Labor and management continue to combat mutual problems in 1985

Competition, deregulation, and changes in products and consumer tastes were among problems facing bargainers; management demanded two-tier wages, lump-sum payments, and alternatives to traditional health plans, while labor focused on preserving jobs and aiding displaced workers

George Ruben

Labor-management relations in 1985 were about the same as they have been since 1982. Wage settlements continued to be modest, because of management's pressure for restraint to aid in overcoming competitive problems. Union priorities focused on preserving jobs or aiding displaced workers. Continued moderate increases in consumer prices and employment enhanced the bargaining environment. Major collective bargaining settlements (involving 1,000 workers or more) reached in private industry during the first 9 months of the year provided for wage adjustments averaging 2.9 percent annually over the life of the contract, compared with 3.4 percent the last time the same parties negotiated, generally 2 to 3 years ago.[1]

The competitive problems that have caused the difficulties in some industries in recent years include increasing penetration of U.S. markets by foreign competitors, aided by lower production costs and the "strong dollar" that has hindered domestic firms' ability to sell abroad; intense competition among companies in the deregulated transportation industries; and changes in production and distribution methods, and in customer preferences. All of these foreign and domestic pressures forced employers to extend their cost control measures beyond wage restraint, as they closed marginal facilities, cut employment, and adopted new technology and processes.

At the bargaining table, labor and management continued to adopt "two-tier" compensation systems to limit labor cost increases. Such systems provide for permanent or temporary lowering of wages and/or benefits for new employees while maintaining or increasing compensation for workers already on the payroll. Despite unions' contention that the systems are not good for morale, two tiers are acceptable to current employees when the only other method of aiding an employer would be to cut or freeze compensation for all employees. Unions' concern about morale stems from the fact that employees will be compensated at different levels for the same work and because of the problems that could develop when the lower tier workers in a bargaining situation attain majority control.

In 1985, two-tier systems were adopted in major settlements covering 700,000 workers (already on the payroll), compared with 800,000 workers in 1984.[2] These totals are based on a definition of "two-tier" that includes both temporary and permanent systems. Some analysts would not include temporary systems because new employees do attain parity with current employees after a specified period. Of course, any system, whether temporary or "permanent," is subject to modification or elimination in a future settlement.

Another cost-saving approach that continued in 1985 was the adoption of lump-sum payments in lieu of specified wage increases. Typically, a 3-year contract with such a

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provision might provide for one specified wage increase and two lump-sum payments, or two specified wage increases and one lump-sum payment, at 1 year intervals. One cost savings to employers results because lump-sum payments may not be taken into account in calculating the level of certain benefits such as pensions.

During 1985, major settlements for at least 700,000 workers established lump-sum payments, compared with 800,000 in 1984.

The third approach to holding down cost increases is adoption of contract provisions intended to hold down employer costs for health insurance. Typical measures include offering alternatives to "traditional" plans, requiring second opinions before nonemergency surgery, monitoring hospital stays and procedures, and increasing employee deductibles and co-insurance payments. During 1985, such measures were adopted in major settlements for at least 400,000 workers, compared with at least 500,000 in 1984.

These and other solutions to the problems faced by the employers and unions that bargained in 1985 reflected attempts by the parties to accommodate each other's needs.

Automobiles

Profits at General Motors Corp., Ford Motor Co., and Chrysler Corp. continued at high levels during the first 9 months of the year, but these companies and the other domestic vehicle producers continued to operate under a variety of economic forces that precluded any clear projection of their eventual role in the increasingly internationalized industry. Some important developments in 1985 included continuation of the Japanese producers' voluntary limit on exports to the United States, but at a higher level; some shifting of their sales emphasis from small, low profit vehicles to the larger, higher profit vehicles that had been the province of U.S. producers; expansion of the Japanese presence in the U.S. both in vehicle and parts production; a growing number of joint ventures between domestic and foreign producers, using facilities located here or abroad; and the movement of new nations into the U.S. market. From the viewpoint of the United Auto Workers, the dominant union in domestic automobile manufacturing, some of these events raised the possibility of further erosion of membership, while others offered opportunities for joining U.S. manufacturers in attempts to cut the share of the market held by foreign firms, and organizing their employees in the United States.

Chrysler agreement. The largest settlement in the industry, involving 70,000 workers, was at Chrysler Corp., where the UAW negotiated a return to compensation parity with GM and Ford. However, the new Chrysler agreement will expire in September 1988, a year after the Ford and GM agreements, raising the possibility of future divergences on wages and benefits. From the 1950's until 1979 when Chrysler and the UAW negotiated the first of several concessionary contracts to relieve the company's financial difficulties, the three companies had common contract expiration dates and virtually identical wage and benefit provisions. The company negotiator said the differing expiration was vital because it will enable Chrysler—a considerably smaller company with a narrower product line—to tailor contracts to its own needs.

The Chrysler workers' determination to regain parity was impelled by Chrysler's return to profitability that began in 1983. At that time, the workers negotiated a narrowing of the disparity. In 1984, Chrysler earned a record $2.4 billion profit, followed by $1.42 billion in the first 9 months of 1985.

The 1985 settlement, which ended a 2-week strike, provided for an average 2.25-percent immediate wage increase, an October 1986 lump-sum payment equal to 2.25 percent of each employee's earnings during the preceding 12 months, and a 3-percent pay increase in September 1987. A union official said the 3-percent increase was important because, "it becomes the pattern for the first year" of the contracts to be negotiated at Ford and GM in 1987.

The provision for automatic quarterly cost-of-living pay adjustments was revised to match that at GM and Ford—1 cent an hour for each 0.26-point movement in the BLS Consumer Price Index for Urban Wage Earners and Clerical Workers (1967 = 100), subject to a 24-cent diversion from the allowance over the contract term to help offset benefit cost increases.

In a partial return of the compensation concessions of 1979–82, Chrysler agreed to immediate payments of $2,120 to employees, $1,000 to retirees, and $600 to surviving spouses.

The workers, who had given up a profit-sharing plan in 1983 (before any payouts) in exchange for increases in hourly pay, will receive $500 payments in each of the first 2 years in lieu of profit-sharing distributions. As part of their 1988 bargaining on a new contract, the parties will establish a profit-sharing plan that will assure a first-year payment of at least $500. In a change that was technically not part of the contract, Chrysler agreed to give the employees immediate access to the 183.8 shares of company stock they had been credited with in 1982 in return for their compensation concessions. The shares, valued at $6,900 at the time of the 1985 settlement, previously were available to employees only when they retired or quit their jobs.

Other terms included:

- A lengthening of the pay progression schedule for new employees, matching the changes negotiated at GM and Ford.
- A $187 million Chrysler obligation to a new Job Security Program similar to that at the other companies.
- Further discussions on Chrysler's demand for a reduction in the number of job classifications, which the company contended was vital to increasing productivity.

- Immediate increases in pensions to the GM-Ford level, with a provision that Chrysler workers will also automatically gain any pension improvements scheduled for the first year of the 1987 Ford and GM contracts.

