

Labor-management bargaining in 1994

Even as the economy improved, the incidence of confrontational bargaining increased; job security, benefit costs, and relaxation of work rules were major issues

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The celebration of the 100th anniversary of Labor Day in 1994 was muted even in the strongholds of organized labor. Employment cutbacks continued in several industries with comparatively high unionization rates, attracting workers to the labor movement remained difficult, and national legislation dealing with key issues for organized labor, such as striker replacements and universal health care did not win passage. It was also a year in which unions faced formidable challenges at the bargaining table. Despite an expanding economy, many companies still were adjusting to the fallout from foreign competition, defense cutbacks, technological change, deregulation, or a long-term decline in demand for specific products or services. Companies often tried to improve their competitive position through restructuring programs, pressing for contract terms tailored to their individual needs—including health care cost containment arrangements, lump-sum payments in lieu of wage increases, two-tier compensation systems (under which new employees are paid less than current employees or receive fewer benefits, or both), and the elimination or relaxation of work rules.

In some cases, unions resisted these efforts and labor-management relations were more confrontational in 1994 than in the previous few years. The increased frustration felt at the bargaining table was reflected in the number of labor disputes occurring during the year. During the first 10 months of 1994, there were 44 major work stoppages (those involving 1,000 workers or

more), idling 283,000 workers and accounting for 4.7 million days of idleness. Comparable figures for the same period in 1993 were 32 stoppages, 147,000 workers, and 3.3 million days of idleness.

On the other hand, there were many bargaining situations in which open strife was avoided or where labor and management cooperated to resolve mutual problems, preserve jobs, restrain labor costs, improve product quality, and increase productivity.

The results of efforts to curb labor costs are seen in the size of settlements in private industry. During the first 9 months of 1994, for example, settlements involving 1,000 workers or more provided wage increases averaging 2.3 percent over the life of the contract, continuing the pattern of relatively low adjustments that have been characteristic in recent years.

Designs for increasing productivity and improving product quality were diverse. They included programs tying employee compensation to corporate financial results, revising work schedules to increase plant utilization, providing more cross-utilization of employees, relaxing work rules, and adopting new approaches to work, such as work teams and “pay-for-knowledge” plans.

Efforts to preserve jobs or provide income security included provisions limiting layoffs or terminations during sales slowdowns and, in some cases, outright bans on plant closings. They also included restrictions on subcontracting, limita-

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tions on overtime, inducements for early retirements, pension supplements or sweeteners to encourage voluntary separations, opening up of positions through formal education or training programs, and increases in supplemental unemployment benefits and other payments for employees who are temporarily laid off.

This summary of the results of the interactions between organized labor and management last year illustrates the assortment of problems the parties encountered and the various solutions they adopted.

Trucking

The 24-day Teamsters strike in 1994 was the longest national trucking strike in the union's history, but the stoppage was substantially less crippling when compared to past industry-wide Teamsters' strikes. The limited impact of the stoppage reflected the union's loss of power, which is directly related to the decline of Teamster-represented trucking companies as a dominant force in the industry. For example, the number of companies bargaining as part of Trucking Management Inc., the largest employer bargaining association in the industry, dropped from 300 in 1979 to 23 in 1994. During that period, union members covered under industry-wide bargaining fell from 300,000 to 110,000.

About 70,000 of the 110,000 Teamster members covered under the National Master Freight Agreement that expired on March 31, 1994, were employed by companies represented by Trucking Management Inc. (TMI). Another 40,000 were employed by companies that follow the TMI pattern: 4,000 by companies that were part of two other bargaining groups, Regional Carriers, Inc. and Midwest Carrier Labor Advisory Council; and 36,000 by other truck lines. The member trucking companies are referred to as "less-than-truckload" carriers because they consolidate small shipments from several companies into a single load. They carry small shipments of consumer and industrial commodities, usually weighing less than 1,000 pounds, through a network of trucking terminals. The Teamster-represented less-than-truckload companies account for 70 percent of the Nation's less-than-truckload freight revenues, but only about 10 percent of total intercity trucking revenues.

Master contract talks opened on December 21, 1993. Work rules, business restrictions, health care, and job security quickly emerged as key issues. With little progress in negotiations, international union officials informed their 261 locals on March 16 to set a strike authorization vote for the following weekend. The parties were at loggerheads over several proposals dealing

with job security, work rules, pensions, wages, and benefits. The union publicly stated that it would not sign a "concessionary contract" and TMI-represented employers said they needed more flexible work rules, reduced job security and benefits, more double-breasting (use of nonunion trucking subsidiaries), increased rail shipments, increased use of casual workers, and more part-time workers at lower wages, if they were to effectively compete with nonunion trucking companies.

