

# Collective bargaining in 1982: results dictated by economy

*In some cases, workers exchanged wage-and-benefit improvements for increased job security and some voice in management, as industries were beset by intensified economic problems*

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Economic difficulties for labor, management, and the Nation continued in 1982, as the rate of unemployment rose to the highest level since 1940, the rate of business failures rose to the highest level since the Great Depression, and factory use fell to the lowest level in the 35-year history of the statistical series.

As the year ended, some economic indicators showed improvements, but the unemployment rate continued to rise. As a result of the mixed economic signals, there was no consensus on whether the country was coming out of the recession and, if so, how strong the recovery would be and how long it would last.

Considering the state of the economy, it is not surprising that major collective bargaining settlements (those covering 1,000 workers or more) in the private economy during the first 9 months provided for the smallest wage adjustments since the Bureau of Labor Statistics began compiling such data in 1967. First contract-year adjustments averaged 3.8 percent, a significant drop from the 8.3-percent adjustment when the same parties last settled (usually 2 to 3 years earlier). The annual rate of adjustment averaged over the life of the agreements negotiated during the 9-month period was 3.5 percent, compared with 6.4 percent when the parties last settled. Similarly, compensation (wages and benefits combined) in settlements covering 5,000 workers or more during the 9-month period provided for av-

erage adjustments of 3.3 percent for the first contract year, and 2.5 percent over the contract term—the smallest adjustments in the 17-year history of the compensation data series.<sup>1</sup>

The number of concession agreements<sup>2</sup> and the number of workers affected by them clearly exceeded 1981 levels reflecting, to some extent, the “heavy” bargaining year and the increase in unscheduled bargaining. Only three of the “pattern bargaining” industries that negotiated during the year settled on “normal” terms (that is, wage and benefit gains for employees, with no “give-backs”)—petroleum refining and petrochemicals, apparel, and electrical equipment manufacturing. In industries where there is no widespread pattern approach, such as construction and retail trade, settlements generally provided for gains for workers, although a few, especially in retail food, called for concessions.<sup>3</sup>

## **Auto industry still ailing**

The automobile industry was involved in a number of developments, including a downturn in sales that resulted in corporate operating losses; continuing layoffs; unscheduled contract reopenings that resulted in agreements forgoing specified wage increases in exchange for improved job security provisions; layoffs and compensation cuts for nonunion white-collar employees; adoption by Japanese manufacturers of a voluntary limit on auto exports to the United States; and continuing pressure by the Auto Workers for “local content” legislation requiring foreign producers to use a percentage of Ameri-

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can-made parts in vehicles they sell in the United States.

In 1981, GM, Ford, and American Motors began pressing the United Auto Workers (UAW) for labor cost relief, contending that they were at a competitive disadvantage with foreign manufacturers, as well as with Chrysler Corp., which had benefited from cost concessions negotiated in 1979, 1980, and 1981. (Prior to 1979, UAW contracts with the "Big 3" companies—GM, Ford, and Chrysler—had provided for essentially identical wage and benefit levels. American Motors was on a different bargaining cycle and its labor costs were already lower than those of the Big 3 companies.)

The round of early renewals of contracts started in late 1981 with discussions between UAW and GM officials. During these talks, GM accepted the union's proposal to pass any labor cost savings resulting from concessions to vehicle purchasers through price reductions. However, bargaining ended in late January without a settlement. UAW President Douglas Fraser said the negotiations broke down over three issues: job security, use of outside contractors—particularly foreign firms—and how GM would carry out its promise to reduce vehicle prices by the amount of labor cost concessions.

Negotiations proceeded more smoothly at Ford, where a settlement was reached in mid-February. The new contract did not provide for specified wage increases, but it retained the automatic cost-of-living pay adjustment formula. Ford gained some cost relief because each of the first three quarterly adjustments was to be reduced by 2 cents an hour and deferred for 18 months. Other changes beneficial to Ford were longer pay progression schedules for new workers, longer waiting periods before new workers are eligible for certain insurance benefits, and elimination of paid personal holidays.

The union was successful in its major goal, attaining greater job security for its members. Ford agreed to a number of changes intended to preserve jobs or at least aid laid-off workers. Other changes beneficial to workers included a 2-year moratorium on plant closings that would have occurred as a result of "outsourcing" (purchasing parts and services from outside firms, to the detriment of Ford workers), and a company pledge to make every effort to maintain the current work force and to handle future cuts through attrition, rather than layoffs.

The parties moved toward a lifetime pay guarantee by adopting a Guaranteed Income Stream covering workers with at least 15 years of service laid off after the effective date of the agreement. The payments will continue until the participant becomes eligible to retire or attains age 62.

Acknowledging the need for cooperation, the parties provided for the establishment of Mutual Growth Fo-

rum. The forums will give workers a voice in management decisions, and will operate at the national and plant levels. The director of the UAW Ford Department will address the company's board of directors twice a year. (The first instance of formal union participation in management of an auto company occurred in 1980, when UAW President Fraser was elected to Chrysler's board of directors as part of the wage concession settlement.) The settlement also featured a profit-sharing plan.