GM's Saturn project. GM announced it would proceed with its Saturn project, a $3.5 billion attempt to eliminate the cost advantages of foreign small car producers. The new, wholly owned production subsidiary, to be located in Spring Hill, TN, will feature state-of-the-art manufacturing methods and a variety of changes in labor-management relations probably never before achieved in one contract.

The initial accord between Saturn and the UAW, which does not have a set expiration date, but can be amended or terminated at any time, provides for:

- Permanent job security for at least 80 percent of the employees, with the other employees subject to layoff only under "catastrophic" conditions to be jointly defined by the company and unions.
- A cooperative work structure comprising work unit members (individuals), work units (integrated groups of about 6 to 15 members), several intermediate joint bodies and, at the top, a joint Strategic Advisory Committee responsible for long-range planning.
- Annual salaries for production workers, rather than the usual payment by the hour. During the period ending 1 year after production of the first for-sale vehicle, annual salaries will be equivalent to $13.45 an hour for operating technicians and $15.49 for skilled technicians. During this period, workers also will receive quarterly payments reflecting compensation changes for UAW-represented workers at other GM plants. Thereafter, annual salaries will be calculated according to an hourly rate equal to 80 percent of the average of five domestic producers. The resulting salaries, which will be subject to periodic adjustment by the Strategic Advisory Committee, will be supplemented by a reward system under which members can earn more or less than comparable GM employees, depending on such factors as the attainment of individual and group production objectives and the profits available for distribution.
- Establishment of a single job classification for production workers and three to five classifications for skilled workers.
- Elimination of time clocks and separate cafeteria and parking facilities for manufacturing and office workers.

GM-Toyota joint venture. In California, New United Motor Manufacturing, Inc., and the UAW negotiated an initial contract for 1,200 workers. New United is a joint venture of GM and Toyota Motor Corp., using Toyota methods to produce vehicles for sale by both corporations. This agreement, like the Saturn agreement, calls for increased cooperation between management and the UAW. One provision cited as "unprecedented" by the union, requires New United to take "affirmative action," including reducing salaries of officers and management employees and returning to the bargaining unit any work that had been contracted out, before laying off UAW-represented employees. Other terms included: wage rates of $13.28 for assemblers and $15.95 for top-rated skilled workers, slightly higher than at GM and Ford; cost-of-living pay adjustment and benefit provisions similar to Ford and GM employees; a 30-minute paid lunch period, unique to the industry; joint committees to resolve problems resulting from employee inability to meet output standards, to implement a comprehensive health care program, and to investigate the circumstances of potential discharges or suspensions of workers; and seniority as the determining factor in transfer and reassignments, if other factors are equal.

American Motors. Unlike the other U.S. producers, Amercian Motors Corp. was still suffering from a sales slowdown in 1985, losing $118.5 million during the first 9 months and holding only 2 percent of the market. Under these conditions, and a company threat to close its Milwaukee and Kenosha, WI, plants, the 8,000 Auto Workers agreed to cut compensation to the level of GM and Ford. In return, American Motors agreed to keep the plants open for the remaining life of its only two car models, the subcompact Encore and Alliance. The company, which is 46 percent owned by the Renault automobile firm of France, indicated that further concessions will be needed if it begins producing the larger cars that have become more popular in the wake of stabilized fuel prices.

The concessions included pay cuts averaging 60 cents an hour, reductions in paid vacations, decreases in the number of company-paid union stewards, and changes in work rules. AMC did agree to a Job Security Program similar to those negotiated at Ford and GM in 1984, and to three lump-sum payments during the 3-year agreement.

Earlier in 1985, AMC and the UAW negotiated a contract for the company's profitable Jeep production plant in Toledo, OH, that was similar to the Ford and GM contracts. (See *Monthly Labor Review,* December 1984, pp. 46–49.)

Mazda to open plant in U.S. In a settlement with Mazda Motor Co., the UAW agreed to compensation levels lower than in the Ford and GM contracts to induce Mazda to locate some production in the United States, rather than continuing to produce all its vehicles in Japan. The new plant, in Flat Rock, MI, is expected to have an advantage of about $6 an hour when it opens in 1987. A union official said the concession was granted "to keep jobs for our people." The plant is expected to produce 240,000 cars a year.

Transportation

In 1985, there were contract settlements in three major transportation industries: trucking and airlines—which shared problems resulting from deregulation—and railroads, which had their own problems, including outmoded equipment and facilities, competition from trucking, and some work rules that originated in the days of steam locomotives.

Airlines. As 1984 closed, so did the Civil Aeronautics Board, which until recently had regulated airline route allocations, fares, and other aspects of the industry. The closing was mandated by the Airline Deregulation Act of 1978, which did provide for the Department of Transportation to continue limited activities, such as negotiating international matters with foreign nations.

As a result of the deregulation, the industry has been going through a period of adjustment, including the entry of new firms, mergers, cutbacks in employment, and some heated collective bargaining over employer calls for concessionary settlements to aid their financial condition.

In collective bargaining settlements during the year—

- United Airlines, the Nation's largest air carrier, and the Air Line Pilots agreed on a 4-year contract, ending a 29-day strike. The contract provided for a two-tier pay system under which new employees would receive 40 percent less than pay levels in the old agreeement. The system will run for 5 years and then be subject to binding arbitration if the parties are unable to agree on its continuance or modification. All pilots will receive a 9.5-percent pay increase over the term.
- American Airlines and the Allied Pilots Association agreed on a pay adjustment to narrow the differential between new and incumbent employees resulting from a two-tier system adopted in 1983. In addition, 4,500 pilots—new and incumbent—received a 4-percent increase to bring them up to the level of American's major competitors. In the settlement, negotiated under a reopening provision, the pilots agreed to work overtime in certain months, if necessary. Previously, the pilots could not fly more than 75 hours in a month, which had forced American to cut flights in two recent months because the pilots had used up their flying time.
- American Airlines and the Transport Workers negotiated a 3½-year agreement that provided for $500 lump-sum payments on September 1, 1985, and March 1, 1986; a $1,000 payment on March 1, 1987; a 5-percent wage increase on March 5, 1988, and a 9-year progression schedule for workers hired during the prior contract (the schedule remained at 12 years for workers hired during the 1985 contract term). The accord covered 12,500 mechanics and other ground service employees.
- Pan American World Airways and the Air Line Pilots agreed on a 32-month contract that provided for wage increases totaling about 25 percent.
- Pan Am and the Transport Workers settled for 6,000 ground-service workers, ending a 27-day strike. Wages were increased about 20 percent, including a 14.5-percent increase scheduled for 1982 that was deferred to aid the company. Employees also received one-time bonuses of $1,000 or $600, the pay progression schedule was stretched to 7 years (from 3 or 4) for new employees, job assignments were broadened, and Pan Am was permitted to hire more part-time employees.
- Pan Am and the Independent Flight Attendants agreed on a 3-year contract that provided for wage increases totaling about 21.5 percent, including a 12-percent pay increase scheduled under prior contracts but deferred to aid the company. The accord, covering 5,700 employees, also established lower pay rates for new employees.

