

L 2.3:
1425-4

IND

APR 14 1966

**MAJOR
COLLECTIVE
BARGAINING
AGREEMENTS**

Dayton & Montgomery Co.
Public Library

APR 8 1966

DOCUMENT COLLECTION

**DEFERRED WAGE
INCREASE
and
ESCALATOR
CLAUSES**

Bulletin No. 1425-4



UNITED STATES DEPARTMENT OF LABOR
W. Willard Wirtz, Secretary

BUREAU OF LABOR STATISTICS
Arthur M. Ross, Commissioner

**MAJOR
COLLECTIVE
BARGAINING
AGREEMENTS**

**DEFERRED WAGE
INCREASE
and
ESCALATOR
CLAUSES**

Bulletin No. 1425-4

January 1966

**UNITED STATES DEPARTMENT OF LABOR
W. Willard Wirtz, Secretary**

**BUREAU OF LABOR STATISTICS
Arthur M. Ross, Commissioner**



Preface

This is the fourth bulletin in a comprehensive series of studies by the Bureau of Labor Statistics, surveying the entire scope of the collective bargaining agreement. Previous reports in the series are listed on the last page.

This study of the mechanics of deferred wage increase clauses and escalator clauses is also the first part of a systematic analysis of the broad and important issue of wage determination and administration under collective bargaining. Subsequent studies will cover such matters as job evaluation, incentive systems, individual wage adjustments, etc. Current data on the prevalence of deferred wage increase and escalator clauses in major agreements are issued annually by the Bureau.

The studies in the series are based on all agreements in the United States covering 1,000 workers or more and available to the Bureau, exclusive of government, railroad, and airline agreements. They account for almost half of the estimated coverage of all agreements, outside of the excluded industries. The studies, thus, do not reflect practices in small collective bargaining situations or in nonunion companies. All agreements are part of the file of current agreements maintained by the Bureau for public and government use, in accordance with section 211 of the Labor Management Relations Act, 1947.

The clauses quoted in this report are not intended as model or recommended clauses. The classification and interpretation of clauses, it must be emphasized, reflect the understanding of outsiders and do not necessarily reflect the understanding of the parties who negotiated the clauses.

The Bulletin 1425 series is part of the program of the Bureau's Division of Industrial and Labor Relations, Joseph W. Bloch, Chief, which is under the general direction of L. R. Linsenmayer, Assistant Commissioner for Wages and Industrial Relations. This bulletin, the first of several dealing with wage administration issues, was prepared by William F. Hahn under the immediate supervision of L. A. O'Donnell and the general supervision of Harry P. Cohany.

Contents

	Page
Chapter I. Introduction.....	1
Background.....	1
Scope of study.....	3
Related studies in series.....	3
Prevalence in 1963.....	4
Chapter II. Deferred wage increase clauses.....	7
Types of wage formulas.....	9
Cents-per-hour increases.....	9
Percentage wage increases.....	12
Combination cents-per-hour and percentage increase.....	13
Conditional wage increases.....	15
Conditional increases only.....	15
Conditional and deferred increases.....	18
Diversions from deferred wage increases.....	20
Chapter III. Escalator clauses.....	24
Election of the price index.....	24
Base period.....	25
Availability and revision of the index.....	25
Frequency of index review.....	26
Quarterly.....	26
Semiannual.....	27
Annual.....	28
Other timing of review.....	28
Amount of adjustment.....	28
Selected formulas.....	31
Limits on adjustments.....	34
Status of past allowances.....	37
Cost-of-living allowance and computation of overtime and fringe benefits.....	38
Diversion from cost-of-living adjustment.....	40
Tables:	
1. Automatic wage adjustment provisions in major collective bargaining agreements by industry, 1963.....	6
2. Formula for deferred wage increases in major collective bargaining agreements by industry, 1963.....	23
3. Frequency of cost-of-living review in major collective bargaining agreements by industry, 1963.....	42
4. Diversion from cost-of-living increases in major collective bargaining agreements by industry, 1963.....	42
Appendixes:	
A. Consumer price index—U. S. city average for urban wage earners and clerical workers, all items.....	43
B. Selected deferred wage increase clauses reproduced in full.....	45
C. Selected cost-of-living clauses reproduced in full.....	51
D. Identification of clauses.....	61

Deferred Wage Increase and Escalator Clauses

Chapter I. Introduction

General wage adjustments during the life of a long-term agreement may be provided for in a variety of ways. Permissive clauses empower the union or the employer to reopen wage negotiations at any time during the contract life, at specific dates set in the agreement, or upon a change in such factors as the cost of living, company or industry financial conditions, an area's prevailing wages, or general economic conditions. Under these clauses, there is a commitment only to negotiate. Automatic provisions, on the other hand, either provide for predetermined wage adjustments to become effective at scheduled times during the agreement term, or condition a fixed wage change upon stipulated changes in the cost of living, company profits, area and industry wages, and commodity prices, as well as other economic factors. By placing future wage adjustments under a formula, automatic clauses serve several functions. They not only determine the precise position of wages in relation to components enumerated in the formula, but, in making long-term agreements feasible, they reduce the possibility of conflict over annual or more frequent wage negotiations. In this latter role, they aid in long range planning and pricing, and save the time and energy of the parties. They may also provide the criteria for wage settlement when the contract does expire.

Two types of automatic wage provisions—deferred wage increase clauses and escalator clauses—are analyzed in this report. Deferred or "installment" clauses guarantee one or more wage increases during the term of the agreement. In addition to noting the frequency of the increases provided for in the agreements, this report examines the various categories of deferred wage formulas, their prevalence, coverage, and application. The practice of diverting portions of future wage increases to other purposes is also examined. The analysis of deferred wages includes conditional wage increase provisions which make an increase contingent upon results of a wage survey, increases negotiated elsewhere in the industry, changes in legal minimums, or other developments.

For many workers, deferred wage increases are supplemented by cost-of-living adjustments. These allowances are provided for in escalator clauses, which relate wage levels to living costs as measured by a price index, typically the Bureau of Labor Statistics Consumer Price Index. Since the escalator is designed to stabilize "real wages," agreements in which escalation and deferred wage increases are combined have the effect generally of assuring a rise in real wages during the life of the contract. Unlike the deferred increases, the costs of escalation arrangements are unpredictable. In this report, all major features of escalator clauses are examined and, where feasible, their prevalence measured.

Background

Although changes in the cost of living were used in wage determination by Federal boards and commissions around the turn of the century, the practice of relating wages specifically to the cost of living did not become relatively common until the period of the First World War and after. The spread of this practice led the Bureau of Labor Statistics in 1925 to publish a special bulletin

dealing with the use of cost-of-living data in wage determination.¹ In the ensuing years, however, the practice declined. Organized labor maintained a policy of general opposition to the principle of basing wages on the current level of prices. Unions felt that this approach served merely to freeze the position of real wages. President John L. Lewis of the CIO, addressing a convention of that organization in 1939,² had this to say on the subject of gearing wages to the cost of living:

It is economically unsound, socially unjust, and politically unwise. Labor must unceasingly be on guard against the acceptance of this philosophy, because I proclaim that the position of labor in our economy is not ideal, or just, or satisfactory. Labor wants a continuously increasing participation in the increased productivity of modern industry, and a larger share in the bounties of our national wealth.

Many employers and employer organizations were similarly opposed to the practice. The argument most often voiced was that its use would result in labor disputes if prices fell and management attempted wage cuts.

In spite of continued opposition in principle, when substantial upward price movements occurred, a tie between prices and wages became desirable. The use of cost-of-living escalator clauses, however, diminished in frequency during World War II as a result of a national policy which denied general wage increases to meet rising prices.³ In their place, contracts with general wage reopening provisions were negotiated. Under these provisions the parties upon due notice, or on a date cited in the agreement, were free to discuss the wage structure, including adjustments based on changes in the cost of living.

A major development in the history of automatic wage escalation occurred in 1948 when General Motors and the United Automobile Workers concluded a contract which contained a formal escalator clause. Because of the number of workers affected and the position of the company in the national economy, this adoption of formal escalation was highly significant. The same contract introduced the concept of the annual improvement factor, that is, a deferred wage increase designed to reflect annual increases in national productivity. When the parties retained the automatic wage provisions in their precedent-setting 5-year contract in 1950, similar clauses were quickly adopted throughout much of the UAW jurisdiction.

Shortly afterward, actual and anticipated price spirals resulting from the Korean conflict produced a rapid spread of escalator clauses.⁴ From slightly more than 800,000 workers under escalation in September 1950, coverage rose to 3.5 million in 2 years. In some situations, deferred increases were also provided, although generally without reference to productivity factors. With the halt of rapid price movements after the Korean emergency, interest in escalation again lagged. It was not revived until the period 1955-56 when long-term settlements were reached in practically all major organized industries. A high pro-

¹ Elma B. Carr, The Use of Cost-of-Living Figures in Wage Adjustments (BLS Bulletin 369, 1925).

² Daily Proceedings of the Second Constitutional Convention of the Congress of Industrial Organizations, San Francisco, Calif., Oct. 10-13, 1939, p. 173.

³ The National War Labor Board in General Order 22 (Dec. 8, 1942) provided that no cost-of-living clause should be operative where an adjustment "would result in rates in excess of 15 percent above the average straight-time hourly rates or equivalent rates prevailing in Jan. 1, 1941."

⁴ The wage-control policy established by the Wage Stabilization Board during the Korean emergency sanctioned wage escalation. By General Wage Regulation 8, the board authorized general wage increases in accordance with consumer price changes as reflected by an acceptable index. The board later provided that "only the Bureau of Labor Statistics National Consumer Price Index for Moderate-Income Families in Large Cities (either adjusted or old series), will be acceptable after Oct. 4, 1951, without prior board approval."

portion of major agreements included both escalation and deferred increase provisions, among them agreements in the auto, steel, electrical equipment, meatpacking, trucking, and railroad industries. Escalation continued in widespread use until 1959, covering approximately 4 million workers under major agreements between 1957 and early 1959. In 1960, electrical equipment and railroads, together accounting for about a million workers, discontinued escalation. That same year saw a spread in the practice of placing a maximum on the amount of escalator increases. Steel ceased escalation review in 1962. By 1963, escalation coverage had shrunk to 1.8 million. In recent years, the number of agreements incorporating escalation for the first time has been negligible;⁵ this may be due to the relative stability of prices.

In contrast, long-term contracts specifying deferred wage increases continue to be popular, and their acceptance appears to be an established wage policy in many industries. One noteworthy exception to this, however, occurred in the basic steel industry which, in its 1962 and 1963 settlements, included no provision for future wage rate increases.

Scope of Study

This study is based on an analysis of 1,800 collective bargaining agreements, each covering 1,000 workers or more, or virtually all agreements of this size in the United States, exclusive of those in railroad and airline industries and in government. The 7.6 million workers covered by these agreements account for almost half of the total coverage of collective bargaining agreements outside of the excluded industries. Manufacturing industries accounted for 1,032 agreements, covering 4.1 million workers; 768 agreements applied to 3.4 million workers in nonmanufacturing establishments. (See table 1.)

Clauses included in this study were selected to illustrate the characteristics under consideration or the variety of ways in which negotiators have adapted such arrangements to the particular situations. Minor editorial changes were made where necessary to enhance clarity and irrelevant parts were omitted where feasible. The clauses are numbered and the agreements from which they have been selected are identified in appendix D. Appendix A gives the BLS Consumer Price Index on a 1947-49 and 1957-59 base for the annual periods 1962 through late 1965. In appendixes B and C, a number of deferred wage increases and cost-of-living clauses are reproduced in their entirety to illustrate how the various parts fit together.

Data on the prevalence of features considered in this report relate primarily to 1963. Wherever feasible, however, illustrative clauses were selected from later agreements.

Related Studies in Series

Related aspects of wage determinations will be examined in other bulletins which, along with this one, will make up a general study of wage administration under collective bargaining. A later study of contract duration will cover clauses providing for wage reopening during the term of the agreement.

⁵ Notable exceptions are: The 1963 agreement between the Machinists and the Boeing Co., covering 40,000 workers; the Cessna Aircraft Co.—Machinists contract of 1964 covering 4,000 workers; and the agreement reached in 1964 between the Los Angeles County Painters and the Decorators Joint Committee, Inc., and the Painters Union. This latter agreement, covering 10,000 workers, is particularly noteworthy because of the rarity of escalation provisions in construction contracts.

Prevalence in 1963

Two-thirds of the 1,800 agreements analyzed, covering approximately the same proportion of workers, contained provision for deferred wage increases (table 1).⁶ Escalation, on the other hand, was included in only 300 of the agreements, or 1 out of 6. The 1.8 million workers covered by escalation provisions comprised approximately a fourth of the workers accounted for in the study.⁷

	Percent of—	
	Agreements	Workers
Deferred wage increase only-----	52.4	45.8
Cost-of-living review only-----	1.9	1.0
Cost-of-living review and deferred wage increase-----	14.8	22.2
No provision -----	30.9	30.9

Although all major industry groups were represented, most deferred wage increase clauses were included in agreements in manufacturing, primarily in transportation equipment, food and kindred products, machinery (except electrical), and electrical machinery. In nonmanufacturing, agreements in construction, retail trade, and transportation showed the highest prevalence. Combined, these seven industries encompassed more than 2 out of every 3 workers covered by such provisions. Significant numbers of workers were also covered by agreements in apparel and mining (table 1).

Deferred wage increase provisions were combined with escalation in 15 percent of the agreements and covered 1.7 million workers.⁸ Approximately two-thirds of these agreements and seven-tenths of the workers were in manufacturing. Transportation equipment was by far the primary source of agreements with both provisions, accounting for over 65 percent of the workers in manufacturing under such arrangements. Among nonmanufacturing industries, transportation and retail trade accounted for all but a small percentage of such agreements and workers. None of the 235 construction agreements included in the study contained escalation provisions.

Only about 2 percent of the 1,800 agreements studied provided for escalation without including deferred wage increases. All but two of these contracts were in manufacturing.

Over 100 national and international unions were collective bargaining representatives for the 5.2 million workers in this study covered by deferred wage provisions, escalator clauses, or both. A fourth of the unions were signatory

⁶ Included in deferred wage coverage are 28 agreements, covering 194,000 workers, which contained automatic conditional wage provisions only.

⁷ Estimates of the total coverage of escalator clauses, including small establishments and unorganized white-collar workers, are provided annually in the December issue of the Monthly Labor Review.

⁸ Deferred wage increases and/or cost-of-living review provisions are occasionally combined with wage reopeners, which are not included in this study. For prevalence of wage reopeners in major agreements see "Major Agreement Expirations and Reopenings in 1966," Monthly Labor Review, December 1965, pp. 1426-1437.

to 10 contracts or more incorporating escalator clauses, deferred wages, or both; and of these only 7 negotiated 10 contracts or more with both types of provisions. In terms of number of agreements negotiated, the following seven unions were dominant:

Union	Number of agreements	Agreements with—					
		Deferred wage increase and cost-of-living review		Deferred wage increase only		Cost-of-living review only	
		Number	Percent of total studied	Number	Percent of total studied	Number	Percent of total studied
		(in thousands)					
Teamsters-----	148	49	33.1	81	54.7	-	-
Automobile workers -----	114	81	71.1	12	10.5	7	6.1
Machinists -----	85	26	30.6	40	47.1	6	7.1
Carpenters-----	70	1	1.4	62	88.6	-	-
Hod carriers-----	59	-	-	54	91.5	-	-
Meat cutters-----	54	17	31.4	35	64.8	-	-
Retail clerks-----	47	14	29.7	29	61.7	-	-

In numbers of workers covered, the following unions predominated:

Union	Number of workers under all agreements studied	Workers covered by—					
		Deferred wage increase and cost-of-living review		Deferred wage increase only		Cost-of-living review only	
		Number	Percent of total studied	Number	Percent of total studied	Number	Percent of total studied
		(in thousands)					
Automobile workers-----	862.0	783.5	90.9	33.7	3.9	15.1	1.7
Teamsters-----	701.1	401.8	57.3	263.1	37.5	-	-
Carpenters-----	319.3	2.0	.6	279.3	87.5	-	-
Machinists-----	292.3	170.7	58.4	81.7	27.9	17.7	6.0
Ladies' garment workers----	271.6	-	-	¹ 219.6	80.9	-	-
Hod carriers-----	234.7	-	-	214.7	91.5	-	-
Electrical workers (IUE) ----	207.2	44.4	21.4	50.3	72.5	4.8	2.3

¹ Includes 180,000 workers covered by automatic conditional wage provisions only.

Among other unions with significant coverage were the International Longshoremen's Association, the Marine and Shipbuilding Workers, Bricklayers, Iron Workers, and American Newspaper Guild. These together accounted for a total of 51 agreements, all but 1 of which contained deferred increases. Only 1 of the more than 20 Amalgamated Transit Union⁹ agreements in this study did not include deferred increases, and two-thirds of them had escalator clauses as well. Both types of provisions were also incorporated in all but two agreements signed by the United Packinghouse, Food and Allied Workers.

⁹ Prior to July 1964, Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America.

Table 1. Automatic Wage Adjustment Provisions in Major Collective Bargaining Agreements by Industry, 1963

Industry	(Workers in thousands)									
	Number studied		Deferred wage increase and cost-of-living review		Deferred wage increase only		Cost-of-living review only		No provision	
	Agreements	Workers	Agreements	Workers	Agreements	Workers	Agreements	Workers	Agreements	Workers
All industries.....	1,800	7,562.3	266	1,682.5	944	3,464.5	34	75.4	556	2,340.0
Manufacturing.....	1,032	4,144.6	176	1,159.7	477	1,564.0	32	69.9	347	1,351.1
Ordnance and accessories.....	19	78.4	10	59.9	4	10.6	2	3.9	3	4.1
Food and kindred products.....	123	369.7	26	86.5	76	236.5	2	5.6	19	41.2
Tobacco manufactures.....	11	24.1	-	-	2	4.1	-	-	9	20.1
Textile mill products.....	28	78.1	-	-	11	37.6	-	-	17	40.5
Apparel and other finished products.....	54	431.3	-	-	43	244.5	-	-	11	86.8
Lumber and wood products, except furniture.....	12	18.9	-	-	6	9.6	-	-	6	9.3
Furniture and fixtures.....	16	27.3	1	1.0	10	19.2	2	3.4	3	3.8
Paper and allied products.....	57	128.4	-	-	20	54.4	-	-	37	74.0
Printing, publishing, and allied industries.....	37	74.4	2	3.0	31	66.1	-	-	4	5.3
Chemicals and allied products.....	62	114.8	7	15.8	23	40.5	-	-	32	58.6
Petroleum refining and related industries.....	19	50.1	-	-	1	1.0	-	-	18	49.1
Rubber and miscellaneous plastics products.....	25	110.5	1	4.0	12	60.1	-	-	12	46.5
Leather and leather products.....	22	75.2	-	-	13	60.0	-	-	9	15.3
Stone, clay, and glass products.....	32	118.0	1	1.2	23	98.5	2	2.4	6	15.9
Primary metal industries.....	109	600.2	6	9.6	22	41.1	4	6.4	77	543.2
Fabricated metal products.....	55	135.0	11	23.3	20	34.1	4	12.1	20	65.5
Machinery, except electrical.....	97	263.4	27	140.6	45	70.8	8	19.0	17	33.0
Electrical machinery, equipment, and supplies.....	100	401.5	13	31.5	59	281.7	1	1.0	27	87.4
Transportation equipment.....	123	982.9	65	770.0	39	156.6	6	14.8	13	41.5
Instruments and related products.....	22	45.2	5	12.2	13	27.1	-	-	4	6.0
Miscellaneous manufacturing industries.....	9	17.7	1	1.3	4	10.3	1	1.5	3	4.6
Nonmanufacturing.....	768	3,417.7	90	522.8	467	1,900.5	2	5.5	209	988.9
Mining, crude petroleum, and natural gas production.....	20	238.8	1	2.1	10	198.5	-	-	9	38.2
Transportation ¹	109	703.5	52	437.5	43	203.2	-	-	14	62.8
Communications.....	81	513.0	-	-	10	56.3	-	-	71	457.1
Utilities: Electric and gas.....	86	206.0	-	-	27	69.0	-	-	59	137.0
Wholesale trade.....	15	28.4	3	3.9	11	23.0	-	-	1	1.5
Retail trade.....	117	311.8	30	72.4	74	207.2	2	5.5	11	26.8
Hotels and restaurants.....	38	177.8	-	-	32	142.5	-	-	6	35.3
Services.....	64	231.4	4	7.0	46	144.1	-	-	14	80.3
Construction.....	235	963.5	-	-	213	855.5	-	-	22	108.0
Miscellaneous non-manufacturing industries.....	3	43.5	-	-	1	1.5	-	-	2	42.0

¹ Excludes railroad and airline industries.

