The outlook for collective bargaining in 1988

Bargaining will be heavy in private industry, light in State and local government, as contracts for two-fifths of workers under major agreements come up for negotiations

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About 3.4 million workers are under major collective bargaining agreements (covering 1,000 workers or more) scheduled to expire or be reopened in 1988. They account for about two-fifths of the 8.7 million workers under major agreements. About seven-tenths (2.4 million) of the workers whose contracts are slated for negotiation are in private industry; the remainder are in State and local governments.

In private industry, bargaining activity will be comparatively heavy this year, covering about 38 percent of the 6.3 million private industry workers under major agreements. This follows a "light" bargaining year, 1987, during which negotiations involved 30 percent of the private industry total. About 1.5 million (63 percent) of the private industry employees whose contracts are scheduled for renegotiation are in nonmanufacturing industries, including 434,000 in construction, 317,000 in railroads, 195,000 in trucking, and 192,000 in trade. Of the approximately 893,000 manufacturing workers covered by scheduled bargaining, 230,000 are in apparel industries, 160,000 in transportation equipment, and 155,000 in electrical equipment. (See tables 1 and 2.)

In State and local governments, bargaining activity in 1988 will involve 42 percent of the sector's 2.4 million workers covered by major agreements, a lighter bargaining calendar than last year, when about half of the workers were under contracts that expired or reopened. Three-fifths of the government workers covered by collective bargaining agreements in 1988 are in local government, as are three-fourths of the contracts; the remainder are at the State level. One-third of those under contracts up for negotiations are in local education and three-tenths are in State and local general administration.

Information on 1988 bargaining is based on data available to the Bureau of Labor Statistics as of October 31, 1987. The proportion of workers under contracts that expire or reopen in 1988 would be higher if settlements reached during the last 2 months of 1987 result in contracts that expire or reopen during 1988. This is especially true in State and local government, where contracts often have reopening clauses. About 670,000 State and local government workers are under 203 contracts that expire before the end of 1987 and for which settlements had not been reached as of October 31. In the event that all these contracts are settled before the end of 1987 and call for termination or reopening during 1988, bargaining activity for the year in State and local government would be especially heavy, involving about seven-tenths of the workers under public-sector major agreements.

The bargaining climate

As 1988 approached, labor and management bargainers were formulating their demands and planning their strate-

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gies in an economic environment of concern and uncertainty, stemming from the sharp drop in both domestic and foreign stock markets in October, a growing national debt and budget deficit, and instability in interest rates at home and in the value of the dollar abroad.

However, negotiations in 1988 will be carried on in a climate of comparative industrial peace that has existed since the early 1980's. The annual number of major work stoppages (strikes and lockouts involving 1,000 or more workers) beginning in a year was headed for a record low in 1987, with 46 occurring as of the end of November. The previous low was 54 in 1985. Last year was the sixth consecutive year in which there were fewer than 100 major stoppages.

The bargaining environment in 1988 will be colored by other developments that began earlier and continued into 1987. For example, from the beginning of 1982 through the third quarter of 1987, major collective bargaining settlements in private industry have specified record, or near-record low wage adjustments. Typical were settlements during the first 10 months of 1987, which called for wage adjustments averaging 2.1 percent a year over the contract life. The size of major settlements contributed to keeping wage increases for all union workers (as measured by the Bureau's Employment Cost Index) proportionally smaller than the average for nonunion workers in all but one quarter from the fourth quarter of 1983 to the third quarter of 1987.

Table 1. Major collective bargaining agreements scheduled to expire or with wage reopenings, by year and industry
[Workers in thousands]

Industry	Total[1]		Year of expiration or scheduled wage reopening, or both							
			1988		1989		1990 and later		Unknown or in negotiation[2]	
	Number of agreements	Workers covered	Number of agreements	Workers covered	Number of agreements	Workers covered	Number of agreements	Workers covered	Number of agreements	Workers covered
All industries[3]	1,964	8,697	746	3,415	663	2,740	303	1,712	376	1,234
All private industries	1,326	6,327	479	2,408	467	2,014	249	1,437	173	562
Manufacturing	482	2,289	175	893	162	464	96	803	61	147
Food and kindred products	57	138	17	62	20	30	17	35	7	15
Tobacco products	3	16	1	2	2	13	—	—	—	—
Textile mill products	7	25	5	21	2	3	1	5	1	2
Apparel and other textile products	32	290	25	230	2	6	4	51	1	3
Lumber and wood products, except furniture	11	58	8	54	1	1	1	2	1	1
Furniture and fixtures	5	9	4	8	—	—	1	1	—	—
Paper and allied products	38	52	6	8	18	23	9	14	5	7
Printing and publishing	18	29	1	1	8	16	5	6	5	8
Chemicals and allied products	29	54	8	14	12	21	4	9	7	14
Petroleum and coal products	12	36	11	35	1	1	—	—	—	—
Rubber and miscellaneous plastics products	15	58	10	48	2	2	2	2	2	6
Leather and leather products	4	16	2	11	—	—	—	—	2	5
Stone, clay, and glass products	20	50	4	6	4	6	8	32	4	6
Primary metal industries	45	204	4	11	24	105	11	67	7	22
Fabricated metal products	24	49	6	10	12	22	1	3	5	14
Industrial machinery and equipment	30	95	12	43	10	26	4	11	5	17
Electronic and other electric equipment	49	264	20	155	22	80	7	30	—	—
Transportation equipment	74	825	26	160	19	104	21	536	8	25
Instruments and related products	4	14	2	10	2	4	—	—	—	—
Miscellaneous manufacturing industries	5	7	3	5	1	2	—	—	1	1
Nonmanufacturing	844	4,039	304	1,516	305	1,550	153	634	112	415
Mining	5	113	1	105	3	5	1	3	—	—
Construction	364	1,031	141	434	142	402	81	201	21	46
Transportation, except railroads and trucking	57	252	12	42	14	56	8	42	24	115
Railroad transportation	26	346	21	317	—	—	—	—	5	29
Trucking and warehousing	14	313	10	195	2	3	2	115	—	—
Communications	40	569	6	11	26	534	4	12	5	16
Electric, gas, and sanitary services	74	243	32	92	26	77	8	17	12	63
Wholesale trade	9	37	2	27	3	4	3	6	1	1
Retail trade, except eating and drinking places	122	552	40	148	41	207	27	146	15	53
Eating and drinking places	14	42	4	17	8	29	—	—	3	4
Finance, insurance, and real estate	23	127	8	47	4	55	4	12	7	13
Services, except hotels and health services	38	149	12	55	12	43	6	22	8	29
Hotels and other lodging places	17	109	3	6	8	50	3	39	3	14
Health services	41	154	12	20	16	85	6	19	8	31
State and local government	638	2,370	267	1,006	196	726	54	275	203	672
State government	173	940	63	405	88	447	11	104	28	98
Local government	465	1,430	204	601	108	279	43	171	175	574

[1] Totals may be less than the sum of the data for individual years because 124 agreements covering 403,000 workers have both reopenings and expirations in the reference period.

[2] Includes agreements which were due to expire between November 1 and December 31, 1987; agreements which expired prior to November 1, 1987, but for which new agreements had not been reached by then; agreements which expired prior to November 1, 1987, but for which necessary information had not been fully gathered; and agreements that have no fixed expiration or reopening date.

[3] Includes all private nonagricultural industries and State and local governments.