The settlement at Ford induced the UAW and General Motors to resume negotiations, which resulted in a settlement comparable to Ford, with several differences: (1) GM specifically agreed to reopen four of six plants it had closed in recent months (at Ford, there was no such specific commitment); (2) the Guaranteed Income Stream program will cover laid-off workers with 10 years of service; (3) the new profit-sharing plan was less liberal than at Ford (however, UAW officials contended that GM employees would generally fare better because GM has usually been more profitable than Ford); and (4) a legal services plan replaced increased company financing of Supplemental Unemployment Benefits negotiated at Ford.

After the GM settlement, the UAW's bargaining focus shifted to American Motors Corp. A settlement was reached in May for 14,000 workers. Under this contract, employees will lend the company \$110 million, to be accumulated by deferring specified wage increases and automatic quarterly cost-of-living adjustments, and by "banking" money, that is, giving up 21 days of holiday and vacation pay by the end of 1984. Between 1985 and 1989, American Motors must repay the entire \$110 million, plus 10 percent interest. The American Motors contract expires in September 1985, 1 year later than those at Ford and GM.<sup>4</sup>

Next, bargaining began at Chrysler Corp. The UAW's chief demand was for a reduction in the estimated \$2.60 an hour pay disparity with GM and Ford workers that had resulted from the three concession settlements at Chrysler. The company and union reached a tentative agreement in mid-September, but the employees turned it down, primarily because it did not provide for an immediate wage increase.

After the rejection, the parties resumed negotiations, but Chrysler continued to maintain that it could not afford an immediate wage increase. The workers' demands stemmed, in part, from the fact that Chrysler had accumulated \$1 billion from sales of property and vehicles. Chrysler said the money was needed for new product development.

Finally, in early December, the parties agreed on a 13-month contract that provided for an immediate pay increase averaging 75 cents an hour; resumption of automatic quarterly cost-of-living pay adjustments; and

adoption of Lifetime Job Security projects similar to those at Ford and GM.

### **Rubber Workers avoid 'give backs'**

The United Rubber Workers union entered 1982 negotiations with the Big Four rubber companies, and others, vowing not to grant any wage-and-benefit concessions and largely succeeded, although the 1982 terms were not as liberal as those in the 1979 accords. The year also was marked by plant closings, a continuing drop in sales by U.S. tire manufacturers, and a move by a Japanese company to begin producing tires in the United States.

The Rubber Workers and B.F. Goodrich negotiated a 3-year contract that set a pattern for settlements at Goodyear Tire & Rubber Co. and Firestone Tire & Rubber Co. The terms also affected employees of Uniroyal, Inc., which had earlier agreed to be bound by the pattern terms, modified to the extent necessary to reduce the cost increase by \$18.3 million a year.

The Goodrich contract did not provide for any specified wage increases but the provision for quarterly cost-of-living pay adjustments was retained. There also were improvements in pension and insurance benefits, including an extension of the period during which laid-off workers retain life and health insurance.

The parties moved to deal with plant closings, layoffs, and other mutual problems by providing for consultations between the company and the union, and by establishing an Early Action Committee.<sup>5</sup>

The General Tire-Rubber Workers contract for 1,200 workers in Waco, Tex., deviated from the Goodrich pattern. One aim of the 3-year contract was to induce employees to stay in or move up to higher skilled jobs by increasing the pay differential between these and lower-rated jobs. This was partly accomplished by immediately increasing pay rates for the skilled jobs while cutting rates for new workers in the lower-rated jobs. The quarterly cost-of-living pay adjustment formula was retained, but was modified to provide that only 60 percent of the total amount of money available for each adjustment will be distributed as a flat cents per hour increase; the balance will be used for special adjustments for skilled workers. At the other companies, the entire amount of each increase will be distributed equally to all workers.

In the benefits area, the health insurance plan was modified to try to reduce or eliminate hospital stays by requiring employees to pay 10 percent of room and board costs, up to a maximum of \$400 for any one confinement.

Similar provisions were later accepted by the Rubber Workers' 1,200 employees at General Tire's Mayfield, Ky., plant.

*Plant closings.* In August, Firestone gave the Rubber Workers the required 6 months notice of intent to close its 45-year-old plant in Memphis, Tenn., despite a number of work-rules changes the workers had accepted in 1980 to increase efficiency. Declining demand for medium and heavy duty bias ply truck tires was behind the closing. At the time of the announcement, the plant employed 1,100 workers, with an additional 850 on layoff.

At the same time, Firestone announced that it would close its Nashville, Tenn., radial truck tire plant if the union's local could not reach an agreement with Bridgestone Tire Co. Earlier, the Japanese company had agreed to purchase the plant, contingent on attaining a satisfactory agreement with the local. At the time of the announcement, the plant was operating at 50 percent of capacity.