NOTE: Because of rounding, sums of individual items may not equal totals.

Chapter II. Deferred Wage Increase Clauses

The standard introduction to annual improvement factor clauses negotiated by the UAW in the automobile industry states that:

The annual improvement factor provided herein recognizes that a continuing improvement in the standard of living of employees depends upon technological progress, better tools, methods, processes and equipment, and a cooperative attitude on the part of all parties in such progress. It further recognizes the principle that to produce more with the same amount of human effort is a sound economic and social objective. (1)

Although a number of other contracts preface their deferred wage provisions with a statement of purpose, in most cases principles and purposes are implied rather than specified in the agreement. Undoubtedly, a major purpose is to make long-term agreements acceptable to unions.

Reflecting the trend of the past decade to long-term agreements, the great majority of the agreements included in this study were for durations in excess of 2 years.¹⁰ Long-term agreements, particularly those of 3 years or longer, tend towards multiple deferred wage increases, usually scheduled annually.¹¹ A total of 667 agreements, or more than a third of those in this study, provided two or more deferred increases.¹² Agreements of less than 2 years duration commonly do not provide for deferred adjustments, or, if they do, generally schedule a single deferred increase during the contract life. In 1961, a fourth of the contracts with terms of less than 2 years included deferred increases.¹³

In the current study, the machinery, transportation equipment, transportation, and construction industries, where 3-year contracts were the norm, accounted for slightly over half (53 percent) of the agreements which prescribed multiple deferred increases. On the other hand, deferred provisions in paper and allied products and utilities industries, in which contracts of less than 2 years are common, generally provided one adjustment during the term of the agreement.

The deferred wage increase is generally applicable to all workers covered by the agreement. A small number of contracts, however, limit the wage increments to particular occupations or groups, as in the following examples. In most cases, those excluded represented relatively small groups of workers.

(a) All markers, graders, and cutters shall be employed on a weekwork basis and shall receive, beginning with the workweek commencing June 1, 1964, not less than the following minimum wages:

Markers and graders-----	\$105.00 per week
Cutters-----	95.00 per week

(b) All special machine finishers and special machine operators, hand finishers, cleaners, floorworkers and assorters shall be employed on a weekwork basis.

If the workers in the above crafts are employed in the manufacture of garments in the quality group they shall receive, beginning with the workweek commencing June 1, 1964, not less than the following minimum wages:

¹⁰ In 1961, only about 1 out of 8 major contracts had durations of less than 2 years. See Major Union Contracts in the United States, 1961 (BLS Bulletin 1353, 1962), p. 7.

¹¹ Agreements with deferred increases frequently, but not always, provide for a specific wage increase at the time the contract goes into effect.

¹² In addition, 28 agreements provided for conditional wage increases only, and 17 called for one or more deferred adjustments as well as conditional increases.

¹³ BLS Bulletin 1353, op. cit., p. 10.

Special machine finishers and special machine operators -----	\$61.25 per week	(\$1.75 per hour).
Hand finishers-----	57.75 per week	(\$1.65 per hour).
Cleaners, floorworkers, and assorters-----	52.50 per week	(\$1.50 per hour).

If the workers in the above crafts are employed in the manufacture of garments in the low end group they shall receive, beginning with the workweek commencing June 1, 1964, not less than the following minimum wages:

Special machine finishers and special machine operators -----	\$56.00 per week	(\$1.60 per hour).
Hand finishers-----	54.25 per week	(\$1.55 per hour).
Cleaners, floorworkers, and assorters-----	52.50 per week	(\$1.50 per hour).

(c) Workers employed in the crafts below shall work on a piecework basis and shall receive not less than the following guaranteed minimum wages:

Beginning with the workweek commencing June 1, 1964:

Operators in the quality group-----	\$1.90 per hour	(\$66.50 per week).
Operators in the low end group -----	1.75 per hour	(\$61.25 per week).
Pressers in both the quality group and low end group-----	2.45 per hour	(\$85.75 per week).

Beginning with the workweek commencing January 4, 1965:

Operators in the quality group-----	\$1.95 per hour	(\$68.25 per week).
Operators in the low end group -----	1.80 per hour	(\$63.00 per week).
Pressers in both the quality group and low end group-----	2.45 per hour	(\$85.75 per week). (2)

* * *

	Per hour—		
	Effective Feb. 4, 1962 43-hour week	Effective Feb. 3, 1963 42-hour week	Effective Feb. 2, 1964 41-hour week
<u>Male Sales Clerks—</u>			
<u>Commission Departments</u>			
Full-time employees:			
Hire -----	\$1.03	\$1.07	\$1.11
6 months -----	1.10	1.14	1.18
1 year-----	1.16	1.20	1.25
2 years-----	1.23	1.27	1.32
3 years-----	1.29	1.34	1.385
Plus 2 1/2 percent commission.			
Part-time employees:			
Minimum rate as of Feb. 4, 1962 -----		1.00	
26 weeks of work thereafter -----		1.025	
52 weeks of work thereafter -----		1.05	
104 weeks of work thereafter -----		1.10	
156 weeks of work thereafter -----		1.15	
Plus 2 1/2 percent commission.			
<u>Receiving Men</u>			
Full-time employees:			
Hire -----	1.29	1.34	1.39
6 months -----	1.42	1.47	1.525
12 months -----	1.55	1.605	1.66
21 months -----	1.68	1.74	1.80
30 months -----	1.81	1.87	1.94
36 months -----	1.94	2.01	2.08 (3)

Types of Wage Formulas

A deferred increase may take the form of a cents-per-hour (flat sum) addition to wages, a percentage adjustment, or a combination of both. At the same time, it may specify that the increase factor be applied uniformly to all wage rates or on a graduated scale, with the amount of the increase factor varying according to the employee's wage rate, job classification, or other consideration.

Initially, the great majority of agreements with deferred wage provisions provided cents-per-hour increases, uniformly applied. This approach later declined somewhat in relation to other methods, primarily because of concern over the reduction in relative pay differentials between skilled and unskilled workers under the uniform cents formula. As a result, increased numbers of contracts with percentage increases (often in combination with a cents-per-hour floor) were adopted. In this study, over 1 million workers were covered by formulas of this type (table 2). The bulk of these workers were represented by annual improvement plans which provided a cents-per-hour increase or percentage of base rates, whichever was greater. Another 1¹/₄ million were covered by formulas designating cents increases varying by labor grade or other classification. Both the percentage and variable cents-per-hour methods maintain occupational pay differentials by granting higher paid workers proportionately larger increases.

Cents-Per-Hour Increases. ¹⁴ Provisions for cents-per-hour adjustments were found in over 85 percent of the 1,210 contracts with deferred provisions, covering three-quarters of the workers (table 2). Approximately 3 out of every 4 of these contracts provided uniform application. Agreements with uniform flat sum adjustments were more prevalent in nonmanufacturing industries than in manufacturing, especially with the large number of such provisions in construction agreements.

Ironworkers Wage Rate

24. The wage rates for the various classifications of ironworkers for the term of this agreement shall be put into effect in the amount and on the dates prescribed in the following schedule:

Classification	Per hour—		
	June 1, 1963	June 1, 1964	June 1, 1965
Structural ironworkers -----	\$4.64	\$4.84	\$4.99
Ornamental ironworkers -----	4.64	4.84	4.99
Layout ironworkers-----	5.04	5.24	5.39
Rodmen ironworkers -----	4.64	4.84	4.99
Reinforcing steelworkers-----	4.64	4.84	4.99
Sheet bucker-ups -----	4.815	5.015	5.165
Sheeter ironworkers-----	5.04	5.24	5.39
Welders-----	4.64	4.84	4.99
Riggers and machinery movers -----	4.64	4.84	4.99
Pushers or foremen-----	5.04	5.24	5.39
General foremen -----	5.44	5.64	5.79
Apprentices			
First 6 months-----	3.89	4.09	4.24
Second 6 months -----	3.99	4.19	4.34
Third 6 months-----	4.09	4.29	4.44
Fourth 6 months-----	4.19	4.39	4.54
Fifth 6 months -----	4.29	4.49	4.64
Sixth 6 months-----	4.39	4.59	4.74

(4)

¹⁴ Includes also agreements which designated flat-sum increases on other than an hourly basis.

Significant numbers of agreements with uniform deferred provisions were also found in other nonmanufacturing areas such as transportation (primarily local and long distance trucking) and retail trade.

Mileage and Hourly Rates

Effective August 1, 1961, through July 31, 1964, the following schedules shall prevail:

Mileage:	Aug. 1, 1961, through July 31, 1962—11.27 cents per mile.
	Aug. 1, 1962, through July 31, 1963—11.40 cents per mile.
	Aug. 1, 1963, through July 31, 1964—11.65 cents per mile.
	(Other than pickup and delivery)
Hourly:	Aug. 1, 1961, through Jan. 31, 1962—\$2.54.
	Feb. 1, 1962, through July 31, 1962—\$2.61.
	Aug. 1, 1962, through Jan. 31, 1963—\$2.71.
	Feb. 1, 1963, through July 31, 1963—\$2.78.
	Aug. 1, 1963, through Jan. 31, 1964—\$2.83.
	Feb. 1, 1964, through July 31, 1964—\$2.94.

(5)

* * *

Wage Schedules

A. A regular clerk is defined for purposes of this agreement as one who is regularly employed 26 hours or more per week and shall be paid for the number of hours worked on the basis of the following schedule of minimum rates:

	For period Nov. 26, 1961 through Nov. 24, 1962		Effective Nov. 25, 1962		Effective May 24, 1964	
	40-hour week	Hourly	40-hour week	Hourly	40-hour week	Hourly
Male						
0 to 6 months in industry -----	\$76.00	\$1.90	\$80.00	\$2.00	\$83.00	\$2.075
6 months to 1 year in industry ----	79.50	1.99	83.50	2.09	86.50	2.165
1 year to 18 months in industry ---	83.00	2.075	87.00	2.175	90.00	2.25
18 months to 24 months in industry -----	90.00	2.25	94.00	2.35	97.00	2.425
After 24 months in industry -----	98.00	2.45	102.00	2.55	105.00	2.625
Female						
0 to 6 months in industry -----	71.50	1.79	75.50	1.89	78.50	1.965
6 months to 1 year in industry ----	74.50	1.8625	78.50	1.9625	81.50	2.0375
1 year to 18 months in industry ---	78.00	1.95	82.00	2.05	85.00	2.125
18 months to 24 months in industry -----	83.00	2.075	87.00	2.175	90.00	2.25
After 24 months in industry -----	89.00	2.225	93.00	2.325	96.00	2.40

(6)

Among manufacturing industries, clauses providing for uniform increases generally read as follows:

Effective as of December 7, 1964, the basic hourly wage rate of each employee in the unit represented by the union in the employ of the company on such date shall be increased 4 cents over his rate prevailing immediately prior thereto. (7)

* * *

Effective March 16, 1964, all employees shall receive a general wage increase of 6 cents per hour. This 6 cents shall be added to the 23 cents payroll add in effect prior to this date making a total payroll add of 29 cents.

Effective August 31, 1964, the payroll add of 29 cents referred to above shall be incorporated in the job rate structure and job rate progression schedules on the following basis:

- (a) Timework rates—present job rate plus 29 cents equals new job rate.
- (b) Piecework rates—present job rates plus 23.2 cents at 100 percent of piecework rate (job rate) but not to exceed 34.8 cents at 150 percent or greater.

Effective March 17, 1965, all employees shall receive a general wage increase of 5 cents per hour. This 5 cents shall be carried as a payroll add. (8)

* * *

Effective March 2, 1964, there shall be a 3-cent-per-hour general wage increase to be applied as follows: (1) Such 3 cents shall be added to the hourly rates of timeworkers and employees working on a guarantee; (2) in the case of pieceworkers all piece rates shall be increased by an amount sufficient to increase the average of each piecework operation by 3 cents based on the average for the fourth calendar quarter of 1963. (9)

* * *

All employees actively at work on February 4, 1965, will receive a 6-cent-per-hour increase in wages, effective on that date. Those who on February 4, 1965, are in leave or layoff status, will receive this increase in wages effective on the date of their return to active work status. Employees who are still in the wage progression for their labor grade on the effective date of their increase will receive this 6-cent-per-hour increase to be added to their current rate of pay, without interruption of their accumulation of checks toward advancement to the next higher step in their progression. All new employees who may be hired after February 4, 1965, will receive this 6-cent general increase at the completion of the final step in their wage progression. (10)

Approximately 1 out of 4 contracts specifying cents-per-hour adjustments varied the amount of the increase, thereby retaining or enlarging the wage differentials between labor grades, although in a few instances the purpose was to reduce the gap. Perhaps the best known use of cents-per-hour increases to maintain relative base rate differentials was that employed in the steel industry for a number of years. That method granted uniform general increases to all workers, but in addition provided increments of varying amounts depending on job class. The 1960 U.S. Steel-Steelworkers agreement, for instance, provided for a 7 cent-per-hour general increase, plus increments between standard job class rates that resulted in added increases ranging from 0.2 up to 6 cents for the top job class. An additional deferred increase in 1961 of 7 cents per hour, plus a 0.1-cent increase in increments between job classes, maintained occupational wage differentials through the term of the agreement.

Effective on the dates specified below the standard hourly wage scale of rates for the respective job classes shall be as follows:

Job class	Standard hourly wage rates		
	Jan. 4, 1960	Dec. 1, 1960	Oct. 1, 1961
1-2-----	\$1.960	\$2.030	\$2.100
3-----	2.027	2.099	2.170
4-----	2.094	2.168	2.240
5-----	2.161	2.237	2.310
In like manner up to:			
28-----	3.702	3.824	3.920
29-----	3.769	3.893	3.990
30-----	3.836	3.962	4.060
31-----	3.903	4.031	4.130
32-----	3.970	4.100	4.200

In the current study, variances in the amount of the deferred cents-per-hour increases were most prevalent in retail trade, but also commonplace in food, transportation, and transportation equipment.

Reproduced below are examples of variations of cents-per-hour increases:

This agreement of June 30, 1962, shall provide the following wage adjustments effective 8 a. m. July 1, 1963:

1. All hourly rates between \$2.35 and \$2.51, inclusive, will be increased 8 cents per hour.
2. All hourly rates between \$2.525 and \$2.66, inclusive, will be increased 9 cents per hour.
3. All hourly rates between \$2.68 and \$2.84, inclusive, will be increased 10 cents per hour.
4. All hourly rates from \$2.86 per hour and up will be increased 11 cents per hour.
5. All weekly salaried rates between \$85.80 and \$100.40, inclusive, will be increased \$3.60 per week.
6. All weekly salaried rates between \$101.20 and \$106.40, inclusive, will be increased \$3.20 per week.
7. All weekly salaried rates between \$107.20 and \$113.60, inclusive, will be increased \$4 per week.
8. All weekly salaried rates from \$114.40 and up will be increased \$4.40 per week. (11).

* * *

Effective September 27, 1961, all employees other than skilled trades shall receive an increase of 6 cents per hour, which increase will be added to the base hourly rates for each classification including minimum, intermediary and maximum rates.

Effective September 27, 1961, all skilled trades employees shall receive an increase of 9 cents per hour. (12)

Percentage Wage Increases. Percentage wage formulas also prevent narrowing of occupational differentials in the wage structure. Of the 1,210 agreements with deferred wage clauses, about 1 in 20 (5.5 percent) contained provisions for percentage increases only (table 2). Four-fifths of these were in manufacturing industries, being most prevalent in the glass; electrical machinery, equipment, and supplies; and transportation equipment industries.

Wage Increases

Effective October 1, 1964, all existing base hourly wage rates shall be increased 3 percent calculated to the nearest one-half cent. These increases to be reflected in incentive, bonus, and piecework rates as in the past. (13)

* * *

All employees shall, as of October 1, 1964, receive an increase of $2\frac{1}{2}$ percent per hour above their respective hourly rates on September 30, 1964, rounded off to the nearest cent. All employees shall, as of October 1, 1965, receive an increase of $2\frac{1}{2}$ percent per hour above their respective hourly rates on September 30, 1965, rounded off to the nearest cent. (14)

* * *

The company agrees to increase all classified rates now in existence as follows:

- (a) A general wage increase of $2\frac{1}{2}$ percent per hour, 2 cents added to the plus rate, and the remainder added to the base rate, effective March 21, 1963.
 (b) A general wage increase of 2 percent per hour, 2 cents added to the plus rate, and the remainder added to the base rate, effective March 21, 1964. (15)

With the exception of the electric and gas utility industry, percentage formulas were infrequently found in agreements in nonmanufacturing. In this one industry, slightly fewer than 13,000 workers were scheduled for the deferred adjustments contained in seven agreements.

The company agrees to further increase by $3\frac{3}{4}$ percent rounded to the nearest half cent of an employee's hourly rate or to the nearest 20 cents of an employee's weekly rate, the then current base rates of all such employees in the active employ of the company on March 24, 1964, such further increase to become effective as of March 24, 1964.

. . . and to further increase such starting and progression rate schedules, effective March 24, 1964, in such amount as shall be agreed upon between the company and the union, but not in excess of $3\frac{3}{4}$ percent of such individual starting and progression rates in effect on March 23, 1964.

In consideration of the foregoing, it is specifically agreed, except as otherwise herein provided, that the union will not present, during the term of this agreement, any demands or requests for additional wage rate increases, other than individual wage rate increases. (16)

Combination Cents-Per-Hour and Percentage Increase. Approximately 5 percent of the 1,210 deferred wage clauses, covering 835,000 workers, contained provisions for cents-per-hour and percentage increases, usually in the form of a uniform percentage adjustment with a cents-per-hour minimum increase. The bulk of the workers represented by these agreements were employed in the automobile industry and were covered by annual improvement factor (AIF) provisions which prescribed a percentage increase and a minimum. This is a departure from the form of early AIF plans in the industry. The 1948 GM-UAW contract provided for a flat annual improvement factor increase of 3 cents per hour, which was subsequently raised to 4 and then to 5 cents. The 1955 agreement, however, shifted the increase to a percentage of wages with a minimum cents-per-hour provision. This difference in approach had the effect of retaining the relative positions of job classifications in the rate structure. In addition to the standard AIF provisions, the 1964 GM-UAW agreement included a flat sum deferred increase of 2 cents per hour.

Accordingly, effective as of September 6, 1965, each employe covered by this agreement shall receive an annual improvement factor increase of $2\frac{1}{2}$ percent of his straight-time hourly wage rate (exclusive of cost-of-living allowance and shift premium), or 6 cents per hour, whichever is the greater in accordance with table I:

Table I

Straight-time hourly wage rate	Annual improvement factor increase (cents per hour)
Less than \$2. 60 -----	6
\$2. 60—\$2. 99 -----	7
\$3. 00—\$3. 39 -----	8
\$3. 40—\$3. 79 -----	9
\$3. 80—\$4. 19 -----	10
\$4. 20—\$4. 59 -----	11
\$4. 60—\$4. 99 -----	12
\$5. 00—\$5. 39 -----	13

Effective as of September 5, 1966, each employe covered by this agreement shall receive an annual improvement factor increase of 2.8 percent of his straight-time hourly wage rate (exclusive of cost-of-living allowance and shift premium), or 7 cents per hour, whichever is the greater, in accordance with table II:

Table II

Straight-time hourly wage rate	Annual improvement factor increase (cents per hour)
Less than \$2.68 -----	7
\$2.68-\$3.03 -----	8
\$3.04-\$3.39 -----	9
\$3.40-\$3.74 -----	10
\$3.75-\$4.10 -----	11
\$4.11-\$4.46 -----	12
\$4.47-\$4.82 -----	13
\$4.83-\$5.17 -----	14
\$5.18-\$5.53 -----	15

In addition, effective September 5, 1966, each employe covered by this agreement shall receive a wage increase of 2 cents per hour. This 2 cents per hour shall be added to the "wage rates" or "base rate" whichever is applicable, after such "wage rates" or "base rate" have been adjusted to include the September 5, 1966, annual improvement factor increase.

The improvement factor increases in base rates and the 2 cents per hour increase shall be added to the wage rates (minimum, intermediary, and maximum) for each daywork classification.

