Tennessee; *West South Central*—Arkansas, Louisiana, Oklahoma, Texas; *Mountain*—Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; *Pacific*—California, Oregon, Washington.

[2] See footnote 1, table 2.

[3] Each of these agreements covers two or more plants located in different regions.

**Chart 2.—Percent Distribution of Agreements and Workers Covered by Type of Payment Checked off**




pay. Others, however, prefer to have shop stewards collect dues, as one method of keeping in close touch with the membership.

Generally, employers feel that it is the responsibility of the union to collect its dues. However, some employers prefer the check-off because it eliminates the confusion and loss of working time sometimes caused by shop stewards collecting dues in the plant.

Industry groups in which 80 percent or more of the workers were covered by check-off provisions were primary metal industries, fabricated metal products, machinery, transportation equipment, tobacco, textiles, chemicals, rubber, leather, petroleum, and communications.

In general, the prevalence of check-off provisions was greater among agreements without union-security clauses than among those with such clauses. Only about three-fifths of the contracts which provided for some form of union security—either union shop or maintenance of membership—also provided for check-off, compared with over four-fifths of the contracts having no union-security clause. Less than 5 percent of the agreements provided for neither union security nor check-off.

This comparison between check-off provisions and the type of union status or recognition was reflected in the industry, region, and union affiliation data. Thus, for example, in tobacco, petroleum products, chemicals, and communications, the proportion of agreements providing for the check-off was relatively high but union-shop provisions were not widespread. In such industries as apparel, printing, and construction, on the other hand, the relatively high frequency of union-shop agreements was accompanied by a considerably smaller proportion of check-off clauses (table 2).

A third of the agreements provided for the check-off of initiation fees as well as dues (chart 2) and nearly a fifth required check-off of general assessments. A few contracts also provided for check-off of fines, reinstatement fees, and payments to the union welfare or death benefit fund.

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Division of Wages and Industrial Relations

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[1] Union-Security Provisions in Agreements, 1949–50, Monthly Labor Review, August 1950 (p. 224). Some of the agreements used in this study were long-term contracts which were also included in the present survey.

[2] Closed and union shop and maintenance of membership are banned by the laws or constitutions of Arizona, Arkansas, Florida, Georgia, Iowa, Nebraska, Nevada, North Carolina, North Dakota, South Dakota, Tennessee, Texas, and Virginia. In Colorado, Kansas, and Wisconsin, agreements requiring union membership as a condition of employment are prohibited unless an election has been held and a specified percentage of employees have voted in favor of the agreement. In Massachusetts, it is an unfair labor practice to discharge employees for nonmembership in a union, unless they are ineligible for membership because of occupational disqualification or breach of discipline.

[3] For examples of various types of union-status and check-off clauses, see Bulletin 908: Union Security Provisions in Collective Bargaining, U. S. Department of Labor, Bureau of Labor Statistics.

# Equal Pay for Equal Work

SUPPORT of the equal-pay-for-equal-work principle is prevalent among the major groups dealing with labor questions. However, writing legislative or contract provisions for equal pay is only one step in securing equal pay for women. The real problem is to insure enforcement of the provisions made. Both protection and enforcement have received increased attention because of the large-scale employment of women, particularly in defense-production work. Women now constitute about 19½ million workers, nearly a third of the total labor force.

Women's average earnings are as a general rule lower than men's, largely because the bulk of women are employed in traditionally low-paying industries and occupations. However, women in some situations may be paid lower wage rates for performing work that is substantially or even exactly the same as that performed by men, and the purpose of equal-pay provisions in collective contracts and in legislation is to correct such inequities.

The presence or absence of these provisions in collective-bargaining agreements does not reveal the full extent of equal pay actually in effect. On the one hand, identical wage rates are often paid to men and women workers even though there is no specific equal-pay clause in the contract. Lack of such a clause may simply mean that sex differentials have been eliminated through negotiation over a period of time and that specific prohibitions are no longer considered necessary.

Neither does the presence of an equal-pay clause always insure observance of this practice. As the National War Labor Board stated in 1942: "This matter cannot be entirely disposed of by any clause, no matter how carefully it may be worded." [1] An equal-pay clause may be meaningless unless it is implemented by a job evaluation or analysis system to assure that the wage rate is based on the job content, rather than the identity of the man or woman performing it. Otherwise, differences which have little or no effect on the actual performance of the job may be used as a justification for rate differentials.

### Private and Public Policies

Advocates of the equal-pay principle have cited two main arguments against differential wages for comparable work, namely the injustice to women and the undermining of wage standards, generally. If large numbers of women can be hired at less than the prevailing rates for men, their competition is likely to result either in the displacement of the men or in the men's acceptance of lower rates. The eventual result is reduced purchasing power and lower standards of living for all workers. Sex differentials may also adversely affect production because of the resentment of the women workers affected.