General Tire and Rubber Co. announced that it would shutdown its truck tire plant in Akron, ending the jobs of 1,000 hourly workers and 247 salaried employees. Reportedly, the shutdown was mandated by a reduced demand for bias ply tires. The shutdown ended tire production in Akron, except for certain experimental and specialty types. Rubber Workers President Milan Stone said the closing was "especially disheartening" in view of the fact that workers at the General Tire plant had accepted a pay cut in 1979 to help finance the proposed replacement facility. As specified in the 1979 agreement, the \$4 million in accrued funds was to be returned to the workers because the company had dropped its building plans.

### **Early settlement in trucking**

The organized trucking industry was beset by financial difficulties resulting from the continuing recession and the influx of nonunion trucking firms with lower operating costs. The entry of 8,000 nonunion trucking firms after enactment of the Motor Carrier Deregulation Act of 1980 in July of that year led to the demise of 234 unionized trucking firms, costing the jobs of 40,500 Teamster union members. These firms generally closed because they were no longer protected by Interstate Commerce Commission rules that generally assured them of markets and profits.

Adding workers laid off at firms still in business brought the total number of out-of-work Teamsters to 120,000 out of about 300,000 workers the Teamsters represented in the industry, and made the union receptive to the August 1981 proposal by Trucking Management Inc. (TMI), the major bargaining arm of the industry, for early bargaining on renewal of the 3-year contract scheduled to expire in March 1982.

The February 1982 contract did not provide for any specified wage increases over its 37-month term but all economic provisions were subject to renegotiation after

April 1, 1984, if "the financial status of the industry has either substantially increased or decreased compared to the date of the ratification of this agreement."

The automatic cost-of-living pay adjustment formula was modified to provide for annual adjustments, instead of the previous semiannual adjustments. Also, part or all of each adjustment will be diverted, if necessary, to cover cost increases for maintaining existing levels of pensions and health and welfare benefits. (The immediate result was diversion of 25 cents an hour from the 72 cents cost-of-living adjustment scheduled for April 1, 1982, under terms of the 1979 contract.)

Some of the provisions were contained in 31 area supplements to the "National Master Freight Agreement." The supplemental agreements generally provided for new employees to move up to the top rate for their job over a 3-year period (previously, they usually received the top rate immediately); relaxation of some restrictions on the type of deliveries drivers can make; and relaxation of work rules so that employers can adopt "nonstandard" workweeks to more efficiently utilize terminals and other facilities. One provision favorable to the workers banned employers from disposing of operations to evade the terms of the agreement.

Despite these aids, a number of firms pressed Teamsters' local unions for additional aid. Their demands resulted in additional concessions at some firms. However, despite the additional assistance, some firms were unable to remain in business. One notable example was Spector-Red Ball Inc., the Nation's sixth largest trucking company, which ended operations despite an agreement by its 6,500 employees to lend the company 15 percent of their pay.

### **Concessions aid meatpacking industry**

Continuing the trend of recent years, the meatpacking industry was beset by plant closing and worker pay concessions, as the "old line" companies attempted to counter a drop in consumer demand and intensified competition from newer companies with lower operating costs.

The round of bargaining in the industry began in December 1981, when the United Food and Commercial Workers and Armour and Co. agreed on wage and benefit terms intended to aid the company. Armour lost \$5.7 million in 1980, and had closed 24 plants in the past 10 years. (During the same period, the industry had closed more than 350 facilities.)

The aid to the company was accomplished by modifying some terms of the current agreement (which was not scheduled to expire until August 31, 1982) and by adding a new 3-year contract to become effective September 1, 1982. This approach—rather than negotiating a 44-month agreement effective immediately—was used

by the union to retain the tradition of negotiating 3-year agreements.

The workers gave up specified wage increases and agreed to suspend the provision for semiannual cost-of-living pay adjustments. However, the adjustment formula was retained and will become binding on the last day of the 3-year contract. (Union officials explained that this approach was used to enhance the chance of retaining a fully operational clause in the 1985 negotiations.)

Also, workers will receive a lump-sum payment of at least \$400 in December 1983—the amount they would have received in their 1982 weekly paychecks if they had received the two adjustments normally effective in that year.

Other provisions decreased the hourly pay of workers in the company's one remaining beef-packing plant in Idaho, cut starting rates for new workers, and deferred the effective date of an increase in pension rates to September, 1, 1985, the day after the contract expires. In return for the concessions, Armour gave the employees a copy of its capital investment plan for the next 5 years and agreed to divulge its actual expenditures each year, and promised not to close any plants before mid-1983.<sup>6</sup>

The Food and Commercial Workers union negotiated similar terms with several other companies, including Wilson Foods Corp. and George A. Hormel & Co. At Rath Packing Co., the union agreed to the terms of the "Armour pattern," but the union was more or less bargaining with itself because the plant's employees own 60 percent of the company stock and have 10 members on the 16-member board of directors.

A union official said that the concession contracts were part of the Food and Commercial Workers' plan to eventually attain a national wage structure in the industry by temporarily holding the line on labor costs at old-line, high-cost companies, while pressing lower cost companies for pay-and-benefit improvements.