The amount of the improvement factor increase shown in the tables for the "straight-time hourly wage rate" of an incentive job classification and the 2 cents per hour increase shall be added to the base rate of that job classification except as the parties to this agreement may provide otherwise in writing. (1)

Other methods of combining percentage and flat-sum increments were often quite similar, for example:

Effective January 4, 1965, the company agrees to a general wage increase of $2\frac{1}{2}$ percent with a minimum of 5 cents per hour to be added to all rates. Such general wage increase shall be made effective January 4, 1965, for all employees covered by the terms of this agreement. (17)

* * *

The increases provided for herein include those made effective through April 2, 1962, and this wage agreement replaces and supersedes the wage agreement between the company and the union dated the 22d day of October 1960.

General increases—(a) Effective as of the dates indicated below the company will grant, in the manner provided herein, general wage and salary increases as follows:

- (1) For those units which elected the 3 percent increase effective April 2, 1962:

Date	Increase
Sept. 23, 1963-----	3.1 percent, but not less than 5 cents per hour.
Apr. 5, 1965 -----	2.5 percent, but not less than 5 cents per hour.

- (2) For those units which elected the 4 percent increase effective Apr. 2, 1962, and not later than Nov. 15, 1963, does not choose an 8th paid holiday:

Date	Increase
Sept. 23, 1963-----	2.5 percent, but not less than 5 cents per hour.
Apr. 5, 1965 -----	2.5 percent, but not less than 5 cents per hour.

- (3) For those units which elected the 4 percent increase effective Apr. 2, 1962, and not later than Nov. 15, 1963, does choose an 8th paid holiday:

Date	Increase
Sept. 23, 1963-----	2.5 percent, but not less than 5 cents per hour and decreased by 0.4 percent.
Apr. 5, 1965 -----	2.5 percent, but not less than 5 cents per hour. (18)

It should be noted, however, that not all clauses with both provisions applied cents-per-hour and percentage factors at the same time. Some provided deferred flat increases at one wage installment and percent adjustments at another. The following are examples:

Subsequent General Increases. The basic hourly wage rate of each employe in the bargaining unit on July 1, 1963, and July 6, 1964, shall be increased as follows:

<u>Factory labor grade</u>		<u>Technical and office labor grade</u>	
1963	1964	1963	1964
1 thru 7-----\$0.06	Increase equal to $2\frac{1}{4}$ per-	1 thru 6-----\$0.06	Increase equal to $2\frac{1}{2}$ per-
8 thru 12---- .07	cent of the maximum rate	7 and 8 ----- .07	cent of the maximum rate
13 thru 16--- .08	of labor grade excluding	9 thru 14---- .08	of labor grade excluding
	from the computation the		from the computation the
	55 cents additional rate		55 cents additional rate
	which is paid to certain		which is paid to certain
	employes at missile and		employes at missile and
	test bases.		test bases. (19)

* * *

The following general increase will be applied as of May 25, 1963, to all covered employees' rates and rate ranges: For labor grades 13 and above, 8 cents per hour; for labor grades 8-12, 7 cents per hour; for labor grades 2-7, 6 cents per hour.

In addition to foregoing, all employees will, effective December 28, 1963, be increased another $2\frac{1}{2}$ percent computed on the maximum of the rate range; this amount to be applied to both the minimums and maximums of the rate ranges. (20)

Conditional Wage Increases

Automatic adjustment of wages corresponding with possible changes in such external factors as prevailing wages in the industry or area, current statutory minimum wages, or product prices were prescribed by 45 agreements. In some cases, the conditional clause stood alone, while in others it was in conjunction with one or more regularly scheduled wage adjustments.

Conditional Increases Only. Most of the exclusively conditional clauses were in the apparel industry, where 169,000 employees were represented by agreements in which the most common arrangement provided a "floor" for wages 15 percent above the statutory minimum.

Increase of Legal Minimums

In the event that Federal legislation shall be enacted which shall raise minimum wages under the law, and if the minimum wage for any craft stated in this agreement shall be less than 15 percent greater than such statutory minimum wage, then such minimum wage stated herein for such craft shall be increased to a sum equal to the new statutory minimum wage plus 15 percent. (21)

Provisions of other agreements in the industry designated minimum wages to remain a fixed cents per hour higher than the legal minimum.

When the present hourly minimum wages under law are increased pursuant to Federal or State legislation heretofore or hereafter enacted, then the minimum wage scales set forth in this agreement which are then less than 20 cents per hour more than such new legal minimum rate shall be increased by an amount sufficient to make such minimum wage scales 20 cents per hour more than such new legal minimum rate. (22)

Others stipulated that the minimum scale would increase by the same amount as the legal minimum.

When the present hourly minimum wages under law are increased pursuant to Federal or State legislation heretofore or hereafter enacted, then it is agreed that the lowest hourly rate under the minimum wage scales hereinabove provided shall be increased by a like amount per hour, and the hourly rates under all other minimum wage scales hereinabove provided shall be increased by a like amount per hour so as to maintain the present differentials between the various minimum wage scales above provided. (23)

Industry wage comparability was the concern of several plans in meat-packing. Each required that wages be automatically adjusted to meet any change in rates initiated by major companies in the industry:

It is further agreed that if during the term of this agreement a wage increase or decrease is given to the production workers of the Big Four Packing Companies, namely Swift & Co., Armour and Co., Cudahy and Co., Wilson & Co., that then and in that event, the employers under this agreement shall immediately put into effect a similar wage increase or decrease in a like amount to the same retroactive date for all employees who are covered by this agreement. (24)

To insure that wages keep pace with those paid by other companies in the area, two agreements called for regular reviews of rates. One plan designated the employer to survey rates paid by leading firms in the community every 6 months and, if necessary, adjust wages:

Wage Survey. The employer agrees to pay wages that match the wages paid by leading companies in the community for similar types of work. The employer will make surveys to determine these wages. The surveys will be made in this way:

(a) To compare similar types of work the employees shall be considered in nine groups:

1. Stationary engineers
2. Firemen
3. Mechanics
4. Production men
5. Plant guards
6. Production women
7. Straight-time, nonsupervisory male employees
8. Straight-time, nonsupervisory female employees
9. Locomotive crew

(b) The employer will determine community rates for these groups each 6 months. It will do this by surveying the rates paid at places where work is comparable to work at the employer's plants. The employer and the union will agree and write into the negotiation minutes the companies in the community which will be surveyed. These shall be the only companies surveyed during the agreement year. Only base rates will be used in these surveys.

(c) The employer will figure the average rate paid each group in its plants.

(d) The average rates paid to each group in each company surveyed will be figured.

(e) For each of the nine groups, the average rate paid by the employer will be compared with the average of the five highest rates paid by the employers surveyed.

(f) The employer will give the union the survey results. If necessary, the employer will adjust wages after conference with the union.

(g) The union may name three representatives to sit with the employer's representatives in working up the survey figures. They shall take no record of figures; the survey information is confidential. (25)

The other required the employer to adjust annually any existing wage inequities as revealed by the area wage survey of the U. S. Department of Labor's Bureau of Labor Statistics.

It shall be the policy of the employer to establish and maintain wage levels equal to those of other comparable concerns in the area for comparable work. A comparison of first class rates, of jobs common to the Beverly Factory and other comparable concerns, shall be used as a basis to determine wage levels. It is recognized that the job evaluation of the Beverly Factory is to be used in the determination of any job or classification rate.

In case any dispute arises as to wages being paid in the area, or as to what constitutes comparable concerns, the matter shall be reviewed with the Federal Mediation and Conciliation Service. All adjustments made as the result of wage rate reviews shall take effect at a date agreed upon by the parties.

The employer intends to review the classification of employees at least every 6 months. An employee shall be classified according to the work he is doing and no classification shall be revised downward so long as a man retains his ability to do the work for which he is classified. Classification shall be subject to the dispute and grievance procedure.

The following method shall be used to adjust wage levels at the Beverly Factory.

1. An annual review shall be made when the final report of the Bureau of Labor Statistics entitled "Occupational Wage Survey, Boston, Massachusetts," is published each year for the Boston area. These figures are those accumulated for the year ending October 1st of the previous year.

2. An arithmetic average of the wages shown as the average wage for each of the below listed job categories for the "manufacturing only" complex of the survey shall be compared with an arithmetic average of the corresponding first class rate being paid for each such job at the Beverly Factory. The 12 bench mark jobs to be compared are as follows:

Job Number	United Shoe Machinery Corp.	Bureau of Labor Statistics Boston Area
	Description	Description
2	Janitor	Janitors, porters, cleaners (men)
16	Truckdriver (outside)	Truckdrivers (all size trucks)
17	Trans. (power truck)	Truckers, power (other than forklift)
19	Carpenter	Carpenters, maintenance
20	Painter (maintenance)	Painters, maintenance
23	Electrician	Electricians, maintenance
24	Millwright	Millwrights
26	Plumber and steamfitter	Pipefitters, maintenance
30	Oiler (maintenance)	Oilers
34	Tinsmith (construction)	Sheet-metal workers, maintenance
36	Machine tool maintenance man	Machinists, maintenance
44	Tool and die maker	Tool and die makers

The difference in these two averages, computed as a percentage, shall be the basis for the first part of the method of correcting whatever inequity may exist. The second part of the correction shall be a percentage factor which shall be one-half of the rate of change in the Bureau of Labor Statistics figures for the Boston area for the same jobs as computed from the previous year's average, of these same jobs. In addition to these two corrections, 1 percent shall be added. The sum of these 3 percentages, rounded out to the nearest one-tenth of 1 percent, shall then be applied to all base rates at Beverly Factory. In no event shall a total of the three steps outlined above result in a negative correction of Beverly Factory base rates such that the average of the 12 bench mark jobs as defined above be lower than that same average of the 12 bench mark jobs from the final report of the Bureau of Labor Statistics "Occupational Wage Survey, Boston, Massachusetts," of the previous October. (26)

Conditional and Deferred Increases. Wage adjustments based on possible changes in legal minimums, as well as scheduled wage increments, were incorporated in several agreements in the apparel industry.

In transportation and the food industry, several agreements linked regular deferred increases with conditional adjustments based on industry settlements. For example:

Effective for the 5-contract years April 15, 1962, to April 8, 1967 inclusive:

On the following dates all above hourly wage rates shall be increased the identical number of cents per hour as follows:

From	Through	Cents per hour
Apr. 15, 1962	Apr. 13, 1963	0.07
Apr. 14, 1963	Apr. 11, 1964	.07
Apr. 12, 1964	Apr. 10, 1965	.06 plus as provided below
Apr. 11, 1965	Apr. 9, 1966	.06 plus as provided below
Apr. 10, 1966	Apr. 8, 1967	.06 plus as provided below

Should any settlement reached by the parties to the Central States Area Agreements negotiations in 1964, 1965, or 1966, result in an increase in wage rates for the employees of employer members of the Central States Area employer associations engaged in the performance of the same or similar type of work as that performed by the membership of Local 340, the identical amount of cents per hour in uniform increases as negotiated will be added to the hourly rate of the job classifications covered by this agreement for the same three consecutive corresponding contract years, thereby becoming due and payable as the total wage rates applicable under this agreement from April 12, 1964, to April 9, 1967. However, at no time within the designated periods shall the road formula rates under this agreement be higher than the mileage rates established by such Central States Area Agreements. (27)

A manufacturer of milk products provided that wage rates in local union areas be annually adjusted to conform with the company's basic wage pattern as negotiated.

Basic wage pattern and general increases

Bracket	Present base rate	Jan. 1, 1959	Jan. 1, 1960	Jan. 1, 1961	Base rate after general increases
1-----	\$2.22	\$0.10	\$0.09	\$0.09	\$2.50
2-----	2.12	.10	.09	.09	2.40
3-----	2.03	.10	.09	.08	2.30
4-----	1.94	.09	.09	.08	2.20
2-A-1 -----	2.15	.11	.11	.08	2.45
2-A-2 -----	2.05	.11	.11	.08	2.35

Wage rates in any local union area will be adjusted annually to equal the basic wage pattern. The differential between the local rate and the basic wage pattern will be equalized over the period of the agreement. Those areas coming under this area agreement at a later date will make the annual adjustment in accordance with the number of years remaining under the agreement.

All employees will receive the negotiated basic wage pattern regardless of their rate; however, employees whose rate is above the negotiated wage pattern shall not receive the negotiated make-up differential until such time as their rate falls below the rate for their classification. (28)

Other agreements incorporated conditional and scheduled wage adjustments in a variety of ways. One, for example, authorized automatic additional hourly rate increases in the event that neither party exercised its right to renegotiate wages:

Wage Increases

Effective May 1, 1963, each employee in the bargaining unit, including apprentices, shall receive a wage increase of 5 cents per hour, and the minimum wage rates shall be increased accordingly.

Effective May 1, 1964, each employee in the bargaining unit, including apprentices, shall receive a wage increase of 5 cents per hour, and the minimum wage rates shall be increased accordingly.

In the event neither party to the agreement exercises its right to negotiate concerning hourly wages as of May 1, 1965, the following wage increases shall automatically become effective:

Effective May 1, 1965—5 cents per hour.

Effective May 1, 1966—5 cents per hour.

(29)

Another agreement addressed itself to the relationship between wages and market prices of metals:¹⁵

Wage Grade—General Table

Wage grade	Hourly rate				
	Dec. 11, 1960	Jan. 1, 1962	Jan. 1, 1963	Jan. 1, 1964	Jan. 1, 1965
1-----	\$2.10	\$2.16	\$2.22	\$2.27	\$2.32
2-----	2.16	2.22	2.28	2.33	2.38
3-----	2.22	2.28	2.34	2.39	2.44
4-----	2.29	2.35	2.41	2.46	2.51
5-----	2.35	2.41	2.47	2.52	2.57
6-----	2.41	2.47	2.53	2.58	2.63
7-----	2.47	2.53	2.59	2.64	2.69
8-----	2.54	2.60	2.66	2.71	2.76
9-----	2.60	2.66	2.72	2.77	2.82
10-----	2.66	2.72	2.78	2.83	2.88
11-----	2.72	2.78	2.84	2.89	2.94
12-----	2.79	2.85	2.91	2.96	3.01
13-----	2.85	2.91	2.97	3.02	3.07
14-----	2.91	2.97	3.02	3.07	3.12

¹⁵ This was the only agreement included in the current study of major contracts which tied wage adjustments to movements in the price of the commodity produced. At one time, sliding scales were incorporated in union agreements in iron and steel and in the mining of coal and other minerals and metals. A 1951 survey of the BLS file of agreements indicated only 11 contracts in effect which contained sliding scales, 7 in nonferrous metal mining.

Escalator Clause

In addition to the above scheduled wage increases, the following additional "metal price wage escalation schedule" of wage increases will be effective under the following conditions:

1. The monthly average combined price of lead and zinc means the monthly average market price for common lead, delivered at New York City, plus the monthly average price for prime western zinc f. o. b. East St. Louis, as quoted by the Engineering and Mining Journal.
2. If at any time during the 5-year period set forth in the escalation schedule, the monthly average combined price of lead and zinc equals or exceeds the price set forth in the schedule for each of 2 consecutive calendar months, the specified wage increase as set forth in the schedule will become effective as of the first payroll week beginning in the first month following such 2-month period and continuing in effect for not less than 9 payroll weeks.
3. Such wage increase made effective under the terms of the escalator schedule will continue in effect only until such time as the monthly average combined price of lead and zinc does not equal the price specified in the schedule for each of 2 consecutive calendar months.
4. The cents per hour increases set forth in the yearly columns of the schedule are not cumulative and only one figure in a column is applicable at any time.

Metal Price Wage Escalator Schedule

Across-the-board wage increase—cents per hour

Monthly average combined price lead and zinc	Jan. 1, 1961	Jan. 1, 1962	Jan. 1, 1963	Jan. 1, 1964	Jan. 1, 1965
	to Dec. 31, 1961	to Dec. 31, 1962	to Dec. 31, 1963	to Dec. 31, 1964	to Dec. 31, 1965
28.000	3				
28.500		3			
29.000			3		
29.500				3	
30.000	7				3
30.500		7			
31.000			7		
31.500				7	
32.000	12				7
32.500		12			
33.000			12		
33.500				12	
34.000					12 (30)

This arrangement may also be considered as a form of wage escalation. It is included in this section because it does not conform to the typical pattern of escalator clauses.

Diversions From Deferred Wage Increases¹⁶

Collective bargaining agreements occasionally provide for the possible diversion of some or all of the deferred wage increase to cover the cost of fringe benefits or other costs. Of the 1,210 contracts with deferred wage provisions, 26 specifically provided for diversions, and in most cases (23) allocated funds or provided an option for such to sustain the costs of fringe benefits.

¹⁶ Excludes agreements which diverted portions or all of initial wage increases but kept deferred raises intact.

	Agreements	Workers (in thousands)
Food and kindred products -----	1	2.1
Printing, publishing, and allied products-----	5	12.1
Machinery, except electrical -----	3	4.6
Transportation equipment-----	7	57.0
Instruments and related products -----	1	1.6
Construction-----	9	21.2

As a rule, the agreements permitted the union to elect what portion, if any, was to be allocated from the general wage increase.

Effective upon the anniversary date of this contract, that is September 27, 1962, the Guild shall have the option to divert all or any part of the increase in minimum salaries that is necessary to establish an insured health and welfare plan. (31)

* * *

Of the increase effective June 7, 1963, the parties agree that there is an option on the part of the union to divert all or part of this increase into a joint pension trust fund. The union will notify the association not later than December 1, 1962, of their decision in this matter.

In the event the union elects to divert all or part of the June 7, 1963, wage increase into a joint pension trust plan, it shall notify the association of such election and the parties shall promptly meet to negotiate a pension plan and shall promptly establish a trust fund into which the employers shall pay their contributions. (32)

* * *

The union shall have the option of using all or any part of the increase scheduled for June 1, and/or December 1, of each year for improvement of or payment of costs of any fringe benefits provided under this agreement; provided that the union gives the employer written notice of its election to do so by registered letter sent to the offices of Master Builders Association at least 30 days before the effective date of the scheduled increase, specifying in said notice the amount of the increase to be applied for this purpose and the fringe benefit for which the money is to be used. (33)

* * *

The union reserves the right to change the allocation of the increases provided for herein, upon reasonable notice, provided that the total amount of wages and fringes for any period shall not be increased. (34)

Less frequently, the agreement specified the amount to be diverted for a particular fringe benefit.

Effective as of October 1, 1962, each employee shall receive a wage increase of 5 cents per hour or $2\frac{1}{2}$ percent of his basic hourly rate, whichever is greater. Effective as of October 1, 1963, each employee shall receive a wage increase of 5 cents per hour or $2\frac{1}{2}$ percent of his basic hourly rate, whichever is greater.

Notwithstanding the above, if the GHI premium in the year previous to October 1, 1962, is increased by an amount equal to more than 1 cent per hour per employee in the bargaining unit the general increase of October 1, 1962, will be reduced by 1 cent; if the GHI premium in the year previous to October 1, 1963, is increased by an amount equal to more than 1 cent per hour per employee in the bargaining unit the general increase on October 1, 1963, will be reduced by 1 cent. (35)

The remaining agreements provided that, with mutual consent, funds would be allotted for individual rate adjustments, including a widening of labor grade differentials.