Spokesmen for some employer organizations, although definitely on record in favor of the principle of equal pay for equal performance by women, have raised certain objections regarding the application of the principle, such as:

> (1) The practical difficulties of measuring what purports to be the same job without using such techniques as job analysis and evaluation to determine whether the work is strictly comparable. Experience shows that women in a factory generally require more servicing than men in the way of "setting-up", lifting, and the like. (2) The higher rate of absenteeism among women as compared to men. (3) The greater susceptibility of women to fatigue, making it necessary that they be allotted more rest periods. (4) The general inability to upgrade women to better jobs such as foremen, supervisors, etc. This prevents the best development of industrial workers. (5) The shorter industrial life of the woman worker. (6) The designation of certain jobs in a company—because they are more suitable and desirable for women—as "woman jobs" and which are therefore performed only by women.[2]

The War Labor Board in World War I upheld the policy of "no wage discrimination against women on the grounds of sex" in wage-dispute cases brought before it. During World War II, the equal-pay principle, as embodied in General Order No. 16, was the official policy of the National War Labor Board. A similar policy—providing for approval of wage increases granted to equalize pay for work of a comparable quantity

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[1] Case of *General Motors* v. *UAW-CIO*, 1942.

[2] Statement by Henry E. Abt, Director, Group Relations Department, National Association of Manufacturers, *in* Independent Woman, April 1944.

and quality—was unanimously adopted by the Wage Stabilization Board on November 15, 1951.

An equal-pay bill covering workers in interstate commerce was first introduced in the 79th Congress (1945), but neither this bill nor any of the similar bills introduced in the 80th and 81st Congressional Sessions was enacted. Fifteen companion bills under consideration in the 82d Congress make it an unfair labor practice to pay women lower rates than men for comparable work. Committee hearings have not yet been scheduled on these bills.

Alaska and 12 States[3] have equal-pay laws which vary widely in coverage and provision for enforcement. Enforcement depends largely on complaints by employees, who may bring suit against their employers for wages lost because of the differential or, who may, in several States, assign their claims to the State labor department for collection. Nearly all of the State laws make violations punishable by fine, and a few also provide for imprisonment. The legislation as well as the contract provisions may be ineffective, unless implemented by job-evaluation techniques or other methods of determining whether work performed by women is actually equal or comparable to that of men.

For many government employees equal pay is required by law. Sixteen States and the District of Columbia require payment of the same compensation to men and women teachers for comparable services. The Federal Government adopted a policy of equal pay for its Civil Service employees in the Classification Act of 1923, and restated it in the Act of 1949. Non-Civil Service employees of the Department of Defense are similarly protected.

The 1951 conference of the International Labor Organization adopted a Convention calling upon member nations to promote equal pay for equal work. This Convention has not yet been ratified by the member nations of the ILO.

Leading labor and employer organizations in the United States have endorsed the principle: American Federation of Labor, Congress of Industrial Organizations, and National Association of Manufacturers. The AFL has advocated achievement of equal pay primarily through collective bargaining rather than by legislation. The CIO, in a resolution adopted at its 1951 convention, urged incorporation of equal-pay provisions both in contracts and in State and national legislation.

[3] California, Connecticut, Illinois, Maine, Massachusetts, Michigan, Montana, New Hampshire, New York, Pennsylvania, Rhode Island, and Washington.

## Collective-Bargaining Provisions

Nearly a fifth of a sample of 2,644 collective-bargaining agreements analyzed by the Bureau of Labor Statistics affirmed the principle of equal pay for equal work.[4] Nearly 5½ million workers were covered by 2,206 of the agreements; a fourth

*Prevalence of "equal pay for equal work" provisions in collective bargaining agreements, 1950–51*

| Industry group | Agreements analyzed | | Agreements having employment data | | |
|---|---|---|---|---|---|
| | Number | Percent with equal-pay clauses | Number | Employees covered (in thousands)[1] | Percent of employees covered by equal-pay clauses |
| All industry groups | 2,644 | 17 | 2,206 | 5,453 | 26 |
| *Manufacturing* | *1,787* | *24* | *1,561* | *3,533* | *36* |
| Food and kindred products | 192 | 24 | 161 | 294 | 58 |
| Tobacco | 19 | 11 | 19 | 38 | 2 |
| Textiles | 186 | 35 | 173 | 260 | 63 |
| Apparel | 96 | 4 | 75 | 256 | 1 |
| Lumber and wood products (except furniture) | 71 | 20 | 62 | 42 | 11 |
| Furniture and finished lumber products | 53 | 23 | 47 | 34 | 22 |
| Paper and allied products | 80 | 11 | 72 | 100 | 30 |
| Printing and publishing | 92 | 3 | 70 | 46 | 9 |
| Chemicals and allied products | 79 | 15 | 70 | 82 | 13 |
| Products of petroleum and coal | 29 | ------- | 25 | 47 | ------- |
| Rubber products | 30 | 53 | 28 | 129 | 63 |
| Leather and leather products | 73 | 16 | 64 | 81 | 34 |
| Stone, clay, and glass products | 79 | 25 | 70 | 100 | 43 |
| Primary metal industries | 124 | 19 | 105 | 462 | 10 |
| Fabricated metal products | 147 | 22 | 125 | 164 | 20 |
| Machinery (except electrical) | 177 | 32 | 163 | 260 | 46 |
| Electrical machinery, equipment, and supplies | 81 | 42 | 73 | 276 | 34 |
| Transportation equipment | 90 | 29 | 78 | 793 | 48 |
| Instruments and related products | 26 | 58 | 25 | 29 | 76 |
| Miscellaneous | 63 | 25 | 56 | 40 | 25 |
| *Nonmanufacturing* | *857* | *5* | *645* | *1,920* | *9* |
| Mining and crude-petroleum production | 65 | 3 | 55 | 507 | ------- |
| Transportation | 215 | 2 | 161 | 364 | [2] 17 |
| Communications | 43 | 2 | 39 | 279 | 1 |
| Utilities: electric and gas | 87 | 5 | 83 | 144 | 4 |
| Wholesale and retail trade | 160 | 4 | 115 | 109 | 23 |
| Hotels and restaurants | 44 | 18 | 25 | 96 | 33 |
| Services | 156 | 10 | 105 | 95 | 36 |
| Construction | 54 | ------- | 36 | 317 | ------- |
| Miscellaneous | 33 | 3 | 26 | 9 | 21 |