Meanwhile, workers at Iowa Beef Processors in Nebraska, voted to end a 4-month strike and return to work under terms of their expired contracts. According to a union official, the return to work was motivated by the economic difficulties suffered by the strikers and by the belief that the union could strengthen its bargaining positions by ending the strike.

During the negotiations, Iowa Beef had pressed for a \$2 an hour pay cut, a 4-year freeze on future increases, and the right to further reduce pay if there were pay cuts at competitive firms. The company claimed that these demands were warranted because, "there are only a few companies that pay wages as high as what we pay here." However, the union contended that total labor costs at Iowa Beef were much lower than those at other

companies because Iowa Beef provided a minimal level of supplementary benefits.

Iowa Beef, the industry's leader in beef processing, accounts for 16 percent of U.S. output. Workers at three of its plants are represented by the Food and Commercial Workers, workers at two plants are represented by the Teamsters, and workers at the other six plants are not represented by a union.

### **Agreement legislated for train engineers**

Contract talks between the Nation's railroads and the 15 railroad unions began in August 1981. Seven of the unions settled in December of that year and some settled in the first half of 1982, but the bargaining round did not conclude until September 1982, when Congress imposed a settlement on the Locomotive Engineers and ordered the 26,000 workers to end a 4-day walkout.

The protracted negotiations actually resulted from management efforts to win work-rule changes from the Brotherhood of Locomotive Engineers and the United Transportation Union which represents firemen, brakemen, conductors, and switchmen. Some of the items that the industry's bargaining arm, the National Railway Labor Conference, was pressing to eliminate or moderate included: a rule giving train crews a full day's pay for each 100 miles of travel (the conference contended that this rule imposed improper costs on carriers because today's trains travel much faster than they did 60 years earlier when the rule was adopted, and it wants crew members paid on an hourly basis); "arbitrariness" or certain tasks that management maintained employees should perform as part of their routine duties (for example, some railroads pay \$5.37 a day to all members of a crew for coupling and uncoupling air hoses, even though the work is performed by only one employee); and elimination of cabooses, which management claims are no longer needed for their original purpose of providing sleeping quarters, a work area for conductors, and a place from which to watch for "hot boxes"—the overheated axles that cause derailments (the United Transportation Union, the only union using the cabooses, contended that cabooses are vital for safety purposes).

There were two intertwined issues peculiar to the Locomotive Engineers' bargaining—the union's insistence on maintaining the right to strike during the contract term over "major issues" (minor issues are handled through grievance procedures for all rail unions) and the union's pressure for retention of its members' 15 to 20 percent pay advantage over other crew members. Without the strike weapon, the union said it would be unable to obtain matching pay increases for its members when management and the United Transportation Union agreed on wage increases in exchange for cuts in crew sizes.

Bargaining between the conference and the two unions reached an impasse. As a result, President Ronald Reagan used his authority under the Railway Labor Act to appoint separate panels to delay any walkouts and recommend settlement terms. The boards issued their recommendations in August, but the outcome remained uncertain. Finally, the United Transportation Union and the conference settled on September 15, only 5 days before the union could legally strike.

The accord provided for essentially the same wage-and-benefit package as the 1981 settlements. In regard to the unique issues, the parties generally accepted the recommendations of the panel. This meant that the mileage pay and arbitraries will be negotiated further, with no provision for final and binding arbitration if there is a deadlock.

In accepting the board's recommendation that cabooses be eliminated, the parties agreed to implement the change over time and beginning with the shortest trains. Also, a special grievance board will oversee the phaseout to ensure that the change does not increase danger for longer trains.

On September 19, 86,000 workers represented by Locomotive Engineers began the first large scale rail walkout since 1978. The 4-day strike ended as a result of legislation passed by the Congress at the request of President Reagan.

The back-to-work joint resolution incorporated the recommendations of the emergency board. The board recommended that the union be allowed to negotiate changes in compensation when there is a "change in the compensation relationship as a result of a 'crew consist' agreement between a given carrier and the United Transportation Union." The mileage and arbitraries issues will be handled the same way as for the United Transportation Union members.

### **Airlines—layoffs continue**

The airlines' financial condition worsened in 1982, leading some observers to forecast that it would be the industry's worst year in history, with the 12 major carriers—those with revenue of at least \$1 billion a year—exceeding the \$550 million in losses they sustained in 1981. Prospects were equally grim for airline employees—layoffs totaled 17,000, or about 6 percent of the work force, for the first 9 months of 1982, and cutbacks were continuing. The industry's difficulties were attributed to several factors, including carrier difficulties in determining the most beneficial mix of routes since the deregulation of routes and fares in 1978, particularly in view of an influx of new carriers; the recession, in particular high interest rates, which made it more difficult to buy more efficient planes; high fuel costs; and the after-effects of the air traffic controllers strike, which led to the restriction of air traffic at 22 large airports.