Wages

Effective 12:01 a. m. , December 1, 1961, all hourly base rates of jobs in the bargaining unit will be increased 6 cents an hour. This agreement provides for deferred adjustments of $2\frac{1}{2}$ percent to be effective December 1, 1962, and December 1, 1963. One-quarter of 1 percent of the December 1, 1962 adjustment may be applied by mutual agreement of the parties to individual job adjustments based on the job evaluation program now being conducted. (36)

* * *

Alternate Application of General Wage Increases

The parties may by mutual agreement set aside a portion of either or both of the general wage increases to increase the increments between the rate ranges for the several labor grades for incentive and nonincentive employees, provided, however, that the general increases shall be put into effect in the amounts and at the times stated unless prior to the date such general wage increase is to become effective the parties have signed a written agreement, specifying in full detail (1) the portion of such general wage increase which shall be effective as a general wage increase, (2) the portion thereof which shall be used to adjust the increments, and (3) the amount by which each increment shall be increased. (37)

Table 2. Formula for Deferred Wage Increases in Major Collective Bargaining Agreements by Industry, 1963

Industry	(Workers in thousands)											
	Number with provisions		Cents-per-hour adjustment				Percentage adjustment				Other ³	
			Application uniform ¹		Application not uniform ²		Percentage only		Percentage with cents-per-hour minimum or combination			
	Agreements	Workers	Agreements	Workers	Agreements	Workers	Agreements	Workers	Agreements	Workers	Agreements	Workers
All industries	1,210	5,146.9	764	2,633.0	278	1,223.0	66	237.8	66	835.4	36	217.8
Manufacturing	653	2,723.6	360	843.4	142	641.7	53	196.0	63	824.8	35	216.8
Ordnance and accessories	14	70.5	5	22.6	4	15.8	1	3.0	4	29.1	-	-
Food and kindred products	102	323.0	65	162.7	31	148.3	2	3.3	-	-	4	8.7
Tobacco manufactures	2	4.1	-	-	2	4.1	-	-	-	-	-	-
Textile mill products	11	37.6	4	13.0	-	-	4	5.7	-	-	3	18.9
Apparel and other finished products	43	244.5	12	34.1	9	41.7	-	-	-	-	22	168.7
Lumber and wood products, except furniture	6	9.6	4	6.8	2	2.8	-	-	-	-	-	-
Furniture and fixtures	11	20.2	8	15.5	3	4.7	-	-	-	-	-	-
Paper and allied products	20	54.4	9	14.8	6	32.7	4	5.6	1	1.4	-	-
Printing, publishing, and allied industries	33	69.1	17	35.1	15	28.9	-	-	1	5.2	-	-
Chemicals and allied products	30	56.3	23	42.2	3	4.8	3	5.8	1	3.5	-	-
Petroleum refining and related industries	1	1.0	1	1.0	-	-	-	-	-	-	-	-
Rubber and miscellaneous plastics products	13	64.1	10	35.9	1	23.0	1	1.2	1	4.0	-	-
Leather and leather products	13	60.0	10	53.7	1	1.2	1	1.1	1	4.0	-	-
Stone, clay, and glass products	24	100.0	13	32.4	1	8.0	10	59.3	-	-	-	-
Primary metal industries	28	50.6	17	31.5	10	17.9	1	1.3	-	-	-	-
Fabricated metal products	31	57.4	15	30.0	8	12.5	1	1.3	6	12.7	1	1.0
Machinery, except electrical	72	211.4	49	85.2	8	16.4	2	5.9	10	100.5	3	3.5
Electrical machinery, equipment, and supplies	72	313.1	39	80.5	15	98.0	6	29.8	10	89.0	2	16.0
Transportation equipment	104	926.6	48	127.6	18	162.8	11	62.3	27	514.0	-	-
Instruments and related products	18	39.3	7	10.0	4	17.1	6	10.6	1	1.6	-	-
Miscellaneous manufacturing industries	5	11.6	4	10.3	1	1.3	-	-	-	-	-	-
Nonmanufacturing	557	2,423.3	404	1,788.6	136	581.4	13	41.8	3	10.6	1	1.0
Mining, crude petroleum, and natural gas production	11	200.6	9	198.1	2	2.5	-	-	-	-	-	-
Transportation ⁴	95	640.7	66	455.1	26	169.0	2	10.8	1	5.8	-	-
Communications	10	56.3	1	14.7	8	39.8	-	-	1	1.8	-	-
Utilities: Electric and gas	27	69.0	7	14.4	13	41.9	7	12.7	-	-	-	-
Wholesale trade	14	26.9	11	21.4	3	5.5	-	-	-	-	-	-
Retail trade	104	279.5	61	141.6	42	134.9	-	-	1	3.0	-	-
Hotels and restaurants	32	142.5	18	52.9	12	73.5	2	16.2	-	-	-	-
Services	50	151.1	31	109.3	16	38.7	2	2.1	-	-	1	1.0
Construction	213	855.5	199	779.8	14	75.7	-	-	-	-	-	-
Miscellaneous non-manufacturing industries	1	1.5	1	1.5	-	-	-	-	-	-	-	-

¹ All workers covered by provision receive identical deferred wage increases.

² Cents-per-hour increase varies according to labor grade, job classification, or other consideration.

³ Includes 28 agreements, covering 194,000 workers, which provided automatic conditional increases only. In most cases, this meant an adjustment of wages to meet increases in legal minimum wages or to maintain industry or area wage comparability. 8 agreements made no reference to formula.

⁴ Excludes railroad and airline industries.

NOTE: Because of rounding, the sum of individual items may not equal totals.

Chapter III. Escalator Clauses

An escalator clause has as its general objective the maintenance of the purchasing power of money wages during the term of the agreement. This is accomplished by having wage rates automatically increased or decreased periodically in proportion to changes in the cost of living, as measured by an appropriate index. The objective is usually implicit, although some contract clauses contain a direct reference, as in this following excerpt:

It is recognized that it is desirable and sound to protect the buying power of an hour of work against changes in consumer prices and that the best way to accomplish this objective is to provide a cost-of-living adjustment, based on the fluctuations of consumer prices as measured by the Bureau of Labor Statistics Price Index. (38)

The operation of escalator clauses depends on various elements, the most important of which are: The index selected as the barometer of the cost of living;¹⁷ the frequency or timing of the index review; and the formula, that is, the ratio of wage adjustment to index movement.

Election of the Price Index

Except in one instance where the index was not identified, all agreements with escalation specified one of the consumer price indexes of the Bureau of Labor Statistics. Of the 300 agreements with escalation, 264 designated the BLS Consumer Price Index, U.S. city average (all items), and 35, primarily in retail trade and local transportation, indicated one of the separate indexes compiled by the Bureau for certain large cities.¹⁸

	Agreements	Workers (in thousands)
Number with escalation -----	300	1,757.9
U.S. city average -----	264	1,643.7
Particular city specified -----	35	110.5
Index not identified -----	1	3.7

The index series stipulated in escalator clauses dates back to 1913 and is a statistical measure of the changes in prices of goods and services brought by urban wage earners and clerical workers.¹⁹ It was known as "The Cost-of-Living Index" until 1945, when the name was changed to the Consumer Price Index (CPI). Currently the official identification of the index most commonly used in wage escalation is Consumer Price Index—U.S. City Average for Urban Wage Earners and Clerical Workers (Including Single Workers), All Items, 1957-59=100.

¹⁷ Included in the process of selecting an index is the determination of the base point, that is, the base from which measurements begin. In many cases, the index for the month in which the agreement becomes effective is chosen; in others, different index levels are selected. In agreements continuing escalation from previous contracts, the base point may remain unchanged.

¹⁸ The nationwide index and those for the 5 largest metropolitan areas are provided monthly; indexes for 18 other metropolitan areas are issued quarterly.

¹⁹ The Consumer Price Index applied only to wage earner and clerical worker families of two persons or more until the January 1964 index, when the coverage was extended to single workers living alone. For details of the revised CPI, see "New Features of the Revised CPI" Monthly Labor Review, April 1964, pp. 385-390; the "Statistical Structure of the Revised CPI" Monthly Labor Review, August 1964, pp. 916-924; and the Consumer Price Index (Revised January 1964), A Short Description (September 1964).

Base Period

In addition to identifying the price index to be followed, escalator clauses must specify the base period upon which the index is calculated, if a scale of absolute levels of the index and the corresponding addition to wages is to be used. This is important because, while 1957-59 is the current base reference period of the CPI, index numbers with 1947-49=100 are also published. Illustrative of the language found in clauses indicating the index and base period are the following:

The amount of the cost-of-living allowance shall be determined and redetermined as provided below on the basis of the Consumer Price Index for Urban Wage Earners and Clerical Workers (Including Single Workers) published by the Bureau of Labor Statistics, U.S. Department of Labor (1957-59=100) and referred to herein as the index. (39)

* * *

During the term of this agreement automatic wage adjustments shall be made both upward and downward based upon changes in the Consumer Price Index—United States, All Items and Major Group Figures of the U.S. Bureau of Labor Statistics, New Series for Families, as revised January 1964, on the basis of 1957-59 equaling 100 (herein called the "price index"). (40)

* * *

The amount of the cost-of-living allowance shall be determined and redetermined in accordance with changes in the official Chicago Consumer Price Index, published by the Bureau of Labor Statistics, U.S. Department of Labor (1957-59=100) and referred to herein as the index. (41)

Availability and Revision of the Index

Included in most escalator clauses are provisions dealing with the availability of the index. Generally they provide that if the index for some reason is not available at the beginning of a pay period, adjustments, if necessary, will be made at the first pay period following receipt of the index.

In the event the appropriate BLS Consumer Price Index is not published on or before the beginning of the effective payroll period, any adjustment required will be made effective at the beginning of the first payroll period after publication of the BLS Consumer Price Index. (19)

In addition to dealing with availability of the index, escalator clauses often specify that revisions in published index figures will not necessitate adjustment in allowances. For example:

No adjustments, retroactive or otherwise, shall be made due to any revision which may later be made in the published figures for the BLS Consumer Price Index for any base month. (1)

Contracts frequently provide for the possibility of revision in the structure of the CPI. Since the inception of the index, there have been three major as well as several partial revisions. The latest of these revisions was effective with publication of data for January 1964. The following clauses are examples of the arrangements provided for in case of revision in the index:

If the BLS index in its present form and calculated on the same basis shall be revised therefrom or discontinued, the parties shall attempt to determine an appropriate index figure by agreement or if agreement is not reached, the parties shall request the Bureau of Labor Statistics to make available a BLS index in its present form for the appropriate date or dates, and calculated on the same basis. (42)

* * *

The parties to this agreement agree that the continuance of the cost-of-living allowance is dependent upon the availability of the monthly BLS Consumer Price Index in its present form and calculated on the same basis as the index for July 1964, unless otherwise agreed upon by the parties. If the Bureau of Labor Statistics changes the form or the basis of calculating the BLS Consumer Price Index, the parties agree to request the Bureau to make available, for the life of this agreement, a monthly Consumer Price Index in its present form and calculated on the same basis as the index for July 1964.²⁰ (1)

* * *

In the event the index shall be revised or discontinued and in the event the Bureau of Labor Statistics, U.S. Department of Labor, does not issue information which would enable the company and the union to know what the index would have been had it not been revised or discontinued, then the company and the union will meet, negotiate, and agree upon an appropriate substitute for the index. (43)

Frequency of Index Review

The frequency with which wages are adjusted to compensate for changes in the cost of living is a crucial aspect of the operation of an escalator clause. In a period of rising prices, the more frequent the review, the more effectively the escalator clause acts to maintain purchasing power. If prices were to decline, however, frequent reviews would not be attractive to the workers involved. The nature of the industry, pricing policies, and numerous other factors all have an influence on the decision of the parties with regard to frequency of review. In general, however, the effects of momentary aberrations and seasonal fluctuations in the prices of food products, etc., are minimized when quarterly, semiannual, or annual reviews are used rather than more frequent examinations.

Of the 300 agreements with provisions for wage escalation, more than one-half (166) designated index reviews every 3 months (table 3). Among the remaining agreements, 64 provided for annual reviews and 49 for semiannual reviews. Of the 21 with other time cycles, 2 called for monthly reviews.

Quarterly. The transportation equipment industry, largely automobile manufacturing, accounted for nearly two-fifths of the agreements with quarterly reviews and about two-thirds of the worker coverage. This arrangement also appeared in other industries in which the UAW holds bargaining rights, notably machinery, except electrical, and ordnance; in these industries, contracts negotiated by the International Association of Machinists and the International Union of Electrical Workers (IUE) also provided for quarterly review.

The payroll period in which an adjustment, if called for, is to be effective and the month of the index on which the adjustment is based are ordinarily specified in escalator clauses. An adjustment scheduled for the first full pay period in December, for example, would normally be based upon the index for the previous October published the last of November, since the index for any particular month is always published in the latter part of the following month. It should be noted, however, that the index does not relate specifically to the 15th or any other particular day in the month.

²⁰ It should be noted, however, that for technical reasons the Bureau cannot compute an index in the form used prior to a major revision.

In quarterly review clauses, the index and adjustment dates were usually set forth in this way:

The cost-of-living allowance will be determined in accordance with changes in the official Consumer Price Index for Urban Wage Earners and Clerical Workers (Including Single Workers), published by the Bureau of Labor Statistics, U. S. Department of Labor (1957-59=100), and hereinafter referred to as the BLS Consumer Price Index.

Effective with the pay period beginning December 7, 1964, and thereafter during the period of this agreement, adjustments in the cost-of-living allowance shall be made quarterly at the following times:

Effective date of adjustment	Based upon	
First pay period beginning on or after December 1, 1964, and at quarterly intervals thereafter to June 1, 1967.	BLS Consumer Price Index as of: October 1964, and at quarterly intervals thereafter to April 1967.	(1)

* * *

During the life of this agreement, adjustments in the cost-of-living allowance shall be made quarter-annually on the basis of changes in the index as follows:

Effective date of adjustment— first pay period beginning on or after: 1964	Based upon index as of:	
December 1, 1964-----	October 15, 1964	
March 1, 1965-----	January 15, 1965	
June 1, 1965-----	April 15, 1965	
September 1, 1965-----	July 15, 1965	
December 1, 1965-----	October 15, 1965	(44)

* * *

Time of adjustment: adjustments shall be made the first Saturday following June 1, September 1, December 1, and March 1, during the existence of this agreement, based respectively, on the index issued as of the preceding April, July, October, and January, which denotes the BLS figure for the preceding months. Any adjustment required shall be effective the start of the payroll period next following the date of adjustment and shall continue for the ensuing 3-month period. (45)

Semiannual. Among contracts requiring semiannual review, better than 2 out of 5, covering approximately half the workers under such provisions, were in the meatpacking industry. Typical of agreements in this industry is the following excerpt:

Cost-of-living allowance:

(1) Effective with the first pay period beginning after January 1, 1965, and thereafter during the period of this agreement a cost-of-living adjustment, if applicable, shall be made semi-annually with the first pay period beginning on or after January 1 and July 1.

(2) Such adjustment shall be based on changes, if any, in the U. S. Cost-of-Living Index (1957-59 base=100) 1964 Revision, published by the U. S. Department of Labor, Bureau of Labor Statistics known as the Consumer Price Index for Urban Wage Earners and Clerical Workers—Including Single Workers (hereinafter referred to as the index), as of the prior November 15 and May 15, respectively.

(3) Each such adjustment will be effective for a 6-month period, provided that if there is no change in the index requiring an adjustment to a different amount, the amount of the adjustment, if any, will be continued in effect for an additional 6-month period. (46)

Somewhat different phraseology was used in agreements in the retail trade industry which also frequently stipulated semiannual adjustments:

Beginning January 1, 1961, and on each January 1 and July 1 thereafter for the duration of this agreement, the straight-time hourly rate of pay for all employees . . . in effect on these dates shall be adjusted for changes in the cost of living, based on changes in the BLS Consumer Price Index for Los Angeles, All Items, available on such dates, as compared with such index for November 1958 (126.5). (47)

Annual. Annual escalation clauses were more prevalent in nonmanufacturing agreements appearing largely in transportation²¹ and retail trade. Among manufacturing industries, only transportation equipment with four agreements representing a total of 48,200 workers was of significance.

Changes in any adjustment shall be made, if appropriate, only commencing with the first pay period beginning on or after each September 1, beginning September 1, 1964, and shall be based on the first published BLS Consumer Price Index (1957-59=100) as of the prior July 15. The amount of the change in the cost-of-living adjustment shall be the difference between the amount provided in the table and pay cost-of-living adjustment already in effect pursuant to this provision. (48)

* * *

Cost-of-living (clerks). Effective July 1, 1961, and each July 1 thereafter, to and including July 1, 1965, the straight-time hourly rates for clerks covered by this agreement in effect on those dates shall be adjusted for changes in the cost of living based on changes in the Bureau of Labor Statistics Consumer Price Index, Los Angeles, All Items (Revised Series 1947-49=100) available on said dates, i. e., May 15 of each year, compared with such index for May 15, 1959 (126.8). (49)

Other Timing of Review. Among the remaining escalator clauses (21), 14 designated one index review during the entire life of the agreement. In six instances this meant one possible wage adjustment during a 2-year period; in eight, the duration was for 3 years. Of the two clauses providing for monthly review, one, a furniture agreement, provided:

. . . the increase of the cost-of-living allowance shall be determined monthly on the basis of the index . . . the effective date of the allowance is June 1, 1960, and the adjustments shall be made on the first day of the calendar month after publication of the index by the U.S. Department of Labor. (50)

Although almost all of the escalator clauses provided for adjustment to whatever changes occurred in the index during a specified time interval, three clauses tied automatic adjustments to a specific magnitude of change in the price index. One such clause, in a bakery agreement, prescribed that:

. . . effective as of February 1, 1963, in the event the cost of living, as measured by the Consumer Price Index of the Bureau of Labor Statistics for the City of New York, shall increase or decrease 2 percent, the basic hourly wage rate provided for in this agreement shall automatically be adjusted by 2 percent and continue to be so automatically adjusted for every 2 percent increase or decrease occurring thereafter during the life of this agreement. (51)

Amount of Adjustment

The relationship between movements in the price index and wage rate changes was determined by formulas spelled out in the contracts. In most instances, a uniform cents-per-hour adjustment was to be made, corresponding to a specified absolute change in the index. Some clauses, however, stipulated a

²¹ Based on agreements in effect in 1963. The National Freight Agreement negotiated by the Teamsters, effective February 1964, provides for two CPI adjustments during the term of the 3-year agreement.

flat percentage adjustment which provided a somewhat larger cents-per-hour change for higher paid workers. This approach, which maintains relative wage differentials, has never proved popular; in the current study, it was found in only 5 percent of the 300 agreements with escalator clauses.

In the escalator clause originally introduced in the GM-UAW agreement of 1948, the objective of providing wage adjustments proportionate to changes in the index was implemented by a formula designed to yield a 1-cent adjustment in wages for every 1.14-point change in the index. The formula was based upon the average hourly earnings figure for General Motors in the spring of 1948 and the index which stood at 169.3 (1935-39=100) in April of that year. It read as follows:

BLS Consumer Price Index	Cost-of-living allowance, in addition to wage scale by job classification (cents per hour)
164.6 or less-----	None
164.7-165.8-----	1
165.9-166.9-----	2
167.0-168.1-----	3
168.2-169.2-----	4
169.3-170.3-----	5
170.4-171.5-----	6

and so forth, with 1-cent adjustment for each 1.14-point change in the index.

With the rise in average hourly earnings and changes in the base of the index, which were made on two occasions since 1948, the formula has been modified accordingly. In the spring of 1953, amendments to the basic agreement provided for adjustments related to the 1947-49=100 base period. The new provisions specified a 1-cent wage adjustment for each 0.6-point change. The 1955 contract altered the ratio to 1 cent per 0.5-point change in the index which was retained in the 1960 agreement. With the latest change in the reference base in 1962, the parties again adjusted the escalator formula. The current ratio, based on 1957-59=100 base period is as follows:

BLS Consumer Price Index	Cost-of-living allowance, in addition to wage scale by job classification (cents per hour)
106.4 or less-----	None
106.5-106.8-----	1
106.9-107.2-----	2
107.3-107.6-----	3
107.7-108.0-----	4
108.1-108.4-----	5
108.9-109.2-----	6

and so forth, with 1-cent adjustment for each 0.4 change in the index.

Because its purpose is to adjust wages in proportion to changes in the CPI, the formula is predicated on the relationship between the firm's average hourly wage rate and the price index at the time of agreement. To illustrate this relationship, consider an escalator clause negotiated in the midfifties in an establishment whose average wage rate is \$2.50 an hour. The CPI stands at

115.0 (1947-49=100). Under these circumstances, 1-index point would be proportionate to 2.2 cents in wages, or 1 cent for each 0.46 point. In order to provide adjustments which approximated this ratio throughout the agreement, the parties might set up a formula designating a 1-cent adjustment for each 0.5-point change in the index.²²

When a new base period for the Consumer Price Index is introduced, the parties will tend to adopt it although the series using the old base period will continue to be available. However, the same formula will not yield the same adjustments when used in conjunction with a new base period. Prices in the 1957-59=100 base period, for example, averaged higher than in the 1947-49=100 base period. Therefore, a given rise in average prices will be reflected in a larger increase in points than in the case of the index using the 1957-59 base.²³

To maintain the wage-price relationship, a new formula must be calculated when a new base period is introduced. If, in the example cited above, the average wage rate has risen to \$3 an hour and the index stands at 110.1 (1957-59=100), 1-index point would be proportionate to 2.7 cents, or 1 cent for each 0.37 points in the index. The formula likely to be adopted would be a 1-cent adjustment for each 0.4-point change.

It should be noted, however, that this method of working out an escalator formula is probably typical of only major bargaining situations. In most other cases, the parties are likely to adopt the formula worked out in widely publicized agreements.

Another qualification which should be pointed out is that, in practice, most escalator clauses establish index brackets. In order for an adjustment to be made, the index level must move into another bracket. Thus, even small changes in the index (0.1 point, for example) may require an adjustment if the change carries the index into the next higher or lower index bracket.