[1] A breakdown by sex of the employees covered by the contracts is not available. Since the number of women employed in some industries is small, the presence or absence of equal-pay provisions in such industries is relatively unimportant. Industries in which total employment of women is greatest are food and kindred products, textiles, apparel, machinery, communications, trade, and services.

[2] The contract between the Railway Express Agency and Railway Clerks (AFL) accounts for nearly all of these workers.

[4] All the agreements studied were in effect during all or some part of 1950. Practically all remained in effect in 1951.

of these workers were employed under equal-pay provisions.

Over a third of the workers were covered by equal-pay clauses in manufacturing industries compared with less than a tenth in nonmanufacturing. (See table.) Even though only 17 percent of all the agreements contained equal-pay provisions, they covered 26 percent of all workers in the sample, because such provisions were prevalent in the contracts of large firms.

Among manufacturing industries, equal-pay clauses were most prevalent (in terms of number of workers covered) in food and kindred products, textiles, rubber, machinery (both electrical and nonelectrical) and transportation equipment. Nonmanufacturing industries with significant numbers of workers covered by such provisions were trade, hotels and restaurants, and services.

Such provisions were least frequent in tobacco, apparel, printing and publishing, petroleum refining, mining, communications, utilities, and construction. However, many of these industries employ a negligible number of women. Wage scales and other sources for other industries indicate that wage rates are equal, so that a specific ban on differentials may not be considered necessary.

The typical collective-bargaining clause barring discrimination in wages is a general statement, such as: "There shall be equal pay for equal work," or "there shall be equal pay for equal quantity and quality of work." Agreements having such provisions often refer specifically to equal pay for women, as in the following example: "Women employees shall receive the same rates as men employees when they perform the same work as is performed by men." References to discrimination against other groups are less frequent: "Persons performing the same kind of work shall receive the same rate of pay, irrespective of race, color, creed, or sex."

Some agreements, however, define the equal-pay principle in more detail and specify various qualifications. The following clause typifies those permitting downward adjustment of wages if job content must be altered to make them suitable for women:

The company agrees that any female employee assigned to an operation which has been or which is performed by men shall receive the same pay when she produces the same quality and quantity of work. The union agrees that an adjustment of wages for female employees is compatible with equal work where lower performance or production standards must be established for female employees; and that extra labor costs may be considered by the company and given pro rata weight in establishing an equitable rate of pay for female employees where the employment entails extra supervision, extra set-up men or other additional aid because of the impossibility or inadvisability of female employees undertaking heavy physical labor which has been established as a part of said job when performed by men.

Agreements sometimes provide for determining whether the work performed by men and women is the same in quality and quantity through the grievance and arbitration procedure. In a few instances, they require a trial period to test whether comparable work is being performed. The following clauses are illustrative:

EXAMPLE 1: Wage rates for women shall be set in accordance with the principle of equal pay for comparable quantity and quality of work on comparable operation. Any dispute arising as to the questions of quality, quantity, or comparability, as herein defined shall be settled within the procedural framework of the grievance provision in the agreement.

EXAMPLE 2: In the event women are hired in classifications of work previously performed by men, they shall receive the same rate of pay as men, provided after a five (5) day trial period they demonstrate their ability to perform work of a quality and quantity as previously performed by men.

Where wage-rate differentials between men and women are provided by collective agreements, they affect starting or plant-minimum rates, occupational rates, or progression from the minimum to the maximum of a rate range. In the absence of job descriptions, however, it is difficult to determine whether rate differentials are actually sex differentials or a reflection of differences in job content. Even though the same job title may apply to both sexes, women may receive lower rates because of such considerations as job dilution (i. e., breaking it down into more simplified skills), physical limitations which require extra assistance, necessity for rest periods, etc.

In addition to the broad industry breakdown of equal-pay clauses shown in the table, detailed analysis was made of agreements in the aircraft and meatpacking industries, in order to illustrate the types of provisions. In aircraft, 26 agreements representing all of the organized plants in the industry were analyzed; 10 of these, covering about a fourth of the workers in the industry, affirmed the principle of equal pay for equal work. A distribution of these agreements by type of clause and employees covered, follows:

| *Provision* | *Number of — Agreements* | *Employees* |
|---|---|---|
| Equal pay for equal work— | | |
| For work normally performed by men | [1] 3 | [1] 4, 800 |
| For substantially the same work as men | 1 | 4, 300 |
| No details | 6 | 22, 000 |
| Total | 10 | 31, 100 |

[1] One agreement, covering 1,100 employees, states that if assistance of a man is necessary, a recognized differential will be established.