Although some labor contracts negotiated in the industry provided for wage-and-benefit gains, more commonly workers were forced to accept freezes or reductions in compensation. Among the carriers affected were—

- Republic Airlines and Western Airlines—late 1981 early 1982 agreements with several unions provided for 10 percent pay cuts for 11,000 workers.
- Pan American World Airways—4,900 members of the Independent Union of Flight Attendants negotiated a contract that provided for various wage increases, followed by a 10-percent reduction in earnings to last 15 months. This followed the lead of four other unions which had accepted 10 percent cuts in late 1980. All five unions also agreed to changes in work rules. In exchange for the cuts, the unions gained a membership on the company's board of directors. The workers involved also received \$1 of company stock for each \$5 of earnings given up. In November, Pan Am was pressing for further productivity gains and had extended its plan for inducing employees to retire early because only 2,500 of an expected 5,000 employees had accepted.
- Eastern Air Lines—an April settlement with the Air-Line Pilots provided for a pay freeze until April 1, 1983, followed by two pay increases totaling 10 percent; and a 5-year extension of the Variable Earnings Program established in 1977 and scheduled to expire on July 3. Under the program, 3.5 percent of each employee's pay was withheld. If company profits attained a specified level, the employees received the withheld amount at yearend, and up to an additional 3.5 percent if profits attained a higher level. In September, the Machinists also agreed to a 5-year extension of the Variable Earnings Program, with some modifications, clearing the way for a settlement on wages and benefits. Meanwhile, Eastern's flight attendants, represented by the Transport Workers, were embroiled in legal suits against the company over the Variable Earnings Program and seniority issues, which created uncertainty about when they might settle on a new contract.
- Braniff International—in late 1981, members of the Air Line Pilots Association agreed to a pay freeze through 1982, as well as increases in work schedules intended to reduce Braniff's costs. Bargaining in 1982 was focused on other unions (which, along with the Air Line Pilots, had agreed to pay cuts early in 1981). In the meantime, Braniff's financial condition was steadily slipping; in May, the company ceased operation and declared bankruptcy, claiming a \$733 million debt. The bankruptcy court determined that the company's pension funds were severely depleted, opening the possibility that the Federal Pension Benefit Guarantee Corp. would have to assume the unfunded liability.

## GE contracts set pattern

In a departure from the practice in recent years, workers at the General Electric Co. and Westinghouse Electric Corp. won larger percentage increases in compensation than workers in trucking, auto production, and rubber, although workers in these industries continued to have higher levels of compensation. Industry and union observers said that GE was willing to settle for a larger package than in 1979 because it wanted to pull management and labor together to make GE more competitive in world markets.

GE workers were concerned about job security in view of cutbacks in some operations, such as appliance production. As a result, job security provisions were the feature of the 3-year contracts negotiated by the 13-member unions of a Coordinated Bargaining Committee.

Although Westinghouse continued its practice of settling along the same lines as GE, Westinghouse was not as happy with the wage-and-benefit package. The impact of the package was greater at Westinghouse because evolving changes in corporate aims have led the company into more labor-intensive service businesses. However, the only deviation from the "pattern" was the adoption of an optional contributory pension plan, with employees paying in an amount equal to 3 percent of annual earnings in excess of \$14,700. Westinghouse had started pressing its employees to help finance pensions in 1977, saying it would alleviate a cost advantage held by GE, which has long had a contributory plan.<sup>7</sup>

*Petroleum.* Bargaining in the petroleum refining and petrochemical industries was conducted in the midst of a worldwide oversupply of oil, but the major companies and the Oil, Chemical and Atomic Workers settled on 2-year contracts that called for wage-and-benefit improvements. This was possible because the companies were operating at a profit and labor costs account for only a small percentage of total operating costs in these highly automated industries.

The union did not obtain a layoff protection provision to prevent layoffs resulting from production cutbacks and facility shutdowns. Union president Robert F. Goss had said that such protection was necessary because the companies had closed 50 facilities since 1980, at a cost of 5,000 jobs. Goss called the pattern-setting settlement with Gulf Oil Corp. "the best we could negotiate without a strike." In 1980, a 4-month strike against various companies had minimum effect because nonunion management and technical employees maintained more or less normal production.

The pattern-setting Gulf agreement provided for an immediate pay increase, and an increase in 1983. The 2-year contract continued the practice of not providing

for automatic cost-of-living pay adjustments, raised the employer financing of health insurance, and increased life insurance coverage.

The round of bargaining in the petroleum industry, which involved the renegotiation of about 400 contracts of various companies, was not entirely peaceful. About 3,500 workers struck Texaco, Inc.'s refinery in Port Arthur, Tex., for 7 months. The walkout resulted from a development in 1976, when Texaco began cutting the one-time lump sum retiring workers can choose instead of receiving usual monthly retirement benefits. In the resulting court case, the company contended that the cut was warranted because rising interest rates made it possible for workers who invested the lump sums to receive a larger lifetime amount than workers who elected monthly benefits.

