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Some Issues Involved in Guaranteed Wage and Employment Demands
Quelques résultats du salaire et de l'emploi garantis

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Résumé de l'article

L'étude suivante comporte:

1. un examen des principales caractéristiques d'un « salaire annuel garanti »;
2. un exposé de quelques-uns des problèmes que soulèverait son application;
3. et certains commentaires sur l'opinion de différents groupes à ce sujet.

I. PRINCIPALES CARACTÉRISTIQUES D'UN PLAN

II convient d'abord de remarquer que l'expression « salaire annuel garanti » est appliquée à une variété considérable de plans et que, de ce fait, son contenu varie d'autant. «Grosso modo», c'est la garantie d'un revenu minimum — le maximum étant indéterminé — pendant une période donnée.

Deux genres de plans sont habituellement proposés: le plan «classique», lequel garantit un certain nombre d'heures de travail et l'« autre », qui propose la constitution d'un fonds de réserve à même lequel les salaires seraient payés en cas de licenciement, jusqu'à épuisement du fonds.

Mais quelle catégorie de travailleurs doit être couverte par une telle garantie? Les officiers supérieurs d'une compagnie sont généralement assurés, par contrat, d'une salaire pour plusieurs années. Les « collets blancs » sont un peu dans le même cas, leur travail étant moins directement affecté par les contingences de la production. Il reste les travailleurs payés à l'heure, que ne protège aucune garantie: ce sont eux qui la demandent. Cependant, la clause de séniorité que contient la plupart des contrats laisse en plan les travailleurs les plus vulnérables: ceux précisément dont l'emploi varie le plus.

Mais, une fois la garantie accordée, est-elle vraiment effective? En fait, deux raisons peuvent en limiter l'efficacité, a) L'incapacité financière de la compagnie: cette dernière peut être acculée à la banqueroute à cause même des obligations de la garantie ou — si la garantie est payée à même un fonds de réserve, — on fait que ce dernier n'ait pas eu le temps de se constituer solidement avant qu'on y ait recours, b) Les clauses « d'évasion »: en effet, la garantie peut être limitée à un certain montant d'argent au-delà duquel la garantie ne vaut plus; ou elle peut être conditionnée à la stabilité des ventes; ou encore, suspendue, si — par exemple •— l'arrêt de la production est dû à la grève d'un fournisseur, etc.

Quel serait le coût de semblables garanties? Tout dépend de la nature de l'industrie et du type de plan. Dans les industries à variation saisonnière, il dépend de l'habileté de la gérance à régulariser la production. De plus, en jouant sur le nombre d'ouvriers couverts et en incluant quelques clauses « d'évasion », un plan peut être formulé qui ne soit nullement coûteux pour la compagnie, mais inutile aux travailleurs.

2. PROBLÈMES SOULEVÉS PAR LA MISE EN APPLICATION D'UN PLAN

1. Comme toute réserve mise de côté pour des paiements futurs, le « fonds » serait sujet à taxation. A cet égard, on peut prévoir des démêlés avec l'impôt sur le revenu.
2. De plus, que ferait-on du fonds? dans quoi l'investirait-on, qui lui conserverait une forte liquidité? jusqu'à quel niveau le laisserait-on croître?
3. Une difficulté plus considérable consisterait dans son intégration avec le plan d'assurance chômage déjà existant.

1. Il faudrait amender la loi afin que le « revenu garanti » ne soit pas considéré comme « revenu » au sens de la loi, ce qui rendrait l'ouvrier non-éligible aux bénéfices de l'assurance-chômage.
2. Un «chômeur» doit s'enregistrer pour qu'on lui trouve un autre travail. Un « salaire garanti » serait une façon d'obliger le patron à financer l'ouvrier pendant qu'il se cherche du travail ailleurs.
3. L'éligibilité (et sa durée) à un plan ou à l'autre ne sera peut-être pas concurrente, ce qui causera d'autres problèmes.
4. La clause liaison qui devra exister entre l'employeur et les officiels de l'Assurance-chômage portera les ouvriers à croire que l'administration de cette dernière est trop fortement influencée par les patrons.
5. Enfin, advenant la nécessité de licencier des ouvriers, par qui commencera-t-on? Les plus anciens ou les tout nouveaux?

3. L'OPINION DES DIFFÉRENTS GROUPES

Mais que pense-t-on du « salaire annuel garanti »?