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

Another development has been the decline since 1977 in the number of private industry workers under major agreements with cost-of-living adjustment (COLA) clauses. This decline was gradual each year from 1977 through the end of 1984, then accelerated sharply in 1985 and 1986, but slowed again in 1987. (See table 3.) Employment losses in industries in which COLA clauses were common accounted for most of the decline in each year except 1985 and 1986, when the suspension or elimination of COLA coverage in many contracts caused over half of the decline.

As of October 1987, 2.4 million out of 6.3 million (38 percent) private industry workers under major agreements had COLA coverage. (See table 4.) The proportion had been as high as 61 percent (in 1977). In State and local government, COLA coverage is rare, applying to 2 percent of the workers under major agreements.

Table 2. Calendar of major collective bargaining activity
[Workers in thousands]

Year and month	Agreement expirations and/or scheduled wage reopenings[1]		Principal industries
	Number	Workers covered	
All years[2]	1,964	8,697	—
Total, 1988[3]	746	3,415	—
January	34	191	Bituminous coal, oil refining
February	21	65	Food stores, food production
March	55	501	State and local government, trucking
April	69	207	Construction, rubber, real estate management
May	94	393	Construction, clothing manufacturers
June	236	1,178	State and local government, railroads, construction
July	41	115	State and local government, motion picture production
August	49	257	Clothing, local government, electrical equipment
September	48	206	Automobile manufacturers, State and local government, food stores
October	23	67	(4)
November	24	77	Transportation equipment, electrical equipment, food stores
December	53	161	Local government
Total 1989	663	2,740	
January	15	44	Tobacco, airlines
February	21	101	Food stores
March	50	161	State and local government
April	64	153	Construction
May	77	369	Communications, construction
June	222	861	State and local government, construction
July	29	55	(4)
August	68	524	Communications, local government
September	52	188	Food stores, maritime
October	29	135	Aircraft manufacturing, food stores
November	19	57	Local government, health services
December	17	91	Real estate management, building maintenance
Total 1990	275	1,599	
January-June	222	738	Construction, State and local government
July-December	53	861	Automobile manufacturing, trucking
Total 1991 and later	28	113	—
Year unknown or in negotiation[5]	376	1,234	—

[1] Includes all private nonagricultural industries and State and local governments.

[2] See note 1, table 1.

[3] Includes one agreement covering 3,500 workers which has a wage reopening scheduled in 1988.

[4] No single industry accounts for a substantial proportion of workers.

[5] See note 2, table 1.

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

Table 3. Workers under cost-of-living adjustment clauses in major collective bargaining agreements in private industry, 1971–88
[Numbers in millions]

Year[1]	Total workers	With COLA coverage	
	Number	Number	Percent
1971	10.8	3.0	27.8
1972	10.6	4.3	40.6
1973	10.4	4.1	39.4
1974	10.2	4.0	39.2
1975	10.3	5.3	51.5
1976	10.1	6.0	59.4
1977	9.8	6.0	61.2
1978	9.6	5.8	60.4
1979	9.5	5.6	58.9
1980	9.3	5.4	58.1
1981	9.1	5.3	58.2
1982	9.0	5.1	56.7
1983	8.5	4.9	57.6
1984	7.9	4.5	57.3
1985	7.5	4.2	56.7
1986	7.0	3.5	50.0
1987	6.5	2.6	40.4
1988[2]	6.3	2.4	38.4

[1] Data relate to information available as of October 1 of preceding year.

[2] Data relate to information available as of November 1, 1987.

Another practice that will bear on this year's bargaining is the use of lump-sum payments to take the place of all or part of a wage increase or to offset a wage decrease. Lump-sum payments are not included in the Bureau's measures of adjustments in wage or compensation rates under collective bargaining because they are not incorporated into the contract rate structure.[1] They currently are provided by major agreements covering about 2.5 million private industry and 128,000 State and local government employees. (See table 5.)

Expiring agreements

In addition to considering the general economy and trends in collective bargaining, this year's negotiators will scrutinize what their expiring or reopening agreements have yielded.

Private industry. The following tabulation for agreements expiring or reopening in 1988 shows total average annual wage adjustments (specified adjustments plus those triggered by COLA's through October 31, 1987). It also shows average annual specified wage adjustments only (excluding any adjustments from COLA clauses).

	Percent wage adjustments	
	Total	*Specified only*
Private industry	2.7	2.5
Contracts with COLA	3.2	2.5
Contracts without COLA	2.4	2.4

Total wage adjustments under contracts expiring or reopening in 1988 will average 2.7 percent a year, matching the level for 1987 expirations, which was the lowest average in the 14 years for which the Bureau has been compiling such data. This may change, however, as a result of COLA wage adjustments between November 1, 1987, and the corresponding contract reopening or expiration dates in 1988.

Contracts for 900,000 of the 2.4 million workers under agreements that will reopen or expire this year (37 percent) contain COLA clauses. These contracts will yield larger total wage adjustments than those without COLA clauses, returning to a pattern that has not existed since 1982. There are also 290,000 workers covered by expiring or reopening contracts from which COLA's had been eliminated or suspended in recent years. Thus, COLA coverage is likely to be a prominent subject of some of this year's negotiations.

Another topic for negotiations will be lump-sum payments, which were in contracts covering nearly two-fifths of the workers under this year's expiring or reopening agreements in private industry. Lump-sum payments have been particularly common in petroleum, trade, transportation equipment, electrical equipment, and railroad industry contracts. Total wage adjustments (specified changes plus COLA's through October 31, 1987) averaged 2.4 percent annually under agreements with lump-sum provisions, compared with 2.9 percent in the others.

State and local government: Total wage adjustments under State and local government agreements expiring or reopening this year average 5.0 percent annually. In contrast with agreements in private industry, those in State and local government rarely contain provisions for COLA's or lump-sum payments. Fewer than 5 percent of the workers under government contracts up for negotiation in 1988 have such coverage.

Table 4. Incidence of cost-of-living adjustment clauses in major collective bargaining agreements, November 1987
[Workers in thousands]

1987 SIC code[1]	Industry[2]	All agreements: Number	All agreements: Workers covered	All agreements: Percent of workers covered by COLA clauses	Agreements with COLA clauses: Number	Agreements with COLA clauses: Workers covered
	Total	1,964	8,697	28	336	2,473
	Private nonagricultural industries	1,326	6,327	38	319	2,429
10	Metal mining	3	7	0	—	—
12	Coal mining	2	106	0	—	—
15	General building contractors	126	439	6	5	26
16	Heavy construction	94	280	3	2	8
17	Special trade construction	144	312	5	6	16
20	Food and kindred products	57	138	10	8	14
21	Tobacco products	3	16	100	3	16
22	Textile mill products	7	25	16	1	4
23	Apparel and other textile products	32	290	43	21	125
24	Lumber and wood products, except furniture	11	58	3	1	2
25	Furniture and fixtures	5	9	0	—	—
26	Paper and allied products	38	52	0	—	—
27	Printing and publishing	18	29	46	8	13
28	Chemicals and allied products	29	54	18	5	10
29	Petroleum and coal products	12	36	0	—	—
30	Rubber and miscellaneous plastics products	15	58	84	10	48
31	Leather and leather products	4	16	0	—	—
32	Stone, clay, and glass products	20	50	93	17	46
33	Primary metal industries	45	204	20	14	41
34	Fabricated metal products	24	49	71	15	35
35	Industrial machinery and equipment	30	95	77	20	74
36	Electronic and other electric equipment	49	264	68	31	179
37	Transportation equipment	74	825	92	57	756
38	Instruments and related products	4	14	24	1	3
39	Miscellaneous manufacturing industries	5	7	50	2	4
40	Railroad transportation	26	346	99	24	343
41	Local and interurban passenger transit	6	21	66	2	14
42	Trucking and warehousing	14	313	45	5	140
44	Water transportation	15	62	36	4	23
45	Transportation by air	36	169	4	2	6
48	Communications	40	569	49	19	277
49	Electric, gas, and sanitary services	74	243	20	10	49
50	Wholesale trade—durable goods	3	6	0	—	—
51	Wholesale trade—nondurable goods	6	31	79	1	25
53	General merchandise stores	14	53	26	2	14
54	Food stores	96	473	3	6	13
55	Automotive dealers and service stations	5	9	0	—	—
56	Apparel and accessory stores	2	5	0	—	—
58	Eating and drinking places	14	42	0	—	—
59	Miscellaneous retail	5	13	34	1	5
60–65	Finance, insurance, and real estate	23	127	52	6	67
70–89	Services	96	412	9	10	37
	State and local government	638	2,370	2	17	44

[1] There are no major collective bargaining agreements in SIC 13, 14, 46, 47, 52, 57, or 67.