The issue was resolved in an out-of-court settlement that called for Texaco to distribute a total of \$5 million to workers who retired between February 1976 and January 1982 and whose lump sum payoffs were reduced. However, the reduction will apply to all future retirees electing the lump sum. In a separate development, Texaco agreed to special payments to induce workers to retire early, as part of the company's effort to reduce employment. The new contract followed the Gulf lead on wage increases and other benefits.<sup>8</sup>

#### Other notable events

*Newspapers shutdown, merge.* Employment in newspaper publishing was about 425,000 in September, matching the level of a year earlier. Overall, the newspaper industry was healthy, with advertising revenue at record levels in 1981 and continuing into 1982, despite the recession. The exception was in urban afternoon papers, where there were closings, mergers with morning papers, employee concessions, and staff cutbacks.

The problems experienced by the urban afternoon papers were attributed to a number of factors, including difficulties in distributing papers during afternoon rush hour traffic; older, less efficient plants staffed by relatively larger numbers of higher paid workers than suburban competitors; and the growth of television news and advertising. Some of these problems are also applicable to urban morning papers, but in cities with both morning and afternoon papers, morning publications usually lead in circulation and receive a disproportionate share of advertising revenue.

Among the papers that shut down were:

- *The Philadelphia Bulletin*, the Nation's fourth largest afternoon paper, closed in January despite contract concessions the union members had accepted in August 1981. At that time, the parent Charter Co. of Jacksonville, Fla., promised to spend \$30 million to improve the paper if certain operating goals were

met. Charter said that the goals were not met, and losses had increased. About 1,900 workers were affected.

- *The Philadelphia Journal*, an afternoon tabloid specializing in sports and local news, which closed down at the beginning of the year after losing \$15 million over 4 years. The action came after members of the various unions had rejected wage and staffing cuts. More than 125 employees were affected.
- *The Cleveland Press* closed in June, despite contract concessions by employees and an infusion of \$8 million over 20 months by its new publisher. The afternoon paper had 900 employees.
- *The Buffalo Courier-Express* closed in September after employees rejected contract concessions. The afternoon paper, owned by Cowles Media Co., lost \$25 million over 3 years. About 850 workers were affected.

Mergers or changes to joint use of staffs or facilities occurred in several cities. In Minneapolis, the *Star and Tribune* newspaper resulted from a merger of morning and afternoon papers. The afternoon edition was dropped after a few months because sales did not meet expectations. Later, the paper again moved to cut costs by permitting 825 nonunion employees to take up to 30 days off without pay, with an option to take more. The paper, owned by Cowles Media Co., also said the plan would be discussed with its unions.

In Dayton, Ohio, the *Dayton Daily News* and *The Journal* combined their editorial staffs but continued to publish separate papers. Library, photo, and suburban staffs had been combined earlier. After the layoff of 90 editorial employees, the papers had a total of 1,050 employees.

In Des Moines, Iowa, the *Register and Tribune Co.* was formed from the merger of morning and evening papers. About 200 of the 1,030 employees lost their jobs.

The fate of the Nation's largest circulation paper was resolved when the *New York Daily News* and 11 unions agreed to a package of cost reduction measures. Details of the agreements varied but the overall goal was to reduce labor costs by \$50 million a year. The agreements called for the elimination of the equivalent of 1,340 jobs. To help do this, the newspaper established a \$50 million fund to finance a one-time "buy-out" payment to full-time employees who elect to leave.<sup>9</sup>

*Retail food stores.* There was a surge of contract concessions and store closings in the retail food store industry. Much of this activity occurred in mid-Atlantic States, particularly Pennsylvania and Maryland, but the Great Atlantic & Pacific Tea Co. (A&P) did engage in aborted discussions with the United Food and Commercial Work-

ers on a national approach to concessions intended to keep stores open.

Generally, food store chains asking for concessions contended that they were operating at a loss because of increased competition from lower cost nonunion firms and because the recession had caused many shoppers to restrict purchases to staple items with small profit margins. Some chains attributed part of their difficulties to having older, higher paid work forces and small, old stores.

A&P and the Food and Commercial Workers discussed the possibility of companywide contract concessions in the wake of 400 store closings in the preceding 6 months, but the talks were ended after the union rejected the company's proposal of a 2-year wage freeze and suspension of certain restrictions on work scheduling, or a 10-percent pay cut. A&P contended that the changes were needed so its labor costs would be "competitive with the industry average."

The union did not accept the proposal because it did not offer employees "even the slightest shred of a guarantee against further reductions in staff or further store closings." A&P then pursued concessions in local negotiations, and had some successes:

- In Philadelphia, A&P workers accepted a temporary cut in pay in exchange for a share of gross sales and participation in management of more than 20 closed stores that would be reopened by yearend.
- In the Norfolk, Va., area, 300 A&P employees gave up \$1.38 in scheduled future wage increases and part of their paid vacation to keep 13 stores open.
- In the Baltimore, Md., area and on the State's Eastern Shore, 1,700 A&P workers agreed to forgo \$1.23 in scheduled wage increases, and to a reduction in benefits. In exchange, the company agreed not to close any area stores before the current 3-year contract expires in September 1983.