1) Les employeurs

Leurs opinions diffèrent. Mais, en général, ils s'opposent à l'établissement de tels plans, croyant que d'autres solutions devraient être recherchées. Les caractéristiques qu'ils croient indésirables sont les suivantes:

1. l'administration conjointe du plan serait une entaille à « leurs prérogatives
2. c'est une façon de promouvoir les conventions collectives à l'échelle de l'industrie;
3. les demandes actuelles sont peut-être raisonnables. Mais où ne peuvent-elles pas conduire?
4. c'est ouvrir la porte à une intervention i>his considérable du gouvernement dans le monde des affaires;
5. mais surtout, l'adoption de tels plans restreindra les opérations des entreprises; elle préviendra l'introduction de nouveaux produits sur le marché et retardera les progrès technologiques.

En général, cependant les entrepreneurs reconnaissent que beaucoup peut être fait pour la régularisation de l'emploi si tous veulent s'unir: gouvernements, unions ouvrières, consommateurs et employeurs.

2) Les unions ouvrières

Là aussi, tout le monde n'est pas d'accord: quelques-uns croient que tous les efforts devraient être affectés à l'obtention de bénéfices plus directs et immédiats. La majorité croit que l'adoption d'un plan est une façon de forcer les patrons à une plus grande efficacité. 3) La commission d'assurance-chômage.

Ils s'y opposeront probablement parce qu'ils ont peur que l'adoption extensive de tels plans diminue le désir de trouver un autre emploi, accentue les efforts des patrons qui s'uniront aux ouvriers pour demander une plus grande libéralisation du fonds d'assurance-chômage; que, subséquemment, il leur faudra hausser le taux des prestations, ce qui soulèvera l'ire des firmes plus stables qui s'avoueront pénalisées pour celles qui ne le sont moins.

CONCLUSION

Il n'est pas facile d'évaluer le pour et le contre de l'adoption généralisée de tels plans: trop d'informations d'ordre expérimental nous manquent. Cependant, à cause de l'importance de la question, il est essentiel que les responsables deviennent familiers avec les problèmes soulevés par l'application de tels plans.

Some Issues Involved in Guaranteed Wage and Employment Demands

Rodney F. White

One of the most important aspects of this year's negotiations in the automobile and other industries is the demand by the unions for some form of guaranteed employment plan. In this article the author examines the basic features of wage and employment guarantees and how they are viewed by different groups and suggests some of the problems involved in implementing these guarantees.

Introduction

An important goal of a number of U.S.A. and Canadian unions in their negotiations during the current year is the obtaining of some form of guaranteed employment plan. Because of the growing interest in this type of guarantee, it seems desirable to examine what lies behind the present demands and to suggest some of the difficulties which may arise in instituting plans of the sort which are currently under consideration.

The experience of some of the companies in the United States who first developed plans of this kind provides some useful knowledge in this area, but the majority of the literature in the field is necessarily speculative in nature [1] and much of it refers to arrangements which were very different from those being sought today. There is considerable lack of agreement regarding both the desirability and feasibility of guaranteed employment plans, and this indicates the need for continued study and reseach on this question.

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(1) The number of guaranteed wage and employment provision at present incorporated into collective bargaining agreements in Canada is extremely small. (CF: Dept. of Labor — Labour Gazette — Sept. 1953)

A DEFINITION OF THE SUBJECT

The term "guaranteed wage and employment plan" has been applied to a fairly wide variety of arrangements, but most of these fall into two main groups (a) income guarantees such as a guaranteed annual wage, (b) employment guarantees — a guaranteed number of hours per day, days per week, and weeks per year. In addition to these two main types, the term has often been used to refer to wage-advance schemes, dimissal wage plans, employment stabilization programs, employee loan systems and a variety of other related arrangements.

The scope of this term can be indicated by referring to two of the definitions which has been developed in the literature: "(Every) plan under which. . . an employer guarantees to all or a definite unit or *group of his employees a wage or employment for at least three months*". [2]

"An arrangement whereby an employer having undertaken to provide employment at the ordinary rates of pay for a specified number of hours, days or weeks, pays a specified amount of wages if, the worker being available, neither his customary work nor reasonably alternative work can be provided." [3]

Because the current demands in the automotive and other large industries are for guaranteed employment plans, there will be an emphasis here of this type of arrangement. It can be said generally that the plans presently being proposed in the durable-goods industries are more liberal with respect to the extent of the guarantee demanded than earlier versions have been.

EARLIER GUARANTEED WAGE AND EMPLOYMENT PLANS

Guaranteed wage and employment plans are not a new phenomenon on the American industrial scene. The earliest plan still operating today is the National Wallpaper Company plan which dates from 1894. Before the 1920's, however, the twenty plans which did exist were all very limited in scope and covered only very high seniority men in a basic crew which the employer wanted to keep together. The period of the twenties saw the introduction of a number of larger plans

(2) OWMR *Report to the President on Guaranteed Wages* (the Latimer Report) — U.S. Gov't printing office — Washington 1947.

