THE GUARANTEED ANNUAL WAGE IN COLLECTIVE BARGAINING*

I. FACTUAL AND GENERAL STUDIES


A guide to the Latimer report with critical comment and the authors' own reactions to its implications for industry. They advocate "prudent experimentation" with voluntary plans and "above all" experimentation with employment stabilization, with or without guarantee plans.


Covers labor's position on the annual wage, company experience, pertinent economic data, and implications for management-labor relations, business policy, the economic structure, and public policy.


A recent analysis by the Bureau of Labor Statistics of 2500 contracts showed that only 184 "provided for a guarantee of any type." Most of these were "very limited." This article summarizes developments and comments briefly on the various types of guarantees found in the contracts analyzed. Of these, only 20 agreements covering some 12,000 workers "guaranteed wages or employment throughout the year or for a substantial part of the year."

Snider, Joseph L. *The guarantee of work and wages.* Boston: Division of Research, Graduate School of Business Administration, Harvard University. 1947. 191 pp. $2.75.

Analyzes experience with guarantee plans and discusses next steps toward security of work and wages to be taken by management and labor, and long-range objectives and long-range measures for employment security, including the role of government.


* Items from this list should be ordered directly from the publisher. Addresses are given in connection with each reference.
Covers the extent and nature of plans and experience in 62 selected cases, together with a summary of management and labor evaluation of results. Parts I and III of this bulletin were included in the Latimer report.


Commonly referred to as the "Latimer report," this is the most comprehensive study and compilation of data available. Its chief recommendation was that guaranteed wage plans be tied in with unemployment insurance through legislative action. Included are calculations of the costs of three different types of plans, case histories of existing plans, and an economic analysis with policy recommendations prepared by Alvin H. Hansen and Paul A. Samuelson.

2. DISCUSSIONS OF SPECIFIC ISSUES


A critique of the proposal made in the Latimer Report that guaranteed wages be used to supplement unemployment insurance benefits which argues that its merits are outweighed by the objections to it. The author feels that “The key problem is not the relationship between the two kinds of payment but the inadequacy of unemployment benefits.”


Discusses the economic effects of guaranteed wage plans and the role of public policy in encouraging income security, with particular emphasis upon the effects of collective bargaining in this field.


The author demonstrates “that the so-called guaranteed annual wage contract establishes a market relationship fundamentally different from that which underlies the conventional wage-rate contract.” He regards labor’s drive to introduce a “price-quantity” type of bargaining as “only one particular instance of the more general tendency” toward a new kind of marketing agreement.


Examines effects on employment and purchasing power of adoption of an annual wage guarantee by a single firm, a single industry, and all
industry. Concludes that an annual wage would not solve the problem of cyclical unemployment and that it would redistribute, rather than augment, the real national income.


"... an analysis of the recommendations on the relationship between unemployment insurance and guaranteed wages made in the report to the President...[made] under the direction of Mr. Murray W. Latimer." Discusses the effects of the proposal on existing principles of unemployment insurance and its advantages and disadvantages.

3. MANAGEMENT AND THE GUARANTEED ANNUAL WAGE


A practical guide to the setting up of an annual wage plan or the achievement of more stable employment. With specific reference to the former concludes that "an annual wage can be best applied, when it is least needed; and when it is most needed, it can be least applied" and also that "a beginning could be made by most companies toward more stable employment."


Mr. French reviews "the nature of organized labor's demands and recent trends in collective bargaining," and also outlines the general considerations which management should keep in mind in preparing to bargain on the guaranteed annual wage. Mr. Teplow develops the problem from the viewpoint of the individual company. He advocates that management "seize the initiative" and "demonstrate by its policies, actions and communications that it recognizes the problem and is determined to do all in its power to meet the need."

Fisher, Waldo E. "What can be done about the annual wage?" Making the most of your human resources. Manufacturing Series No. 208. New York 36. American Management Association (330 W. 42nd St.). 1953. pp. 35-46. $1.00 (members); $1.25 (non-members).

Discusses what "management can do to place itself in a better position to operate under a guaranteed wage or employment plan." Emphasizes the advantages to the employer of employment stabilization and also outlines factors which need to be considered in negotiations with unions in order to avoid a guarantee plan "that is financially unsound and unworkable."
Smith, Bradford B. *Statement with regard to the unemployment benefits (guaranteed wage) demand*. In the matter of the United Steelworkers of America and various steel and iron ore companies before the Wage Stabilization Board. Companies' Exhibit No. 21, February 13, 1952. 29 pp.

Presents the steel companies' case against the plan submitted by Mr. Latimer for the union. Also of interest are a supplemental statement by Donald F. Pease, Companies' Exhibit No. 21A, Mr. Latimer's rebuttal statement, and Mr. Pease's rebuttal of Mr. Latimer (Companies' Exhibit No. 29).

4. LABOR AND THE GUARANTEED ANNUAL WAGE


An explanation by the Research Director of the United Steelworkers and the Chairman of the CIO Committee on the Guaranteed Annual Wage of "what actually is being demanded by organized labor."

Latimer, Murray W. *A guaranteed wage plan for the workers in the steel industry*. In the matter of the United Steelworkers of America and various steel and iron ore companies before the Wage Stabilization Board. 1952. 52 pp. *Appendix*. 55 pp.

This proposal is similar to that contained in the Latimer report, though more limited in coverage and amount of benefits. The appendix gives a detailed description of the method used in estimating probable costs to the steel industry.


Outlines the Steelworkers' 1952 proposal and the major industry objections. The author believes that it would "be unfortunate in the extreme if there should develop a strong movement in the basic durable goods industries toward direct employer guarantees. . . . On the other hand, the type of arrangement proposed by the United Steelworkers . . . is capable of adaptation to a wide variety of circumstances and is capable of reconciling the security interests of the employees with the financial interests of the employer."

*United Automobile Worker* (8000 E. Jefferson Ave., Detroit 14), April, 1953. "Delegates pledge full UAW resources to battle for guaranteed annual wage." pp. 2, 4. 10 cents.

Includes text of the resolution adopted at the recent convention of the UAW-CIO which gives the principles upon which the Union believes an annual wage plan should be based. "The UAW-CIO position remains flexible as to means for implementing the objective of the guaranteed wage. It is completely inflexible and totally committed as to the objective itself."