Elsewhere in the industry, the Air Line Pilots' 2-year-old strike against Continental Airlines ended on October 31 by order of a U.S. bankruptcy judge. The order came after 2 weeks of discussions in which representatives of the airline and the union agreed on seniority protection for strikers who return to work at Continental and severance pay for those who do not.

The strike began when Continental, after declaring bankruptcy, resumed operations, cut pay about 40 percent and hired new employees. The Machinists union and the Union of Flight Attendants, Local 1, also participated in the walkout but returned to work under Continental terms in April. A union official said one reason for the return was that "financially our members could not deal with it any longer." The mechanics and related employees received $70 a week strike pay from their union and the flight attendants received nothing from theirs, and the pilots received $2,400 a month.

In September, Continental filed a plan for emerging from bankruptcy protection, after earning $50.3 million in 1984 and $50.4 million in the first half of 1985.

In apparent reaction to its experience in the United Airlines and Continental Airlines strikes, the Air Line Pilots Association announced plans to build a $100 million "war chest" to repel employer attacks on the wages and benefits of its members. The fund, to be used for such purposes as strike benefits to the union's members and loans and grants to other supporting unions, will be accumulated by increasing dues to 2.35 percent of income, from 1.35 percent.

Trucking. The trucking companies and the Teamsters union negotiated under the same conditions as in the 1982 talks: continuing business and job terminations resulting from the influx of thousands of firms into the industry since the 1980 deregulation. Generally, the entering firms are nonunion and have lower operating costs than members of Trucking Management, Inc., and other employer associations that bargain with the Teamsters. The organized industry's problems are illustrated by the fact that Trucking Management, Inc. had 487 member companies in 1979, 286 in 1982, and only 35 in 1985. (Part of the drop resulted from some companies' decision to join other associations or bargain independently with the union.)

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The April settlement, ratified by a 62,296 to 54,873 vote, addressed members' concern over the growing number of unionized firms opening nonunion trucking subsidiaries. The new job security provisions provide that—

- Employers may not divert work performed by Teamsters to any other corporate entity or operation controlled by the employer or the employer's parent company.
- Employers may not farm out dock work except as allowed by past practice.
- When employer business expansions include terminals adjoining theirs, all employees working at the new terminal will automatically be covered by the union's National Master Freight Agreement. If the added terminal is not adjacent, the employees will be covered by the agreement only if a majority sign cards authorizing Teamsters representation.
- Grievances over application of job security provisions will be processed under an accelerated procedure.

In the economic area, the 3-year contract provided for an April wage increase of 50 cent an hour which included 31 cents which would have been payable if the settlement had provided for a cost-of-living adjustment based on the formula in the preceding agreement, which expired on March 31. Similarly, there will be 50-cent wage increases on April 1 of 1986 and 1987 each including 31 cents designated as a cost-of-living adjustment, but not actually contingent on the movement of the Consumer Price Index. (Equivalent increases applied to over-the-road drivers, who are paid on a mileage basis.) Under the 1982 contract, the employees did not receive a specified pay increase, and all but 47 cents of the $1.40 in automatic annual cost-of-living adjustments (based on the movement of the CPI) was diverted to help employers defray the cost of maintaining pension and health and welfare benefits.

New employees are to be paid 70 percent of the top rate for their job and progress to the top rate in three equal annual steps over a 3-year period. Opponents of the settlement called this a two-tier pay system that shortchanged new employees and could have a divisive effect on morale. The union contended that it was not a true two-tier system because the lower pay is not permanent.

The pay rate for all casual employees was reduced to $11 an hour immediately (from $13.21); it will rise to $11.50 on April 1, 1986, and to $12 on April 1, 1987. As before, they will not receive benefits.

Later in the year, 20,000 drivers of automobile-hauling trucks ratified a 3-year contract, ending a 19-day strike. Terms for these drivers also represented by the Teamsters, included $1.80 an hour in specified wage increases; continuation of the provision for automatic annual cost-of-living adjustments, but payable only to the extent that a calculated adjustment exceeds 70 cents; and increased local union control over whether employers should be granted reduced pay rates on "back hauls"—instances in which drivers deliver a load of vehicles to a destination and are able to obtain a load of vehicles for the return trip.

Railroads. Bargaining in the railroad industry seemed to be more drawn-out than usual, as talks that began early in 1984 appeared likely to extend into 1986 for some of the 12 unions. The unhurried pace of negotiations in the industry results from the Railway Labor Act assurance of retroactivity of economic terms to the date specified in bargaining notices served by unions and management. The first settlement in 1985 was between the United Transportation Union and the National Railway Labor Conference for 90,000 operating employees. Based on past practice, relevant provisions of the agreement would serve as a pattern for the other unions.

The agreement, negotiated and ratified in October, resolved a major issue by providing that the 6,000 firemen and 2,000 hostlers (railyard train operators) would be phased out through attrition. This approach followed the recommendations of an emergency board appointed by President Reagan to study the issue. In June, the union and the Conference had negotiated wage and benefit contract changes, and a provision for further bargaining on the firemen-hostlers phaseout issue, subject to binding arbitration if they could not reach agreement. The firemen and hostlers rejected this accord, apparently because of incorrect reports that their jobs would be eliminated by November 1, 1985. As a result, terms for all 90,000 workers were rejected because union procedures require that settlements be approved by all eight operating crafts in the union.

Rail management had been seeking elimination of firemen's jobs for a number of years, contending that they have no useful function. During the days of steam locomotives, which ended about 25 years ago, the firemen shoveled coal into the boiler.

Other terms, which were essentially identical in the rejected and approved agreements, included—

- A six-stage total wage increase of about 10.5 percent (an average of about $1.37 an hour), beginning with a 1-percent increase on November 1, 1985, and ending with a 2.25-percent increase on January 1, 1988.
- A $565 lump-sum payment in lieu of making the initial wage increase retroactive to the July 1, 1984, effective date specified in the contract amendment notices.
- Continuation of the provision for automatic cost-of-living pay adjustments, payable only to the extent that the calculated amounts exceed the specified wage increases effective on the same dates, and also subject to maximum limits.
- An 8-percent increase in the distances crew members must travel during a work shift to qualify for a basic unit of pay, with pay calculations to be based on presettlement

rates, rather than reflecting the 10.5-percent negotiated raise. (Management had pressed for larger increases in qualifying distance, contending that the original requirements set during the days of slower steam locomotives, now resulted in excessive earnings for some employees.)

- A 5-year pay progression schedule for new employees, compared with the previous 1-year schedule.
- Elimination of cabooses on certain types of freight trains.