[2] Includes all private nonagricultural industries and State and local government.

NOTE: Due to rounding, sums of individual items may not equal totals, and percentages may not equal numerical worker ratios. Dashes indicate absence of cost-of-living coverage.

Deferred wage changes

About 3.3 million of the 8.7 million workers under major agreements are scheduled to receive wage changes (both increases and decreases) in 1988, under the terms of contracts negotiated in earlier years. (See tables 6 and 7.) In private industry, 2.5 million workers will receive deferred changes; all but about 30,000 will receive increases. Deferred changes in private industry will average 3.0 percent, the smallest such average in the 20-year history of this statistical series. In State and local government, 844,000 workers will receive deferred increases averaging 5.0 percent; none will have a decrease. There are no data on deferred wage changes in government prior to 1985.

There will also be COLA reviews in 1988 for 1.9 million of the 2.5 million workers covered by COLA clauses.

Bargaining in key industries

The conditions described above will provide the backdrop for this year's negotiations, but bargainers will concentrate most closely on issues relating to their specific circumstances. The remainder of this article describes issues that will face bargainers in key industries with contracts up for renegotiation in 1988.

State and local government. State and local governments employ 29 percent of the workers covered by major agreements expiring or reopening in 1988. There are 267 State and local government contracts, covering just over 1 million workers, slated for bargaining in the year. These include 204 local government contracts covering 601,000 workers and 63 State government contracts involving 405,000 workers. Expiring contracts cover about 42 percent of the 2.4 million workers under major State and local government agreements.

Government workers are represented by many unions, most notably: the American Federation of State, County and Municipal Employees (AFL-CIO), with membership spanning a variety of government workers; the National Education Assocation (Ind.) and the American Federation of Teachers (AFL-CIO), which primarily represent workers in education; the Fraternal Order of Police (Ind.) and the International Association of Fire Fighters (AFL-CIO), which represent many public protective service workers; and the Amalgamated Transit Union (AFL-CIO), which bargains for workers in public transit systems.

Approximately one-third of the workers under expiring agreements are in general government administration. They are found in a variety of occupations including clerks, maintenance workers, and tax collectors. Another one-third are employed in local primary and secondary education; the vast majority are teachers. Depending on the jurisdiction, all school workers may be under one contract, or separate agreements may cover one or several job classifications (for example, teachers, aides, librarians, school lunch workers, and custodians).

Protective service workers account for one-tenth of persons covered by contracts slated for renegotiation in 1988. Like education workers, police and firefighters may be under separate or combined agreements, depending on the jurisdiction. The remaining workers whose contracts are slated for negotiation are primarly in health care, higher education, and transportation.

During their contract talks, bargainers will be interested in recent compensation trends. State and local government settlements reached during the first 10 months of 1987 provided smaller average wage adjustments over the life of their contracts (5.1 percent annually) than the agreements they replaced (5.9 percent). The size of settlements reached between January and October 1987 varied by level of government as well as by government function. Contracts for local government workers provided higher wage adjustments over their terms (5.8 percent) than those for State government workers (4.0 percent). Four-fifths of the workers under settlements negotiated by local government jurisdictions were employed in primary and secondary schools.

Reflecting recent efforts to improve education by attracting and retaining teachers, wage adjustments for workers in education exceeded those for workers in any other government function during the first 10 months of 1987. When settlements for education employees are excluded, local government settlements still provided higher average annual wage adjustments over the contract life than settlements in State government. Following are average annual wage adjustments over the life of contracts reached during the first 10 months of 1987 (in percent):

	Average annual wage adjustments over the life of contracts reached during the first 10 months of 1987 (in percent)
All State and local government	5.1
State government	4.0
Local government	5.8
Education	5.8
Colleges and universities	3.9
Primary and secondary schools	6.1
General government administration	3.8
Protective services	4.6
Health care	4.7
Transportation	5.9
Government, excluding education	4.1
State government, excluding education	4.0
Local government, excluding education	4.4

Negotiators will also be concerned with what their expiring contracts yielded. On average, State and local government contracts subject to renegotiation in 1988 provided average wage adjustments of 5.0 percent annually over their terms. As with pacts settled in 1987, expiring contracts provided adjustments that varied by government level and function. Expiring local government contracts yielded higher average annual wage adjustments (5.2 percent and 4.8 percent, respectively) than State government contracts (4.8 percent). As shown below, expiring agreements for workers in primary and secondary education provided higher percent annual adjustments over the contract life than those for all other groups and, because they were negotiated by local government, they caused the average adjustment in local government to be higher than that in State government.

	Average annual adjustment over the live of contracts expiring or reopening in 1988 (in percent)
All State and local government	5.0
State government	4.8
Local government	5.2
Education	5.5
Colleges and universities	4.7
Primary and secondary schools	5.7
General government administration	4.6
Protective services	5.0
Health care	4.9
Transportation	4.3
Other	5.2
Government, excluding education	4.7
State government, excluding education	4.8
Local government, excluding education	4.5

Given the continuing demand for teachers, their bargaining representatives are expected to press for wage adjustments in 1988 that are higher than those provided for other government workers.

Workers covered by scheduled bargaining activity in local governments are geographically dispersed. In contrast, New York State and Pennsylvania account for 70 percent of the 405,000 workers under State contracts slated for 1988 negotiations. Approximately 196,000 New York State workers are covered by nine contracts expiring in 1988 (six in March and three in June). The American Federation of State, County and Municipal Employees represents 62 percent of these workers; the balance are primarily represented by the Public Employees Federation and the American Association of University Professors.

During the last round of negotiations, these unions bargained as a coalition. They reached 3-year agreements replacing contracts that had expired in March and June 1985. The contracts increased wages 17.4 percent over the contract term and gave equity wage adjustments for selected classifications equal to 0.1 percent of the annual payroll as of March 31, 1986. These equity adjustments, scheduled for April 1, 1986, and April 1, 1987, were delayed, but have since been implemented.

About 86,000 Pennsylvania State employees are covered by 21 contracts that are scheduled to expire in June and September 1988. The American Federation of State, County and Municipal employees represents two-thirds of these workers; various other unions and independent associations represent the rest.

Three-year settlements providing similar terms were reached in mid-July 1985 for all workers except nurses (for whom settlements were reached in January 1986). The contracts increased wages by 9.3 percent or 99 cents (whichever was greater) over the contract term, eliminated 2 of 12 holidays, increased the number of personal leave days from 4 to 5 for persons hired prior to July 1, 1985, and reduced vacation and personal leave days for those hired after that date.