On March 16, TMI presented the union's bargaining team with a contract offer that was rejected because, the union said, the economic terms were "unacceptable," as were the carriers' proposals to create a new class of part-time workers who would earn \$8 per hour with no benefits in their first year of service; to subcontract work to railroads without any guarantees of job security; and to change grievance procedures so that the union's ability to enforce its members' contract rights would be diminished. Five days later, the union presented TMI with a contract proposal that became the focus of negotiations for the next 9 days. On March 31, TMI floated their final offer, which, according to the union, was deficient in several areas. Union leaders were particularly critical of the carriers' proposals to hire part-timers, paid at \$9 an hour to start and \$11 after 3 years, to replace full-timers; to eliminate the right to strike over unresolved grievances; and to increase the use of intermodal service, by which trailers are moved long distances on rail flatcars instead of by trucks. Although the union rejected the proposal and set a strike date for April 6, it said a job action could be averted if TMI agreed to drop its proposals dealing with use of rail facilities and part-timers.

Just hours before the strike deadline, the union signed an interim agreement with Carolina Freight, one of the 23 TMI-member companies. With no settlement in sight, the union struck the remaining 22 TMI-represented companies on April 6, idling about 75,000 truckers, dockworkers, delivery drivers, and mechanics. The walkout—the first nationwide trucking strike in 15 years—virtually shut down the companies, including Yellow Freight System, Consolidated Freightways, Roadway Services, Inc., ABF Freight System, and 18 smaller regional carriers, which operate mostly on the East Coast where they face intense pressure from nonunion firms. TMI released the 18 smaller truck lines with a total of about 14,000 Teamster-represented workers from the master contract talks, allowing the companies to bargain separately and negotiate so-called "me-too" agreements, under which they would agree to abide by the terms of a subsequent settlement reached between the union and TMI.

On April 11, Churchill Truck Lines, Inc., a Missouri-based TMI member which employed 1,500 workers, went out of business. On the same day, Preston Trucking, citing its poor financial condition, withdrew from TMI to negotiate a separate agreement for its 5,000 workers. One day later, three more companies—TNT Holland Motor Express, TNT Red Star, and Sea-Land—also pulled out of the TMI negotiations.

Contract talks between TMI and the Teamsters resumed on April 18. The parties made little progress in negotiations over the next few days. In an effort to resolve the dispute, Secretary of Labor Robert Reich and Secretary of Transportation Federico Pena asked TMI and the union on April 22 to hold contract talks under the auspices of the Federal Mediation and Conciliation Service. Mediation began on April 23.

On April 28, negotiators reached a tentative agreement that included victories for both the union and employers. The union beat back several concessionary demands, including the companies' proposals to use new low-wage part-timers to do work currently performed by full-timers, to use more intermodal (rail) service with only limited job guarantees for adversely affected union members, to subcontract union jobs to nonunion trucking firms, to cut casual workers' pay, and to eliminate pension and health care benefits for casual workers who now receive them under contract supplements. The carriers gained more use of casual dock workers and intermodal freight transportation (but had to grant strong job guarantees), as well as arbitration for unresolved grievances.

Although the union's bargaining committee recommended approval of the tentative agreement, local union leaders sent the settlement to the rank-and-file without a recommendation. Several dissenting groups levied strong criticism against the pact, calling it a sell-out on the key issues. Teamsters president Ron Carey contended that the dissidents were politically motivated and were impugning his leadership. In the end, the rank-and-file accepted the 4-year settlement, one that may help Teamster-represented companies compete more effectively in a deregulated environment and stem the loss of unionized jobs in the trucking industry.¹

Electrical and electronics industry

As in the past, the 1994 lead-off settlement in the industry was at General Electric Co. (GE), where the unions entered negotiations with high hopes because the company had set a new record for sales revenues and earned \$5.8 billion in profits in 1993. But the unions met stiff resistance from the company, which demanded many

givebacks. In the end, the unions blocked many of GE's demands and suffered setbacks in some areas, but made enhancements in others. As in the last few bargaining rounds, the subsequent settlement at Westinghouse deviated somewhat from the GE pact.

The 15 unions of the Coordinated Bargaining Committee (CBC) of GE and Westinghouse met during January and February to develop bargaining objectives for their upcoming negotiations. They adopted wage increases, job security and pension enhancements, health care benefits improvements, and more paid time off as goals.