Elsewhere in the railroad industry, Conrail and the various unions negotiated a 12.5-percent pay increase retroactive to July 1, 1984. This partly restored the earnings the employees gave up in 1981 when they agreed to an immediate 12.5-percent pay cut. Meanwhile, the U.S. Department of Transportation continues efforts to sell its 85 percent share of Conrail. (The remaining 15 percent was distributed to the employees when they agreed to wage concessions.)

Electrical equipment

Preserving jobs was the major issue in negotiations between a coalition of unions and the General Electric Co. and Westinghouse Electric Corp. According to the unions, since the 1982 settlement their membership had dropped to 80,000, from 100,000, at GE and to 34,000, from 41,000, at Westinghouse. Much of the reduction occurred because of the termination of some types of products, such as lamps (at both companies) and consumer appliances (at Westinghouse).

The lead-off GE settlement, which came at the June 30 expiration of the 1982 contracts, contained several provisions intended to preserve jobs and incomes of workers affected by production cutbacks. The contract called for:

- Increasing recall rights to 5 years for workers laid off after 1 year of service (previously, recall rights ranged from 1 year for employees with 1 to 2 years of service to 5 years for those with 5 or more years).
- Extending coverage of the recall program to employees laid off as much as 6 months prior to announcement of a plant closing.
- Extending laid-off workers' transfer rights to any of up to three GE plants within 250 miles of the plant where the layoff occurred.
- Increasing the pay-rate guarantee to 39 weeks, from 26, for workers transferred to lower rated jobs as a result of layoffs.
- Revising the pension plan to extend benefit eligibility to more employees hit by cutbacks and to raise the benefits. ("Normal" pensions also were increased.)
- Instituting an agency shop provision requiring all present and future employees to join the union or pay the union an amount equal to the union dues. This means that an additional 3,000 to 4,000 workers at GE will pay for union services.

Other provisions of the 3-year contracts included an immediate lump-sum payment and a type of two-tier system under which new employees will have to wait 8 months longer to attain the maximum pay rate for their job (the lump-sum payment was equal to 3 percent of the employee's hourly pay rate multiplied by 2,080, the number of hours the workers were expected to be compensated for in the first contract year), 3-percent specified wage increases in the second and third years and revision of the cost-of-living pay formula in the third year to provide for semiannual adjustments calculated at 1 cent an hour for each 0.15-percent rise in the BLS Consumer Price Index for Urban Wage Earners and Clerical workers (the existing formula of 1 cent for each 0.175-percent movement in the index continued during the first 2 years), and improved benefits, such as normal pensions and health insurance modified to provide for precertification of hospital admission, reviews to determine the appropriate length of stay and the level of care, and requirements that patients obtain second opinions prior to certain surgical procedures.

The terms of the settlement at Westinghouse in late July were essentially identical to those at GE.

Farm and construction equipment

Domestic farm and construction equipment producers and their employees continued to experience difficulties during the year, resulting from the growing internationalization of production and sales and world-wide production overcapacity, particularly in view of the continuing slump in the U.S. farm economy. The fact that only International Harvester bargained in 1985 was indicative of the breakup of pattern bargaining in the farm and construction equipment industry, as management and the UAW attempt to deal with the varying difficulties afflicting the companies. Management attempted to cope with difficulties in the industry in several ways:

- Caterpillar Tractor Co., the world's largest producer of construction equipment now facing a growing challenge from Komatsu Ltd. of Japan, continued an austerity program that by yearend was expected to reduce its salaried work force by 20 percent, or 6,200 employees, from the 1982 level and its hourly work force by 34 percent, or 18,000 employees. The company also adopted a new method for determining pension liabilities, resulting in a second quarter expenditure $26 million lower than for the second quarter of 1984.
- Allis-Chalmers Corp., also operating at a loss, closed two plants and sold its remaining farm equipment business to a subsidiary of Klookmen-Humboldt-Deutz AG of West Germany.
- International Harvester Co., the only major farm equipment company to bargain in 1985, settled with the Auto Workers on terms that continued even after the business was sold to Tenneco Inc.'s J.I. Case Co. unit. The 3-year accord restored some of the concessions the workers had accepted in 1982. Under a new Job Content Protection Program featured in the contract, if straight-time hours

worked by UAW members in a product line decline from one 6-month period to the next, the company must reduce overtime hours; cut contracting out of work that had previously been performed by UAW-represented workers; or compensate workers in training and retaining programs at regular straight-time rates.

After Case purchased the Harvester plants, it negotiated changes in contract terms with the UAW to attain uniformity with other Case plants already under UAW contracts.

Rubber

Bargaining between the major rubber companies and the United Rubber Workers was calm and conciliatory, and resulted in wage and benefit gains for the 36,000 workers. A major reason for the ready attainment of settlements was that the companies were operating at a profit, in contrast to the 1982 bargaining round when the industry was in a severe sales slump.

The bargaining on national wage and benefit provisions formally began in March, but there was an important earlier development: In December 1984, Uniroyal, Inc., and the Rubber Workers negotiated a comprehensive cost-containment health care plan to accompany the parties 1985 settlement on wages and other benefits. Costs of the existing health care plans, financed by the companies, reportedly ranged from $2.25 to $2.75 an hour and were rising 8 to 10 percent a year.

Health care cost containment was to be accomplished at Uniroyal by such measures as requiring: "precertification" review for nonemergency hospital confinements; second surgical opinions for certain operations; outpatient x-ray and laboratory tests for nonemergency surgery; and filling of most prescriptions through a mail order drug service.

There were some variations in the cost-containment approaches at the other companies. For example, at Goodyear Tire and Rubber Co., workers can choose either a comprehensive medical plan that includes a savings program or a "medical" necessity program featuring no deductibles or employee co-payments. Goodyear also established a wellness program," featuring periodic health examinations, automobile seat belt usage campaigns, smoking cessation clinics, and stress reduction assistance.

As for wages, the agreements provided for specified increases totaling 43 cents an hour and for continuation of the provision for automatic quarterly cost-of-living adjustments. Benefit changes included a $3.50 increase, to $20, in the pension rate for each year of service.

For the third consecutive bargaining round, B.F. Goodrich Co. settled first on overall terms, followed by Goodyear, Firestone Tire and Rubber Co., and Uniroyal.

At the local level, there were layoffs and plant closings as the companies continued their efforts to increase their 90 percent plant utilization rate. In line with this, employees of Goodrich's Tuscaloosa, AL, plant agreed to a 7-day-a-week operation of the plant. Under such utilization plans, which now apply to 44 of 51 tire plants in the industry, employees' schedules are rearranged so that the plant can be operated on weekends at straight-time pay rates. The change also results in an increase in the number of employees.

The Rubber Workers union was unsuccessful in a National Labor Relations Board representation election at Firestone's only nonunion tire plant, in Wilson, NC. Out of 1,207 employees eligible to participate, 824 voted for "no union" and 311 voted for the union. Managers of the 11-year-old plant did not actively oppose the union because a provision of the Rubber Workers-Firestone master contract requires company neutrality during organizing campaigns.