(3) Report of the sub-committee on wages of the I.L.O. Iron and Steel committee — Geneva — 1949.

(Proctor and Gamble's is perhaps the best example), which, although quite dissimilar in several respects, did display many interesting elements of similarity such as the following:

(a) They were all in relatively small firms, usually family owned, and under the domination of a simple man, (like Colonel Proctor or Jay C. Hormel.)

(b) They were all employer-initiated, and usually designed, in part, as one method of combatting the formation of labor unions.

(c) They were all in consumer, non-durable goods industries, or in distributing firms, which were subject to marked seasonal demand but little touched by cyclical fluctuations. (Most plans involved a number of major safeguards which would give the Company an easy 'out' if it was confronted by a long term decline in the market.)

There were only three plans in the hard goods industries — G. M., G. E., and International Harvester, and none of these plans appear to have been in any true sense a guaranteed annual wage (with the possible exception of G. E.'s plan); data on their operation is incomplete and unsatisfactory, and all the plans were withdrawn after a very short period of operation. The General Motors plan was no more than a wage advance plan, and existed from 1939 to 1941. The plan was discontinued at the end of 1941, apparently because of employee indifference under wartime conditions of full employment.

DIFFERENT TYPES OF PLANS

The most rigid form of guarantee which can be demanded is a guarantee of wages — a fixing of a minimum annual income from employment for each employee, with an obligation on the part of the employer to pay any difference between actual earnings and the guaranteed minimum. Such a guarantee would give the wage earner a security superior to that of the Company's bond and share holders since although the minimum income is fixed, nobody imposes a maximum income. When there is an abundance of work, the employee may earn substantially more than the guaranteed minimum, yet, he still has his security to protect him in poorer times.

A guaranteed annual wage will prevent the employer from cutting costs by transfers to "made work" and lower paid jobs when times are slack, something he could, at least in theory, do when only hours are guaranteed. The minimum guarantee needs not, of course, be a full guarantee of normal weekly earnings multiplied by fifty-two; much less may be guaranteed. It would seem, however, that there is little to be gained by a 'safe' guarantee of wages. There are better ways of limiting the Company's liability. Announcement of a very limited guarantee of wages is more likely to be disturbing than reassuring to workers who have experienced full employment in a period of prosperity.

With respect to hours, the Company may guarantee a fixed minimum number of hours of work annually. Unless there is freedom to transfer to lower paid jobs in slack periods, such a guarantee is not really different from the above; arithmetically the costs will be the same. Most plans which are now in operation are phrased in terms of hours, however, following the lead of the traditional plans (Proctor & Gamble, Hormel) which were set up in this manner.

The above descriptions refer to the 'classical' type of guaranteed annual wage plan involving guarantees of hours or wages. Most existing and functioning plans are of this general type, but there are strong reasons to believe that an extension of this type of plan into the capital goods and consumer durable-goods fields is not to be expected. None of the present C.I.O. proposals call for a guarantee of either wages or hours. For example, the U.A.W. is asking for (1) 40-hours pay for any worker called in [4] and (2) a Company plan to supplement unemployment. Insurance benefits from a reserve fund established in good years by a Company payment into a trust fund equal to so many cents per hour worked or a percentage of payroll. [5] The Company's liability is strictly limited to the amount in the trust fund at any time; the cost of the 'guarantee' (so-called) can be determined in advance, and, so far as costs are concerned, is for practical purposes identical to a general wage increase of a certain percentage of pay-roll or of so many cents per hour.

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(4) The Packinghouse Workers have had this sort of guarantee for about ten years (CF: Agreements between Canada Packers & UPWA — *Labor Gazette*, Dec. '46, Feb. '53).

(5) CF: U.A.D. — "Preparing a Guaranteed Employment Plan".

WHO REQUIRES GUARANTEED EMPLOYMENT?

This present day and age is characterized by a general feeling of insecurity in all areas of daily life. As a result people in almost all occupations are more security-conscious than they were in earlier times. The fact that our mass production economy operates in such a way that three quarters of its workers are dependent on money wages to support themselves and their families means that the bulk of the population rely on the continual operation of the productive process, and any interruption in the receipt of their regular pay cheques creates almost immediate hardship. Therefore, any program which will guarantee wages has a wide appeal.