It is not unusual for contract talks for State and local government workers to extend well beyond the expiration date of the preceding contract. There are 534,000 workers under 160 agreements that expired prior to November 1987 but for whom new contracts had not been concluded by that time. In part, this reflects the time-consuming bargaining process in the public sector.

After an agreement is negotiated by the executive branch, it is frequently sent to the legislature or a special agency for the appropriation of funds. Thus, the 1988 bargaining scene in State and local government will include both contracts scheduled for talks during the year and those that expired earlier. If previous years' experience holds true, some contracts expiring or reopening in 1988 will not be resolved before the year is over.

Petroleum refining. Approximately 35,000 employees of major oil refining companies[2] are covered by contracts that will expire on January 31, 1988. Ninety-five percent of these workers are represented by the Oil, Chemical and Atomic Workers Union. An additional 5,000 refinery workers scheduled to bargain in March and April are represented by the Teamsters, Seafarers, and independent or single-company unions.

Although petroleum consumption increased from a low of 15.2 million barrels per day in 1983 to 16.2 million barrels per day in 1986, it was still below the 1978 peak of 18.4 million barrels per day. Lower consumption has been attributed to a shift from oil to other fuels, increased home insulation, and more fuel-efficient automobiles. The drop in demand has resulted in excess refining capacity and contributed to a decline in refinery employment from 166,000 in 1982 to 126,000 in August 1987. However, profits from oil refining operations were strong in 1986 and during the first half of 1987, largely because crude oil prices fell while the price of refined oil was relatively stable.

The industry is noted for pattern-setting collective bargaining agreements, but it is unclear which company will emerge as the 1988 pattern setter. Prior to the flurry of merger activity in the early 1980's, which included the

Table 5. Incidence of lump-sum payment provisions in major collective bargaining agreements, November 1987
[Workers in thousands]

1987 SIC code[1]	Industry[2]	All agreements: Number	All agreements: Workers covered	All agreements: Percent of workers covered by lump-sum provisions	Agreements with lump-sum provisions: Number	Agreements with lump-sum provisions: Workers covered
	Total	1,964	8,697	31	351	2,659
	Private nonagricultural industries	1,326	6,327	40	312	2,531
10	Metal mining	3	7	16	1	1
12	Coal mining	2	106	0	—	—
15	General building contractors	126	439	0	—	—
16	Heavy construction	94	280	0	—	—
17	Special trade construction	144	312	0	—	—
20	Food and kindred products	57	138	22	16	30
21	Tobacco products	3	16	71	1	11
22	Textile mill products	7	25	0	—	—
23	Apparel and other textile products	32	290	37	3	106
24	Lumber and wood products, except furniture	11	58	0	—	—
25	Furniture and fixtures	5	9	16	1	1
26	Paper and allied products	38	52	64	24	33
27	Printing and publishing	18	29	0	—	—
28	Chemicals and allied products	29	54	29	7	16
29	Petroleum and coal products	12	36	90	10	33
30	Rubber and miscellaneous plastics products	15	58	9	2	5
31	Leather and leather products	4	16	0	—	—
32	Stone, clay, and glass products	20	50	20	5	10
33	Primary metal industries	45	204	23	8	47
34	Fabricated metal products	24	49	57	10	28
35	Industrial machinery and equipment	30	95	29	7	28
36	Electronic and other electric equipment	49	264	71	25	186
37	Transportation equipment	74	825	92	52	757
38	Instruments and related products	4	14	69	2	10
39	Miscellaneous manufacturing industries	5	7	0	—	—
40	Railroad transportation	26	346	92	21	317
41	Local and interurban passenger transit	6	21	0	—	—
42	Trucking and warehousing	14	313	37	2	115
44	Water transportation	15	62	0	—	—
45	Transportation by air	36	169	19	6	31
48	Communications	40	569	49	21	278
49	Electric, gas, and sanitary services	74	243	12	9	30
50	Wholesale trade—durable goods	3	6	0	—	—
51	Wholesale trade—nondurable goods	6	31	90	3	28
53	General merchandise stores	14	53	37	3	20
54	Food stores	96	473	60	50	285
55	Automotive dealers and service stations	5	9	0	—	—
56	Apparel and accessory stores	2	5	0	—	—
58	Eating and drinking places	14	42	0	—	—
59	Miscellaneous retail	5	13	38	2	5
60–65	Finance, insurance, and real estate	23	127	17	3	22
70–89	Services	96	412	24	18	97
	State and local government	638	2,370	5	39	128

[1] There are no major collective bargaining agreements in SIC 13, 14, 46, 47, 52, 57, or 67.

[2] Includes all private nonagricultural industries and State and local government.

NOTE: Due to rounding, sums of individual items may not equal totals, and percentages may not equal numerical worker ratios. Dashes indicate absence of cost-of-living coverage.

purchase of Gulf Oil Corp. by Chevron in 1984, contracts reached between Gulf and the Oil, Chemical, and Atomic Workers typically set the industry pattern.

In 1986, the agreement reached by the Oil, Chemical, and Atomic Workers and Standard Oil of Indiana (AMOCO) established the industry pattern. The accord, covering 4,000 employees, provided for an immediate $1,000 lump-sum payment and a 2-percent wage increase in January 1987, and increased health insurance financing. The terms of the AMOCO–Oil, Chemical, and Atomic Workers agreement, generally adopted by the other companies, included dropping of a two-tier wage provision that had been introduced in 1984. Texaco, Sun Co., and Unocal, however, maintained the two-tier wage arrangements for new employees.

Even though employee wages and benefits are a relatively small part of refining costs, the refining companies have more control over them than over their other expenses, such as the cost of crude oil. In an effort to control labor costs, management is expected to propose lump-sum payments in lieu of general wage increases; the maintenance of two-tier wage structures where they exist; and avoiding additional employer payments for health insurance.

The union's 1988 contract demands, established at a bargaining conference in late September 1987 and ratified by participating locals during the fall, include:

- Increased wages rather than lump-sum payments;
- Elimination of the remaining two-tier wage agreements;
- Increased benefits covered by the health plans;
- Job security guarantees for regular employees currently on the payroll;
- Adding Martin Luther King's birthday as a holiday.

The Oil, Chemical, and Atomic Workers' ability to exert economic pressure through a strike is moderated by the high degree of automation in the industry which permits management to maintain many operations in the face of a walkout.

Because agreements in petroleum refining and coal mining are expiring at the same time in 1988 and because many petroleum refinery companies, such as Chevron and Shell, own substantial coal reserves, Oil, Chemical, and Atomic Workers and the United Mine Workers of America (Ind.) have signed an information-sharing pact to try to strengthen their bargaining positions.

Coal mining. The contract between the United Mine Workers and the Bituminous Coal Operators Association expires on January 31, 1988, but negotiations for a new contract began last November. The Bituminous Coal Operators Association–United Mine Workers agreements have historically set the pattern for the agreement between the Mine Workers and the Association of Bituminous Contractors, covering workers who do construction associated with mining operations. That agreement expires on February 9, 1988.

At one time, virtually all soft coal mining was conducted east of the Mississippi by members of the Mine Workers, but western coal and non-Mine Workers eastern coal has captured a large segment of the coal market. Most western coal mines, which tend to be smaller than eastern ones, are not unionized. The Mine Workers, the International Union of Operating Engineers, and the International Brotherhood of Electrical Workers are the major unions at those western surface strip mines that are unionized.