Textiles, apparel

These related industries continued to suffer from the same problems: increasing imports, leading to cutbacks in domestic production and employment. According to the Department of Commerce, 250,000 domestic textile and apparel jobs have been lost during the 10 years ending in 1984, while the annual value of imported clothing and textiles grew from $3.8 billion to $18 billion.

Noting the condition of the apparel industry, Ladies Garment Workers' President Sol Chaikin described their settlement for 100,000 women's outerwear workers, "as comparatively the best agreement we've signed for many, many contracts." The 3-year agreement, negotiated in May, deferred the initial 6-percent pay increase to June 1986, to be followed by a 5-percent increase in June 1987. The provision for automatic cost-of-living pay reviews (which had not triggered any adjustments during the 3-year term of the 1982 agreement) was continued and employer financing of benefits was increased by 1 percent of payroll. The 1982 contract had provided for a total of $1.10 an hour in specified pay increases, bringing average pay to $6 - $6.50, according to the union.

In the men's and boys' clothing industry, the Clothing and Textile Workers settled for 100,000 shirt, cotton garment and pants workers. The 3-year accord provided for a lump-sum payment of $500 in September 1985, followed by a payment in November 1987 equal to 6.5 percent of individual employee's basic earnings during the preceding 12 months. Other provisions included a 25-cent-an-hour wage increase, an 11th paid holiday, and a requirement that employers give adequate notice of plant closings, or be subject to damage awards set by arbitrators.

Lum-sum payments in lieu of specified pay increases also were a feature of the Clothing and Textile Workers settlement for 56,000 workers in the men's and boys' tailored clothing industry. The 3-year contract with the Clothing Manufacturers Association provided for payments of $500 in December 1985 and $600 a year later. In addition to an 11th paid holiday and increases in pensions, the contract also provided for establishment of a committee of management, union, and community leaders to study competitive conditions, structural changes, and other developments in the industry.

In the southern textile industry, the Clothing and Textile Workers Union had mixed results. The union settled with J. P. Stevens & Co. for the second time since 1980, when the parties ended their long battle over the union's organizing campaign. However, since the 1980 peace treaty, the union has not been able to expand the number of Stevens employees it represents. The Clothing and Textile Workers also suffered a 1985 setback at Cannon Mills Co., where 5,982 employees voted no to union representation, and 3,530 voted yes.

According to the Clothing and Textile Union, its settlement with nine J. P. Stevens plants in Eastern North Carolina did not provide for any increase in the $6.80 hourly average pay because the union was more interested in protecting job security. (Several weeks after the settlement, Stevens sold its bath and bedding operations—about 80 percent of its assets—to Fieldcrest Mills to "reduce the exposure" of the company to cheap imports.) The job security provisions included extended recall rights after layoffs, increased severance pay, improved training programs, and a requirement that the company give more notice of the sale or closing of plants. There also were improvements in medical benefits and paid vacations.

Elsewhere in the industry, the closing of the Nation's largest rayon mill in Front Royal, VA, was averted when 1,500 employees of Avtex Fibers agreed to a reduction in labor costs. The $1-an-hour cut in pay and reductions in paid vacations and possible automatic cost-of-living adjustments makes the plant "very, very competitive," according to the company president. Avtex guaranteed that the decrease in compensation would be repaid to the employees, with interest, even if the plant is closed or sold.

Steel

Despite the generally favorable state of the economy, the steel industry remained in a recession as a result of worldwide overcapacity, leading to widespread price cutting. This led to bankruptcy filings at Wheeling-Pittsburgh Steel Corp. and other companies; plant closings and cutbacks; concessionary settlements by workers at some plants; layoffs and compensation cuts for nonunion employees; and a termination of the industry's coordinated approach to collective bargaining that has prevailed since 1956.

The decision to terminate joint bargaining with the United Steelworkers was made by the five remaining Coordinating Committee Steel companies—U.S. Steel Corp., Bethlehem Steel Corp., LTV Steel Co., Armco Inc., and Inland Steel Corp. When the unified approach was initiated, there were 12 companies in the employer association; but the number dwindled over the years as a result of withdrawals and mergers. J. Bruce Johnston, U.S. Steel vice president and chairman of the association, said the action reflected "the unprecedented change in the American steel marketplace," including inroads by foreign semi-finished steel, and other types, that is often subsidized by governments, joint ventures between domestic and foreign producers, and financial losses by member companies. He maintained that the United Steelworkers abandonment of pattern bargaining had resulted in less costly settlements at some companies that placed the coordinating companies at a cost disadvantage.

Steelworkers' President Lynn Williams declined to discuss the union's future bargaining strategy. He did say that the union would not permit concessions resulting from its continuing negotiations with financially beleaguered Wheeling-Pittsburgh Steel Corp. to serve as a pattern for 1986 settlements with other companies.

A series of events in the crisis at Wheeling-Pittsburgh began when the company initiated unsuccessful labor cost reduction negotiations with the union, declared bankruptcy and then abrogated the existing contract; was then hit by the first major strike in the industry since the 116-day stoppage that began in 1959 and finally negotiated a concessionary contract with union.

When the negotiations began in late 1984, the workers rejected Wheeling-Pittsburgh's offer of shares of company stock in return for canceling the scheduled restoration of wage and benefit cuts negotiated early in 1983. (In a 1982 settlement, the workers had accepted stock in return for cuts in compensation.) Negotiations then continued intermittently, without progress. Finally, in April, the company filed for protection from creditors under Chapter 11 of the Federal Bankruptcy Code, which gives a company the opportunity to reorganize and return to profitability. The bankruptcy filing, which was the largest in the history of the industry, was the first application of 1984 amendments to the Code that were expected to make it more difficult for employers to void labor contracts as part of a recovery plan. In part, the amendments specify that a company may only propose "necessary modifications" to a contract that are "necessary to assure that all creditors, the debtors and other affected parties are treated fairly and equitably." The law also says that the bankruptcy court may allow the employer to abrogate the contract if it finds that the union rejected compensation concessions "without good cause."

A bankruptcy judge authorized Wheeling-Pittsburgh to end the labor contract, explaining, "The court is not unmindful that rejection will entail short-term sacrifices on the part of the employees but, in the long run, they will benefit by a successful reorganization and a stable wage rate."

Immediately afterward, the company informed the Steelworkers that it was reducing the $21.40 an hour wage and benefit level to $17.50. (Reportedly, the industry average ranges from $23 to $24 an hour.) The union responded with a strike that began in late July and continued to mid-October, when the parties settled. Settlement terms included $18 an hour in wages and benefits, including $1.05 for a new supplemental pension plan; a possible pay increase of up to $1 an hour, calculated at 20 cents for each 1-percent rise in the company's steel price; reopening of negotiations if the company emerges from Chapter 11 status; reduced life and medical insurance; and putting two union representatives (one with voting rights) on Wheeling-Pittsburgh's board of directors.