Analysis of 50 agreements in the meatpacking industry, covering 105,000 production and related workers, showed that 16 agreements covering about 56,000 workers recognized the principle of equal pay for equal work as follows:

| *Provision* | *Number of — Agreements* | *Employees* |
|---|---|---|
| Equal pay for equal work— | | |
| For work normally performed by men | [1] 10 | [1] 16, 600 |
| For substantially the same work as men | 1 | 1, 000 |
| Same piece-work rates to apply to men and women; women guaranteed basic hourly rate of male employees | 3 | 37, 400 |
| No details | 2 | 900 |
| Total | 16 | 55, 900 |

[1] One agreement with fewer than 100 workers provides that the employer, in determining rates may consider the male's ability to do other types of work in addition to the particular job taken by a woman. Another agreement, covering 200 workers, provides that a woman performing less than the full comparable operation, shall receive a rate of not less than 90 percent.

In both the aircraft and meatpacking industries women currently make up about 15 percent of the workers. During World War II, however, women in the aircraft industry reached 40 percent of the total.

—James C. Nix

Division of Wages and Industrial Relations

# Work Stoppage Provisions in Union Agreements

UNIONS generally oppose strike restrictions imposed by legislative or judicial action, but they have frequently been willing to accept certain limitations on strikes through collective bargaining. Nearly 90 percent of approximately 2,600 collective-bargaining agreements analyzed in 1951 by the Bureau of Labor Statistics provided for such limitations. The effect of work stoppage restrictions in collective-bargaining agreements is increased by the Labor Management Relations (Taft-Hartley) Act of 1947, which makes the party violating a "no-strike, no lock-out" clause liable for damages. In times of national emergency, work stoppages are usually restricted beyond the terms of such contract clauses by policies and decisions of Federal agencies.

Procedures for the adjustment of disputes over the terms of existing contracts are specified in most agreements. The existence of such clauses implies that strikes and lock-outs will not occur until these peaceful adjustment procedures are exhausted. Additional assurance that such procedures will be used fully before recourse to strikes or lock-outs is provided in most agreements by a clause prohibiting or restricting work stoppages.

Virtually all the "no-strike, no-lock-out" clauses studied apply only to disputes arising during the term of the agreement, i. e., to issues which might be generally described as those pertaining to interpretation or application of existing contract provisions. The work stoppage restrictions very rarely apply to issues arising over the terms of renewal of an agreement after it has expired. To take a leaf out of arbitration terminology, collectively agreed restrictions apply to strikes over "rights," not to strikes over "interests."

Advocates of legislation to prohibit or restrict strikes and lock-outs argue that nearly all work stoppages inconvenience the public to some extent and that stoppages in key industries, and particularly in public utilities, may endanger the health and safety of great numbers of people. They also cite the loss of wages and profits, both of workers and employers directly involved and those indirectly affected.

Union leaders, on the other hand, generally regard the power to strike as labor's most basic right. They, too, cite the cost of strikes to the workers and maintain that this is sufficient guaranty against excessive and irresponsible use of the strike weapon. At the same time, they contend that the power to strike, even though rarely exercised, is essential to success in bargaining with employers. They hold that they are disarmed to the extent that the right to strike is hedged about with restrictions.

### Restrictions in National Emergencies

Demand for prohibition or restriction of work stoppages is almost always intensified in periods of national mobilization when strikes or lock-outs in defense industries may vitally affect the Nation's safety. During World War I, the National War Labor Board proclaimed a policy of no strikes and lock-outs for the duration of the war, but lacked enforcement authority. At that time union leaders pledged complete support of the war effort, but did not give up the right to strike. In contrast, shortly after the beginning of World War II, a labor-management conference composed of representatives of the American Federation of Labor and Congress of Industrial Organizations and of industry, agreed that strikes and lock-outs would be banned during the war. This no-strike pledge was subsequently ratified by all of the AFL and CIO national and international unions and by many unions unaffiliated with the two major federations. Enforcement of the pledge was achieved by refusal of the national unions to pay strike benefits to members of a local union engaged in a strike, and, in a few instances, by revocation of the local's charter.

Some strikes did occur, however, and in June 1943, Congress passed over the President's veto the War Labor Disputes (Smith-Connally) Act intended to end strikes and lock-outs which disrupted war production or threatened to do so. The act required that the Government be notified 30 days in advance of strikes and provided for a secret ballot of the workers, conducted by the National Labor Relations Board, to determine whether they favored a strike. The President was authorized to seize war production facilities in which strikes existed or were threatened, and penalties were provided for persons who instigated strikes or lock-outs at such facilities.

Special legislation restricting work stoppages during the emergency period developing out of the Korean crisis has not been enacted. The Wage Stabilization Board, by Executive Order 10233 (April 21, 1951), is authorized to assist in settling disputes which threaten to interrupt work affecting national defense. The Board will hear only two types of dispute cases: (a) Those certified to the Board by the President for investigation. The Board may make recommendations for settlement, but its recommendations are not binding. (b) Those voluntarily submitted to the Board by the parties to the dispute. The Board will take such a case only if collective bargaining and mediation have failed to settle the dispute and the Board's decision is not binding unless the parties agree in advance to be bound by it. The Taft-Hartley Act authorizes the Federal Government to obtain an injunction banning for 80 days any strike or lock-out found to "imperil the national health or safety."