Let us examine the various positions existing now in industry. The executive who enters into a contract of employment for a year or several years with a corporation has a simple form of Guaranteed Annual wage. Subject to the legal doctrine of frustration of contract, and to other special provisions which his contract may contain, such an executive has full security of employment for the period of the contract. Should his employer wish to dispense with his services for some reason other than those contained in the provisions of the contract, (*e.g.*: a reorganization of the operations of the corporation) the employer will usually have to make some kind of financial settlement with him in return for his agreement to rescind the contract of employment.

Similarly, it can still be said of salaried white-collar workers in many branches of industry that they have, by custom, a form of guaranteed employment. There is still an understanding in many places that most types of salaried workers will be retained in employment despite other than major variations in the volume of the Company's operations. Though this difference in the security of salaried and hourly-paid employees is not now as marked as it was some years ago, salaried employment is still substantially more secure than employment which is hourly paid.

The hourly-paid worker, therefore, is the one whom guaranteed employment plans are designed to protect since he is still — at least in theory — menaced with layoff from hour to hour. Though few employers actually follow this in practice, many business theorists would maintain that an hourly-paid worker should not be kept on the payroll once he ceases to produce an amount which is at least equal to his earnings. The unions are further suggesting that the current trend towards automation is providing an added threat to the security of the hourly-paid worker and therefore is steadily increasing the need for some form of employment guarantee.

It is also important to note a further impetus behind the drive for some form of guaranteed employment by the industrial unions. Not only can it be seen as an attempt by the hourly-paid worker to lessen what he considers to be the economic inequalities inherent in the above comparison, but it is also viewed by many as one aspect of the movement on the part of blue-collar workers towards a more equal social status to that of white-collar workers.

WHO WOULD BE COVERED BY A GUARANTEE?

Usually, the coverage of a guarantee is defined in terms of seniority. The unions naturally desire a coverage clause which includes all workers except probationary employees. The employers, on the other hand, favour limiting the guarantee to high seniority employees, (who are really in little danger of layoff) but they seem to be agreeing to fairly complete coverage and are using other means to limit their liability. One of the difficulties in limiting guarantee coverage by seniority is the unpopularity of such guarantees with employees who have little seniority and whom the guarantee does not cover. These people often comprise a large block of votes and carry heavy weight in industrial unions of the C.I.O. Their insecurity is actually increased by the very fact that the employment of senior men is guaranteed; they lose what the senior men gain and tend to become a marginally employed group, employed only at the peak of the boom (since the employer will prefer to work his guaranteed men overtime, especially if there is a set-off, before hiring more hands whom he may eventually have to guarantee). Hence, the unions will fight very hard before conceding a limitation of the guarantee to high-seniority men only.

CAN EMPLOYEES DEPEND ON THE GUARANTEE?

Leaving out of consideration the fact that in many cases those workers most in need of a guarantee won't be covered, how sure is the guarantee for those who are covered ? Two factors may provide serious limitations on the effectiveness of a guarantee — the company's ability to pay and the existence of 'escape' clauses in the contract.

The first of these factors can operate in either of two ways: (1) If the company goes bankrupt trying to meet its guaranteed employment plan commitments the guarantee isn't worth much to the workers. (2) If the 'guaranteed employment' payments are being financed from a trust fund and the fund has not had time to reach sizable proportions when an emergency arises, then, again, the guarantee has little meaning.

The second of these factors can be illustrated by reference to some of the 'escape' clauses which are written into existing contracts or have been in force in earlier contracts. Like the plans themselves, the 'escape' clauses have an almost infinite variability which runs from provisions which practically reduce the guarantee to meaninglessness to those which have no apparent loopholes. Two examples of the first kind are the following: (a) "So long as Ewin O. Freund be living and under no disability, his interpretation of the meaning of the provisions of this Plan shall be binding on both the Company and the Employees. Uupon his death or disability, this Plan shall be interpreted by the then President of the Company". [6]

"...there shall be no guaranteed hours of work or pay... when, in the Company's judgment, it is not practical to operate the stock yards because of slack business or inability of the Company to find employment for all regular men." [7]

Other plans have included 'escape' clauses which are not so drastic and do leave a substantial guarantee intact. There are agreements which, for example:

(1) Permit the employer to submit a "hardship" case to arbitration and empower the arbitrator to relieve him of his guarantee obligations.

(2) Permit termination on 90-days notice to coincide with the end of the Labor year.

(3) Limit total cost of the guarantee to an agreed amount.

(4) Make maintenance of the guarantee conditional upon continuance of sales at or above a certain percentage of sales in an agreed base period.

(5) Include suppliers strikes as excepted events which will not involve the employer in guarantee payments for resulting slack time.

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(6) Visking Corporation

(7) CF: U.S. Dept. of Labor — "Collective Bargaining Provisions — Guaranteed Employment and Wage Plans".