Other concessions in the retail food store industry included:

- In the Pittsburgh area, 2,500 employees of Giant Eagle Markets agreed to eliminate 4 holidays and freeze pay for those at the top rate for their jobs, and to be paid at time and one-half rates, instead of double time, for Sunday work. The local union was permitted to examine the company's books, and it will be given a second opportunity in the fall of 1983.
- In the Wilkes-Barre, Pa. area, 1,000 employees of Acme Markets, Inc. moved to avert store closings by giving up a scheduled 20 to 30 cents an-hour wage increase and reducing the maximum paid vacation to 4 weeks, from 5.
- In Detroit, 13,000 Food and Commercial Workers' members agreed to a 2½-year wage freeze at Kroger

Co., Farmer Jack, and A&P store chains. Bargaining will be reopened in April 1983. At Chatham food store chain, which was in bankruptcy proceedings, wages and benefits were rolled back to January 1, 1981, levels.

*Construction.* In recent years, union-represented workers in the construction industry have usually obtained larger increases in hourly compensation than workers in other industries. The construction workers contend that they rate higher hourly pay because they are in skilled trades and that the higher pay helps offset work time lost because of bad weather.

During the first 9 months of 1982, construction settlements covering 1,000 workers or more provided for the smallest wage adjustments since 1978, averaging 7.0 percent for the first contract year and 6.9 percent a year over the entire term. The comparable figures for workers in all other industries were 3.4 and 2.9 percent, but these workers are often covered by automatic cost-of-living pay adjustment clauses that could raise these figures, depending on the movement of the Consumer Price Index. Cost-of-living clauses are rare in construction.

In 1981, wage adjustments for construction workers averaged 13.5 percent in the first contract year, and 11.3 percent over the life of the agreement. Among the reasons for the decline were cutbacks in projects and the resulting high unemployment (22.6 percent in September), and increased competition from nonunion contractors moving into commercial construction. Some events in the industry worth noting include:

- Increased instances where union workers agreed to special lower pay rates for residential work to increase their employer's ability to compete with non-union contractors.
- Adoption of a new workweek in Chattanooga, Tenn., that could influence other areas. Under the new approach, members of four unions work a 40-hour, 4-day workweek without overtime pay, which gives employers and employees a better chance of making up for work days lost because of bad weather. The contracts do provide for time and one-half pay for each hour over 40, and double time for every hour over 10 each day.
- Increased union interest in stimulating the industry by investing their pension funds in construction projects.

### **Organizing and internal union affairs**

There were no major organizing breakthroughs for the labor movement in 1982. The Auto Workers' Union accelerated efforts to organize white-collar workers in the auto industry, where increased layoffs and wage-

and-benefit concessions appeared to increase workers' receptiveness. The union was unsuccessful in the first two representation elections involving General Motors white-collar employees. At a Chevrolet plant in Flint, Mich., the vote was 87 to 32 in favor of "no union." Several days later, the vote was 21 to 6 for "no union" at a unit of clerical workers at a foundry in Pontiac, Mich.

The UAW's white-collar campaign had better results in other industries. The union won the right to represent 3,300 workers at Michigan Blue Cross-Blue Shield, and had major organizing efforts underway among clerical and technical workers at several eastern universities.

In an unusual action, the American Federation of Television and Radio Artists filed a Chapter 11 bankruptcy petition after a Federal judge refused to stay a \$10.6 million antitrust judgment against the union. The verdict, which was under appeal by the union, resulted from charges that the union participated in an illegal boycott of a nonunion music-writing firm by pressuring advertising companies to withhold work from the firm.

*Mergers.* Special committees of the International Typographical Union and the Newspaper Guild agreed on a proposal to merge. Formation of the new union, the Media Employees International Union, is subject to a March 1983 vote by the unions' members. The new union would have about 80,000 members, making it the largest union primarily of newspaper workers in the country.

There also was a merger in the entertainment industry, as the 5,000-member Screen Extras Guild became part of the 52,000-member Screen Actors Guild.

A 90,000-member Glass, Pottery, Plastics and Allied Workers union resulted from the joining of the Pottery Workers and the Glass Bottle Blowers. A 70,000-member Aluminum, Brick and Glass Workers International Union resulted from the joining of the Aluminum, Brick and Clay Workers and the Glass and Ceramic Workers.

In other merger activity, delegates to a Yardmasters convention rejected a merger with the Locomotive Engineers; talks between the Service Employees and the Retail, Wholesale and Department Store Union were terminated; and the Steelworkers and the Insurance Workers failed in a second attempt at merger, after which the Insurance Workers began discussions with the Food and Commercial Workers.

*Leadership changes.* In the area of union leadership, there was a change at the United Mine Workers, as 33-year-old Rich Trumka defeated incumbent Sam Church in a membership vote. The vote margin was about 2 to 1. Trumka, a former UMW attorney, said his top priorities were improving the union's financial

condition, increasing membership, and intensifying organizing efforts.