## Union Agreement Provisions

Work stoppages were prohibited or restricted by 88 percent of the 2,578 agreements [1] analyzed. (See table.) In most cases, parallel restrictions were imposed on lock-outs. An absolute ban on strikes and lock-outs during the term of the contract was provided by 32 percent of the agreements studied. In 56 percent, work stoppages were restricted but not absolutely prohibited, i. e., the agreements contained exceptions and/or outlined certain specific conditions under which strikes and lock-outs are permissible. For instance, nearly two-fifths of the total agreements studied permitted work stoppages after the full grievance settlement procedure has been exhausted. If arbitration is the terminal point of the grievance machinery, such a provision effectively limits the area of permissible strikes. In fact, if all possible disputes arising during the contract term are arbitrable, a pledge not to strike pending full use of the grievance and arbitration procedure is equivalent to a pledge not to strike at all during the life of the agreement, inasmuch as all arbitration decisions are considered final and binding. In over a third of the total agreements, work stoppages were permitted for certain specified causes such as: deadlock over negotiation of changes in the general wage level during the term of the contract; enforcement of compliance with the agreement; refusal of either party to arbitrate or to abide by the decision of the arbitrator; or a dispute over nonarbitrable issues.

[1] The agreements studied were in effect during all or some part of 1951, and most of them remained in effect in 1952. Employment data were available for 2,422 agreements, which, in the aggregate, covered 5,750,000 workers.

At least three-fourths of the agreements in every industry group, with the exception of communications, prohibited or restricted work stoppages. (See table.) Unconditional bans were most common in electric and gas utilities; paper; leather and leather products; tobacco; and textiles. Restrictions short of outright prohibition were the rule in stone, clay, and glass products; primary metal industries; fabricated metal products; machinery; and transportation equipment.

## Effect of Taft-Hartley Act

Collective bargaining provisions regarding work stoppages have been affected by the enactment of the Taft-Hartley Act. The law prohibits all strikes and lock-outs during a 60-day period prior to termination or modification of contract and bans entirely jurisdictional strikes and secondary boycotts.

Employers or unions are authorized under the legislation to bring suit in a Federal District Court for damages suffered by reason of a strike or lock-out in violation of a contract. Judgments against unions are enforceable only against the union as an organization and not against any individual member or officer. In determining whether, under the legislation, a union is responsible for the acts of its members, however, the fact of authorization or ratification is not controlling.

Probably as a result of the Taft-Hartley liability provisions, about a third of the agreements banning or restricting work stoppages specified that the union would not be liable for unauthorized or "wildcat" strikes. In most agreements which absolved the union of financial liability for unauthorized strikes, waiver of liability was contingent on the union's announcing publicly that the strike is unauthorized, requesting the strikers to return to work, or taking other designated measures to end the strike, as in the following typical contract provision.

*Work stoppage provisions in collective agreements, 1951*

| Industry | Number of agreements | Percent of agreements with— | | |
|---|---|---|---|---|
| | | No provision | Unconditional ban on work stoppages | Conditional ban on work stoppages [1] |
| Total | 2,578 | 12 | 32 | 56 |
| *Manufacturing* | *1,742* | *7* | *33* | *60* |
| Food and kindred products | 189 | 6 | 35 | 59 |
| Tobacco | 18 | 11 | 50 | 39 |
| Textile mill products | 179 | 3 | 47 | 50 |
| Apparel and other finished textile products. | 94 | 4 | 35 | 61 |
| Lumber and timber basic products | 72 | 19 | 21 | 60 |
| Furniture and finished wood products | 48 | 6 | 27 | 67 |
| Paper and allied products | 82 | 7 | 61 | 32 |
| Printing and publishing | 98 | 20 | 15 | 65 |
| Chemicals and allied products | 82 | 5 | 41 | 54 |
| Petroleum and coal products | 28 | 11 | 46 | 43 |
| Rubber products | 21 | 24 | 33 | 43 |
| Leather and leather products | 58 | 2 | 57 | 41 |
| Stone, clay, and glass products | 72 | 10 | 18 | 72 |
| Primary metal industries | 109 | 6 | 23 | 71 |
| Fabricated metal products | 142 | 4 | 23 | 73 |
| Machinery (except electrical) | 184 | 8 | 27 | 65 |
| Electrical machinery | 86 | 5 | 25 | 70 |
| Transportation equipment | 90 | 7 | 20 | 73 |
| Professional, scientific, and controlling instruments. | 31 | 3 | 29 | 68 |
| Miscellaneous | 59 | 3 | 43 | 54 |
| *Nonmanufacturing* | *836* | *21* | *30* | *49* |
| Mining, crude petroleum, and natural gas production. | 70 | 13 | 40 | 47 |
| Transportation | 217 | 18 | 32 | 50 |
| Communications | 65 | 75 | 19 | 6 |
| Utilities, electric and gas | 62 | 6 | 83 | 11 |
| Wholesale and retail trade | 166 | 12 | 28 | 60 |
| Hotels and restaurants | 35 | 11 | 20 | 69 |
| Services | 134 | 21 | 15 | 64 |
| Construction | 61 | 13 | 18 | 69 |
| Miscellaneous | 26 | 50 | 23 | 27 |

[1] Work stoppages permitted after grievance procedure exhausted, or in event of deadlock over wage reopening or other specified issues.

In the event of any unauthorized strike, slow-down, or work stoppage, and provided that the union, upon advice of such incident, promptly authorizes the company to post in the plants a notice signed by the union which disavows such unauthorized act, and provided further that the union makes an earnest effort to contact its members individually and induce them to return to work within 48 hours, the union shall not be held liable for such unauthorized strike, slow-down or work stoppage.