It can be seen from these examples that the way in which the contract is worded can be a crucial factor in determining its effectiveness.

COSTS INVOLVED IN IMPLEMENTING A GUARANTEED EMPLOYMENT PLAN

In examining the matter of the cost involved in implementing a form of guaranteed wage or employment plan, there are important differences depending on the nature of the industry involved and the type of plan being considered. For example, by writing a guarantee with an appropriate balance and adjustment of these three variables — wages, hours and coverage, — and by a judicious insertion of other 'escape' and limited-liability clauses, it is quite possible to arrive at a guarantee scheme which is quite 'painless' to the Company and virtually useless to the employees. Needless to say, such a guarantee is not what Reuther, MacDonald, etc., are fighting for. On the other hand, by a change in the extent of the hours, and coverage it is also possible to bankrupt any company, particularly in the hard goods field.

The success of a guaranteed employment plan in an industry subject to seasonal fluctuations directly depends on management's ability to minimize costs of the guarantee by stabilizing production. Stabilizing production seems to be easier for the small firm than the large, since it is possible to develop complementary products without significantly affecting the market. A firm like an automobile manufacturing company which is highly specialized product-wise has the problem of inventory accumulation in slack periods if it attempts to stabilize production. This could possibly be met in part by shifting some of this responsibility on to dealers; but the Company would have to expect to incur greater costs in providing some form of guarantee to the dealers.

If we look at the sort of plan currently being advocated by the U.A.W., the employers' liability is limited to the extent of the trust fund. However the cost of building up the fund (with no contributory element) has been estimated at from four to six percent of current payroll and that is a very sizable cost item. There are also the problems of the necessary revision in the income-tax and unemployment-insurance regulations which will be discussed later. Since there is no record of a scheme of any kind which has been financed on a reserve fund basis, there is no direct industrial experience to use as a guide for evaluating a proposal of this kind.

SOME OPERATION PLOBLEMS OF GUARANTEED EMPLOYMENT PLANS

Since there are no plans which involve the supplementation of unemployment compensation benefits presently in existence, the problems to be discussed here are of an exploratory nature. However, they do bear directly on the plans proposed by some of the C.I.O. unions.

In the first place, under existing income tax laws, any reserve set aside for the purpose of providing future payments under a guaranteed employment scheme would probably be subject to taxation at a high rate as a form of undistributed profits. (There is, of course, the possibility that new legislation could be passed to cover this case.)

Secondly, there are a number of unanswered questions concerning the reserve fund itself such as, how large should it be allowed to grow; what would it be invested in so as to provide high liquidity; should it be divided into sections which would apply to different seniority groups, etc.

Probably the most difficult problems surround the actual integration of guaranteed employment payments with unemployment compensation benefits. The first hurdle here would be to get unemployment insurance regulations amended so as to prevent the guaranteed employment payments from being regarded as earnings and so disentitling the worker to unemployment insurance benefits. Once this was achieved the following problems would be likely to arise:

(a) The recipient of unemployment insurance benefits must register for other employment and must accept suitable work with another employer if it is offered him. Under these circumstances, the supplementing employer may well find himself paying additional benefits to an employee who is busily getting himself a job with some one else. Some of the union proposals even call upon the supplementing employer to pay any differential between the pay in the new job and the pay which the employee previously received.

(b) The employee's eligibility for unemployment insurance benefits and his eligibility under the supplementation scheme may not be concurrent in duration. Agreement will have to be reached as to what happens when one lapses before the other.

(c) Under the proposed scheme, the laid off employee would receive payments from two sources — his employer and the Unemployment Insurance Commission. That being so, the closest liaison will be necessary between the employer and the officers of the Commission. Some sort of working agreement will have to be reached as to the Company's being bound by the decisions of Board officers as to the employee's eligibility for unemployment insurance compensation, especially where the difficult question of 'suitable employment' is involved. In the U.S.A., there is widespread union dissatisfaction with State administration of unemployment insurance compensation; the unions contend the State Commissions are 'employer-packed', and demand a direct voice in the administration for themselves.

A further problem might occur during temporary cut-backs and lay-offs. Among those eligible for guaranteed employment payments who would be chosen to be laid off — those with most seniority or those with least ?