As usual, the International Union of Electronic Workers (IUE) led off negotiations with GE, on May 24, with other CBC unions sitting in at the meetings as a sign of solidarity. Little progress was made in negotiations during the next few weeks, and a settlement came only at the 11th hour. On June 25, GE and its two largest unions—the IUE and the United Electrical Workers (UE)—signed separate but parallel 3-year master contracts, covering some 33,200 employees. The pacts served as a pattern for an additional 16,000 workers represented by the 10 other unions at GE, and another 8,000 workers at Westinghouse.

According to a union spokesperson, the new contracts included "the best wage increases and pension improvements we have seen for several contracts," but did not include important contract goals such as early retirement, additional paid time off, and new job security protections. In addition, the unions were forced to accept some concessions, most notably in the area of health care cost sharing.²

A brief walkout on August 29 by union members preceded a settlement between Westinghouse and its unions—the Westinghouse Federation of Independent Salaried Unions and a coordinated bargaining committee consisting of the Electronic Workers, International Association of Machinists, International Brotherhood of Electrical Workers, United Steelworkers, and the United Brotherhood of Carpenters. The 4-year agreements, which covered 8,000 workers, called for wage increases and benefit improvements that differed somewhat from those contained in the GE settlement. The accords had a longer duration, smaller wage increases, and lump-sum payments which were not included in the GE pact.³

Railroads

Although no substantive national bargaining took place in the railroad industry in 1994, railroad strikes made the headlines. Two presidential emergency boards were appointed under the emergency dispute procedures of the Railway Labor Act (RLA), the Federal law that regulates

collective bargaining in the railroad industry, to make nonbinding recommendations for a settlement. One board involved the Long Island Rail Road, the Nation's largest commuter rail carrier, and the United Transportation Union over a dispute that was the subject of a previously appointed emergency board; the other involved the Soo Line Railroad, the Nation's ninth largest railroad, and the United Transportation Union, whose walkout threatened to spill over into a nationwide strike.

On February 15, President Clinton created the second presidential emergency board within a 4-month period to hear the same dispute between the Long Island Rail Road and the United Transportation Union. The board was established to resolve an impasse involving the New York City area commuter rail carrier and about 2,300 train, track, and car workers; maintenance-of-way supervisors; and special service attendants. As presented to the original emergency board in October 1993, the dispute involved more than 100 work rules and a number of wage, pension, and health and welfare proposals.⁴

The second board was appointed after the first board was unable to bring the parties to settlement. Under the section of the RLA that deals with commuter rail carriers, a second emergency board can be created at the request of either party or the Governor of the State in which the rail carrier is located. In this case, the Long Island Rail Road requested the appointment of the board.

After examining the parties' final offers, the board chose the carrier's proposal. Among the board's recommendations was a 52-month agreement that called for an immediate lump-sum payment equal to 3 percent of an employee's qualified earnings, three wage increases of 3 percent each, and health care coverage under the New York State Empire Plan.

Unfortunately, the second board's recommendations also did not serve as a basis for a settlement. After a mandatory "cooling-off" period expired, the union struck the carrier. The walkout affected some 107,000 daily rush-hour Long Island, NY, commuters.

The walkout and the 2-1/2-year dispute ended 2 days later when union and carrier negotiators signed a 3-year collective bargaining agreement. The pact, which came quickly after railroad management realized that Congressional intervention was not forthcoming, called for wage increases of 8.7 percent over the term of the agreement, without the work rule changes proposed by management.⁵

In a related development, on August 29, President Clinton ordered 1,100 striking members of the United Transportation Union (UTU) at the Soo Line Railroad back to work. The President acted

quickly to prevent the then 47-day strike from spreading to other major rail carriers.

The UTU, which represents the carrier's conductors and trainmen, struck the rail carrier on July 14, after all mandatory procedures of the RLA were exhausted. At the heart of the 4-year dispute was the carrier's proposal to eliminate brakemen from its three- and four-person train crews, an action that would have resulted in the loss of about 600 union members' jobs. The carrier, which operates 5,000 miles of tracks in 11 midwestern States, argued that a two-person crew (one engineer and one conductor) was the industry standard. The union, claiming that a reduction in the crew size of all trains would endanger both employees and the public, said it would compromise and allow two-member crews on "through-traffic" trains with existing restrictions related to train length and car count, but the Soo Line reportedly rejected the offer.