The amount of the cost-of-living allowance which shall be effective for any 3-month period beginning December 1, 1964, and thereafter, shall be in accordance with the following table:

BLS Consumer Price Index—All Items	Cost-of-living allowance, in addition to wage scale by job classification (cents per hour)
106.1—106.4 -----	1
106.5—106.8 -----	2
106.9—107.2 -----	3
107.3—107.6 -----	4
107.7—108.0 -----	5
108.1—108.4 -----	6
108.5—108.8 -----	7
108.9—109.2 -----	8

and so forth, with 1-cent adjustment for each 0.4 change in the index.

(52)

²² Since this formula is based on average wages for all employees in the bargaining unit, workers earning more than the average would be compensated less than proportionately, while those earning less would be overcompensated.

²³ For example, between January and July in 1964, the index rose 0.6 points (107.7-108.3) on the 1957-59 base, but 0.8 points (132.1-132.9) on the 1947-49 base. See appendix A.

In some cases, in computing the change in the CPI required to adjust the allowance, the parties may become so precise that rounding is considered. Thus, they adjust the scale so to accommodate the necessity of making wage adjustments in full cent changes.

On September 1, 1962, there shall be a review and adjustment in wages of all employees in the following manner:

(a) The cost-of-living index of the Bureau of Labor Statistics as fixed for the City of New York shall be consulted as soon as available for September 1, 1962.

(b) In the event such cost-of-living index figures show an increase over the cost-of-living index figures for September 1, 1961, there shall be a corresponding increase in the wages of each employee equal to 1 cent per hour for each 1 point of increase in the index figure.

(c) In the event that a cost-of-living increase becomes necessary and such change includes a fraction of a point, any fraction below 0.5 shall be disregarded, and any fraction of 0.5 or over shall be considered a full point. (53)

Selected Formulas. Formulas in the National Freight Agreement of the trucking industry and those in meatpacking and retail food agreements are as follows:

The amount of the cost-of-living allowance shall be determined and redetermined as provided below on the basis of the U.S. Consumer Price Index for Urban Wage Earners, etc., (1957-59=100) and referred to herein as the index.

The first cost-of-living allowance shall be effective the first pay period, beginning on or after February 1, 1966, based on the difference between the base index figure of June 1965, and the index figure for December 1965, and shall continue in effect until the first pay period beginning on or after March 31, 1967. The next adjustment shall be made on March 31, 1967, based on the index for January 1967. Adjustments in the cost-of-living allowances shall be made on the basis of changes in the index as follows: The base index figure shall be the figure for June 1965 (which is announced in July 1965). All future increases shall be calculated on such base as follows: For every 0.3-point increase in the index there shall be a 1 cent per hour or 0.25 mill per mile adjustment, except that the fourth, eighth, and twelfth intervals shall be based on a 0.4-point index change. For example:

Index increase from June 1965 base	Cents per hour	Allowance per mile
First 0.3 point	1	\$0.25 mill
Second .3 point	2	.50 mill
Third .3 point	3	.75 mill
Fourth .4 point	4	1.00 mill
Fifth .3 point	5	1.25 mill
Sixth .3 point	6	1.50 mill
Seventh .3 point	7	1.75 mill
Eighth .4 point	8	2.00 mill

and so forth, with 1 cent per hour or \$0.25 mill per mile adjustment thereafter for each 0.3- (or 0.4-point where applicable) change in the index. (54)

* * *

Cost-of-living allowance: If as of any May 15 or November 15, during the life of the agreement, the Consumer Price Index U.S.—New Series—For Urban Wage Earners and Clerical Workers (Including Single Workers) of the Bureau of Labor Statistics, U.S. Department of Labor (1957—59=100) (hereinafter referred to as the CPI) has risen to a level which is a full 0.4 or more higher than the level of 107.8 (May 1964) then effective on the first full pay period beginning on or after the July 1 following such May 1 or the first full pay period beginning on or after the January 1 following such November 15, as the case may be, all employees shall receive a cost-of-living allowance of 1 cent per hour for each full 0.4 by which the CPI exceeds the level of 107.8. If after a cost-of-living allowance has been in effect, it shall be found that as of any later May 15 or November 15 the CPI has decreased during the preceding 6 months, then effective on the first full pay period on or after July 1 or January 1, as the case may be, the cost-of-living allowance shall be decreased 1 cent for each full 0.4 decrease in the CPI below the level which the CPI was required to reach in order to earn the last previous amount of allowance. For example:

Date	CPI level	Amount of cost-of-living allowance (in cents)	
November 15, 1964 -----	107.8	None	
May 15, 1965-----	108.2	1	
November 15, 1965-----	108.5	1	
May 15, 1966-----	108.6	2	
November 15, 1966-----	108.4	2	
May 15, 1967-----	108.2	1	(55)

* * *

Adjustment shall be made on the basis of $\frac{1}{2}$ cent per $\frac{1}{4}$ point of increase in the new Consumer Price Index for Los Angeles, All Items (1947—49=100), in excess of $3\frac{1}{2}$ cents for each year of this agreement. For the first year the base index shall be the index for February 1964 (135.9). The cost-of-living increases shall be made on the following basis:

Rise in index over the base index	Increase (in cents)
0.0 up to 2.0-----	0
2.0 up to 2.3-----	$\frac{1}{2}$
2.3 up to 2.5-----	1
2.5 up to 2.8-----	$1\frac{1}{2}$
2.8 up to 3.0-----	2
3.0 up to 3.3-----	$2\frac{1}{2}$
3.3 up to 3.5-----	3
3.5 up to 3.8-----	$3\frac{1}{2}$
3.8 up to 4.0-----	4
etc.	

Each year a new base index shall be established which shall be the February index next preceding the beginning of the contract year, and the cost-of-living increase to be effective at the end of that year shall be based on increases over such base in each year, in accordance with the chart set forth above. All increases provided under this paragraph shall remain in effect for the duration of the agreement. (56)

Not all escalator formulas applied to changes in the index during a single time period. In six agreements, all with quarterly review, the ratio was based on the average of the monthly indexes within the review intervals. This procedure was used in four clauses in aerospace contracts as well as in two chemical agreements. One of the chemical plans provided:

The index for the 3 months starting with March 1962, shall be averaged to the nearest 1/10 point and each subsequent 3-month period ending with February 1965, shall also be averaged. From the average index thus obtained the agreed upon base index of 128.2 for March 1962, through February 1963; of 128.8 for March 1963, through February 1964; of 129.4 for March 1964, through February 1965, shall be subtracted to give the index difference.

For each full 0.5 of index difference thus obtained, each employee will receive a bonus of 1 cent for each paid hour credited to him for those weeks actually paid during such 3-month period. (57)

Although the bulk of the flat-sum cost-of-living formulas specified cents-per-hour adjustments for fluctuations in the index, a small group prescribed change in the weekly or monthly wage:

Based upon the 1957-59 revised Consumer Price Index for San Francisco at 106.3 in December 1961, the wage rates contained in the agreement shall be subject to revision up or down quarterly, to be effective on the first day of the first payroll week following quarterly publication of the changes in the index by the U.S. Bureau of Labor Statistics. Any increase of 2 points beyond 106.3 will become effective with the first payroll week following quarterly publication of the changes in the index by the U.S. Bureau of Labor Statistics.

Wage adjustments for changes up or down in the cost-of-living index for the period October 23, 1961, to October 23, 1964, as follows:

Cost of living goes up to—

112.3—plus \$2
110.3—plus \$2
108.3—plus \$2
106.3—base

with \$2 per week change for each further change of 2 full points in the index above 106.3. (58)

* * *

The amount of the cost-of-living allowance which shall be effective for each quarter shall be in accordance with the following table:

BLS Consumer Price Index (1947-49=100)	Dollars per month cost-of-living allowance
119.4 or less-----	None
119.5-119.9-----	\$1.73
120.0-120.4-----	3.46
120.5-120.9-----	5.19
121.0-121.4-----	6.92
121.5-121.9-----	8.65

and so forth, with \$1.73 adjustment for each 0.5 change in the index.

(59)

Several clauses designated percentage increases in wages when changes occurred in the index. In some instances, this meant an increase in the same amount as the percentage increase in the index. For example:

Effective July 1, 1964, the first-shift hourly wage rate shall be increased percentagewise (rounded to the nearest cent) in the same amount as the percentage increase in the cost of living between May 15, 1963, and May 15, 1964, as measured by the BLS Consumer Price Index for U.S. Large Cities; provided that such increase shall not be less than 10 cents per hour greater than the 1963 wage rate. (60)

In a small number of local transit agreements, the amount of adjustment in cents per hour for all employees was determined by applying the percentage increase in the index to the top rate for operators:

The percentage increase, if any, in the Consumer Price Index from September 15, 1964, to December 15, 1964, will determine the percentage increase to be added to the rates of pay specified in the agreement as of March 1, 1965, except that the adjustment, if any, shall be made to the nearest cent and the amount resulting for the top operator's rate shall be applied to the rates for all employees covered by this agreement. (61)

Another adjusted wages on a percentage basis in relation to point-to-point fluctuation in the index:

The amount of the cost-of-living allowance which shall be effective for the 3-month periods shall be made in accordance with the following table:

BLS Consumer Price Index (1947-49=100)	Revised cost-of-living allowance (percent)
125.9-126.4 -----	-1 ¹ / ₂
126.5-127.1 -----	-1
127.2-127.7 -----	-1 ¹ / ₂
127.8-128.3 -----	0
128.4-129.0 -----	1 ¹ / ₂
129.1-129.6 -----	1
129.7-130.3 -----	1 ¹ / ₂
130.4-130.9 -----	2
131.0-131.5 -----	2 ¹ / ₂
131.6-132.2 -----	3
etc.	

(62)

One clause in a particularly specialized agreement provided:

In the event the cost of living (as reflected by the Consumer Price Index of the U.S. Bureau of Labor Statistics) shall rise during the period June 1, 1962, to June 1, 1963, in a percentage higher than the corresponding increases in minimum salary and rehearsal expense money effective June 1, 1963, under this rule, said minimum salary and rehearsal expense money shall be increased effective June 1, 1963, to reflect the increase of the cost of living over and above the corresponding increases provided for hereunder. (63)

Limits on Adjustments

Although the Consumer Price Index has declined rarely in the postwar period, almost all escalator clauses include absolute floors below which wages cannot be decreased. These, however, have never been tested and, in most instances, the floor selected has remained considerably below the current index throughout the contract life. Nevertheless, limits, generally at the base rate,

are stipulated in case of a substantial drop in the index. Over two-thirds of the clauses emphasized that basic wages were not subject to reduction because of downward fluctuations in the index. Meatpacking contracts, for instance, generally did this in the following manner:

The cost-of-living allowance payable at any time shall be in addition to the wage rate payable under the terms of this agreement, and no reduction shall at any time be made below the said rate. (64)

Similarly, clauses in trucking agreements often read:

. . . a decline in the index shall not result in a reduction of classification base rates. (54)

Automobile and related industry contracts set boundaries in these terms:

In no event will a decline in the BLS Consumer Price Index below 106.5 provide the basis for a reduction in the wage scale by job classification. (1)

* * *

In no event will a decline in the BLS Consumer Price Index provide a basis for reduction in the straight-time hourly rate for each classification covered by this agreement below the level at which the straight-time hourly rate includes no cost-of-living allowance. (65)

* * *

It is agreed that only the cost-of-living allowance will be subject to reduction so that, if a sufficient decline in the cost of living occurs, employees will immediately enjoy a better standard of living. (66)

Other clauses, while not containing statements similar to the above provisions, depicted the allowance as a separate bonus or as strictly an addition to the wage rates. For example:

There shall be paid to each employee a cost-of-living allowance in the amount indicated below for a period of 1 year after October 1, 1962, or 11 months after October 1, 1963, as the case may be, in addition to the minimum straight-time wage rates if, but only if, the BLS Consumer Price Index, Revised Series, for Los Angeles, All Items, shall have risen as of the preceding August 15 to a point set forth in the schedules. (67)

* * *

No bonus will be paid for a calendar quarter that the Bureau of Labor Statistics average quarterly index figure stands at or below the 128.5 base index figure (1947-49=100). (68)

* * *

In addition to the base rate of pay of each employee a cost-of-living bonus shall be paid to each employee based upon changes in the cost of living.

BLS Consumer Price Index	Amount of cost-of-living adjustment (per hour)
100.0—125.9 -----	None
126.0—126.4 -----	0.01
126.5—126.9 -----	.02
etc.	

(69)

Upward limits on allowances were incorporated in 1 out of 10 escalator clauses. In most instances, ceilings were applied to individual adjustments or to adjustments during a prescribed period within the term of the agreement.

The amount of rise in the cost-of-living allowance shall be limited to 1 cent during the first year of the agreement, 2 cents during the second year of the agreement, and 4 cents thereafter. (70)

* * *

At no time shall the cost-of-living adjustment result in any increases in rates above the maximums set forth below:

July 1, 1961—up to 5 cents	
July 1, 1962—up to 2 $\frac{1}{2}$ cents more	total maximum—7 $\frac{1}{2}$ cents
July 1, 1963—up to 2 $\frac{1}{2}$ cents more	total maximum—10 cents
July 1, 1964—up to 8 cents more	total maximum—18 cents
July 1, 1965—up to 10 cents more	total maximum—28 cents

(49)

* * *

The amount of the cost-of-living adjustment will be separately computed for each 3-month period and will be a 1-cent hourly increase for each 1 point rise in the BLS Consumer Price Index above 125.9, but not in excess of 2 cents in each contract year. Should the index rise more than 2 points during the first or second contract year, the excess points shall be carried forward to the following year when computing the cost-of-living adjustment on the Monday nearest to each June 1. (71)

* * *

. . . there shall be paid a cost-of-living factor (subject to the maximum indicated below) based on such index and adjusted upward or downward as follows:

Index at or above (1957—59=100)	Cost-of-living factor (cents per hour)
110.0 -----	None
110.4 -----	1
110.8 -----	2
111.2 -----	3
111.6 -----	4
112.0 -----	5
112.4 -----	6
112.8 -----	7
113.2 -----	8 (maximum)

(72)

In several cases, the limitations on adjustments within a time period or on individual adjustments applied to downward as well as upward movements.

The maximum increase or decrease in the cost-of-living allowance is 1 cent for any established quarter.

The maximum increase or decrease in the cost-of-living allowance is 3 cents during the contract year ending July 1, 1962, and again during the contract year ending June 30, 1963. (73)

* * *

The total increase or decrease in cost-of-living allowance shall not exceed 12 cents between the March 1 adjustment period of 1 year and the March 1 adjustment period of the next year. (74)

Some agreements, notably in metals and machinery, did not categorically prohibit reductions in allowances, but required that the amount of decrease under the formula be at least a certain amount before the full amount of the appropriate decrease be made.

Notwithstanding any decrease in the BLS Consumer Price Index, there shall not be any decrease in any existing cost-of-living adjustment unless the amount of the decrease in the adjustment under such table is at least 2 cents, at which time the full amount of the appropriate decrease shall be made. (48)

Status of Past Allowances. Escalator gains made under previous contracts may be carried over intact to the new agreement. In this case, they are subject to reduction if the index declines. In order to prevent reduction, negotiators often insert provisions requiring the full or partial incorporation of past allowances into the base rate structure. For example:

Effective September 7, 1964, 9 cents shall be added to the base hourly rate for each classification, including minimum and maximum rate for spread rate classifications. An equal amount of 9 cents shall be deducted from the 14 cents cost-of-living allowance which shall be in effect through September 6, 1964, and thereafter the cost-of-living allowance shall be computed in accordance with the table. (39)

* * *

It is agreed by the parties that all cost-of-living increases prior to February 1, 1961, have been included in the general increases herein provided for and frozen into the rates. (75)

* * *

Under the agreement of November 20, 1961, between the company and the union, a cost-of-living allowance of 16 cents per hour had been established for the period ending November 30, 1964.

Effective September 22, 1964, 10 cents of the above cost of living shall be added to the base hourly rate of each employee, but such amount shall not be included in the incentive base rate used for the purpose of incentive pay calculations. An equal amount of 10 cents shall be deducted from the cost-of-living allowance in effect September 1, 1964. (52)

* * *

As of July 1, 1963 (date of last adjustment period), the BLS CPI stood at 130.3 which represented a cost-of-living allowance of 13 cents per hour. However, on January 1, 1962, 1 cent of the allowance was transferred to the pension fund making the float as of July 1, 1963, 12 cents per hour. During the first pay period of February 1964, 5 cents of this 12 cents cost-of-living allowance will be transferred into the hiring rate and the base rates of all classifications. The union is foregoing the 2 cent cost of living due during the first pay period of October 1963. Therefore, during the first pay period of February 1964, the cost-of-living float will be 7 cents plus or minus any change which may occur on January 1, 1964. (76)

* * *

Effective as of the date of this present agreement, 13 cents for each work hour for each classification covered by this agreement shall be deducted from said cost-of-living allowance and added to the regular base hourly rate for each classification covered by this agreement, leaving 6 cents for each work hour as the present cost-of-living allowance for each of the classifications covered by the present agreement. (77)

Incorporation into the base rate is not the only method of protection. A number of contracts carry some or all of the allowances gained under previous agreements as a supplement or add on to the wage structure, unaffected by subsequent changes in the index. Where a number of costs (overtime, vacation pay, etc.) hinge on the base rate, whether to use this approach instead of incorporation may be a significant issue. The "add on" method was common in primary and fabricated metals,²⁴ although examples may be found in other industries. A chemical clause provided:

It has been further agreed that 8 cents of the cost-of-living bonus in effect as of the last quarter, December 1961, January and February 1962, shall continue to be paid as a cost-of-living bonus for the duration of this agreement over and above any additional cost-of-living bonus obtained as described above in this section. (57)

Cost-of-Living Allowance and Computation of Overtime and Fringe Benefits

Cost-of-living adjustments were to be included in overtime computations as well as in the determination of some fringe benefits in slightly more than half of the agreements with escalation. The bulk of the plans which referred to the inclusion of adjustments in overtime and/or fringe benefit computation occurred in manufacturing, primarily in transportation equipment and food. Correspondingly, the nonmanufacturing agreements generally did not contain reference to this use of the adjustment.

Only in a few cases was reference made to overtime alone. In most instances, provisions for allowance incorporation included overtime and such benefits as holiday pay, vacation pay, sick leave pay, shift premiums, and call-in pay. In some cases, jury duty and death-in-family benefits, as well as other items, were included. A number of illustrative clauses are reproduced below.

The cost-of-living allowance shall be taken into account in computing overtime, Sunday, holiday, and shift premiums, and in determining call-in pay and pay for vacations, unworked holidays, jury duty and bereavement. (39)

* * *

²⁴ For instance, in the 1962 basic steel settlement, the 18.5 cent-an-hour escalator allowance accumulated under previous contracts was maintained as an addition to pay rates, but was not incorporated into the basic pay schedule.

The amount of any cost-of-living allowance in effect at the time shall be included in computing overtime premium, night-shift premium, vacation payments, holiday payments, and call-in pay. (78)

* * *

In computing overtime pay, vacation pay, holiday pay, and call-in pay, the amount of any cost-of-living allowance then in effect shall be included. (79)

* * *

The amount of cost-of-living adjustment in effect at the time shall be used in computing wage payments and other benefits, such as vacation, sick leave, and holiday payments. (20)

* * *

The amount of any cost-of-living bonus in effect at the time shall be used in computing overtime, vacation, sick leave, holiday, and jury duty, and jury duty examination payments and for no other purpose. (80)

* * *

The amount of any cost-of-living adjustment applied during the period this section is in effect shall be in addition to the base wage rate of each hourly employee and shall be applied in determining currently effective pay rates for the following purposes subject to the applicable provisions of this agreement:

- (1) Overtime pay
 - (2) Holiday pay
 - (3) Vacation pay
 - (4) Sick leave pay
 - (5) Jury duty pay
- (81)

A number of agreements, mostly in meatpacking, did not enumerate benefits but designated inclusion of cost-of-living allowances in all payments based on regular rates. For example:

The cost-of-living allowance shall be included along with the employee's regular hourly rate in computing all payments under this agreement which are based on a regular hourly rate. (82)

* * *

The amount of any allowance in effect at the time shall be included in computing any payments under this agreement which are based on either the regular rate or authorized rate of pay. (46)

* * *

The cost-of-living allowance shall be included along with the employee's basic contract hourly rate in computing all payments under this agreement which are based on the basic contract hourly rate. (83)

* * *

It is understood that all job rates used in computing employees' pay shall include the cost of living. (84)

Diversion From Cost-of-Living Adjustment

Approximately one-fifth of the escalator clauses stipulated diversion or possible diversion of adjustment funds (table 4). Under these plans, the allowance was computed normally, but part or all of the adjustment was to be made available to finance other benefits rather than wage supplements.