OPINIONS CONCERNING GUARANTEED EMPLOYMENT PLANS

A great variety of opinions have been expressed concerning the need for and practicability of guaranteed wage and unemployment plans, and these run the gamut from strong support to fervent opposition. Some of the opinions which have been expressed by different groups at various times are given below to provide a measure of the general feeling regarding guaranteed employment issues.

a) Representatives of Management

Management representatives differ in their views concerning guaranteed employment plans, but their general position is one of opposition based on the belief that other solutions to the problem of employment security are preferable to negotiated guarantees. They realize that they are legally obligated to bargain on this issue, but they hope to combat the union demands with more effective proposals. Many of them feel that the unions are either using the demand for a guaranteed employment plan as a means of securing other gains (many demands for guaranteed wage and employment plans have been made in the past and a settlement reached on the basis of more direct benefits) or believe that this is a method of forcing managements into the position of working for a policy of increased government unemployment compensation benefits.

The following are what many management representatives believe to be the undesirable features of guaranteed employment plans.

(i) They see the proposals for joint administration of guaranteed wage plans as a further wittling away by the union of the area of exclusive management prerogatives. Some see it as another step towards the attainment of the C.I.O.'s goal of union-management Industry Councils.

(ii) Some view them as additional pressure toward industry-wide bargaining.

(iii) Many feel that present demands may be fairly reasonable but that once a union gets its 'foot in the door' and the company is obligated to its employees it will 'raise the ante'.

(iv) Some believe that guaranteed employment plans operate so as to force the more stable companies to support the less stable through taxes.

(v) There is some objection to them on the ground that they will involve further government interference in business affairs.

(vi) Probably the strongest objection of management to unemployment guarantees is based on the belief that they have a restrictive influence on company operations. They would claim that the effect of having a guaranteed employment plan is to dissuade companies from experimenting with new products and introducing technological improvements, and to restrict business operations on the down swing (as regards price policies, credit position and obtaining risk capital).

Many of the comments recorded in a poll of top executives in manufacturing industries some years ago[8] are still representative of managements views on the issue. Of the 250 executives polled, more than 200 believed that they were unable to set up a guaranteed wage plan at that time and of those who said they could set up such a plan over half felt that it would not give the employees any more protection than they have already. The major reasons given for not being able to guarantee an annual wage concerned the uncertainties inherent in modern business with regard to market demand, sources or supply, changing volume of operations, etc.

In general, however, managements believe that much can be done in conjunction with unions, governments, customers, etc., to stabilize

(8) CF: — *Factory Management and Maintenance* — Feb. 1947.

production and regularize employment which would have the effect of increasing worker security, without at the same time shackling business initiative.

b) Unions

Although the leadership of a number of the C.I.O. unions is strongly advocating the adoption of guaranteed employment plans, and unions in both federations have included demands for a guarantee in their negotiations, the labor movement as a whole by no means takes an unequivocal stand on this issue. Many union members believe that for one reason or other they will not be in a position to collect guaranteed employment payments, and they are in favour of working for more direct benefits. In addition, many of them are not in support of the differential benefits which guaranteed employment plans provide. The unions are well aware of the opposition of many management people to the idea of a guaranteed employment provision and the U.A.W. membership has voted an increase in dues to provide a strike fund so that their union may bargain on this issue from a position of strength. Many union spokesmen claim that the obtaining of guaranteed employment provisions will be just another way in which the unions will be forcing managements to become more efficient. It should be noted, however, that the move towards obtaining some form of employment guarantee can be regarded as the next logical step in the unions quest for security provisions in the contract.

c) Unemployment Insurance Administrators

The Unemployment Insurance administrators can probably be counted on to oppose any scheme of supplementation. They are worried about two things. (i) The removal of the financial incentive to seek other employment when a man who is laid off has an income equal to his regular income. They see their offices deluged with nominal job seekers who will formally apply for work, but who really have no wish to find it. (ii) They see combined employer and union political pressure to increase U.I.C. benefits, thereby decreasing the liability of the individual employer and increasing the share of the total payable by the Commission. Rates, of course, would also increase, but once they become a major item of expense, there will be another outcry that stable employers are being penalized for the benefit of unstable industries, and a very strong pressure for 'experience rating'.

Summary

How do the guaranteed wage and employment plans which have been discussed "measure up" ? The following paragraphs show that they appear to satisfy some of the criteria which we might set up but fall short on others.

I. Who Benefits

Although the extent of coverage will differ with each plan that is negotiated and the way that it is administered, it can be stated generally that these plans only cover a proportion of the employees in any plant. These may, in many cases, be the workers who are least in need of a guarantee. In addition to this, many categories of workers such as farmers, domestics, etc., will not be covered by any of the plans which have been considered to date.

II. Dependability of Benefits

Since many of the conditions under which an employment guarantee is most needed are conditions which cannot be predicted in advance by management, a dilemma exists to the extent that the type of guarantee which would be most effective is likely to be prohibitive (cost-wise), and the type which can be given with little strain is frequently a mirage to the workers. If the plan at issue is financed from a trust fund and this doesn't have time to grow sufficiently, eligible workers may find themselves without benefits. (It has been suggested by unions in this regard that consideration be given to a form of re-insurance along the lines of F.D.I.C. in the United States.)