On August 26, the union notified the National Mediation Board—the Federal agency that administers the Act—that it would conduct a secondary boycott, which is permissible under the RLA, by posting pickets at other rail carriers that connect with the Soo Line in Chicago, a move that would have disrupted rail freight traffic throughout the country. The National Mediation Board notified the President of the serious nature of the dispute. The President, in turn, ordered the strikers back to work and created an emergency board to hear the dispute and make recommendations for a settlement.

The establishment of the board triggered a 60-day cooling-off period, including 30 days for the presidential emergency board to make its report. The President subsequently gave the board a 2-week extension, to November 14, at which time the parties would have been free to exercise self-help. Fearing that a work stoppage might occur when Congress was in recess, the President approved a resolution extending the cooling-off period until February 28, 1995, at which time Congress would be in session.

Meanwhile, on October 14, the emergency board released its report. The panel's recommendations mirrored the carrier's position on all key issues:

- A 6-year agreement with wage increases, lump-sum payments, and cost-of-living adjustments patterned after the recommendations of Emergency Board No. 219;⁶
- A two-person crew in all classes of service and at all locations without train length or car count restrictions;
- Signing bonuses of \$5,000 for employees hired before May 1, 1993, and \$1,000 for those hired after that date;

- A carrier contribution of \$53.25 per trip towards a productivity fund;
- An optional health care plan patterned after the one established pursuant to the recommendations of Emergency Board No. 219; and
- Postponement until the next round of negotiations of discussion of the issue of whether to pay trainmen on a mileage basis.

On November 13, the Soo Line and the union reached a settlement that generally followed the emergency board's recommendations. The pact, which is retroactive to 1988, increased wages by more than 10 percent upon ratification, gave the carrier the right to use two-person crews, and provided lump-sum payments ranging between \$10,000 and \$15,000. Other terms reportedly tracked the board's recommendations, but not "to the letter."

Heavy machinery

In April, the Automobile Workers (UAW) struck Caterpillar, Inc., the Nation's largest manufacturer of heavy machinery, over a number of alleged unfair labor practices. Contrary to the prediction that the strike would quickly halt production lines, the company maintained output and earned a profit. In contrast, Deere & Co.—the other major player in the industry—and the UAW held low-key negotiations during the summer, then reached a stalemate in October, but did not engage in self-help.

The Caterpillar dispute began on November 4, 1991, immediately after the expiration of a strike deadline, when about 2,400 Automobile Workers at two plants in Illinois walked off their jobs. Over the next 5 months, the job action spread to other plants, idling an additional 10,200 workers. Fearing that they would be permanently replaced, strikers returned to work "unconditionally" on April 14, 1992, under terms of a final contract offer that was unilaterally imposed by the company when the strike fizzled. After returning to work, union members conducted in-plant campaigns to force the company back to the bargaining table.

The parties made little progress in resolving the dispute after strikers returned to their jobs; in fact, they did not hold formal contract talks for months. Instead, they engaged in a "cold war" of sorts, resulting in a rash of unfair labor practices and complaints issued against both parties by the National Labor Relations Board.

In mid-May, Caterpillar proposed resumption of contract talks, but the union rejected the overture because of preconditions set by the company: Caterpillar agreed to withdraw its final

contract offer and return to the bargaining table on the condition that the union agree to a binding membership vote on a subsequent final company proposal if negotiators reached a stalemate in bargaining. The union claimed the precondition would impose "unprecedented interference with internal union procedures" and suggested that its membership be allowed to choose between the terms of the currently imposed contract and the one in effect between 1988 and 1991. If Caterpillar rejected that proposal, the union said it would put the company's current offer to a vote.

Meanwhile, the parties agreed to continue to seek a resolution of the then 2-1/2-year dispute, which, since September 1993, had led to eight selected walkouts by union members over alleged unfair labor practices.

On June 7, the union conducted its ninth selected strike in protest over alleged unfair labor practices, this time at a plant near Aurora, IL. Three days later, the union agreed to end the stoppage. Caterpillar refused to accept the union's unconditional offer to return to work, but invited strikers to return to work on an individual basis.

The union then threatened to conduct a company-wide strike if Caterpillar did not agree to hold contract talks or if the meetings did not lead to a resolution of "the unfair labor practice crisis" at the company. At that time, the National Labor Relations Board had filed 92 unfair labor practice complaints against Caterpillar.