Such waivers of union liability were sometimes supplemented by other provisions further defining and limiting the union's liability. Some unions have attempted to protect themselves against liability for unauthorized acts of their members by designating (in the agreement) officers who are authorized to call strikes and by absolving themselves of responsibility for the acts of any other persons. In some contracts, too, the international union was relieved of responsibility for unauthorized or unratified actions by the local union. In other agreements, each party pledged that it would not bring action against the other in a court or administrative agency; or, in similar vein, that disputes would be settled through the grievance and arbitration procedure provided in the contract.

In order to determine the extent of changes which have occurred in work stoppage provisions since enactment of the Taft-Hartley Act, 100 agreements in effect before the Act was passed were compared with the corresponding current agreements covering the same bargaining units. These agreements covered major companies or employers' associations in a wide variety of manufacturing and nonmanufacturing industries. Nearly 2 million workers were covered.

The greatest change disclosed was the addition of clauses protecting the union against financial liability for unauthorized strikes. Such provisions had been added to 30 of the 100 agreements. In many of these agreements also provisions had been added requiring the union to take steps to end the strike and giving the employer the right to discipline strike participants. In four others, work stoppage bans were in effect in 1947, but were not included in the current contract. Strike and lock-out provisions were unchanged in the remaining 66 of the 100 agreements: 15 specified an unconditional ban on stoppages in both the 1947 and the current contract; 22 prohibited stoppages until after the exhaustion of the grievance procedure; 18 banned stoppages except those arising out of wage reopening, nonarbitrable issues, refusal to arbitrate or abide by the arbitrator's decision; and 11 did not restrict strikes and lock-outs.

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# Guaranteed Employment and Wages Under Collective Agreements

DEFINITE GUARANTEES of employment or wages have not been incorporated in collective agreements to a significant extent.[1] A recently completed Bureau of Labor Statistics analysis of a sample of nearly 2,600 agreements showed that only 184, or 7 percent of the total, provided for a guarantee of any type. Moreover, these guarantees were generally very limited, and most of them provided much less than a full year's pay or restricted the guarantee to particular groups of workers. (See table.)

Since the guarantees were effective only for the term of the agreement, usually a year, they provide relatively little protection against prolonged periods of unemployment. Some agreements, too, permit the employer to cancel the guarantee during the term of the agreement, under certain circumstances. However, the high priority which several leading unions have recently given to employment guarantees in their bargaining demands increases interest in existing contract terms on this subject.

Contractual guarantees of employment are, of course, only one of several possible devices in the effort to stabilize workers' incomes or lessen the effect of unemployment. Unions have pushed various legislative measures such as unemployment compensation and have attempted to embody employment safeguards of some kind into agreements. Employers, even though unwilling to commit themselves to a contractual guarantee, have nevertheless attempted to reduce seasonal fluctuations by such methods as manufacturing for stock.

Many agreements provide for employment stabilization of a sort by requiring work sharing during slack seasons. Such plans are advantageous to employees with relatively little seniority because they do not carry the entire burden of unemployment, as in the case of lay-off according to seniority. Dismissal pay and seniority rules are also designed to afford a measure of protection against unemployment. They are of limited benefit, however, since dismissal pay only softens the blow from loss of job, and seniority rules merely determine which employees are to be laid off.

Unemployment insurance is particularly important because it provides partial protection against income loss for limited periods of time. Since unemployment compensation may not be supplemented by guaranteed wage payments, existing legislation does not encourage guarantees in collective agreements.

From the employee's viewpoint, the desirability of a guaranteed income is obvious, since his expenditures for food, rent (or payments on his house), and other necessities continue the year round. Employers, too, may benefit because of increased efficiency resulting from lower labor turn-over, improved morale, and greater employee cooperation in making technological improvements.

Cyclical movements in business activity are considered to be the greatest obstacle to successful operation of a guaranteed wage program (especially in the durable-goods industries). Thus far, wage guarantees have been confined largely to the service, distributive, and nondurable consumer-goods industries which are less affected by cyclical fluctuations in employment than are the durable-goods industries. Seasonal fluctuations in employment, too, are often due to weather, buying habits of customers, and other factors which are beyond the control of employers. Also, guarantees may make labor costs an irreducible fixed charge in situations where a company's competitive situation may make it necessary to reduce costs.

## Historical Development

The first collectively-bargained employment guarantees were instituted in the 1890's, notably in the wall-paper industry. Many of the early plans were initiated unilaterally by management, although some were later incorporated in collective agreements.

Widespread unemployment during the depression of the 1930's intensified the demand for greater security of income. New guarantees were introduced at the rate of 19 to 23 a year during the period 1938–42 compared with a maximum of 2 to 6 a year in the 1920's and early 1930's.[2] Some of this increase may have been caused by passage of the Fair Labor Standards Act in 1938 which

[1] Little real distinction exists between guaranteed employment and guaranteed wage plans, for if the employer cannot furnish sufficient work to fulfill an employment guarantee, wages must be paid for the remainder of the time guaranteed.