Perhaps the best known use of cost-of-living diversion resulted from the 1960 steel settlement. That agreement included a provision to use part or all of any increase in the cost-of-living allowance to offset costs of insurance above a specified amount.²⁵ Agreements in other industries, however, also used allowances to defray fringe benefit costs. In aerospace, for instance, the following provisions were incorporated:

In the event the BLS Consumer Price Index rises above 105.7 the appropriate amount of cost-of-living adjustment in excess of 1 cent shall not be applied to hourly wage rate ranges or to employee's basic hourly wage rates but in lieu thereof will be applied towards funding the dental program. This funding from cost-of-living adjustment shall continue until the agreed upon amount has been diverted to the dental program. (20)

* * *

On or after October 7, 1963, the first 1-cent-per-hour increase in the cost-of-living allowance will be paid into a fund, rather than to each employee, along with a matching amount to be paid by the company. This fund will be used to offset any increased cost of employees' group insurance benefits. (85)

* * *

Commencing on the date the next cost-of-living increase in excess of the currently effective 6 cents cost-of-living adjustment amount becomes effective, subsequent to the effective date of this agreement, 1 cent per hour of such cost-of-living adjustment amount will be placed in a fund to pay 50 percent of any increase in premium cost of group insurance coverage. (19)

The following provisions were included in agreements in various other industries:

The cost-of-living allowance in effect since September 4, 1961, shall be reduced by 1 cent on the cost-of-living effective date of December 4, 1961, in consideration of the agreement between the parties to provide increased pension benefits. (86)

* * *

²⁵ Basic steel agreements dropped escalation in 1962. The diversion clause read as follows:

If the first published BLS Consumer Price Index for October 1960 is higher than 123.8 (herein called the base index /1947-49=100/), the cost-of-living adjustment which was in effect on December 31, 1959, shall be increased during the contract period from December 1, 1960, to September 30, 1961, by the amount indicated by application of the prior formula, i. e., 1 cent for each alternate 0.5 and 0.4 increase in the index over the base index, but not in excess of 3 cents, reduced by the amount of an insurance escalation credit calculated as follows:

The average monthly net insurance cost per active employee covered for the full benefits of the program for the calendar quarter ending June 30, 1961, shall be compared with a base average monthly net insurance cost of \$20.16, and an insurance escalation credit in cents per hour shall be determined on the basis of 1 cent for each full 18 cents of the difference between such average monthly net insurance costs.

For the purpose of this agreement, any increase up to 3 cents per work hour in the cost-of-living allowance, which shall hereafter result from the upward movement of the BLS Consumer Price Index shall be diverted and applied to partially defray the cost of the increases and improvements in other benefits. (77)

* * *

The parties have adjusted the cost-of-living allowance table so that the first 1-cent increase in the cost-of-living allowance which otherwise would have been paid after the signing of this agreement shall be omitted to pay one-half of the cost of retirees' group hospitalization-surgical-medical insurance. (87)

* * *

Any upward adjustment is not to be available in cash to any employee enrolled in Blue Cross-Blue Shield (or any substitute program that may be adopted) but is to be applied by the corporation toward payment of the employees' share of the cost of such program. In the event of a reduction in the cost-of-living allowance after a previous increase has been so applied, the union may elect as to whether the reduction is to be reflected in the employees' Blue Cross-Blue Shield payments or in the cost-of-living float. (88)

* * *

If any wage increase is called for by the operation of the cost-of-living clause in 1962, 1 cent of it will be used for increased vacation benefits as agreed to by the company and the union. (89)

* * *

In the event the BLS Consumer Price Index reaches or exceeds 106.3 on an adjustment date the company shall:

(a) Pay to the Sangamo Mutual Benefit Association \$1.46 per month for each employee member of record on the first of each month.

(b) The company shall provide accidental death and dismemberment insurance for each employee covered by the company's group life insurance plan. Any subsequent movement of the BLS Consumer Price Index above or below 106.3 shall not affect the provisions of this paragraph. (70)

The provisions in 28 trucking plans might correctly be termed "possible" diversions, for they included only an agreement for the parties to determine the use of future CPI allowances.

It is understood that the parties hereto may determine during the life of this contract what application shall be made of such cost-of-living increases in reference to where the same will be applied on provisions of this contract. (90)

Table 3. Frequency of Cost-of-Living Review in Major Collective Bargaining Agreements by Industry, 1963

Industry	(Workers in thousands)									
	Number with provisions		Quarterly		Semiannually		Annually		Other ¹	
	Agreements	Workers	Agreements	Workers	Agreements	Workers	Agreements	Workers	Agreements	Workers
All industries -----	300	1,757.9	166	1,073.6	49	156.6	64	475.0	21	52.7
Manufacturing-----	208	1,229.6	151	1,035.5	33	95.6	12	66.9	12	31.6
Ordnance and accessories-----	12	63.8	12	63.8	-	-	-	-	-	-
Food and kindred products-----	28	92.1	4	9.3	22	76.5	-	-	2	6.3
Chemicals and allied products-----	7	15.8	² 5	13.0	1	1.0	-	-	1	1.9
Primary metal industries-----	10	15.9	6	8.4	2	4.1	1	2.0	1	1.5
Fabricated metal products-----	15	35.4	9	15.4	3	7.6	1	2.9	2	9.5
Machinery, except electrical-----	35	159.6	27	143.1	5	6.5	3	10.0	-	-
Electrical machinery, equipment, and supplies-----	14	32.5	12	27.7	-	-	-	-	2	4.8
Transportation equipment-----	71	784.8	³ 63	729.0	-	-	4	48.2	4	7.7
Miscellaneous manufacturing industries-----	16	29.9	13	26.1	-	-	3	3.8	-	-
Nonmanufacturing-----	92	528.3	15	38.2	16	61.0	52	408.1	9	21.1
Transportation ⁴ -----	52	437.5	12	34.5	3	11.9	33	380.1	4	11.1
Retail trade-----	32	77.9	1	1.2	11	46.2	16	21.9	4	8.6
Miscellaneous nonmanufacturing industries-----	8	13.0	2	2.5	2	2.9	3	6.1	1	1.5

¹ Includes 14 with one review during the term of the agreement, 3 which specified adjustment whenever index fluctuated by specified amount, and 2 with monthly review. Information regarding review frequency was not available for 2 agreements.

² 4 agreements provided for an average of monthly index figures.

³ 2 agreements provided for an average of monthly index figures.

⁴ Excludes railroad and airline industries.

NOTE: Because of rounding, sums of individual items may not equal totals.

Table 4. Diversion From Cost-of-Living Increases in Major Collective Bargaining Agreements by Industry, 1963

Industry	(Workers in thousands)					
	Number with provisions		No reference to diversions		Provides for diversion	
	Agreements	Workers	Agreements	Workers	Agreements	Workers
All industries -----	300	1,757.9	242	1,331.8	58	426.1
Manufacturing-----	208	1,229.6	178	1,149.1	30	80.5
Ordnance and accessories-----	12	63.8	9	50.0	¹ 3	13.8
Food and kindred products-----	28	92.1	28	92.1	-	-
Chemicals and allied products-----	7	15.8	7	15.8	-	-
Primary metal industries-----	10	15.9	4	4.8	6	11.1
Fabricated metal products-----	15	35.4	10	23.5	5	11.9
Machinery, except electrical-----	35	159.6	33	157.3	2	2.3
Electrical machinery, equipment, and supplies-----	14	32.5	13	30.9	1	1.6
Transportation equipment-----	71	784.8	60	747.4	11	37.5
Miscellaneous manufacturing industries-----	16	29.9	14	27.5	2	2.4
Nonmanufacturing-----	92	528.3	64	182.7	28	345.6
Transportation ² -----	52	437.5	24	91.9	³ 28	345.6
Retail trade-----	32	77.9	32	77.9	-	-
Miscellaneous nonmanufacturing industries-----	8	13.0	8	13.0	-	-

¹ In 1 agreement, diversion of allowance is at the option of union.

² Excludes railroad and airline industries.

³ Diversion to be determined by the parties.

NOTE: Because of rounding, sums of individual items may not equal totals.

Appendix A

Consumer Price Index¹—U.S. City Average for Urban Wage Earners
and Clerical Workers,² All Items

Date	1962		1963	
	1947-49=100	1957-59=100	1947-49=100	1957-59=100
January	128.2	104.5	130.1	106.0
February	128.6	104.8	130.2	106.1
March	128.8	105.0	130.3	106.2
April	129.1	105.2	130.3	106.2
May	129.1	105.2	130.3	106.2
June	129.2	105.3	130.8	106.6
July	129.4	105.5	131.4	107.1
August	129.4	105.5	131.4	107.1
September	130.2	106.1	131.4	107.1
October	130.1	106.0	131.5	107.2
November	130.1	106.0	131.8	107.4
December	129.8	105.8	132.0	107.6
Annual average	129.3	105.4	131.0	106.7
	1964		1965	
	1947-49=100	1957-59=100	1947-49=100	1957-59=100
January	132.1	107.7	133.6	108.9
February	132.0	107.6	133.6	108.9
March	132.1	107.7	133.7	109.0
April	132.3	107.8	134.1	109.3
May	132.3	107.8	134.5	109.6
June	132.5	108.0	135.1	110.1
July	132.9	108.3	135.2	110.2
August	132.8	108.2	135.0	110.0
September	133.0	108.4	135.2	110.2
October	133.1	108.5	135.5	110.4
November	133.4	108.7	135.7	110.6
December	133.5	108.8		
Annual average	132.6	108.1		

¹ Beginning January 1964, the index structure has been revised.

² Includes single workers, beginning January 1964.

Appendix B. Selected Deferred Wage Increase Clauses Reproduced in Full

From the agreement between
**GENERAL MOTORS CORP. AND
INTERNATIONAL UNION, UNITED AUTOMOBILE,
AEROSPACE AND AGRICULTURAL
IMPLEMENT WORKERS OF AMERICA**
(expiration date: September 1967)

(101)(a) The annual improvement factor provided herein recognizes that a continuing improvement in the standard of living of employes depends upon technological progress, better tools, methods, processes and equipment, and a cooperative attitude on the part of all parties in such progress. It further recognizes the principle that to produce more with the same amount of human effort is a sound economic and social objective. Accordingly, effective as of September 6, 1965, each employe covered by this agreement shall receive an annual improvement factor increase of 2¹/₂ percent of his straight-time hourly wage rate (exclusive of cost-of-living allowance and shift premium), or 6 cents per hour, whichever is the greater in accordance with table I:

Table I

Straight-time hourly wage rate*	Annual improvement factor increase (cents per hour)
Less than \$2. 60-----	6
\$2. 60--\$2. 99 -----	7
\$3. 00--\$3. 39 -----	8
\$3. 40--\$3. 79 -----	9
\$3. 80--\$4. 19 -----	10
\$4. 20--\$4. 59 -----	11
\$4. 60--\$4. 99 -----	12
\$5. 00--\$5. 39 -----	13

Effective as of September 5, 1966, each employe covered by this agreement shall receive an annual improvement factor increase of 2.8 percent of his straight-time hourly wage rate (exclusive of cost-of-living allowance and shift premium), or 7 cents per hour, whichever is the greater, in accordance with table II:

Table II

Straight-time hourly wage rate*	Annual improvement factor increase (cents per hour)
Less than \$2. 68-----	7
\$2. 68--\$3. 03 -----	8
\$3. 04--\$3. 39 -----	9
\$3. 40--\$3. 74 -----	10
\$3. 75--\$4. 10 -----	11
\$4. 11--\$4. 46 -----	12
\$4. 47--\$4. 82 -----	13
\$4. 83--\$5. 17 -----	14
\$5. 18--\$5. 53 -----	15

NOTE: In the case of a classification, the rate for which is determined by a wage rule in the local wage agreement relating the rate for the classification to the rate for another classification or classifications, the above tables will determine the rate for the classification where there is a conflict with such wage rule.

* The "straight-time hourly wage rate" for an employe paid under an incentive method of pay is defined in appendix E.

(b) In addition, effective September 5, 1966, each employe covered by this agreement shall receive a wage increase of 2 cents per hour. This 2 cents per hour shall be added to the "wage rates" or "base rate" as provided in paragraphs (101)(d) or (101)(e)(1) whichever is applicable, after such "wage rates" or "base rate" have been adjusted to include the September 5, 1966, annual improvement factor increase provided for in paragraph (101)(a).

(c) In addition, each employe covered by this agreement shall receive a cost-of-living allowance in accordance with the provisions of paragraphs (101)(g) and (101)(h).

It is agreed that only the cost-of-living allowance will be subject to reduction so that, if a sufficient decline in the cost of living occurs, employes will immediately enjoy a better standard of living. Such an improvement will be an addition to the annual improvement factor increase provided for in paragraph (101)(a).

(d) The improvement factor increases in base rates provided for in paragraph (101)(a) and the 2 cents-per-hour increase provided for in paragraph (101)(b) shall be added to the wage rates (minimum, intermediary, and maximum) for each daywork classification.

(e)(1) The amount of the improvement factor increase shown in the tables in paragraph (101)(a) for the "straight-time hourly wage rate" of an incentive job classification and the 2 cents-per-hour increase provided in paragraph (101)(b) shall be added to the base rate of that job classification, except as the parties to this agreement may provide otherwise in writing.

From the agreement between
GENERAL ELECTRIC CO. AND
INTERNATIONAL UNION OF ELECTRICAL,
RADIO AND MACHINE WORKERS
(expiration date: October 1966)

1963-66 Wage Agreement

1. The increases provided for herein include those made effective through April 2, 1962, and this wage agreement replaces and supersedes the wage agreement between the company and the union dated the 22d day of October 1960.

2. General increases.

(a) Effective as of the dates indicated below the company will grant, in the manner provided herein, general wage and salary increases as follows:

(1) For those units which elected the 3 percent increase effective Apr. 2, 1962:

Date	Increase
Sept. 23, 1963_____	3.1 percent, but not less than 5 cents per hour.
Apr. 5, 1965_____	2.5 percent, but not less than 5 cents per hour.

(2) For those units which elected the 4 percent increase effective Apr. 2, 1962, and not later than Nov. 15, 1963, does not choose an 8th paid holiday:

Date	Increase
Sept. 23, 1963_____	2.5 percent, but not less than 5 cents per hour.
Apr. 5, 1965_____	2.5 percent, but not less than 5 cents per hour.

(3) For those units which elected the 4 percent increase effective Apr. 2, 1962, and not later than Nov. 15, 1963, does choose an 8th paid holiday:

Date	Increase
Sept. 23, 1963_____	2.5 percent, but not less than 5 cents per hour and decreased by 0.4 percent.
Apr. 5, 1965_____	2.5 percent, but not less than 5 cents per hour.

(b) The percentages and minimums set forth in (a) above shall, for the appropriate periods as indicated, constitute the amounts by which:

(1) The standard daywork step rates in effect on April 2, 1962, as shown in column 1 and in column 4 of table I of section 3 hereof, shall be increased as shown in the other columns of said table I;

(2) The gross earnings of salaried employees (prior to calculation of any night-shift differential) shall be increased after such earnings have been computed on the basis of the employee's salary rate in effect on the date immediately prior to the effective date of each such increase; and

(3) The gross earnings of incentive workers (excluding any night-shift differential), computed in accordance with the formula and procedures in effect and applicable to such incentive work at the time of its performance, shall be increased.

3. Table I set out below shows the standard daywork step rate structure as modified as a result of the wage increases provided for by section 2 of this agreement.

Table I
Daywork Step Rates

Section 2(a)(1) above			Section 2(a)(2) above			Section 2(a)(3) above	
(1) In Effect Apr. 2, 1962 3 percent schedule	(2) Effective Sept. 23, 1963 3.1 percent 5 cents minimum	(3) Effective Apr. 5, 1965 2.5 percent 5 cents minimum	(4) In Effect Apr. 2, 1962 4 percent schedule	(5) Effective Sept. 23, 1963 2.5 percent 5 cents minimum	(6) Effective Apr. 5, 1965 2.5 percent 5 cents minimum	(7) Effective Sept. 23, 1963 2.5 percent 5 cents minimum less 0.4 percent	(8) Effective Apr. 5, 1965 2.5 percent 5 cents minimum
\$1.435	\$1.485	\$1.535	\$1.45	\$1.50	\$1.55	\$1.495	\$1.545
1.475	1.525	1.575	1.485	1.535	1.585	1.53	1.58
1.51	1.56	1.61	1.525	1.575	1.625	1.57	1.62
1.545	1.595	1.645	1.56	1.61	1.66	1.605	1.655
1.58	1.63	1.68	1.595	1.645	1.695	1.64	1.69
1.615	1.665	1.715	1.635	1.685	1.735	1.68	1.73
1.66	1.71	1.76	1.675	1.725	1.775	1.72	1.77
1.695	1.75	1.80	1.71	1.76	1.81	1.755	1.805
1.73	1.785	1.835	1.745	1.795	1.845	1.79	1.84
1.765	1.82	1.87	1.785	1.835	1.885	1.83	1.88
1.805	1.86	1.91	1.82	1.87	1.92	1.865	1.915
1.84	1.895	1.945	1.855	1.905	1.955	*1.90	*1.95
1.88	1.94	1.99	1.90	1.95	2.00	*1.945	*1.995
1.915	1.975	2.025	1.935	1.985	2.035	*1.98	*2.03
1.955	2.015	2.065	1.975	2.025	2.075	*2.02	*2.07
2.005	2.065	2.115	2.025	2.075	2.125	*2.07	*2.12
2.05	2.115	2.17	2.07	2.12	2.175	*2.115	*2.17
2.095	2.16	2.215	2.115	2.17	2.225	2.16	2.215
2.14	2.205	2.260	2.165	2.22	2.275	2.21	2.265
2.205	2.275	2.33	2.225	2.28	2.335	2.27	2.325
2.275	2.345	2.405	2.30	2.36	2.42	2.35	2.41
2.345	2.42	2.48	2.365	2.425	2.485	2.415	2.475
2.415	2.49	2.55	2.44	2.50	2.565	2.49	2.55
A 2.495	2.57	2.635	2.515	2.58	2.645	2.57	2.635
2.60	2.68	2.745	2.625	2.69	2.755	2.68	2.745
B 2.705	2.79	2.86	2.73	2.80	2.87	2.79	2.86
C 2.815	2.90	2.975	2.845	2.915	2.99	2.905	2.98
2.935	3.025	3.10	2.965	3.04	3.115	3.03	3.105
3.05	3.145	3.225	3.08	3.155	3.235	3.14	3.22
3.165	3.265	3.345	3.20	3.28	3.36	3.265	3.345
3.255	3.355	3.44	3.285	3.365	3.45	3.35	3.435
3.35	3.455	3.54	3.38	3.465	3.55	3.45	3.535
3.44	3.545	3.635	3.475	3.56	3.65	3.545	3.635
3.535	3.645	3.735	3.565	3.655	3.745	3.64	3.73
3.625	3.735	3.83	3.66	3.75	3.845	3.735	3.83
3.71	3.825	3.92	3.745	3.84	3.935	3.825	3.92
3.805	3.925	4.025	3.845	3.94	4.04	3.925	4.025
3.90	4.02	4.12	3.935	4.035	4.135	4.02	4.12
3.99	4.115	4.22	4.03	4.13	4.235	4.115	4.22

* Revised on September 27, 1963. Increased from original agreement to provide minimum increase of $4\frac{1}{2}$ cents.

A) — Top of the progression schedule (in a few works, the top of the progression schedule will be below the rates opposite A).

B) — Rates applicable to transfers (Article X, (2)(a)(4)(a and b)).

C) — Rates below those shown will be on steps of not less than 3 cents.
Rates above those shown will be on steps of not less than 8 cents.

4. The wage increases herein provided shall be applicable to all employees (both hourly paid and salaried) in bargaining units certified to the IUE (AFL-CIO) or its affiliated IUE (AFL-CIO) locals as of September 23, 1963, which as of that date were listed in the preamble of the 1963 GE-IUE (AFL-CIO) national agreement. Employees in any bargaining unit for whom the IUE (AFL-CIO) or any of its locals shall be certified as the collective bargaining representative after the effective date of this agreement shall receive pay increases consistent with those provided for by section 2 of this wage agreement, but only insofar as such increases shall, by the terms of said sections, become effective after the date of such certification.

5. The provisions of this wage agreement shall continue in full force and effect between the parties hereto, to and including October 2, 1966.