On June 16, Caterpillar agreed to return to the bargaining table—for the first time in 2 years. Just as it appeared that some progress might be made in resolving the stalemate, the parties dropped the ball, holding a 40-minute perfunctory bargaining session on June 20. Apparently, the stumbling block to serious negotiations was the parties' disagreement over the reinstatement of 14 union members who, the union alleged, had been illegally discharged because of union activities.

In the interim, the union set a strike date for the third shift on June 21, if an agreement was not reached by then. However, some 8,000 workers at plants in Peoria, IL, and Pontiac, MI, walked out early, on June 20. An additional 6,000 workers joined the strike on June 21. Press reports indicated that about 3,000 to 4,000 union members have crossed the picket lines since that time.

So far Caterpillar has been successful in keeping up production and profits. Why? The company prepared for a future strike after the Auto Workers' 1992 walkout. After the 1994 strike began, Caterpillar supplemented its production work force with management and office employees—many of whom had worked in factories during the 1992 UAW strike—temporary work-

ers, permanent new hires, union members who crossed picket lines, and skilled workers borrowed from its dealers. The company imported machines from its plants in Europe, Japan, and Brazil; shifted work to nonunion plants; and reaped the benefits of spending \$1.8 billion over the past few years to automate its production facilities. Caterpillar also enjoyed rising demand for its products and avoided massive customer defection during the strike.

The Automobile Workers claims that Caterpillar faces major production, safety, and quality problems. The union says that the company will exhaust its prestrike built-up inventory of machines and will not be able to continue high levels of production using an exhausted work force (particularly its white-collar employees) working excessive overtime. The union also alleges that Caterpillar is sacrificing quality to maintain production and that its work force has sustained an unusually high incidence of work-related injuries.

As the strike drags on, it appears that the parties are no closer to an agreement than they were when the walkout began. Time will tell if the company can continue to maintain production goals, meet product demand, and make reasonable profits. What is certain is that the parties seem to have laid plans for coping with a lengthy dispute.

Meanwhile, in early August, Deere & Co. and the UAW began formal contract talks for about 11,000 workers at plants in Iowa, Illinois, Kansas, Georgia, Minnesota, and Colorado. The parties had been holding ongoing talks over the past 3 years about mutually important issues, with the talks intensifying as the contract expiration date approached.

Deere and the UAW held low-key, cordial contract talks during the summer, but were unable to reach an agreement before their contract expired on September 30. On October 1, the parties extended their contract for 6 days to allow negotiators time to reach a settlement. When the 6-day extension expired, the parties extended the contract day-by-day.

On October 11, Deere floated a final contract offer, which the union decided to submit to the membership for a vote after the company rejected the union's proposal to extend the expired agreement by an additional year. Following their union negotiators' recommendation to veto the proposal, the rank-and-file overwhelmingly rejected the contract offer. The union claimed that the veto reflected disagreement over the establishment of a two-tier wage and benefit system, inadequate wage increases, and changes in the incentive pay plan; but press reports indicated that the real reason was that the union wanted to craft a settlement at Deere that could be used as a pattern for

1995 negotiations with other heavy equipment manufacturers.

Meanwhile, on October 12, the parties suspended negotiations after contract talks stalled, but expressed a willingness to go back to the bargaining table "if additional discussions would be productive."

As of this writing, the parties reportedly are far apart on key issues.

Rubber

After the last round of industry bargaining in 1991, it appeared that U.S. tiremakers and the United Rubber Workers were building harmonious, cooperative relationships that would carry them through rough times. Then came a nasty turn of events. All four foreign-owned tire companies in the United States began vigorously pushing for wage and work rules concessions, particularly at low-productivity plants. During the 1994 negotiations, the rift grew as the companies continued their quest to rewrite their agreements. The situation became so heated that at one point union president Ken Coss publicly accused one company, Bridgestone/Firestone Corp., of leading an "unholy alliance" with three other foreign owned tire companies—Pirelli Armstrong Tire Corp., Dunlop Tire Co. (owned by Sumitomo Rubber Industries), and Yokohama Tire Corp.—in an effort to destroy the union and "tear apart contracts that took nearly 60 years to build" by demanding "parallel deep concessions." The result: in 1994, more than 8,000 Rubber Workers walked off their jobs at the four foreign owned tire manufacturers, the most pervasive Rubber Workers strike action in 18 years. In contrast, the only two large domestic tiremakers—Goodyear Tire and Rubber Co. and the Kelly-Springfield Tire Co.—reached peaceful settlements with the Rubber Workers.