[2] Guaranteed Wage Plans in the United States, Bulletin No. 925, U. S. Department of Labor, Bureau of Labor Statistics.

exempts an employer from paying overtime for weekly hours of work in excess of 40 under collective agreements which guarantee annual employment. The act, as amended in 1949, provides that annual employment guarantees may be for 1,840 up to 2,080 hours in a year, or for not less than 46 workweeks of at least 30 hours a week. All hours worked beyond 2,080 in the contract year or in excess of 12 a day or 56 a week must be paid for at time and a half. The employees may not work more than a maximum of 2,240 hours in the year.

A number of major unions have shown great interest in guaranteed employment or wage plans in recent years. The United Automobile Workers (CIO) urged management to participate in a joint study of the problem. The United Packinghouse Workers (CIO), in 1951 negotiations with major meat-packing companies, demanded a guaranteed annual wage of at least $3,000. The Brotherhood of Maintenance of Way Employees (AFL) proposed a plan to minimize seasonal fluctuations in employment and to guarantee annual wages to certain employees.

Government agencies have twice considered annual guarantees in cases involving the United Steelworkers of America (CIO) and the basic steel companies. In December 1943, the union asked that workers be guaranteed 40 hours' straight-time pay each week for the term of the agreement then being negotiated. When the companies refused this request, the case was taken to the National War Labor Board. The Board declined to order a wage guarantee, but recommended that the President appoint a committee to make a thorough study of the subject. The Advisory Board of the Office of War Mobilization and Reconversion conducted the study and issued its report in January 1947. Some of the conclusions were: The problem of encouraging guaranteed wages is largely one of permitting them to supplement rather than supplant unemployment insurance; the long existence of some well-planned guaranteed-wage arrangements and their survival during depressions indicate that such plans could be an effective factor in mitigating unemployment; and guarantees are only one of a number of devices necessary to stabilize employment.

Late in 1951, when the Steelworkers, in contract negotiations with the steel industry, again asked for an annual guarantee as one of their bargaining demands, the case was submitted to the Wage Stabilization Board for recommendations. The Board declined to recommend a guaranteed wage.

The union plan called for payment of benefits for a maximum of 52 consecutive weeks in any period of unemployment. The weekly benefit requested was 30 times the standard hourly wage rate for the job class in which the employee worked the most hours during the 13 weeks preceding lay-off. Benefits were to be paid from a trust fund financed by employer contributions. To the extent possible under State laws, unemployment compensation received by the employee was to be counted as part of the benefits payable under the guarantee. Employees were to be eligible for benefits after 3 years' service.

*Wage or work guarantees in collective-bargaining agreements*

| Type of guarantee | Number of agreements analyzed | Agreements with employment data | |
|---|---|---|---|
| | | Number | Workers covered |
| Total agreements analyzed | 2,590 | 2,428 | 5,750,000 |
| Agreements with guarantee provision | 184 | 166 | [1] 246,000 |
| Annual basis (or for substantial part of year) | 20 | 18 | 12,000 |
| Weekly, semimonthly, or monthly basis covering— | | | |
| All or most employees | 115 | 102 | 169,000 |
| Particular occupational groups | 49 | 46 | 65,000 |

[1] Total number of workers in bargaining units covered by contracts providing a guarantee of some type. The number of workers in these bargaining units who are actually covered by the guarantee provision is not known, since some of the guarantees are restricted to particular occupational groups, long-service employees, etc.

Some of the union claims were that State unemployment compensation was inadequate both in amount and duration; volume of unemployment in the industry was substantial even in prosperous years; and "operation of the unemployment trust fund is counter-cyclical. That is to say, it curtails inflationary tendencies in periods of high employment and prices and adds to the volume of demand at periods of declining employment and falling prices." [3]

Company spokesmen, on the other hand, argued, in part, that unemployment compensation was a subject for legislation, not collective bargaining, and that the union would use the unemployment-compensation offset feature of its guarantee plan as a means of obtaining increased unemployment-compensation benefits from State legislatures. They maintained that some unemployment was inevitable, especially in industries like steel which are particularly susceptible to cyclical fluctuations, and that it was unfair to impose on the industry the burden of paying employees while not working. They also questioned, in economic statements of different company representatives, the countercyclical effects of the guarantee.

Data on the extent of annual guarantees in the past are not strictly comparable with current counts, because of difference in samples, definitions, methodology, etc. However, a Bureau of Labor Statistics survey of over 6,500 agreements current as of January 1, 1945, and covering about 8 million workers showed that only 42,500 workers were covered by annual guarantees.[4]

In January 1946, approximately 61,000 workers were covered by the 196 guaranteed wage or employment plans known by the Bureau to be in operation (based on replies to a questionnaire sent to about 90,000 employers). In 130 of these plans, the employees affected were covered by collective-bargaining agreements, but some of these plans were introduced prior to unionization and were not included in the agreements.

### Current Agreement Provisions

Guarantees of some kind appeared in 184 of the 2,590 agreements examined. These agreements which covered establishments in almost all manufacturing and nonmanufacturing industry groups were in effect during all or some part of 1951, and most of them remained in effect in 1952. However, only 20 of the agreements guaranteed wages or employment throughout the year or for a substantial part of the year. The remaining 164 agreements merely guaranteed a minimum number of hours or amount of pay for each week (or in a few agreements, for each monthly or semimonthly period) that the employee was called to work and did not guarantee a minimum number of weeks' work or pay per year.