From the agreement between
CHICAGO LITHOGRAPHERS ASSOCIATION AND
LITHOGRAPHERS AND PHOTOENGRAVERS
INTERNATIONAL UNION ²⁶
(expiration date: April 1966)

Minimum Wage Scale

4. The minimum wage scales appended to this agreement shall continue without change during the term of this agreement. It is understood that employees now receiving above the minimum wage scale here provided shall not be reduced.

All lithographic employees shall be included in wage increases granted under this agreement. Increases are to apply to apprentices on the same basis as journeymen and not prorated over indenture period.

The minimum starting rate for probationary apprentices in any department shall be not less than \$2.25 per hour.

Wage increases granted under this agreement shall be as follows:

Effective August 1, 1963—\$3 per week to each employee.

Effective May 1, 1964— $3\frac{1}{2}$ percent of basic journeyman minimum wage scale to each employee according to classification.

Effective May 1, 1965— $3\frac{1}{2}$ percent of basic journeymen minimum wage scale to each employee according to classification.

From the agreement between
NATIONAL LOCK COMPANY AND
INTERNATIONAL UNION, UNITED AUTOMOBILE,
AEROSPACE AND AGRICULTURAL
IMPLEMENT WORKERS OF AMERICA
(expiration date: January 1965)

Section 21. Annual Improvement Factor Increases. The increases provided by this section recognize that a continuing improvement in the standard of living of employees depends upon technological progress, better tools, methods, processes and equipment and a cooperative attitude on the part of all parties in such progress and further recognize that to produce more with the same amount of human effort is a sound economic and social objective. Accord-

²⁶ Prior to September 1964, the Amalgamated Lithographers of America (ALA).

ingly, effective as of the start of the first pay period beginning on or after December 1, 1962, all employees who have reached the qualifying rate of their classification shall receive an increase of 4 cents per hour; and effective as of the start of the first pay period beginning on or after December 1, 1963 (a) all employees in hourly-paid classifications (other than the skilled trades journeymen classifications set forth in appendix E) who have reached the qualifying rate of their classification shall receive an increase of 5 cents per hour, (b) all employees in incentive-paid classifications who have reached the qualifying rate of their classification shall receive an increase of 4 cents per hour, and (c) all employees in the skilled trades journeymen classifications set forth in appendix E shall receive an increase of 6 cents per hour.

The increases provided in this section shall be added on their effective dates to the qualifying and maximum rates of the hourly-paid classifications as set forth in appendix B, but in the case of employees in incentive-paid classifications said increases shall not be added to the base rates but shall be added to incentive earnings by multiplying the number of hours worked by such employees times the total of such increases then in effect, unless the company and the union reach an agreement for factoring such increases into the rate structure of the incentive-paid classification.

From the agreement between
 CONSOLIDATED EDISON COMPANY OF
 NEW YORK, INC. AND UTILITY
 WORKERS UNION OF AMERICA
 (expiration date: November 1965)

Exhibit I

Wage Adjustments, Wage Progression and Other Matters for the Current Contract Term

Part I

General Wage Increases

(a) Employees will be granted general wage increases as set forth in the following table. The amount of an individual's general wage increase will be determined by the maximum rate of his title as of the date of the increase, when that maximum rate is expressed in terms of the rate levels existing as of December 1, 1962.

General Wage Increases (Cents-per-hour)

Established maximum rates expressed in terms of rate levels as of Dec. 1, 1962	Dec. 2, 1962	July 7, 1963	Jan. 5, 1964	July 5, 1964	Jan. 3, 1965	July 4, 1965	3-year total
\$3.54/hour and over-----	7.5	7.5	5.0	5.0	5.0	5.0	35.0
\$2.895-\$3.53/hour-----	5.0	5.0	5.0	2.5	5.0	2.5	25.0
Under \$2.895/hour-----	5.0	2.5	5.0	2.5	5.0	2.5	22.5

(b) These increases will be granted to all eligible employees who are on the active weekly payroll on the date specified, except that:

(i) The application of these general wage increases will not cause the rate of pay of any employee to exceed the new established maximum rate of pay for his classification.

However, for the current contract an exception will be made in the case of a limited duty employee or another employee whose rate of pay exceeds the established maximum rate for the job classification in which he is working. In such a case, he will be granted, as a minimum increase, an amount equal to the minimum general wage increase set forth in the above table for each stated effective date.

(ii) An employee absent for sickness on the effective date of any of the above general wage increases and whose total continuous absence lasts for 20 or more working days will be granted the applicable general wage increase effective as of the date he returns to his regular work.

(iii) An employee absent for sickness on the effective date of any of the above general wage increases, whose total continuous absence lasts for less than 20 working days, upon his return to work, will be granted the applicable general wage increase retroactive to the effective date.

From the agreement between
ARMOUR AND COMPANY AND
UNITED PACKINGHOUSE, FOOD AND
ALLIED WORKERS
(expiration date: August 1967)

8.2 General Wage Increases

(a) Effective September 7, 1964, all wage rates in effect immediately prior to the effective date of this agreement shall be increased 6 cents per hour.

(b) The wage rates in effect as of September 1, 1965, shall be increased effective the first full pay period following September 1, 1965, by 6 cents per hour.

(c) The wage rates in effect as of September 1, 1966, shall be increased effective the first full pay period following September 1, 1966, by 6 cents per hour.

Appendix C. Selected Cost-of-Living Clauses Reproduced in Full

From the agreement between
**GENERAL MOTORS CORPORATION AND
INTERNATIONAL UNION, UNITED AUTOMOBILE,
AEROSPACE AND AGRICULTURAL IMPLEMENT
WORKERS OF AMERICA**
(expiration date: September 1967)

(101)(e)(2) The cost-of-living allowance provided for in paragraph (101)(c) shall be added to each employe's hourly earned rate and will be adjusted up or down each 3 months in line with cost-of-living allowance as provided for in paragraphs (101)(g) and (101)(h).

(f) The cost-of-living allowance will be determined in accordance with changes in the official Consumer Price Index for Urban Wage Earners and Clerical Workers (Including Single Workers), published by the Bureau of Labor Statistics, U.S. Department of Labor, (1957-59=100) and hereinafter referred to as the BLS Consumer Price Index.

(g) Effective with the pay period beginning December 7, 1964, and thereafter during the period of this agreement, adjustments in the cost-of-living allowance shall be made quarterly at the following times:

Effective date of adjustment	Based upon
First pay period beginning on or after December 1, 1964, and at quarterly intervals thereafter to June 1, 1967.	BLS Consumer Price Index as of October 1964, and at quarterly intervals thereafter to April 1967.

In no event will a decline in the BLS Consumer Price Index below 106.5 provide the basis for a reduction in the wage scale by job classification.

(h) The amount of the cost-of-living allowance shall be 5 cents per hour effective for the period October 1, 1964, through December 6, 1964. Effective December 7, 1964, and for any 3-month period thereafter as provided in paragraphs (101)(c) and (101)(g), the cost-of-living allowance shall be in accordance with the following table:

BLS Consumer Price Index	Cost-of-living allowance, in addition to wage scale by job classification (cents per hour)
106.4 or less-----	None
106.5-106.8-----	1
106.9-107.2-----	2
107.3-107.6-----	3
107.7-108.0-----	4
108.1-108.4-----	5
108.5-108.8-----	6
108.9-109.2-----	7
109.3-109.6-----	8
109.7-110.0-----	9
110.1-110.4-----	10
110.5-110.8-----	11
110.9-111.2-----	12
111.3-111.6-----	13
111.7-112.0-----	14
112.1-112.4-----	15
112.5-112.8-----	16
112.9-113.2-----	17
113.3-113.6-----	18
113.7-114.0-----	19
114.1-114.4-----	20

and so forth with 1 cent adjustment for each 0.4 change in the index.

(i) The amount of the cost-of-living allowance which shall be effective for the period September 1, 1964, through September 30, 1964, shall be 14 cents per hour.

(j) The amount of any cost-of-living allowance in effect at the time shall be included in computing overtime premium, night-shift premium, vacation payments, holiday payments, call-in pay, bereavement pay, and paid absence allowance.

(k) In the event the Bureau of Labor Statistics does not issue the Consumer Price Index on or before the beginning of the pay period referred to in paragraph (101)(g), any adjustments required will be made at the beginning of the first pay period after receipt of the index.

(l) No adjustments, retroactive or otherwise, shall be made due to any revision which may later be made in the published figures for the BLS Consumer Price Index for any base month.

(m) The parties to this agreement agree that the continuance of the cost-of-living allowance is dependent upon the availability of the monthly BLS Consumer Price Index in its present form and calculated on the same basis as the index for July 1964, unless otherwise agreed upon by the parties. If the Bureau of Labor Statistics changes the form or the basis of calculating the BLS Consumer Price Index, the parties agree to request the Bureau to make available, for the life of this agreement, a monthly Consumer Price Index in its present form and calculated on the same basis as the index for July 1964.

(n) Effective October 1, 1964, 9 cents shall be added to the base wage rates (minimum, intermediary, and maximum) for each daywork classification in effect on that date, except that said 9 cents shall not be taken into account for incentive pay calculation purposes. In the case of employes on an incentive basis of pay, the 9 cents shall be added to the earned rate of such employes. Simultaneously, 9 cents shall be deducted from the cost-of-living allowance in effect on September 30, 1964, and thereafter the cost-of-living allowance shall be computed in accordance with paragraphs (101)(g) and (101)(h) above.

From the agreement between
 NATIONAL FREIGHT AGREEMENT;
 INTERNATIONAL BROTHERHOOD OF
 TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN
 AND HELPERS OF AMERICA (Ind.)
 (expiration date: March 1967)

Article 33. Cost of Living

All employees covered by this agreement shall be covered by the provisions for a cost-of-living allowance, as set forth in this section.

The amount of the cost-of-living allowance shall be determined and redetermined as provided below on the basis of the "U.S. Consumer Price Index for Urban Wage Earners, etc. (1957-59=100)" and referred to herein as the index.

The first cost-of-living allowance shall be effective the first pay period, beginning on or after February 1, 1966, based on the difference between the base index figure of June 1965, and the index figure for December 1965, and shall continue in effect until the first pay period beginning on or after March 31, 1967. The next adjustment shall be made on March 31, 1967, based on the index for January 1967. Adjustments in the cost-of-living allowances shall be made on the basis of changes in the index as follows: The base index figure shall be the figure for June 1965 (which is announced in July 1965). All future increases shall be calculated on such base as follows: For every 0.3-point increase in the index there shall be a 1 cent per hour or 0.25 mill per mile adjustment, except that the fourth, eighth, and twelfth intervals shall be based on a 0.4-point index change. For example:

	Index increase from June 1965 base	Cents per hour	Allowance per mile
First	0.3 point -----	1	0.25 mill
Second	.3 point -----	2	.50 mill
Third	.3 point -----	3	.75 mill
Fourth	.4 point -----	4	1.00 mill
Fifth	.3 point -----	5	1.25 mill
Sixth	.3 point -----	6	1.50 mill
Seventh	.3 point -----	7	1.75 mill
Eighth	.4 point -----	8	2.00 mill

and so forth, with 1 cent per hour or 0.25 mill per mile adjustment thereafter for each 0.3 or (0.4 point where applicable) change in the index.

In the event that the Bureau of Labor Statistics shall not issue the appropriate index on or before the beginning of one of the pay periods referred to herein, any adjustment in the allowance required by such index shall be effective at the beginning of the first pay period after receipt of such index. No adjustments, retroactive or otherwise, shall be made in the amount of the cost-of-living allowance due to any revision which later may be made in the published figures for the index for any month on the basis of which the allowance has been determined.

The cost-of-living allowance shall not become a fixed part of the base rates for any classification.

A decline in the index shall not result in a reduction of classification base rates. 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 1965 unless otherwise agreed upon by the parties.

It is understood that the negotiating committees of the parties hereto may determine during the life of this agreement what application shall be made of such cost-of-living increases in reference to where the same will be applied on provisions of this agreement.

From the agreement between
PUBLIC SERVICE COORDINATED TRANSPORT AND
AMALGAMATED TRANSIT UNION ²⁷
(expiration date: February 1966)

O. ESCALATOR CLAUSE

All employees covered by this agreement shall be paid a cost-of-living allowance to be determined and redetermined on the basis of the new series Consumer Price Index—U.S. (1957-59=100) published by the Bureau of Labor Statistics of the U.S. Department of Labor, in the following manner:

The percentage increase, if any, in the Consumer Price Index from September 15, 1964, to December 15, 1964, will determine the percentage increase to be added to the rates of pay specified in the agreement as at March 1, 1965, except that the adjustment, if any, shall be made to the nearest cent and the amount resulting for the top operator's rate shall be applied to the rates for all employees covered by this agreement. This cost-of-living adjustment shall be made effective on the first Saturday on or after March 1, 1965, and shall be paid for the next 3 months. Quarter-annual adjustments shall be made in this manner thereafter. Thus, the next cost-of-living adjustment will be determined to the nearest cent by the percentage increase, if any, in the Consumer Price Index from September 15, 1964, to March 15, 1965, and will become effective on the first Saturday on or after June 1, 1965,

²⁷ Prior to July 1964, Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America.

for the next 3 months. Cost-of-living adjustments shall not be added to the basic wage rates of any classification but only to each employee's earnings. Cost-of-living adjustments in cents per hour shall be used in the computation of straight-time and overtime earnings in the same manner as the basic hourly rates are used in such computation.

From the agreement between
 INDEPENDENT PATTERN MANUFACTURERS' ASSOCIATION, INC.;
 MICHIGAN PATTERN MANUFACTURERS' ASSOCIATION AND
 PATTERN MAKERS' LEAGUE OF NORTH AMERICA
 (expiration date: September 1967)

Article VII. Cost of Living

Section 1. Effective October 1, 1964, and thereafter during the period of this agreement, each employee covered by this agreement shall receive a cost-of-living allowance, as set forth in the following paragraphs:

(a) The cost-of-living allowance will be determined in accordance with changes in the official Consumer Price Index published by the Bureau of Labor Statistics, U.S. Department of Labor (1957-59=100) and hereinafter referred to as the index.

(b) The amount of the cost-of-living allowance shall be determined and redetermined quarterly-annually on the basis of the index as follows: and in accordance with the following table, starting with the July 1964 index, the report of which is made available on or about August 27, 1964.

Effective Date of Allowance. Commencing with the first Monday in December 1964 based upon the October 1964 index, report of which is made available on or about November 27, 1964, and at quarterly intervals thereafter, to the first Monday in October 1967.

This table is a sample used to show the method of calculating the cost-of-living allowance, and shall be corrected to the figure of July 1964 index, equaling 0.

BLS Consumer Price Index	Cost-of-living allowance
108.6 -----	0
108.7-109.0 -----	1 cent
109.1-109.4 -----	2 cents
109.5-109.8 -----	3 cents
109.9-110.2 -----	4 cents
110.3-110.6 -----	5 cents
110.7-111.0 -----	6 cents
111.1-111.4 -----	7 cents

and so forth, with 1 cent adjustment for each 0.4-point change in the index. A decline in the index below the 108.6 figure shall not result in a reduction greater than the increases made in the cost-of-living allowance.

(c) The amount of any cost-of-living allowance in effect at the time shall be included in computing overtime premium, night-shift premium, vacation pay allowance, hiring and report pay, and holiday pay allowance.

(d) In the event the Bureau of Labor Statistics does not issue the Consumer Price Index on or before the beginning of the pay period referred to in paragraph (b), any adjustment required will be made at the beginning of the first pay period after receipt of the index.

(e) No adjustment, retroactive or otherwise, shall be made due to any revision which may later be made in the published figures for the index for any base month.

(f) Continuance of the cost-of-living allowance shall be contingent upon the availability of the index in its present form and calculated on the same basis as the index for July 1964, unless otherwise agreed upon by the parties. If the Bureau of Labor Statistics changes the form or the basis of calculating the official Consumer Price Index, the parties agree to request the Bureau to make available, for the duration of this agreement, a monthly Consumer Price Index in its present form and calculated on the same basis as the index for July 1964.

From the agreement between
HILLMAN'S INC. AND BUILDING SERVICE
EMPLOYEES' INTERNATIONAL UNION
(expiration date: October 1965)

I. All employees covered by this agreement shall be covered by the provisions for a cost-of-living allowance as set forth in this subsection. The cost-of-living allowance shall be added to each such employee's straight-time hourly earnings and will be adjusted up or down each 3 months as more fully described below:

1. The amount of the cost-of-living allowance shall be determined and redetermined in accordance with changes in the official Chicago Consumer's Price Index, published by the Bureau of Labor Statistics, U.S. Department of Labor (1957-59=100) and referred to herein as the index.

2. Commencing with the first pay period beginning on or after January 1, 1963, and thereafter during the period of this agreement, any adjustments in the cost-of-living allowance required under the terms of this section shall be made quarterly at the following times:

Effective date of adjustment— first pay period beginning on or after:	Based upon index of:
January 1, 1963 -----	November 15, 1962
April 1, 1963 -----	February 15, 1963
July 1, 1963 -----	May 15, 1963
October 1, 1963 -----	August 15, 1963
January 1, 1964 -----	November 15, 1963
April 1, 1964 -----	February 15, 1964
July 1, 1964 -----	May 15, 1964
October 1, 1964 -----	August 15, 1964
January 1, 1965 -----	November 15, 1964
April 1, 1965 -----	February 15, 1965
July 1, 1965 -----	May 15, 1965
October 1, 1965 -----	August 15, 1965

3. The amount of the cost-of-living allowance which shall be effective for any 3-month period as provided in paragraph 2 above, shall be based on the index for August 15, 1957, with an adjustment upward or downward in denominations of 1 cent for each 0.59-point difference between the new quarterly index and the base index of August 15, 1957. (The figure for August 15, 1957, for the index 1957-59=100, is 98.4.)

It is understood that in computing the change, if any, in the cost-of-living allowance, a change upward or downward in the index amounting to one-half cent or more shall require an adjustment upward or downward to the next full cent. In such case, the difference between the one-half cent or more and the full cent shall be debited or credited as the case may be toward the next adjustment. Where the change exceeds zero or any denominations of 1 cent by less than one-half cent, the fraction shall not affect the adjustment, if any, but shall be debited or credited as the case may be toward the next adjustment. Any previous cost-of-living adjustment shall be debited or credited as the case may be in determining the net adjustment, if any, required by the new quarterly index. In no case, however, shall a downward movement of the index result in a decrease in rates beyond the amount of the cost-of-living allowance included in said rates in this contract.

The cost-of-living allowance of up to 5 cents per hour received by the employees under the agreement existing between the company and the union from October 16, 1955, to October 15, 1957, has been incorporated into the rates of said employees and shall not be decreased as a result of any downward movement of the index below that of the base index of August 15, 1957.

4. In the event the Bureau of Labor Statistics shall not issue the appropriate index on or before the beginning of one of the pay periods referred to in paragraph 2 above, any adjustments required by such index shall be made effective at the beginning of the first pay period after receipt of such index.

5. No adjustments, retroactive or otherwise, shall be made due to any revision which later may be made in the published figures for the index for any month on the basis of which the allowance has been determined.

6. Any quarterly adjustments, upward or downward, in the cost-of-living allowance shall be added to or deducted from the minimum rates for any classification, and shall be computed in the same manner as provided in paragraph 3 hereof. In no case, however, shall a downward movement of the index result in a decrease in minimum rates below those set forth in this agreement. Any previous cost-of-living adjustment shall be debited or credited, as the case may be, in determining the net adjustment, if any, required by the new quarterly index.

7. The parties to this agreement agree that the continuance of the cost-of-living allowance is dependent upon the availability of the official monthly BLS Chicago Consumer Price Index in its present form and calculated on the same basis as the index, 1957-59=100, unless otherwise agreed upon by the parties.

From the agreement between
 RETAIL FOOD INDUSTRY, LOS ANGELES, CALIF., AND
 BUILDING SERVICE EMPLOYEES' INTERNATIONAL UNION
 (expiration date: May 1969)

Beginning with the first Monday of June 1965, 1966, 1967, and 1968, the straight-time hourly rate of pay for all employees in effect on the above dates shall be adjusted for changes in the cost of living based on changes in the Consumer Price Index for Los Angeles (all items—1957-59=100) available on such dates as compared with such index for the previous year on the same date. If such index shows an increase of 3.5 points or more, an adjustment of one-half cent for each 0.5-point change in excess of the 3.5 points aforementioned shall be made. It is intended that each year a new base index (for comparison) shall be established, and the cost-of-living adjustment to be effective at the end of that year shall be based on increases over such base in each year.