Following a 4-day meeting of its International Policy Committee (February 1–4, 1994) the Rubber Workers issued its 1994–97 bargaining goals. Among the major objectives adopted were:

- Improving members' standard of living through wage increases and the retention or negotiation of cost-of-living adjustment (COLA) provisions;
- Strengthening job security language to protect workers from plant closings or mass layoffs;
- Training to improve occupational skills, communications, and career development and to provide additional assistance for displaced workers;
- Improving pension benefits for both active and retired employees, with increases coming through COLA diversions; and

- Providing cost-effective, quality health care coverage.

Master contracts were set to expire in April at the "Big Three" (Goodyear, Uniroyal Goodrich Tire Co., and Bridgestone/Firestone), in June at Dunlop, in July at Pirelli Armstrong, and in September at Kelly-Springfield.

In March, the Rubber Workers opened master contract negotiations with Goodyear, Uniroyal, and Bridgestone/Firestone, and subsequently opened contract talks with Pirelli, Dunlop, and Kelly-Springfield. Initial union proposals included general wage increases, cost-of-living adjustments, strengthened job security provisions, enhanced pension benefits, and more educational assistance for displaced members.

Goodyear and Uniroyal. On April 24, Goodyear and the Rubber Workers signed a tentative 3-year master contract, which a union spokesperson characterized as a "substantial agreement in these hard times." Contract terms, which were expected to serve as a basis for settlements at the other two large rubber companies, included a \$500 lump-sum signing bonus; a \$7 increase in the monthly pension rate; continuation of the cost-of-living adjustment (COLA) provision; improvements in health care and life insurance benefits; and a newly established profit-sharing plan.

Less than 2 weeks later, the union signed a 3-year agreement with Uniroyal for about 5,400 workers at plants in Indiana and Alabama that was a little less generous than the one reached earlier at Goodyear.⁷

On May 5, the union announced that the tentative Goodyear contract was rejected by the rank-and-file. The parties agreed to return to the bargaining table to hammer out another settlement. Bargaining talks resumed on May 11. Four days later, the parties inked another tentative agreement, which the union again hoped to use as a pattern for Rubber Workers' settlements over the next 3 years. On May 26, the union announced that the second Goodyear pact was vetoed.

On June 23, union members at Goodyear approved a 3-year master contract. The agreement included a wage freeze during the term of the contract; an immediate \$500 lump-sum signing bonus; continuation of the COLA provision, and a performance recognition plan that would be funded each year by 18-cent COLA diversions. The performance recognition plan established a target bonus of \$1,000 per year for each employee, with a minimum payout of \$500 and a maximum payout of \$1,500. The contract also included several changes in benefits, including increased early retirement and normal pension

benefits, elimination of the indemnity health care plan—which had first-dollar coverage—in April 1997, and a few improvements in the comprehensive medical benefits program.⁸

Bridgestone/Firestone Corp. The Rubber Workers and Bridgestone/Firestone began contract negotiations in March. The parties held intermittent bargaining sessions over the next few weeks, but negotiations sputtered quickly and were suspended on May 4. On May 17, the Rubber Workers and Bridgestone/Firestone resumed negotiations. Three weeks later, the company broke off contract talks, alleging that the union was too absorbed with ratifying an agreement at Goodyear. Subsequent contract talks stalled when the company balked at the Rubber Workers' continued insistence on a pattern-type agreement. A company spokesperson said Bridgestone/Firestone would refuse to sign an agreement unless settlement terms addressed the company's specific needs. The parties recessed negotiations on May 24.

On July 7, the parties resumed formal contract talks, and the company presented the union with a proposal for settlement. The Rubber Workers rejected the proposal and notified Bridgestone/Firestone that it would terminate its day-to-day extension of their contract in 5 days unless progress was made in narrowing their differences. The union broke off negotiations on July 11, after the company floated its final offer, which the union characterized as unacceptable because it included numerous concessions: a \$5-an-hour reduction in pay for some jobs; a 30-percent cut in wage rates for new hires; a reduction in health care coverage; establishment of a \$68-a-month employee contribution towards health insurance premiums for family coverage; elimination of both supplementary unemployment and workers' compensation benefits; a plan that would link COLA payments to company-set productivity levels; and changes in work rules, such as running plants seven days a week and requiring 12-hour work days without overtime. On July 12, the union struck 5 Bridgestone/Firestone plants, idling some 4,200 workers in five States.

On August 15, the company imposed major parts of its final contract offer. The union filed an unfair labor practice complaint, in which it accused the company of refusing to bargain in "good faith" and implementing contract changes before an actual impasse had been reached in negotiations.