In 1986, Mine Workers members mined 53 percent of the coal extracted in the east, down from 68 percent in 1975. The rest was mined either by nonunion workers or to a lesser extent by members of other unions employed in mining operations that are adjuncts to power plants. The amount of coal mined by companies which are part of the Bituminous Coal Operators Association declined after the last agreement was concluded in 1984 from 244 million short tons to 160 million in 1987.

The major users of bituminous coal are electric utility power plants (which account for 84 percent of total consumption in the United States), steel mills which use coal to produce coke, and cement manufacturers. Because power plants can substitute oil for coal in producing electricity, the two commodities compete on the basis of availability and price. The decrease in Mine Workers coal output is attributed to the decline in domestic steel output, shrinking export markets, and the relatively high price of Mine Workers mined coal. Nevertheless, although fluctuating, overall coal production increased to 888.2 million short tons in 1986 from 829.7 million in 1980.

Employment in bituminous coal mining has been declining because of the drop in demand, but also because of improved extraction methods. Surface mining, prominent in the west, is capital intensive, while the long wall mining technique used in the east is improving productivity in underground mines. In September 1987, the industry employed 161,700 workers, down from 198,400 when the expiring contract was reached in September 1984.

Although the industry has a history of long, bitter strikes, the 1984 contract was negotiated without a work stoppage. This agreement provided wage increases totaling $1.40 an hour during its 40-month term.

In recent developments, the Mine Workers has reached separate agreements with several coal mining companies, in which the companies agreed to accept whatever the Bituminous Coal Operators Association negotiates in exchange for a "no strike" pledge. The Bituminous Coal Operators Association is attempting to discourage separate bargaining by its members and is challenging any such agreements in the courts. Preparing for the possibility of walkouts at selected operations, members

Table 6. Scheduled deferred wage changes under major collective bargaining agreements in 1988, by industry

Selected industry	Number of agreements	Number of workers (thousands)	Mean change[1]						Median change		Mean increase	
			Total		With COLA		Without COLA					
			Cents	Percent	Cents	Percent	Cents	Percent	Cents	Percent	Cents	Percent
Total[2]	753	3,330	50.0	3.5	30.9	2.4	56.3	3.9	36.0	3.0	50.8	3.5
All private nonagricultural industries	529	2,486	42.9	3.0	30.6	2.3	48.7	3.3	34.5	2.9	43.9	3.0
Manufacturing[3]	141	381	31.1	2.9	26.5	2.2	34.0	3.3	30.0	3.0	31.1	2.9
Food and kindred products	29	55	27.7	2.6	26.9	2.2	27.8	2.7	30.0	2.6	27.7	2.6
Apparel and other textile products	5	53	29.3	4.3	—	—	29.3	4.3	30.0	4.3	29.3	4.3
Rubber and miscellaneous plastics products	3	4	25.4	2.4	28.2	3.2	24.0	2.0	28.2	3.2	25.4	2.4
Metalworking	54	156	29.6	2.5	21.5	1.8	38.1	3.3	27.0	2.3	29.6	2.5
Nonmanufacturing[4]	388	2,105	45.1	3.0	31.6	2.3	51.0	3.3	36.0	2.8	46.2	3.1
Construction	189	546	76.0	3.9	83.1	3.7	75.6	4.0	68.0	3.6	76.0	3.9
Transportation and public utilities	86	952	35.8	2.4	26.1	2.0	48.9	3.0	31.0	2.4	35.8	2.4
Wholesale and retail trade	56	216	28.1	3.2	35.0	4.0	28.0	3.2	27.6	3.3	31.7	3.6
Finance, insurance, and real estate	10	70	24.2	2.5	52.5	4.9	−.4	.3	32.6	4.1	44.3	4.2
Services	44	214	51.0	4.3	52.6	4.8	50.7	4.2	44.7	4.6	51.0	4.3
State and local government	224	844	70.9	5.0	37.9	3.2	72.3	5.1	51.6	5.0	70.9	5.0

[1] Changes in cents per work hour and percent of straight-time average hourly earnings.

[2] Includes all private nonagricultural industries and State and local government.

[3] Includes workers in the following industry groups for which data are not shown separately to ensure confidentiality: Tobacco (13,100); lumber (6,500); furniture (1,200); paper (25,500); printing (15,200); chemicals (11,400); leather (7,000); stone, clay, and glass (30,400); instruments (1,000); and miscellaneous manufacturing (1,600).

[4] Includes 107,000 workers in the mining industry for which data are not shown separately to ensure confidentiality.

NOTE: Workers are distributed according to the average adjustment for all workers in each bargaining situation considered. Deferred wage changes include guaranteed minimum increases under cost-of-living clauses. Because of rounding, sums of individual items may not equal totals. Dashes indicate no workers.

of the Bituminous Coal Operators Association established a strike fund through a mutual aid pact signed in July 1987.

Construction. About 434,000 construction workers are covered by 141 contracts which will be expiring or reopening in 1988, primarily in the spring and early summer. These workers account for 42 percent of all workers under major agreements in the industry.

Construction is a diverse, highly localized industry. Workers are typically organized along craft lines—carpenters, operating engineers, electricians, pipefitters, ironworkers, and so forth. Unionized employers are generally members of local or regional branches of national employer associations which represent them in bargaining. Local economic conditions generally play a pivotal role in negotiations in the industry.

Measures of the economic health of the industry are mixed. In nonresidential construction, where most union construction workers are employed, the value of construction put in place declined slightly from $95 billion in 1985 to $91 billion in 1986 and stood at $65 billion for the first 9 months of 1987. Meanwhile, the seasonally adjusted unemployment rate in the construction industry was 12.1 percent in September 1987, down from 12.9 percent a year earlier. There were significant geographic differences in employment trends, however, with strong gains in California, Michigan, Indiana, New York, and Pennsylvania, and losses in Arizona, Colorado, Louisiana, Texas, and Utah.

These employment patterns were reflected in the size of wage adjustments negotiated during the first 10 months of 1987. As shown in the following tabulation, average annual wage adjustments over the life of the contract ranged from −2.2 percent in the South Central region to 5.5 percent in the New England region.

	Average annual wage adjustments provided by settlements reached in the first 10 months of 1987 (in percent)
All agreements	3.4
Northeast	5.4
New England	5.5
Mid Atlantic	5.4
Midwest	2.5
East North Central	2.7
West North Central	1.5
South	0.5
South Atlantic	2.9
South Central	−2.2
West	1.1
Mountain	0.7
Pacific	1.5
Interregional	0.2

Overall, settlements covering 362,000 construction workers reached during the first 10 months of last year provided average annual wage adjustments of 3.4 percent over the contract term, compared with 2.6-percent adjustments under the contracts they replaced (which were generally negotiated 1 or 2 years earlier).

Settlements also varied by the type of construction. Annual wage adjustments over the life of the contract averaged 3.7 percent in general building construction, 3.6 percent in special trades, and 2.3 percent in general construction (other than building).

When negotiators prepare for the 1988 bargaining sessions, they will be interested in both the terms of recent settlements and the wage and benefit yields of their expiring contracts. On average, construction contracts expiring or reopening in 1988 provided average wage adjustments of 2.5 percent a year. As with settlements in the first 10 months of 1987, adjustments under these expiring contracts varied considerably by region, ranging from −3.3 percent in the South Central States to 4.3 percent in the Mid Atlantic States:

	Average annual wage adjustments under contracts expiring in 1988 (in percent)
All agreements	2.5
Northeast	3.9
New England	2.6
Mid Atlantic	4.3
Midwest	3.5
East North Central	3.6
West North Central	2.5
South	−1.1
South Atlantic	1.1
South Central	−3.3
West	2.5
Mountain	1.6
Pacific	2.7
Interregional	1.2

In addition to coping with economic conditions in the industry, unionized construction employers and their unions have been trying to combat the loss of jobs to nonunion firms. They have adopted various measures to reduce labor costs and be more competitive. For example, new "helpers" classifications have been developed which provide lower wage rates for workers who do not perform all the duties of the union's craft. Other approaches include setting lower wage rates on new projects than on those already underway and modifying overtime rates.