From the agreement between
 DANA CORPORATION AND
 INTERNATIONAL UNION, ALLIED
 INDUSTRIAL WORKERS OF AMERICA
 (expiration date: October 1967)

Section 4. Cost-of-Living Allowance. The company and the union agree that employees shall be covered by the provisions of a cost-of-living allowance as follows:

(a) The amount of the cost-of-living allowance shall be determined and redetermined as provided below on the basis of the Consumer Price Index for Urban Wage Earners and Clerical Workers (including single workers)—All Items, published by the Bureau of Labor Statistics, U.S. Department of Labor (1957-59=100) herein referred to as the index.

(b) The cost-of-living allowance made effective at the signing of this agreement is 32 cents per hour based upon the index as of July 15, 1964, at a point between 108.1 and 108.5. During the life of this agreement, adjustments in the cost-of-living allowance shall be made quarter-annually on the basis of changes in the index as follows:

Effective date of adjustment— first pay period beginning on or after	Based upon index as of:
December 1, 1964-----	October 15, 1964
March 1, 1965-----	January 15, 1965
June 1, 1965-----	April 15, 1965
September 1, 1965-----	July 15, 1965
December 1, 1965-----	October 15, 1965
March 1, 1966-----	January 15, 1966
June 1, 1966-----	April 15, 1966
September 1, 1966-----	July 15, 1966
December 1, 1966-----	October 15, 1966
March 1, 1967-----	January 15, 1967
June 1, 1967-----	April 15, 1967
September 1, 1967-----	July 15, 1967

(c) After the date of signing of this agreement, the amount of the cost-of-living allowance which shall be effective for any such quarterly period shall be determined in accordance with the following table.

BLS Consumer Price Index	Cost-of-living allowance in addition to wage scale (cents per hour)
104.6-105.0-----	25
105.1-105.5-----	26
105.6-106.0-----	27
106.1-106.5-----	28
106.6-107.0-----	29
107.1-107.5-----	30
107.6-108.0-----	31
108.1-108.5-----	32
108.6-109.0-----	33
109.1-109.5-----	34
109.6-110.0-----	35
110.1-110.5-----	36
110.6-111.0-----	37
111.1-111.5-----	38
111.6-112.0-----	39
112.1-112.5-----	40
112.6-113.0-----	41
113.1-113.5-----	42
113.6-114.0-----	43
114.1-114.5-----	44
114.6-115.0-----	45

and so forth, with 1 cent adjustment for each 0.5-point change in index.

(d) In no event will a decline in the index below 98.1 provide the basis for a reduction in the wage schedules.

(e) The cost-of-living allowance shall not be added to the base or day rates for any classification but shall be computed on the basis of the hours worked times the amount allowable by the index and shall be taken into account in computing overtime, holiday pay, call-in pay, and vacation pay.

(f) In the event the Bureau of Labor Statistics does not issue the index on or before the beginning of the pay period referred to above, any adjustments required will be made at the beginning of the first pay period after receipt of the index and no adjustments retroactive or otherwise shall be made due to any revision which may later be made in the published figures for the index for any month in which an adjustment may take place.

(g) Unless otherwise agreed upon by the parties, a continuance of this cost-of-living allowance shall be contingent upon the continued availability of the official monthly index in the form agreed to at the time of this signing and calculated on the same basis as the index presently in effect.

From the agreement between
KELLOGG COMPANY AND
AMERICAN FEDERATION OF
GRAIN MILLERS
(expiration date: April 1966)

Section 601. Cost-of-Living Provision. The contract of August 1, 1941, contained a formula for adjustment of wages according to changes in the Consumer Price Index, and subsequent contracts have contained such provisions with amendments. The contract effective April 15, 1964, is amended to include the following provisions:

(a) During the term of this contract a cost-of-living wage adjustment plan will be in effect which will provide an adjustment of wages either upward or downward, over and above the standard wage rate schedule. These adjustments will at all times be based on the official U.S. Department of Labor Consumer Price Index (all items) for the Detroit area, as specified in section 601 (c).

(b) The amount of cost-of-living allowance which shall be in effect for each quarterly period will be determined according to the following table, which is based on an increase of 1 cent per hour for each 0.40-point increase in the index beginning with the review of the May 15, 1964, index.

Cost-of-living allowance (in addition to standard wage scale in cents)	BLS Consumer Price Index
0-----	97.6- 97.9
1-----	98.0- 98.3
2-----	98.4- 98.7
3-----	98.8- 99.1
4-----	99.2- 99.5
5-----	99.6- 99.9
6-----	100.0-100.3
7-----	100.4-100.7
8-----	100.8-101.1
9-----	101.2-101.5
10-----	101.6-101.9
11-----	102.0-102.3
12-----	102.4-102.7
13-----	102.8-103.1
14-----	103.2-103.5
15-----	103.6-103.9
16-----	104.0-104.3
17-----	104.4-104.7
18-----	104.8-105.1
19-----	105.2-105.5
20-----	105.6-105.9

(c) The BLS Consumer Price Index reflecting the final report of prices as of February 15, May 15, August 15, and November 15, will be used for the purpose of making adjustments under this formula. The revised new series index (base 1957-59=100) will be used for the purpose of making adjustments under this section.

Adjustments upward or downward under this formula will be made effective on the first Sunday following receipt by mail at the company's office by a Friday of the Bureau of Labor Statistics monthly bulletin covering the Detroit Consumer Price Index for the appropriate review date.

(d) The cost-of-living allowance shall be in addition to the standard hourly rates for daywork classifications, as shown in the rate schedule included in this contract, and to the total earned rate for all incentive workers, on the incentive jobs which are designated with a double asterisk** in appendix D.

(e) The amount of any cost-of-living allowance in effect at any time shall be included in computing overtime, Sunday, and holiday work premium pay, vacation payments, and call pay.

(f) No adjustments in wage allowance, retroactive or otherwise, shall be made due to any revision which may later be made in the published figures for the index for any base month used in this formula.

(g) Continuance of the cost-of-living allowance is dependent upon the availability of the official index in its present form, and calculated on the same basis, unless otherwise agreed upon by the parties.

(h) In no event will a decline in the index below 97.6 provide the basis for a reduction in the cost-of-living allowance.

From the agreement between
THE BOEING COMPANY AND
INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE WORKERS
(expiration date: September 1965)

Section B. Cost-of-Living Allowance

1. For each of the respective periods designated in subparagraphs 3.a, 3.b, and 3.c of this section B, employees covered by this agreement shall receive a cents per hour cost-of-living allowance if, and to the extent such allowance becomes payable for the particular period under, and in accordance with all of the terms, definitions, and limitations stated in this section B.

2. Determination of the cost-of-living allowance shall be made in reference to the Revised Consumer Price Index—all items, published by the Bureau of Labor Statistics, U.S. Department of Labor (1957-59=100) and referred to herein as the BLS index.

3. The amount of the cost-of-living allowance for such periods shall be determined as follows:

a. The amount of the cost-of-living allowance for, and limited to, the period from and including September 16, 1963, to and including September 15, 1964 (hereinafter in this section referred to as the 1963-64 period), shall be based on (1) the BLS index for the calendar month preceding the calendar month in which the effective date (date of execution) of this agreement occurs (such BLS index being hereafter in this section referred to as the base index) and (2) the BLS index for August 1963. The extent, if any, to which the latter BLS index exceeds the base index shall determine the amount,

if any, of the cents per hour cost-of-living allowance for the period to which this subparagraph a. relates and such amount shall be in accordance with, and limited by the table in paragraph 4 of this section and further limited to the extent that the amount of such cost-of-living allowance for the period shall not exceed 3 cents per hour.

b. The amount of the cost-of-living allowance for, and limited to, the period from and including September 16, 1964, to and including September 15, 1965 (hereinafter in this section referred to as the 1964-65 period), shall be based on (1) the base index and (2) the BLS index for August 1964. The extent, if any, to which the latter BLS index exceeds the base index shall determine the amount, if any, of the cents per hour cost-of-living allowance for the 1964-65 period and such amount shall be in accordance with, and limited by the table in paragraph 4 of this section B and further limited to the extent that the amount of such cost-of-living allowance for the 1964-65 period shall not exceed the cents per hour cost-of-living allowance, if any, for the 1963-64 period plus 3 cents.

c. The amount of the cost-of-living allowance for, and limited to, the period from and including September 16, 1965, throughout the remaining effective period of this agreement shall be based on (1) the base index and (2) the BLS index for August 1965. The extent, if any, to which the latter BLS index exceeds the base index shall determine the amount, if any, of the cents per hour cost-of-living allowance for the period to which this subparagraph c relates and such amount shall be in accordance with and limited by the table in paragraph 4 of this section and further limited to the extent that the amount of such cost-of-living allowance for the period to which this subparagraph c relates shall not exceed the cents per hour cost-of-living allowance, if any, for the 1964-65 period plus 3 cents.

4. The cost-of-living allowance, if any, for the periods designated respectively in 3. a, 3. b, and 3. c above, shall be computed in accordance with the following table, subject to the other applicable limitations of this section:

If the later BLS index designated for the particular period exceeds the base index by—	Cost-of-living allowance (in cents per hour)
0.3 or less-----	None
0.4-0.7-----	1
0.8-1.1-----	2
1.2-1.5-----	3
1.6-1.9-----	4
2.0-2.3-----	5
2.4-2.7-----	6
2.8-3.1-----	7
3.2-3.5-----	8
3.6-3.9-----	9

5. The cost-of-living allowance shall not be added to the base rate for any labor grade, but only to each employee's straight-time hourly earnings. The applicable cost-of-living allowance shall be, however, included in computing overtime payment, third-shift bonus, vacation and holiday payment, sick leave payment, and report time payment.

6. A decline in the BLS index below the level of the base index shall not affect or cause a reduction in the base wage rates designated in section A of this article.

7. If the BLS index in its present form and calculated on the same basis shall be revised therefrom or discontinued, the parties shall attempt to determine an appropriate index figure by agreement or if agreement is not reached, the parties shall request the Bureau of Labor Statistics to make available a BLS index in its present form for the appropriate date or dates, and calculated on the same basis.

Appendix D. Identification of Clauses

<u>Clause number</u>	<u>Employer and Union</u>	<u>Expiration date</u>
1	General Motors Corp ----- Automobile (UAW).	September 1967
2	National Skirt and Sportswear Association, Inc ----- Garment, Ladies (ILGW).	May 1967
3	Federal Department Stores, Inc ----- Clothing (ACWA).	January 1965
4	Construction Industry Employers Association of Buffalo, N.Y.----- Iron Workers (BSOIW).	May 1966
5	New York State Over-the-Road Motor Freight Agreement ----- Teamsters (TCWH) (Ind.).	July 1964
6	Associated Food Retailers of Greater Chicago and The Retail Chain Food Stores ----- Retail Clerks (RCIA).	November 1964
7	Arvin Industries, Inc ----- Electrical, Brotherhood (IBEW).	November 1965
8	Becton, Dickinson and Co ----- Electrical, International (IUE).	March 1966
9	The Florsheim Shoe Co ----- Shoe Workers, United (USW).	October 1964
10	Mattel, Inc ----- Rubber (URW).	January 1967
11	American Metal Climax, Inc.—United States Metals Refining Co ----- Mine, Mill (MMSW) (Ind.).	June 1964
12	Johnson Bronze Co ----- Automobile (UAW).	September 1962
13	Anchor Hocking Glass Corp ----- Flint Glass (AFGW).	September 1965
14	Admiral Corp ----- Electrical, Brotherhood (IBEW).	September 1966
15	Stackpole Carbon Co ----- Electrical, International (IUE).	March 1966
16	The United Gas Improvement Co.—Philadelphia Gas Works Division ----- Gas Works Employees' Union of Philadelphia (Ind.).	March 1965
17	The Stanley Works—Stanley Tools Division ----- Machinists (IAM).	January 1966
18	General Electric Co ----- Electrical, International (IUE).	October 1966
19	Douglas Aircraft Co ----- Machinists (IAM).	July 1965
20	Aerojet—General Corp.—Sacramento, Calif ----- Machinists (IAM).	May 1965
21	Popular Price Dress Contractors Association, Inc ----- Garment, Ladies (ILGW).	January 1967
22	National Association of Blouse Manufacturers ----- Garment, Ladies (ILGW).	December 1964
23	Industrial Association of House Dress, Robe and Uniform Manufacturers, Inc ----- Garment, Ladies (ILGW).	December 1963
24	Chicago Meat Packers and Wholesalers Association ----- Meat Cutters (MCBW).	April 1964

<u>Clause number</u>	<u>Employer and Union</u>	<u>Expiration date</u>
25	The Procter and Gamble Co.—Ivorydale and St. Bernard, Ohio Plants ----- Ivorydale and St. Bernard Employees' Representation Association (Ind.).	February 1964
26	United Shoe Machinery Corp.—Beverly Factory ----- Electrical, United (UE) (Ind.).	March 1964
27	General Freight Agreement—Maine ----- Teamsters (TCWH) (Ind.).	April 1967
28	Carnation Co ----- Teamster (TCWH) (Ind.).	December 1963
29	Granite Manufacturers—Vermont ----- Granite Cutters (GCIA).	April 1965
30	The Bunker Hill Co ----- Northwest Metal Workers (Ind.).	December 1965
31	San Francisco Newspaper Publishers' Association ----- Newspaper Guild (ANG).	September 1963
32	Franklin Association of Chicago ----- Typographical (ITU).	June 1964
33	Master Builders' Association of Western Pennsylvania, Inc ----- Engineers, Operating (IUOE).	May 1964
34	Plumbing and Pipe Fitting Industry—San Francisco and three other counties ----- Plumbing (PPF).	March 1966
35	American Bosch Arma Corp ----- Electrical, International (IUE).	September 1964
36	Campbell Soup Co ----- Retail, Wholesale (RWDSU).	November 1964
37	Ingersoll—Rand Co ----- Electrical, International (IUE).	July 1963
38	Clark Equipment Co ----- Automobile (UAW).	January 1965
39	Ford Motor Co ----- Automobile (UAW).	September 1967
40	Thompson Ramo Wooldridge, Inc.—Cleveland Area ----- Aircraft Workers Alliance, Inc. (Ind.).	May 1967
41	Hillman's Inc ----- Building Service (BSE).	October 1965
42	The Boeing Co ----- Machinists (IAM).	September 1965
43	Swift & Co ----- Packinghouse, National Brotherhood (NBPW) (Ind.).	August 1964
44	Dana Corp.—Salisbury Division ----- Industrial (AIW).	October 1967
45	Aerojet—General Corp.—Downey, Calif ----- Steelworkers (USA).	November 1965
46	Schluderberg—Kurdle Co ----- Meat Cutters (MCBW).	August 1967
47	Food Employers Council, Inc. and two others ----- Retail Clerks (RCIA).	March 1964
48	SKF Industries, Inc ----- Steelworkers'(USA).	October 1965
49	Retail Drug Store Operators—Hollywood, Calif ----- Retail Clerks (RCIA).	June 1966
50	Mitchell—Bentley Corp.—Iona Manufacturing Co ----- Furniture (UFW).	October 1964
51	I/A Bakery Agreement—Greater New York City Area ----- Bakery (BCW) (Ind.).	January 1965
52	The National Acme Co ----- Mechanics Educational Society (MESA).	September 1967

<u>Clause number</u>	<u>Employer and Union</u>	<u>Expiration date</u>
53	Retail Apparel Merchants, Inc ----- Clothing (ACWA).	August 1963
54	National Master Freight Agreement----- Teamsters (TCWH) (Ind.).	March 1967
55	Oscar Mayer and Co ----- Meat Cutters (MCBW).	August 1967
56	Food Employers Council, Inc ----- Retail Clerks (RCIA).	March 1969
57	The Dow Chemical Co.--Midland, Mich----- Mine--District 50 (UMW-50) (Ind.).	March 1965
58	Graphic Arts Employers Association----- Lithographers (LPIU).	October 1964
59	Allis--Chalmers Manufacturing Co ----- Independent Engineers' and Draftsmen's Association (Ind.).	November 1962
60	Pacific Coast Shipbuilders ----- Carpenters (CJA).	June 1965
61	Public Service Coordinated Transport----- Transit (ATU).	February 1966
62	Deere and Co ----- Automobile (UAW).	September 1964
63	League of New York Theaters, Inc ----- Actors Equity (AEA).	May 1964
64	John Morrell and Co ----- Packinghouse (UPWA).	August 1964
65	Chrysler Corp ----- Automobile (UAW).	August 1964
66	Motor Wheel Corp ----- Industrial (AIW).	August 1964
67	Rock Products and Ready Mix Employers of Southern California-- Teamsters (TCWH) (Ind.).	August 1964
68	Allied Chemical Corp.--Solvay Process Division----- Mine--District 50 (UMW-50) (Ind.).	June 1964
69	Northrup Corp.--Ventura Division----- RPA, Inc. (Ind.).	August 1964
70	Sangamo Electric Co ----- Selco Union (Ind.).	November 1965
71	Owens--Corning Fiberglas Corp ----- Glass Bottle (GBBA).	May 1963
72	Sperry Rand Corp.--Sperry Gyroscope Co ----- Electrical, International (IUE).	June 1967
73	Beech Aircraft Corp ----- Machinists (IAM).	June 1963
74	Lear, Inc ----- Automobile (UAW).	January 1965
75	Central Motor Freight Association, Inc ----- Teamsters (TCWH) (Ind.).	January 1964
76	Associated Spring Corp.--Bristol Divisions ----- Automobile (UAW).	October 1966
77	McInerney Spring and Wire Co ----- Automobile (UAW).	January 1965
78	Eaton Manufacturing Co.--Axle Division----- Mechanics Educational Society (MESA).	July 1964
79	The Martin--Marietta Corp.--Martin Co. Division----- Automobile (UAW).	November 1966
80	Lockheed Aircraft Corp.--Lockheed Missiles and Space Co ----- Machinists (IAM).	July 1965
81	General Dynamics Corp.--General Dynamics/Fort Worth Division-- Machinists (IAM).	November 1965
82	Food Industry, Inc ----- Meat Cutters (MCBW).	January 1965

<u>Clause number</u>	<u>Employer and Union</u>	<u>Expiration date</u>
83	Wholesale Grocers, Chainstore and Retailer owned Warehouse Operators of Minneapolis Teamsters (TCWH) (Ind.).	May 1964
84	Wyandotte Chemicals Corp.—Industrial Chemicals Division..... Oil, Chemical and Atomic Workers (OCAW).	April 1965
85	Ling—Temco—Vought, Inc.—Chance Vought Corp. and Temco Electronics and Missiles Co. Divisions..... Automobile (UAW).	October 1965
86	The Budd Co Automobile (UAW).	October 1964
87	Textron, Inc.—Cambell, Wyant and Cannon Foundry Co. Division Automobile (UAW).	March 1965
88	Trico Products Corp Trico Workers Union (Ind.).	August 1964
89	Scovill Manufacturing Co.—Waterbury Divisions..... Automobile (UAW).	August 1963
90	Central States Area—Local Cartage Agreement Teamsters (TCWH) (Ind.).	January 1964

NOTE: All unions are affiliated with the AFL—CIO except those followed by (Ind.).

The new Bulletin 1425 series on major collective bargaining agreements is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402, or from the BLS Regional Offices as shown on the inside back cover.

- BLS Bulletin 1425-1: Grievance Procedures (price 45 cents).
- BLS Bulletin 1425-2: Severance Pay and Layoff Benefit Plans (price 60 cents).
- BLS Bulletin 1425-3: Supplemental Unemployment Benefit Plans and Wage-Employment Guarantees (price 70 cents).

For a list of other industrial relations studies, write for A Directory of BLS Studies in Industrial Relations, 1954-65.

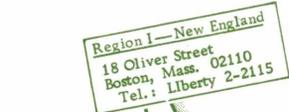
BUREAU OF LABOR STATISTICS REGIONAL OFFICES



Region V—Western
450 Golden Gate Avenue
Box 36017
San Francisco, Calif. 94102
Tel. : 556-4678



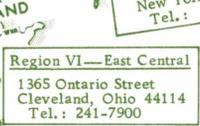
Region IV—North Central
219 South Dearborn Street
Chicago, Ill. 60604
Tel. : 828-7230



Region I—New England
18 Oliver Street
Boston, Mass. 02110
Tel. : Liberty 2-2115



Region II—Middle Atlantic
341 Ninth Avenue
New York, N.Y. 10001
Tel. : 971-5405



Region VI—East Central
1365 Ontario Street
Cleveland, Ohio 44114
Tel. : 241-7900



Region III—Southern
1371 Peachtree Street, NE.
Atlanta, Ga. 30309
Tel. : 526-5418