On August 18, Bridgestone/Firestone began hiring permanent replacements at three struck facilities: 50 production workers for its plant in Oklahoma City, OK; and 30 production and maintenance workers at both the Decatur, IL, and Des

Moines, IA, plants. Although Bridgestone/Firestone maintained production levels at seven non-union facilities, the company stated that it needed to hire permanent replacements to resume normal production levels at the strike-affected facilities.

In October, the company filed an unfair labor practice complaint against the Rubber Workers, alleging that the union failed to bargain in good faith and had introduced "racial and national origin prejudices" into the dispute. The Rubber Workers denied the charges.

On November 7, Bridgestone/Firestone hired replacements for strikers at its Noblesville, IN, plant, the last of the facilities struck by the Rubber Workers. Unlike replacements hired at the other three struck plants, these workers will not permanently replace strikers, the company said.

No formal negotiation sessions have been held since the stoppage began. The strike lingers as of this writing, with no settlement in sight.

Pirelli Armstrong Tire Corp. On July 15, about 1,700 union members struck Pirelli Armstrong tire plants in three States after a stalemate was reached in negotiations. The company demanded deep concessions similar to those in the Bridgestone/Firestone final offer, including delays in some COLA payments; cuts in pensions and health care benefits and holiday premium pay; hiring of temporary workers at below-union wage rates and without benefits; and takeaways in provisions dealing with plant closings, seniority, and grievances. The breakdown in negotiations also was affected by abrupt announcements that Pirelli was eliminating health benefits for about 3,000 retirees and selling its Des Moines, IA, plant. The union subsequently filed a breach of contract lawsuit against the company.

On July 19, Pirelli sold its Des Moines plant to Titan Wheel International. Titan gave the 680 union members an ultimatum to return to work while negotiations continued on a longer-term contract or face being permanently replaced. On August 24, striking workers reluctantly accepted the terms of a return-to-work agreement and began returning to work 2 days later.

Meanwhile, Pirelli canceled contract talks set for August 29, withdrew all its previous contract offers, and floated a new proposal that the Rubber Workers characterizes as "completely unacceptable." The union said the company's proposal contained several takebacks, including changes in health care and pensions, 2 key concerns of union members.

On September 8, Pirelli reportedly offered permanent jobs to some 130 replacement workers hired the week before at plants in California and Tennessee. The company also announced that it would hire more permanent replacements.

There have not been any formal contract talks since the strike began and negotiations apparently are at a standstill.

Dunlop Tire Corp. Some 1,600 union workers at Dunlop's Huntsville, AL, plant went on strike on June 21 to protest stalled contract negotiations. Like the two other foreign owned tire makers, Dunlop was demanding several concessions from the union.

On September 1, striking employees rejected a tentative agreement that would have restored 47 warehouse jobs that were slated for elimination, but would cut wages by at least 75 cents an hour and institute for the first time employee contributions towards health insurance premiums. Five days later a second pact was reached, but it also was rejected by the rank-and-file.

On September 23, the rank-and-file overwhelmingly ratified a third contract offer, after the company threatened to close the plant if the proposal was rejected. The 3-year agreement reportedly called for a 75-cent-an-hour cut in the hourly wage rate for workers in fixed-wage rate jobs (about 1,100 workers); continuation of the COLA provision; and changes in the incentive pay plan. Other terms included the introduction of a 5-percent employee copayment for health insurance premiums; an increase in the monthly pension rate, from \$30 to \$37 for each year of credited service; and language changes dealing with overtime, 12-hour shifts, bidding on shift preferences, attendance policy, subcontracting, temporary alternate duty for temporarily disabled employees, supplementary unemployment benefits, workers' compensation supplements, and hiring, transfer, and rate progression.

Kelly-Springfield Tire Co. Without much fanfare and fuss, Kelly-Springfield and the Rubber Workers reached agreement in September on a new 3-year contract that generally followed the pattern set at Goodyear. The pact, which covered 1,250 production and maintenance workers in Tyler, TX, provided the same economic terms as Goodyear, with "only a few local language differences."⁹

Airlines

The year saw some improvement in an industry that had been in the economic doldrums for the previous 4 years. Airlines lost about \$11 billion between 1990 and 1993, and a number of carriers went out of business. The industry was expected to earn about \$1 billion in 1994. Most of the short-run improvement came through cost-cutting programs, including reducing work forces and fleets and withdrawing from unprofitable markets. Airlines also benefited from comparatively moderate hikes in jet fuel prices.