III. Problems of Administration

Many administrative difficulties can be foreseen in any active plan. Not the least of these is the problem of securing legislative amendments which will allow many of the currently proposed plans to set up a tax-exempt fund to supplement the individual's unemployment insurance benefits.

IV. Effect on the Recipients

One of the basic concerns of the critics of employment guarantees is that they sap initiative and encourage idleness. The contrary view is that the security provided increases worker productivity and reduces undesirable practices like the "stretchout". It has been suggested that managements cannot expect to develop worker identification with their companies unless hourly-paid workers are treated as relatively permanent members of the companies in the same way that executives and to a lesser extent, white-collar workers are. Many people believe that governments have a moral obligation to provide something in the nature of a guaranteed employment plan for all their citizens.

V. Costs Involved

A generally agreed estimate of the cost of a trust fund type of guarantee is 6% of current payroll. A more rigid type of guarantee may be completely prohibitive in the case of a severe depression. Raushenbush has estimated that it would require a reserve ratio of 8% of payroll (2 to 3 times the present rate in the United States) to provide the sort of guarantee envisaged through increased unemployment compensation. In any case it can fairly be described as the most costly fringe benefit yet proposed by unions.

VI. Effects on the Economy

Economists generally believe that while these plans may help in cases of seasonal unemployment they can't solve the problem of cyclical movements. There is considerable apprehension regarding a number of the disruptive effects which it is believed that guaranteed employment plans will have on the economy as a whole, particularly in the area of its rigidifying effect on businesses.

Conclusions

As can be seen from the foregoing discussion, an evaluation of the pros and cons of guaranteed wage and employment plans is both difficult and complicated. Much of the information that is needed is still lacking and it is not known what sort of plan, if any, the parties involved — companies, unions, and governments will be willing to accept.

There is fairly close agreement on the fact that some measures are necessary to provide security against unemployment and a general acceptance of the desirability of stabilizing production as one method of doing this. Whether this latter can be accomplished without the necessity of instituting some sorts of employment guarantees in existing contracts is still an open question. However, the likehood of the current union drive resulting in at least some forms of contract guarantees, however innocuous, is widely conceded.

Because of the importance of some form of employment guarantees in our type of economy, it is essential that all responsible people in management, unions and government become familiar with the issues involved and work together to develop the most effective type of program. Whether the guarantees are achieved through government action, company job-stabilization projects, a form of negotiated guarantee or some combination of these measures, the importance of this issue to the society in general requires that any proposed schemes be carefully worked out in order to prevent the possibility of the parties becoming committed to plans which may create more undesirable conditions than they prevent.

SOMMAIRE

QUELQUES RESULTATS DU SALAIRE ET DE L'EMPLOI GARANTIS

L'étude suivante comporte:

1) un examen des principales caractéristiques d'un « salaire annuel garanti »;

2) un exposé de quelques-uns des problèmes que soulèverait son application;

3) et certains commentaires sur l'opinion de différents groupes à ce sujet.

1. PRINCIPALES CARACTÉRISTIQUES D'UN PLAN

Il convient d'abord de remarquer que l'expression « salaire annuel garanti » est appliquée à une variété considérable de plans et que, de ce fait, son contenu varie d'autant. « Grosso modo », c'est la garantie d'un revenu minimum — le maximum étant indéterminé — pendant une période donnée.

Deux genres de plans sont habituellement proposés: le plan « classique », lequel garantit un certain nombre d'heures de travail et l'« autre », qui propose la constitution d'un fonds de réserve à même lequel les salaires seraient payés en cas de licenciement, jusqu'à épuisement du fonds.

Mais quelle catégorie de travailleurs doit être couverte par une telle garantie ? Les officiers supérieurs d'une compagnie sont généralement assurés, par contrat, d'une salaire pour plusieurs années. Les « collets blancs » sont un peu dans le même cas, leur travail étant moins directement affecté par les contingences de la production. Il reste les travailleurs payés à l'heure, que ne protège aucune garantie: ce sont eux qui la demandent. Cependant, la clause de séniorité que contient la plupart des contrats laisse en plan les travailleurs les plus vulnérables: ceux précisément dont l'emploi varie le plus.