The 20 annual guarantees were scattered among the contracts of 15 different national or international unions. Weekly guarantees appeared in the contracts of 26 unions; nearly three-fourths of these guarantees were accounted for by the Teamsters (AFL), Street Electric Railway and Motor Coach Employees (AFL), Meat Cutters (AFL), and Packinghouse Workers (CIO).

*Annual Guarantees.* Guaranteed employment or wages on an annual basis were provided by 20 agreements, covering some 12,000 workers. Two other agreements stated that "assured work plans" would continue in effect during the term of the contract, but did not describe the plans; another provided that the guaranteed wage plan would be incorporated in the agreement after the parties agree on modifications. Some of the 20 agreements fall short of guaranteeing a full year's work, usually considered to be 2,080 hours (52 weeks times 40 hours per week), as indicated by the following tabulation:

| | *Number of agreements* |
|---|---|
| Hours' work or pay guaranteed | 6 |
| 2,080 | 2 |
| 1,920 | 1 |
| 1,900 | 1 |
| 1,704 | 1 |
| 1,440 | 1 |
| Days' work or pay guaranteed | 2 |
| 240–299 (varies for different employees) | 1 |
| 230 | 1 |
| Weeks' work or pay guaranteed | 9 |
| 52 (40 hours per week) | 5 |
| 52 (40 hours per week for 5 months of year; 48 hours for 7 months) | 1 |
| 52 (40–44 hours per week; varies for different employees) | 1 |
| 52 ($25 per week for males; $20 for females) | 1 |
| 50 | 1 |
| Months' work or pay guaranteed | 3 |
| 12 | 1 |
| 10½–11 (varies for different employees) | 1 |
| 10 | 1 |

The majority of the agreements made the annual guarantee applicable to "all regular employees" or to employees who have completed the probationary period (usually only 1 to 3 months). However, some specified service requirements which probably exclude a considerable proportion of the workers in the bargaining units involved. In two agree-

[3] Union Exhibit No. 11 (p. 52) Wage Stabilization Board Case No. D-18-C.

[4] Guaranteed-Employment and Annual-Wage Provisions in Union Agreements, Bulletin No. 828, U. S. Department of Labor, Bureau of Labor Statistics. The exact number of agreements and companies which had guarantees could not be estimated since many of the agreements were uniform and were separately signed by an unknown number of individual employers, and some were negotiated through employers' associations whose membership was not available.

ments, the guarantee was limited to employees with 5 years' service, and in two others, to employees with service of 3 and 10 years, respectively. Another agreement restricted the guarantee to a specified number of employees.

Most of the 20 agreements guaranteed employment rather than wages. The former assures a minimum number of hours, days, weeks, or months of work, but does not specify the amount of pay to be received. One guaranteed-work plan, for example, reads:

> The company agrees to provide work at wage rates agreed upon by the company and the union, for a period of 2 years from the effective date of this agreement . . . Those employees who are guaranteed work under this article will be given an opportunity to work 2,080 hours during each of the guaranteed-work years, less vacation and holidays.

Annual-wage plans, by contrast, guarantee employees a specified income for the year:

> All members of the union are hired on an annual basis and shall receive an annual salary payable in equal weekly installments as set forth in section 1 of this agreement and any member employed after the effective date of this contract shall be hired on a pro rata basis for the balance of the contract year.

A wage guarantee is often less flexible than an employment guarantee. For example, if employees are paid on an incentive basis or if they are transferred to different jobs at different rates of pay, it is difficult to determine in advance their annual earnings and, therefore, to guarantee them. Also, under an employment guarantee, the employer is usually not committed to paying a fixed weekly wage.

*Weekly Guarantees.* A minimum workweek or a minimum weekly wage for all regular employees was provided by 115 agreements, chiefly in the meat-packing, service, and distributive industries. These agreements guaranteed a minimum amount of work or a specified minimum weekly wage, regardless of the number of hours actually worked, to those employees called to work during any workweek, without guaranteeing employees an opportunity to work every week or any minimum number of weeks during the year. In meat packing, the typical weekly guarantee was 36 hours. In other industries it ranged from 32 to 48 hours, but was most commonly 40 hours.

Guarantees on a weekly semimonthly, or monthly basis were made in 49 agreements but guarantees were restricted to particular occupational groups. Three-fourths of these agreements were with local transit or intercity bus companies and guaranteed a minimum workweek or a minimum weekly, semimonthly, or monthly wage to "extra operators." The remainder assured wage payments or employment for 40 to 48 hours to designated classifications of workers, such as delivery men, bottling-department employees (in a distillery agreement), laundry workers (in a hotel association agreement), etc.

*Other Provisions.* About a fourth of the agreements provided for termination or modification of the employment guarantee during the term of the agreement, under certain conditions. The conditions most frequently specified were fire, accident, acts of God, and strikes. One agreement made continuation of the guarantee contingent on maintenance of sales of the employer's product at a specified level. Another provided for arbitration of the employer's request for relief from the guarantee.

About half of the agreements specified that employees covered by an employment guarantee must be willing and able to perform work which is made available to them. Although the remaining agreements contained no such provision, the implication is that similar requirements are in effect. The most typical clause provided for reduction of the guarantee by the number of hours lost because of absence or tardiness.

If available work on their regular jobs is insufficient to provide the minimum guaranteed time, the employer is authorized by a few agreements to transfer employees to other work. These agreements usually provided for forfeiture or reduction of the guarantee if the employee refused to accept the transfer.

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