Rubber. Approximately 35,000 members of the United Rubber, Cork, Linoleum and Plastic Workers of America

(Rubber Workers) are covered by contracts expiring on April 20, 1988, with three major tiremakers—Goodyear Tire and Rubber Co., Firestone Tire and Rubber Co., and Uniroyal-Goodrich Tire Co. The Rubber Workers typically have bargained separately with each company, selecting a "target" from among the largest for full-scale bargaining. Once an accord was reached, it was used as a pattern for subsequent settlements in the industry.

During the 1985 contract talks, the Rubber Workers initially concentrated on reaching an agreement with Goodyear, but subsequently shifted their focus to B.F. Goodrich. The contracts for the four major rubber companies (Uniroyal and B.F. Goodrich have since merged to form the Uniroyal-Goodrich Tire Co.) were essentially identical to the Goodrich pattern setter. They raised wages 43 cents an hour over 3 years, maintained the quarterly cost-of-living clause, and improved pension benefits.

During the past 3 years, there have been layoffs throughout the industry and plant closings at Goodrich and Firestone, resulting in a large reduction in capacity and higher plant utilization rates. Employment in the industry has been dropping steadily from about 90,000 in 1979 to a record low of about 60,000 in 1987. Ironically, growth in the industry has been in the production of longer-lasting radial and performance tires, resulting in a declining demand for replacement tires. At the same time, the market for "original" tires, closely linked to domestic automobile production, has been shrinking. The overall drop in demand for domestic tires will almost certainly contribute to the bargainers' concern for job security.

Electronic and electrical equipment. Contracts covering 155,000 workers in the electronic and electrical equipment industry are scheduled to expire in 1988. These include contracts expiring in June, covering 70,000 General Electric (GE) Co. employees, and agreements expiring in August for 25,000 Westinghouse Electric Corp. workers. Other companies slated for 1988 negotiations include Hughes Aircraft Co., Thompson Electric Co., and GTE Sylvania.

It is expected that 1988 contract talks will start at GE, which has generally been the leader in industry negotiations. Negotiations with GE and with Westinghouse are expected to again be conducted by the Coordinated Bargaining Committee of General Electric and Westinghouse unions, which consists of the International Brotherhood of Electrical Workers (AFL-CIO), the United Electrical, Radio and Machine Workers of America (Ind.), the International Union of Electrical, Radio and Machine Workers (AFL-CIO), and 10 other unions.[3] Each of the 13 unions belonging to the Coordinated Bargaining Committee negotiates its own contracts. However, the committee serves as a vehicle for exchanging information and proposals.

Although GE has maintained its position as the industry leader, it has significantly restructured its product line. A year before the negotiation of the current agreement in 1985, GE sold most of its small appliance operations to Black and Decker, Inc. In 1986, GE acquired RCA Corp. but subsequently sold part of RCA's former operations, including audio and video plants, to Thompson Electric Co. As a result, the current GE product line is very diverse, including major home appliances, electric bulbs and lamps, medical equipment, and defense-related products. Workers affected by these acquisitions and sales continue to work under the terms of their existing agreements. Thus, for example, workers at Thompson Electric are covered by the agreement originally signed by RCA until it expires in December 1988.

The June 30, 1985, accords reached with GE provided for immediate lump-sum payments equal to 3 percent of base wages times 2,080 hours; wage increases of 3 percent effective in June 1986 and June 1987; and an improved jobs and income security program. The terms of the settlement at Westinghouse in late July 1985 were essentially identical to those at GE.

The union bargaining committee does not expect to establish final 1988 bargaining demands until the spring. However, it will probably seek limits on contracting out of work and use of subcontractors within the plant; protections against plant closings; a more favorable cost-of-living adjustment formula; and protection against loss of income due to shorter workweeks and to layoffs.

Trade. About 192,000 workers are covered by 46 agreements in wholesale and retail trade slated for negotiation in 1988. Two-thirds of these workers are in food stores. The remainder are in wholesale trade, department stores, cloth-

Table 7. Deferred wage increases[1] scheduled in 1988 in major collective bargaining agreements, by month
[Workers in thousands]

Effective month	Workers covered[2]	Principal industries
January-December	[3]3,300	—
January	548	Railroads, bituminous coal, State and local government
February	112	State and local government
March	99	Construction
April	226	Food stores, construction, State and local government
May	202	Construction
June	497	Construction, communications
July	635	State and local government, construction
August	545	Communications, parcel delivery
September	247	State and local government
October	264	State and local government
November	43	(4)
December	58	State and local government

[1] Excludes decreases to be received by 29,700 workers in the following months: January (4,400), May (3,300), June (2,500), July (4,500), September (15,000), November (3,300), and December (2,500). Two units, covering 5,800 workers, have two decreases scheduled during the year.

[2] Includes 844,000 workers under State and local government agreements.

[3] This total is smaller than the sum of individual items because 178,100 workers are scheduled to receive more than one increase. It is based on data available as of November 1, 1987, and thus may understate the number of workers scheduled to receive deferred increases for the entire year.

[4] No single industry accounts for a substantial proportion of workers.

ing stores, eating and drinking establishments, and drug stores.

Three-fifths of the workers under agreements in trade expiring in 1988 are represented by the United Food and Commercial Workers. The remainder are represented by the International Brotherhood of Teamsters (Ind.); the Service Employees International Union; the Hotel Employees and Restaurant Employees; the Retail, Wholesale and Department Store Workers; and the International Ladies' Garment Workers.

Bargaining in food stores will dominate negotiations in trade. Average annual wage adjustments yielded by expiring contracts in food stores were 2.2 percent annually over their term, but varied substantially, ranging from cuts of −3.9 percent to increases of 9.0 percent. Contracts for 44 percent of the workers provided lump-sum payments and yielded annual wage adjustments (including COLA's) averaging 0.3 percent, compared with 3.7 percent in those without lump sums.

Bargainers will note the results of recent negotiations in the industry. Settlements providing lump-sum payments covered two-thirds of the food store workers for whom new contracts were negotiated during the first 10 months of 1987. The wage adjustments they called for averaged 0.7 percent over the term, compared with 2.8 percent in settlements providing no lump-sum payment. Overall, adjustments in food stores averaged 1.4 percent.

Many expiring agreements in trade contain provisions for two-tier wage or benefit systems, in which employees hired after a specified date receive lower wages or benefits, or are under less favorable work rules, than employees hired earlier. Some employers have noted that such systems, initially attractive as a means of keeping down labor costs, may be causing morale and high turnover problems among employees on the lower tier. Unions have generally agreed to two-tiered systems only as a last resort short of job losses. Furthermore, as time passes, lower tier employees become more numerous and can exert increasing pressure on both union leaders and employers for elimination of such systems. Consequently, elimination or modification of two-tier systems will be an issue for some negotiators. However, some employers may wish to establish a two-tier system.

Apparel. Approximately 230,000 workers in the apparel industry are covered by contracts that expire in 1988. These include 124,000 workers in the women's apparel industry whose agreements expire in the spring, and for 101,000 workers in the men's apparel industry whose agreements expire in August. These contracts account for four-fifths of all workers under major apparel agreements.