The company's 11 creditor banks, which had been pressing for a $16.65 an hour average compensation level accepted the $18 level after the company agreed to a $12 million limit on severance payments to workers to be terminated as a result of the closing of the blast furnaces and basic oxygen furnace at the Monessen, PA, plant.

At the end of October, Wheeling-Pittsburgh officially terminated its pension plan, which had been costing the company $2.33 an hour for each employee. As a result of the termination, the Federal Pension Benefit Guaranty Corp. will have to assume the plan's $125 million in unfunded liability. If the Federal District Court decides that the takeover should be effective on or after the April 16 bankruptcy filing, the Pension Benefit Guaranty Corp. can, under the law, claim 30 percent of the company's assets. If it is effective on April 15, as Wheeling-Pittsburgh requested, the Pension Benefit Guaranty Corp. would be one of a number of unsecured creditors. At any rate, workers covered by the plan would receive a smaller pension than they would have if the plan had not been terminated. The supplemental pension plan referred to earlier is designed to make up the difference.

Other significant settlements

Aerospace. Although bargaining was light in the aerospace industry, a settlement between General Dynamics Corp.'s Pomona, CA, plant and the Machinists was notable because it eliminated a two-tier pay system. This could influence the results of the general round of bargaining scheduled to begin late in 1986.

Where two-tier systems have been established in aerospace and other industries, unions have accepted them only because they were viewed as less undesirable than a cut in compensation for both current and future employees. Unions generally oppose such systems because of the possibility of friction between employees receiving different rates of compensation for performing the same duties.

The settlement at General Dynamics operations also eliminated a system adopted in 1982 under which all employees (new and current) in lower pay grades received smaller cost-of-living pay adjustments than those in higher pay grades. In addition to holding down the company's labor cost increases, this variation in cost-of-living adjustments was intended to relieve the compression of the percentage pay differential between lower and upper pay grades that had developed over the years as a result of giving all workers the same pay increases.

Shipbuilding. Although a few of the Nation's 92 shipyards had substantial backlogs of Navy work, the overall condition of the industry could only be viewed as bleak as the other yards competed for a decreasing amount of work. Since 1981, when the Federal Government ended its $300 million a year subsidization of commercial shipbuilding, only five large vessels have been completed in the United States. The most successful foreign competitors are Japan and South Korea, which control more than half the world's ship production. Reportedly, these two nations can produce an oceangoing vessel at one-third the cost and in half the time of U.S. yards.

The predictable impact on domestic yards, which has been under way for several years, included shutdowns, several layoffs, bankruptcies, and employer demands for employee compensation concessions to aid in competing for the limited work.

An important contract in 1985 was a concessionary settlement by employees of the Bath Iron Works Corp. that ended a 99-day strike at three shipyards in Maine. Bath said the concessions were vital because it had gone below its labor costs in calculating its winning bid on a naval contract, based on its understanding that the members of the Marine and Shipbuilding Workers would later agree to lower compensation.

The 3-year accord provided for a wage freeze; three lump-sum payments totaling $2,000; $200 payments for each 6 months of perfect attendance; and adoption of a two-tier pay system under which new employees will move to the top rate for their job in three $1 an hour steps over 3 years, instead of a single 50-cent step after 35 working days.

Elsewhere in the industry—

- General Dynamics Corp. announced that it will close its 101-year-old Quincy, MA, yard in 1986, with a loss of 4,200 jobs. The company said the action was necessary because it had run out of production contracts. General Dynamics pledged $10 million for aiding the workers, who are represented by the Marine and Shipbuilding Workers.
- On the West coast, concession negotiations involved about 10,000 workers in several States, but there were only a few instances where concessions were actually implemented. At Northwest Marine Iron Works and Dillingham Ship Repair in Portland, OR, a Metal Trades Council accepted 26-percent pay cuts and reductions in night and weekend premiums that will apply only in bidding on specific naval contracts. About 700 workers were involved.
- Tacoma Boatbuilding Co. of Tacoma, WA, filed for protection from creditors under Chapter 11 of the Bankruptcy Code and said its labor costs must be cut at least $3 an hour "to have a realistic opportunity of achieving a successful reorganization." At the time of filing, in September, the company had 800 employees down from 1,850 earlier in the year, including 600 represented by unions.

Dockworkers. The International Longshoremen's Association and the New York Shipping Association negotiated an agreement to improve the competitive position of the Port of New York and New Jersey by reducing the amount shippers must pay into the local union's benefit fund for each ton of containerized cargo handled. The Port Authority had pressed for a reduction after a Federal Maritime Commission administrative law judge found that the local fee was out of line with those in other ILA ports.

Under the revised formula, shippers will pay $5.65 for each ton of cargo moving more than 220 miles to or from the port, or about $160 for each container. The previous rate was $8.90 a ton or about $250 for each container. This reduced the cost advantage of the other ILA ports—which generally base their benefit assessments on hours worked rather than tonnage—by about 50 percent.

Following the reduction decision, the Port Authority released a report indicating that the share of the Nation's cargo handled by the port had declined to 10 percent, from 20 percent 10 years ealier and 50 percent at the end of World War II. The report also showed that there were 32,000 longshore workers employed in the port in 1960, compared with 5,000 active and 3,000 inactive workers currently on the union rolls.

Elsewhere, ILA Local 3000 members in New Oreleans agreed to cuts in crew sizes in an effort to draw more business to the port and counter increasing competition from Teamsters' crews. In another amendment to their contract, Local 3000 waived a $1 an hour wage increase for unloading bulk grain ships that had been scheduled to go into effect in October. The local has about 1,600 members but only about 500 to 600 work daily. A union official said that at its peak, the daily work force averaged more than 5,000.

Parts of the modification agreement were patterned after an earlier settlement for dockworkers in Miami, FL.

Postal Service. Negotiations between the U.S. Postal Service and its four major unions culminated in arbitration awards announced in December 1984 and January 1985. The stalemate leading to the first general use of the arbitration provisions of the Postal Reorganization Act of 1970 resulted from the Postal Service's demand for wage cuts and other cost-savings measures. The quasi-governmental agency had announced that it would unilaterally impose a 20-percent cut in pay rates for new employees beginning in August, but the Congress prevented the action. Still the talks were not fruitful, leading to the arbitration.

In the first award, the arbitration panel concluded that the postal workers' pay had pulled ahead of comparable workers in private industry but said that the discrepancy should be corrected through a policy of "moderate restraint" over a number of years. To begin, the panel awarded a 2.7-percent specified pay increase in each year of the 3-year award. The provision for automatic cost-of-living pay adjustments, which protects the employees earning against 60 percent of any rise in prices, also was continued.

To reduce a compression of the pay rates between workers in the lowest and highest job grades, the panel awarded the percentage wage increases (rather than flat dollar amounts for all workers), and added new higher pay progression steps for the top jobs and new lower starting steps for the lower jobs.

Other terms included a tenth paid holiday, increased uniform and work clothing allowances, and establishment of a joint committee to consider that establishment of a systemwide health care plan for all 600,000 workers covered by the awards.