There also was a move toward a change of leadership of the Auto Workers, as the union's executive board named Owen Bieber to succeed Douglas Fraser when he retires in May 1983. Fraser, who will leave when he reaches the union's mandatory retirement age of 65, guided the union for six difficult years during which its members were hard hit by layoffs and contract concessions. Bieber, who heads the UAW's General Motors Department, is expected to be officially ratified at the union's May 1983 convention.

In other leadership changes, State, County, and Municipal Employees President Jerry Wurf died and was succeeded by Gerald W. McEntee; Plumbers and Pipefitters President Martin J. Ward died and was succeeded by Marvin J. Boede; International Union of Electrical Workers President David J. Fitzmaurice died and was succeeded by William Bywater; and Carpenters President William Konyha retired and was succeeded by Patrick J. Campbell.

### **Government workers**

During the year, there were several legislated decisions affecting Federal workers' pay and benefits:

- The Federal pension system was changed to provide that only retirees age 62 or older on the effective date of an automatic cost-of-living adjustment in benefits will receive the full amount. Until they attain age 62, younger retirees will receive only half the increase; previously, all retirees received the full increase. Disability retirees and survivors of retirees will continue to receive full increases, regardless of their age.
- Cost-of-living adjustments for retirees will be effective in April 1983, May 1984, and June 1985. Previously, adjustments were in March. Also, the full amount of the adjustments will be deducted from the paychecks of 140,000 retired military personnel working in Federal civilian jobs. Previously, part of regular retired officers' pensions was withheld if they were in Federal civilian jobs but there was no withholding for enlisted personnel. There are 1.3 million Federal retirees, and 458,000 survivors of retirees.
- Federal employees were brought under the social security system's medicare program. Accordingly, the Government began deducting 1.3 percent of the first \$35,700 of their annual earnings, effective in January 1983.
- The 1.4 million Federal civilian employees and 2 million military personnel received a 4-percent salary increase in October. Managers and supervisors in upper pay grades received increases ranging from below to above 4 percent under a new performance system. The 24,000 Federal Aviation Administration air traffic

controllers, supervisors, and technicians received an additional 5 to 6 percent increase. About 450,000 Federal blue-collar workers also received a 4-percent increase.

*State and local.* Financial difficulties of State and local governments accelerated during 1982, as they were hit by reduced tax revenues, continuing statutory prohibitions of tax-rate increases in some areas, rising operating costs, and reduced Federal financing of some programs. The squeeze on the States is clear from Bureau of the Census reports showing that while revenues rose 12.2 percent, to \$310.8 billion, during the fiscal year, spending increased 13.1 percent and overall indebtedness increased 10.6 percent, to \$134.8 billion.

According to the Bureau of the Census, State and local government employment declined during the last fis-

cal year, the first decline since World War II. The employment total was 13.1 million people, down from 13.3 million a year earlier. Despite the reduction, payrolls of State governments rose 8.9 percent, or 4.7 billion, and payrolls of local governments rose 8.1 percent, or \$11.3 billion.

Although instances of wage-and-benefit reductions were infrequent, fiscal problems of State and local government appeared to have a moderating effect on the size of pay increases. The Bureau of Labor Statistics' Employment Cost Index indicated that pay increases during the third quarter of the year—the period when most governments begin their fiscal year—were 4.4 percent in 1982, compared with 5.0 percent in 1981. Similarly, compensation—pay plus benefits—rose 4.6 percent during the third quarter of 1982, compared with 5.6 percent in 1981. □

—FOOTNOTES—

<sup>1</sup> All of the preceding preliminary information on negotiated wage and compensations changes excludes possible pay adjustments under cost-of-living formulas because such adjustments are contingent on the future movement of a Consumer Price Index. For more information on the settlements during the first 9 months and a complete description of the data series, see *Current Wage Developments*, November 1982, p. 46.

<sup>2</sup> For this article, a concession agreement is one that reduces current wages or benefits or eliminates or reduces scheduled future improvements.

<sup>3</sup> For an account of collective bargaining activities scheduled for 1983, see pp. 3–16, this issue, which also discusses 1982 developments in the steel industry.

<sup>4</sup> For specifics of the UAW's agreements with Ford, GM, and Ameri-

can Motors, see *Monthly Labor Review*, April 1982, pp. 62–64; May 1982, pp. 59–60; and July 1982, p. 54.

<sup>5</sup> For specifics of the Rubber Workers-Goodrich contract, see *Monthly Labor Review*, July 1982, p. 53.

<sup>6</sup> For specifics of the United Food and Commercial Workers-Armour contract, see *Monthly Labor Review*, February 1982, p. 48.

<sup>7</sup> For specifics of the GE and Westinghouse contracts, see *Monthly Labor Review*, September 1982, pp. 44–45 and October 1982, p. 44.

<sup>8</sup> For specifics of the Oil, Chemical and Atomic Workers contracts with Gulf and Texaco, see *Monthly Labor Review* March 1982, pp. 47–48 and November 1982, p. 49.

<sup>9</sup> For specifics of the contracts, see *Monthly Labor Review*, November 1982, pp. 49–50.