The negotiators will represent different unions and employer groups, but will face similar economic conditions. The International Ladies' Garment Workers Union will bargain with several associations of women's apparel manufacturers, including The New York Coat and Suit Association, United Better Dress Association, Atlantic Apparel Contractors, and the Greater Blouse, Skirt and Undergarment Association. The Amalgamated Clothing and Textile Workers Union will negotiate a contract known as the Cotton Garment Agreement with a group of men's apparel manufacturers.

Employment in the apparel industry has been steadily declining, from a peak of 1.4 million workers in 1973 to 1.1 million workers in 1987. Average annual unemployment peaked at 15.4 percent in 1982 and has been around 11 percent since 1984. Seasonally adjusted unemployment rates in 1987 have ranged from 11.6 percent in January to 7.8 percent in September. Over the last several years, the apparel industry has faced stiff foreign competition. The Department of Commerce estimates that imports, measured in square yard equivalents,[4] have increased 17 percent a year since 1981.

The problems of declining employment and increasing competition from imports existed during the last round of contract talks in 1985. The women's apparel agreements, negotiated in the summer of 1985, froze wages in the first year, but provided increases of 6 percent in the second year and 5 percent in the third. The COLA clause was maintained, although the preceding two contracts provided no COLA payments because the CPI had not increased sufficiently to generate one. Similarly, no COLA payments have been made under the terms of the contract expiring this year.

The Cotton Garment Agreement provided for lump-sum payments of $500 in the first year and $6\frac{1}{2}$ percent of the previous year's earnings in the second. The contract suspended the COLA clause, which had not yielded a wage change in the 1982–85 contract because CPI increases were insufficient to generate one.

Labor and management's continuing efforts to address problems of cutbacks in production and declines in employment will provide the backdrop for negotiations in both segments of the industry. Specific contract demands, however, are not expected to be formulated until the beginning of the year.

Trucking. The National Master Freight Agreement, negotiated by the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (Teamsters) expires March 31, 1988. Trucking Management, Inc. is the bargaining arm for the major national freight carriers, and the Motor Carrier Labor Advisory Council (Council) represents regional, short haul, and specialized carriers. The 1985 National Master Freight Agreement between the Teamsters and the two associations, in conjunction with about 35 supplemental agreements, sets the compensation and working conditions of most unionized drivers in the industry. The National Agreement specifies wage changes, employer contributions to benefit plans, and most other economic benefits. The supplemental agreements cover actual wage rates, most work rules, and allocations of funds to health and welfare plans. Local exceptions to economic terms and work rules are provided in various addenda.

This year, negotiators will be facing economic conditions similar to those which existed during the last round of bargaining. Deregulation of the industry under the Motor Carrier Act of 1980 changed its composition both in the number and size of freight carriers. The Act relaxed or eliminated entry and rate regulations, making it easier to be certified as a carrier, allowing owner-operators to haul certain freight that was previously denied to them, and decreasing collective rate making. This spawned a rash of new motor carrier companies. The number of for-hire carriers rose from 72,000 in 1980 to 85,000 in 1986. The increased number of carriers, intensified competition, and rate discounting have resulted in a drastic rise in motor carrier failure rates, from 52.9 per 10,000 companies in 1980 to 185.5 per 10,000 companies in 1986.[5]

This year's concerns about increasing competition from small nonunion firms and declining job opportunities for union members were pervasive during the last round of talks in 1985. To improve job security, employers under the 1985 contract agreed that they would not "subcontract or divert the work presently performed by, or hereafter assigned to, its employees to other business entities owned and/or controlled by the signatory employer or its parent, subsidiaries, or affiliates." In addition, the 1985 contract provided that representatives of the Teamsters, Trucking Management Inc., and the Council would meet in an effort "to identify problems causing loss of business and jobs; and to direct communication so as to educate employees relative to long-term job security...."[6]

The 1985 accord also provided for wage increases for local drivers totaling $1.50 an hour. This included 93 cents an hour that was specified as a "cost-of-living adjustment" although payment was not contingent on the movement of the CPI. Over-the-road drivers received total increases of 3.75 cents per mile, including a 2.325-cent guaranteed "COLA." Workers hired on or after April 1, 1985, are initially paid 70 percent of the top pay rate for their job category, 80 percent after 1 year, 90 percent after 2 years, and the top rate after 3 years. The contract provided for 10-cent hourly increases in benefit contributions each year to be allocated between the health and welfare and pension funds.

Although the parties have not indicated their proposals for 1988 contract negotiations, the issues most likely to be addressed are job security, pay increases, cost-of-living adjustments, and pension and health and welfare provisions. It is unlikely that the Teamsters recent reaffiliation with the AFL-CIO will have any impact at the bargaining table.

Railroads. Contracts covering 317,000 railroad workers expire June 30, 1988. Negotiations will involve three classes of line-haul railroads—Class I carriers (those with annual gross operating revenues of more than $88 million); Class II carriers (with revenues between $17 and 88 million); and Class III carriers (with revenues less than $17 million)—and terminal and switching companies, which are only in Class III operations. Class I carriers account for nearly nine-tenths of the industry's workers.

Twelve unions represent railroad workers, but three of the unions represent a majority—the Transportation Communications International Union,[7] the United Transportation Union,[8] and the Brotherhood of Maintenance of Way Employees.[9]

Since its formation in 1963, the National Railway Labor Conference has coordinated the bargaining efforts and served as the bargaining arm of the major rail carriers. Conrail, the publicly owned freight carrier, established in 1976, and AMTRAK, the passenger carrier that began operation in May 1971, have generally negotiated independently. However, they did join with the Conference in negotiating replacements for some contracts that expired in June 1984.

National negotiations generally cover wage changes, cost-of-living adjustments, benefits, and job security. Issues of specific interest to individual unions and carriers have been considered in separate negotiations that produce supplemental agreements.

Bargaining in the industry is conducted under the framework established by the Railway Labor Act of 1926. The act established a variety of procedures, including arbitration, to resolve disputes. Historically, negotiations in the industry are protracted, extending months and sometimes years beyond the expiration date of the existing agreements. Typically, when an agreement is reached by the parties or a determination is issued by an arbitrator, it is made retroactive to the previous contract's expiration date.

In the last round of talks, conducted to replace agreements that expired on June 30, 1984, the first National Railway Labor Conference settlement was not concluded until October 1985,[10] and covered 81,600 members of the United Transportation Union. The settlement, which set the framework for the economic terms of the contracts in the industry, provided for an immediate $565 lump-sum payment in lieu of making the initial wage increase retroactive to July 1, 1984 (when the previous contract expired); wage increases totaling about 10.5 percent over the term of the agreements; continuation of the cost-of-living adjustment clause; COLA payments to be made only to the extent that they exceeded the wage increases; an 8-percent increase in the distance that crew members must travel during a work shift to qualify for a basic unit of pay; a 5-year (was 1-year) pay progression schedule for new employees; the elimination of cabooses on certain types of freight trains; and the phasing out of firemen and hostlers (railyard train operators) through attrition, following a recommendation of an emergency board appointed by President Reagan.

At the end of 1985, most railroad workers were still working under the terms of contracts that had expired in June 1984. Settlements were concluded for 216,000 workers in 1986, and for 11,000 during the first 10 months of

1987. Contracts for 25,000 workers were still not resolved as of November 1, 1987. If past practices continue, it is unlikely that the terms and conditions of employment for railroad workers covered under expiring agreements will change this year.