The four unions are the American Postal Workers' Union; the National Association of Letter Carriers; the Mail Handlers Division of the Laborers International Union; and the Rural Letter Carriers.

Government. In January, 1.4 million Federal white-collar employees received a 3.5-percent pay increase that normally would have been effective in October 1984 but was delayed by President Reagan under authority of the Federal Pay Comparability Act of 1970. The 2 million military personnel also received the equivalent of 3.5 percent increase in January, under laws linking their pay levels to those for the white-collar employees. About 450,000 blue-collar employees also received up to a 3.5-percent increase sometime during the fiscal year ending September 30, 1985. Their pay is raised at various times during the year based on the results of local surveys of wages for similar private industry jobs. However, their potential increase was "capped" at the level for the white-collar employees.

The balance of the year proved to be less auspicious for Federal employees. In a February budget message to the Congress, the President called for a 5-percent cut in pay in January 1986 and a cut in the "expensive, overly generous retirement system." The President's Pay Agent (a triad consisting of the Sécretary of Labor, the Director of the Office of Management and Budget, and the Director of the Office of Personnel Management) reported that an 19.1-percent pay increase would be necessary to bring the white-collar employees to pay parity with employees in similar jobs in private industry, based on the annual National Survey of Professional, Administrative, Technical and Clerical Pay conducted by the Bureau of Labor Statistics. However, the President again used his authority under the law to propose a pay freeze rather than a cut. This meant that the next general salary change under the Act could not occur before October 1986.

The President's proposal on retirement benefits were considered by Congress but no major changes had been enacted at this writing.

Wage and benefit increases for State and local government workers were essentially the same in 1984 and 1985. This is apparent from the Bureau of Labor Statistics' Employment Cost Index, which showed that during the third quarter of the calendar year—when most governments begin their fiscal year—State and local government workers pay increased 3.5 percent in 1985, compared with 3.4 percent in 1984. Compensation—pay plus benefits—rose 3.4 percent during the third quarter of 1985, compared with 3.5 percent in the third quarter of 1984.

Supreme Court rulings

The Supreme Court issued decisions in a number of labor cases in 1985, but its February ruling in *Garcia v. San Antonio Metropolitan Transit Authority* had the most widespread implications for employers and employees. In the case, the Court held that provisions of the Federal Fair Labor Standards Act applied to the State and local governments, not just to private employers. The ruling reversed a 1976 decision in which the Court had exempted "traditional" and "integral" State and local government services from minimum wage and overtime pay provisions of the Act.

In mid-November, President Reagan signed an amendment to the Fair Labor Standards Act permitting government units to continue granting compensatory time off, at the rate of 1 1/2 hours for each hour of work in excess of 40 per week. After employees accumulate 240 hours of compensatory time (480 hours for public safety and seasonal workers), the government unit must begin paying them at time and one-half rates for hours worked in excess of 40 per week.

The Court upheld provisions of the shippers and the International Longshoremen's Association labor contract reserving the handling of certain containerized cargo to ILA members. The decision ended 10 years of legal challenges to the container-handling rules, which were adopted in 1974 in an effort to preserve the jobs of ILA members in the face of the rapid movement toward cargo containerization.

Under the contract rules, ILA members have the right to "stuff" or "strip"—load or unload—consolidated container cargoes moving to or from points within 50 miles of a port where the union has jurisdiction, except where the cargo is to be warehoused for a minimum of 30 days.

In other cases, the Court ruled that:

- Unions cannot prevent their members from resigning and returning to work during a strike.
- Before public employees can be fired, they must be informed of the charges against them and be given the opportunity to respond. The ruling was particularly applicable to State and local government workers not represented by unions. Federal employees and union-represented State and local government workers usually already have such protection under legislation or labor contracts.
- Federal employees who are represented by a union in grievance proceedings cannot be afforded more procedural safeguards than nonunion workers.
- States may require employer-sponsored health insurance plans to cover particular ailments.
- Plan trustees have the right to examine the payroll records of companies paying into multiemployer employee benefit funds.
- Federal minimum wage law applies to commercial ventures of religious organizations.
- Employees can be forced to retire before age 70 only if the employer can show that an earlier age is "reasonably necessary to the normal operation of the particular business" and that "all or nearly all employees above [the] age lack the qualifications."

Affirmative action

The major developments in efforts to attain equal employment opportunities regardless of race, sex, or religion was the Equal Employment Opportunity Commission's shift away from the 20-year-old policy of using class action suits, quotas, and goals in attaining equality. Essentially, the Commission's position was that equality of opportunity is a valid and worthy objective, but it should not be attained by using methods amounting to "reverse discrimination."

The policy change was challenged by civil rights groups, which contended that it was a step backward and that, "If race caused it [discrimination], if sex caused it, you must look to race and sex to remedy it."

The first major indication of the policy change occurred in February, when the Commission announced that it would focus on aiding specific people in overcoming discrimination, rather than initiating broad actions against employers or industries. Accordingly, the Department of Justice asked 50 States, counties, and cities to remove numerical goals and quotas from their affirmative action plans.

Following this, the Justice Department took legal action against the City of Indianapolis, IN, to invalidate quotas that had been established to help women, blacks, and Hispanics obtain city jobs. The Department apparently based its case on a 1984 Supreme Court ruling upholding the seniority rights of a group of white firefighters in Memphis, TN, facing dismissal under an affirmative action plan.

Comparable worth. In another aspect of equal employment opportunity, the Administration moved away from supporting the concept of "comparable worth." In general, backers of the concept, also described as "pay equity," contend that the accepted principle of equal pay for the same job should be extended to provide equal pay for different jobs that require equivalent training, skill, judgment, and other factors that make them of comparable worth to the employer. In practice, this would generally result in pay increases for women in "traditional" women's jobs, such as secretaries, nurses, and librarians. Despite the Administration's position and an appeals court ruling overturning a 1983 decision in a Washington State case that had triggered much of the pressure for widespread adoption of the approach, about 25 States had initiated studies of pay relationships among their employees and several others had implemented plans to eliminate disparities. Several cities also legislated or negotiated such plans. To date, the concept had been essentially limited to government workers, but a few private employees, including American Telephone & Telegraph Co., are studying their pay structures.

In the Washington State ruling, a three-judge panel of the 9th U.S. Circuit Court of Appeals reversed a district court judge's order that the State immediately raise the salaries of 15,000 of its women employees to implement an earlier finding of pay discrimination. (See *Monthly Labor Review,* February 1984, p. 66.) In its ruling, which is being appealed by the State, County, and Municipal Employees union, the appeals court said, "The state did not create the market disparity and has not been shown to have been motivated by impermissible sex-based considerations in setting salaries."

Despite the ruling, the union and the State were continuing negotiation on how to allocate $41.6 million the legislature had provided to eliminate the pay disparity.