Mais, une fois la garantie accordée, est-elle vraiment effective? En fait, deux raisons peuvent en limiter l'efficacité. a) *L'incapacité financière de la compagnie:* cette dernière peut être acculée à la banqueroute à cause même des obligations de la garantie ou — si la garantie est payée à même un fonds de réserve, — on fait que ce dernier n'ait pas eu le temps de se constituer solidement avant qu'on y ait recours. b) *Les clauses « d'évasion »*: en effet, la garantie peut être limitée à un certain montant d'argent au-delà duquel la garantie ne vaut plus; ou elle peut être conditionnée à la stabilité des ventes; ou encore, suspendue, si — par exemple — l'arrêt de la production est du à la grève d'un fournisseur, etc.

Quel serait le coût de semblables garanties? Tout dépend de la nature de l'industrie et du type de plan. Dans les industries à variation saisonnière, il dépend de l'habileté de la gérance à régulariser la production. De plus, en jouant sur le nombre d'ouvriers couverts et en incluant quelques clauses « d'évasion », un plan peut être formulé qui ne soit nullement coûteux pour la compagnie, mais inutile aux travailleurs.

2. PROBLÈMES SOULEVÉS PAR LA MISE EN APPLICATION D'UN PLAN

1) Comme toute réserve mise de côté pour des paiements futurs, le « fonds » serait sujet à taxation. A cet égard, on peut prévoir des démêlés avec l'impôt sur le revenu.

2) De plus, que ferait-on du fonds? dans quoi l'investirait-on, qui lui conserverait une forte liquidité? jusqu'à quel niveau le laisserait-on croître?

3) Une difficulté plus considérable consisterait dans son intégration avec le plan d'assurance chômage déjà existant.

i) Il faudrait amender la loi afin que le « revenu garanti » ne soit pas considéré comme « revenu » au sens de la loi, ce qui rendrait l'ouvrier non-éligible aux bénéfices de l'assurance-chômage.

ii) Un « chômeur » doit s'enregistrer pour qu'on lui trouve un autre travail. Un « salaire garanti » serait une façon d'obliger le patron à financer l'ouvrier pendant qu'il se cherche du travail ailleurs.

iii) L'éligibilité (et sa durée) à un plan ou à l'autre ne sera peut-être pas concurrente, ce qui causera d'autres problèmes.

iv) La clause liaison qui devra exister entre l'employeur et les officiels de l'Assurance-chômage portera les ouvriers à croire que l'administration de cette dernière est trop fortement influencée par les patrons.

v) Enfin, advenant la nécessité de licencier des ouvriers, par qui commencera-t-on? Les plus anciens ou les tout nouveaux?

3. L'OPINION DES DIFFÉRENTS GROUPES

Mais que pense-t-on du « salaire annuel garanti » ?

1) Les employeurs

Leurs opinions diffèrent. Mais, en général, ils s'opposent à l'établissement de tels plans, croyant que d'autres solutions devraient être recherchées. Les caractéristiques qu'ils croient indésirables sont les suivantes:

i) l'administration conjointe du plan serait une entaille à « leurs prérogatives »;

ii) c'est une façon de promouvoir les conventions collectives à l'échelle de l'industrie;

iii) les demandes actuelles sont peut-être raisonnables. Mais où ne peuvent-elles pas conduire?

iv) c'est ouvrir la porte à une intervention plus considérable du gouvernement dans le monde des affaires;

v) mais surtout, l'adoption de tels plans restreindra les opérations des entreprises; elle préviendra l'introduction de nouveaux produits sur le marché et retardera les progrès technologiques.

En général, cependant les entrepreneurs reconnaissent que beaucoup peut être fait pour la régularisation de l'emploi si tous veulent s'unir: gouvernements, unions ouvrières, consommateurs et employeurs.

2) Les unions ouvrières

Là aussi, tout le monde n'est pas d'accord: quelques-uns croient que tous les efforts devraient être affectés à l'obtention de bénéfices plus directs et immédiats. La majorité croit que l'adoption d'un plan est une façon de forcer les patrons à une plus grande efficacité.

3) La commission d'assurance-chômage

Ils s'y opposeront probablement parce qu'ils ont peur que l'adoption extensive de tels plans diminue le désir de trouver un autre emploi, accentue les efforts des patrons qui s'uniront aux ouvriers pour demander une plus grande libéralisation du fonds d'assurance-chômage; que, subséquemment, il leur faudra hausser le taux des prestations, ce qui soulèvera l'ire des firmes plus stables qui s'avoueront pénalisées pour celles qui ne le sont moins.

Conclusion

Il n'est pas facile d'évaluer le pour et le contre de l'adoption généralisée de tels plans: trop d'informations d'ordre expérimental nous manquent. Cependant, à cause de l'importance de la question, il est essentiel que les responsables deviennent familiers avec les problèmes soulevés par l'application de tels plans.