Transportation equipment. Approximately 160,000 workers are covered by 26 contracts in the transportation equipment manufacturing industry scheduled to expire or reopen in 1988. The contract between Chrysler Corp. and the United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) that expires September 14, 1988, accounts for 44 percent (70,000) of these workers. Because Chrysler acquired American Motor Corp. (AMC) in August 1987, there are 7,000 employees of former AMC under a contract expiring in September 1988 who may be covered by the next master Chrysler settlement. Other contracts slated for 1988 negotiations include: Budd Co. with the UAW, and General Dynamics with the UAW and the Metal Trades Council.[11]

Although their contract was not due to expire until January 1988, the 5,700 workers at the Jeep Division of Chrysler (formerly part of AMC) negotiated a 5-year agreement in November 1987. It maintained the 3-percent performance bonus payable in January 1988 that was provided under the terms of the previous contract, and calls for a 2.25-percent wage increase on February 1, 1988. In addition, any wage increases or bonus payments provided in the next or following Chrysler agreement will be passed on to Jeep workers 5 months after they are implemented for the other Chrysler employees. The Jeep accord also provides that any job security improvements negotiated in future Chrysler agreements will apply to the Jeep division.

The 1985 contract negotiated by Chrysler workers reflected their desire to restore wage and benefit parity with workers at General Motors Corp. and Ford Motor Co. From the mid-1950's until 1979, the Chrysler contracts with the UAW had the same wage and benefit provisions as the contracts of the two other large auto manufacturers. When Chrysler verged on bankruptcy, however, its employees accepted a series of wage and benefit cuts in agreements reached in 1979, 1980 and 1981, that resulted in disparities between wages and benefits at Chrysler and those at GM and Ford. Differences were reduced by the 1982 agreement, reached when Chrysler began to show a profit. In 1985, a 35-month accord restored compensation parity, but allowed for possible future differences to develop as a result of the GM and Ford agreements scheduled for negotiation in 1987.

Preceded by a 12-day strike, the previous Chrysler agreement was ratified October 27, 1985. It provided for an immediate wage increase of 2.25 percent; 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 on September 14, 1987. The COLA clause was revised to match that at GM and Ford, which provides 1-cent-an-hour wage change for each 0.26-point movement in the BLS CPI-W (1967 = 100), subject to a 1- or 2-cent diversion from each adjustment to help cover benefit cost increases.

To offset earlier compensation cuts, the contract also provided immediate lump-sum payments of $2,120 to current employees, $1,000 to retirees, and $600 to surviving spouses. The return to benefits parity with Ford and GM resulted in a 10-percent increase in pension benefits. It was also agreed that any pension plan improvements scheduled for the first year of the 1987 Ford and GM contract would be matched by Chrysler.

The 1987 talks between the UAW and Ford and GM centered on job security concerns and the resulting agreements established enhanced job security provisions at both companies.[12] They also provided 3-percent wage increases in the first contract year followed by lump-sum payments of 3 percent of previous year's earnings in the second and third years, maintained the existing cost-of-living provision (with no diversion), and enhanced pension levels.

During the upcoming 1988 negotiations with Chrysler, the UAW will probably seek to restore wage and benefit parity with the other major automobile manufacturers, and have the contract expire at the same time as the ones at GM and Ford. Chrysler's financial position will undoubtedly be in the picture. The company's domestic sales for a model year were the third highest in its history in 1986, but fell 23 percent in 1987. Earnings also declined 21 percent in the first 9 months of 1987, compared to the same period a year earlier. In November 1987, Chrysler had 3,800 workers on indefinite layoff and, citing soft sales, announced plans to lay off additional workers.

Although Chrysler's economic situation has improved since the beginning of the decade, the company shares the same competitive problems facing other domestic auto manufacturers. Therefore, as with the 1987 bargaining at GM and Ford, job security is likely to be the paramount issue.

IN SUMMARY, economic conditions in the private sector of the economy differ by industry, company, and even plant; in government they differ by jurisdiction. These differences will influence how bargainers approach the complex issue of providing the best economic package for workers while keeping labor costs down and retaining jobs. □

FOOTNOTES

[1] The Bureau is reviewing concepts used in its various measures of compensation and wages. One of the issues being addressed is the treatment of lump-sum payments in the collective bargaining settlements series.

[2] The major oil companies include: Atlantic Richfield, Chevron, Exxon, Mobil, Phillips, Shell, Standard Oil of Indiana (AMOCO), Standard Oil of Ohio, Sun Co., Tenneco, and Unocal.

[3] The committee is composed of 12 AFL-CIO affiliated unions and one independent union. The AFL-CIO affiliated unions are: International Union of Allied Industrial Workers of America; United Brotherhood of Carpenters and Joiners of America; International Union of Electronic, Electrical, Technical, Salaried and Machine Workers; International Brotherhood of Electrical Workers; International Brotherhood of Firemen and Oilers; American Flint Glass Workers Union of North America; International Association of Machinists and Aerospace Workers; United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada; Sheet Metal Workers International Association; International Union of Automobile, Aerospace and Agricultural Implement Workers of America; United Steelworkers of America; and the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America. The independent union is the United Electrical Radio and Machine Workers of America.

[4] The Department of Commerce, Office of Textiles and Apparel, compiles the square yard equivalent measure by applying a conversion factor to each incoming garment to measure changes in apparel and textile imports between periods.

[5] Data were supplied by the American Trucking Association, Inc.

[6] See *The International Teamster*, October 1987, pp. 12–13.

[7] On August 1, 1986, the Brotherhood of Railway Carmen of the United States and Canada merged into the Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees (BRAC). On September 1, 1987, BRAC changed its name to the Transportation Communications Union.

[8] The Railroad Yardmasters of America merged into and adopted the name of the United Transportation Union, effective October 1, 1985.

[9] The other major unions participating in negotiations are the Brotherhood of Locomotive Engineers (Ind.); International Association of Machinists and Aerospace Workers; International Brotherhood of Electrical Workers; Brotherhood of Railroad Signalmen; Sheet Metal Workers International Association; International Brotherhood of Firemen and Oilers; International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers; Transport Workers Union of America; and American Train Dispatchers Association.

[10] In July 1985, Conrail and the United Transportation Union reached an agreement, retroactive to July 1984-that provided terms similar to the National Railway Labor Conference-United Transportation Union agreement.

[11] The Metal Trades Council consists of: International Brotherhood of Boilermakers; International Brotherhood of Painters and Allied Trades of United States and Canada; International Association of Machinists and Aerospace Workers; Office and Professional Employees International Union; United Brotherhood of Carpenters and Joiners of America; International Brotherhood of Electrical Workers; Laborers' International Union of North America; International Molders' and Allied Workers' Union; and United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada.

[12] See George Ruben, "Labor and management in 1987: finding solutions to mutual problems," pp. 24–37.

A key issue

Technological change, and the transfer and diffusion of knowledge about technology between countries, will have profound implications in the decade to come for the pattern of economic growth and employment, the organization of enterprises and economic sectors, systems of industrial relations, and working conditions. Significant new technologies of the past decade include microelectronic devices of various kinds including industrial robots, new materials, new technologies for computer-based telecommunications, as well as modern biotechnology and genetic engineering, just to mention a few examples. But in developing countries the innovations of recent years are less important that the whole question of the transfer of the technological innovations of the developed countries in the past half-century.

——*The Changing World of Work: Major Issues Ahead (Report of the Director-General (Part I),* International Labour Conference, 72d sess. (Washington, International Labour Organization, 1986), p. 12.