One indication of the Federal Government's opposition to the comparable worth concept occurred in June, when the Equal Employment Opportunity Commission said it would not act on behalf of women who allege discrimination in pay under the concept. The decision came in a case in which an Illinois housing authority had been charged with paying its mostly female administrative staff less than its mostly male maintenance staff, despite claims that the skill, effort, and responsibility were comparable.

However, the Commission did say that it would act in cases where it can be shown that employers intentionally pay women and men different amounts for comparable work.

In April, the U.S. Commission on Civil Rights also rejected the comparable worth concept. The Civil Rights Commission conceded that a wage gap exists between men and women but claimed that "gap is not entirely due to discrimination, so it is wrong to eradicate it in the name of anti-discrimination."

One of the negotiated pay equity plans was in Los Angeles, CA. It was part of a new 3-year collective bargaining agreement providing for wage and benefit improvements for 30,000 city employees. Of that number, about 3,900, most of them women, will receive an additional 10- to 15-percent pay increase, in steps, over the term. The adjustments, costing $12 million, apply to clerks and librarians.

In Minnesota, the State Legislature appropriated $11.8 million to complete pay equity adjustments to State employees, following a $21.8 million appropriation in 1983 to start the process. Meanwhile, the State's local governments were proceeding under a 1984 State law requiring them to complete pay equity studies of their employees by October 1985 and make any corrective pay adjustments by 1987.

AFL–CIO rejuvenation program

The year 1985 marked the 50th anniversary of the merger of the American Federation of Labor and the Congress of Industrial Organizations, an undertaking to improve the economic and social condition of workers by giving them more influence in the Nation's affairs. Over the years, the level of acceptance and influence of unions has varied with changes in economic, social, and political conditions. The past few years clearly have been a period of decline, conceded by the Federation when it said "unions find themselves behind the pace of change." This finding, and proposals for reversing the decline, were contained in a report, "The Changing Situation of Workers and Their Unions," concluding a 2-year study by the AFL-CIO Committee on the Evolution of Work.

On an optimistic note, the Committee said that current "prophesies of doom and despair" were similar to those in the 1920's and 1930's, when unions were in decline but regained strength by altering strategies.

The Committee recommended a number of changes in strategy to reverse the decline in membership and influence:

- New methods of advancing the interests of workers by adopting new bargaining approaches seeking out and addressing issues of concern to workers; establishing new categories of membership for workers not in an organized bargaining unit; expanding use of electronic media; undertaking comprehensive "corporate campaigns" to increase pressure on anti-union employers; and re-examining the use of the organizing committees used in past campaigns.
- Increasing members' involvement in their unions by increasing opportunities for them to participate in union affairs; increasing interaction between members and national union leaders; orienting new union members; and increasing the training of union officials and members.
- Improving the labor movement's communications by better publicizing its accomplishments; training union spokespersons in media techniques; informing news reporters about unions on a continuing basis; determining the value of advertising in improving the public's understanding of unions' and informing the public of violation of workers rights to form unions.
- Improving organizing activity by carefully selecting and training organizers; making greater use of modern technology; increasing union leaders' and members' involvement in organizing efforts; selecting organizing targets with greater care to increase the changes of success; devoting more efforts to small units of workers; experimenting with new organizing techniques, such as focusing on a major issue; assisting workers in new bargaining units in negotiating initial contracts; and attempting to enroll employees who are represented by a union but are not union members.
- Structural changes to enhance the labor movement's overall effectiveness by setting guidelines and encouraging mergers; providing AFL-CIO staff aid in completing mergers; establishing mechanisms for resolving organizing disputes among unions; utilizing advanced business methods in increasing internal union efficiency; and increasing unions' financing and support of State-level multiunion organizations.

The AFL-CIO has begun to implement the Committee's recommendations. One program " One on One," is designed to increase union vitality by having local union officials discuss labor issues with individuals or small groups of members. Another program is intended to improve unions effectiveness in dealing with the media by training 1,000 volunteers as union spokespersons.

The Federation is also preparing a package of benefits such as life insurance, legal insurance, and low-cost credit cards to be used by individual unions in inducing workers to become "associate members." This recruitment will be limited to individual workers not covered by collective bargaining agreements.

Internal union affairs

During the year, there were a number of merger developments, some of which began before the AFL-CIO committee's call for merger and increased organizing efforts to strengthen the labor movement:

- Leaders of the International Typographical Union were moving toward merging with the Graphic Communications International Union as part of an effort to attain "One Big Union" in the printing industry.
- The Upholsterers International Union became the Upholstery and Allied Industries division of the Steelworkers union.
- The Auto Workers union lost about 10 percent of its membership as its 120,000 Canadian members established a separate union. The split, described as amicable by both sides, can be traced to the changing economic relationship between the two nations and the resulting differences in collective bargaining goals. The allocation of strike funds and assets between the two unions was approved in 1985, but the separation is still subject to approval at the UAW's international convention in 1986.

Organizing, the other way to increase union size and strength, drew increased attention in 1985. One area of attention was the State of Ohio, where a number of unions vied for the right to represent 14 units of State government employees. An estimated 200,000 State and local government workers gained the right to bargain collectively under a 1983 law.

In the private economy, the Service Employees and the Food and Commercial Workers were in the midst of a drive to organize the 87,000 employees of the Beverly Enterprises nursing home chain. At midyear, the unions reported that they had gained the right to represent 9,000 workers and had negotiated about 80 contracts.

In terms of size, the biggest organizing challenge faced the Communications Workers, which announced that it, in concert with a few other unions, was planning a "long term" worldwide effort to organize the 340,000 employees of the International Business Machines Corp. First, the union will attempt to organize one of IBM's major competitors, Northern Telecom Inc., and other high technology firms.

Leadership changes in the labor movement in 1985 included

- Kenneth J. Brown retired as head of the Graphic Communications Union and Recording/Financial Secretary James J. Norton became acting president until a January 1986 election.
- J. C. Turner retired as president of the Operating Engineers and vice president Larry L. Dugan, Jr,. was selected to succeed him. Dugan's term will run through January 1, 1989.
- William G. Lindner, president of the Transport Workers, died and was succeeded by executive vice president John D. Lawe.
- Communications Workers President Glenn E. Watts retired and Morton Bahr, a union vice president from New York, was elected to succeed him.
- Jesse M. Calhoun retired as president of the Marine Engineers and the union's executive board elected C. E. De Fries to succeed him. De Fries had headed the union's Pacific Coast District.
- Lawrence A. Holley retired as president of the Aluminum, Brick and Glass Workers and vice president Ernie La Baff was elected to succeed him.
- Boris Block retired as secretary-treasurer of the United Electrical Workers union and Amy R. Newell, a staff organizer and contract negotiator, was elected to succeed him. □

——*FOOTNOTES*——

[1]Preliminary statistical information for all of 1985 is scheduled to be released on January 27, 1986. Both the first 9 months and full-year figures exclude possible pay adjustments under cost-of-living formulas because such adjustments are contingent on the future movement of a consumer price index.

[2]This article is essentially based on information available early in December for bargaining units of 1,000 workers or more.