The industry is undergoing fundamental changes as old-line carriers restructure to meet the challenges of low-cost, low-fare airlines. As part of the restructuring, many airlines have sought wage concessions and other takebacks that will lower their operating costs and make them more competitive. Unions, in response, have requested an ownership stake in the carriers and a greater voice in how they are run and improved job security.

United Airlines. On July 12, shareholders of UAL Corporation, United Airline's (UAL) parent company, approved an employee buyout of the Nation's second largest air passenger carrier. The final buyout agreement provided approximately 48,000 participating employees—31,000 workers represented by the Air Line Pilots Association (Pilots) and the International Association of Machinists (Machinists) and 17,000 nonunion workers—with a 55-percent equity stake in UAL Corporation in exchange for \$4.9 billion in wage and work rule concessions over the next 6 years. The employees' ownership share could increase to a maximum of 63 percent depending on the average market value of UAL's new common stock in 1995.

The agreement called for wage cuts over the next 6 years. In addition, employees were allowed to choose 3 members to sit on the 12-member board of directors, and already have selected Gerald Greenwald as United's new chairman and chief executive officer. The buyout agreement also contained certain restrictions on United's plan to develop a new low-cost "airline within an airline" to compete on short distance domestic routes, tentatively named the United Shuttle.

Although the Association of Flight Attendants initially participated in the union bargaining coalition, the 17,000 employees represented by the union were not included in the final employee ownership plan. The union bolted from the coalition when United announced plans to open new foreign bases for flight attendants, including one in Hong Kong in addition to a base now operating in Taiwan. Further meetings between United and the Flight Attendants were held after the company announced that it had indefinitely postponed plans for the Hong Kong base and suspended certain weight-to-height requirements for flight attendants. The contract talks broke down on August 31, and the union terminated its participation in further negotiations because, according to the union, its 17,000 members "were not receiving sufficient value for their proposed concessions."¹⁰

Trans World Airlines. Facing a revenue shortfall for 1994, Trans World Airlines (TWA) established a restructuring program that resulted in

changes in management, work rules, company finances, and labor costs. TWA and its employees hoped that wage concessions and work rule changes would slash some \$135 million a year from the carrier's operating costs, which reportedly are the highest in the industry despite earlier union concessions, and would alleviate the need for furloughs, including 3,000 announced last August as part of TWA's restructuring plan.

On August 19, TWA reached 3-year collective bargaining agreements with the Machinists, its largest union, on work rule and productivity changes—"soft-dollar concessions"—that are expected to save the carrier approximately \$90 million annually. The work rule changes provided the airline with greater flexibility when assigning projects and permit increased use of part-time workers and subcontractors.

The contracts provide 1-percent wage raises in May and December of each contract year in lieu of a scheduled 5-percent pay increase due on September 1, 1994. Terms also call for bonuses in 1996 and 1997 ranging between 1 and 4 percent depending on TWA's profit margins.

On September 1, TWA subsequently reached a separate but parallel agreement with the Pilots on similar work rule and productivity changes that are expected to trim an additional \$35 million a year from the airline's operating costs. In addition, the union agreed to waive a 27.5-percent wage snap-back (a return to higher wage rates after temporary wage cuts) that was scheduled for September 1995, in exchange for 2-percent hikes in 1995 and 1996 and a 4-percent increase in 1997. Three weeks later, the airline and the Independent Federation of Flight Attendants reached a tentative agreement that reportedly would yield \$10 million a year in savings through wage cuts and productivity improvements.¹¹

USAir Group. In early March, USAir approached its four unions—the Pilots, Machinists, Association of Flight Attendants, and Transport Workers—and asked them to accept concessions to reduce labor costs as losses widened because of competition with low-cost, low-fare airlines and sharp cuts in fares. USAir had lost \$2.6 billion over the last 4 years and was concerned about its high operating costs.

On July 15, USAir provided its unions with a plan to reduce personnel expenses by \$500 million a year through wage cuts and productivity improvements. This followed a request in March by the company to the union coalition to develop a similar plan to reduce labor costs. The airline said that it needed to cut \$1 billion annually from its operating expenses to return to profitability, and was offering the proposal in an attempt to expedite the restructuring effort.

On August 7, the Pilots proposed an alternative plan, which called for \$2.5 billion in wage concessions over the next 5 years from all USAir employees in exchange for 25-percent ownership in the company, about \$700 million in preferred stock, three union-appointed positions on the board of directors, and a veto right on major carrier decisions. Under terms of the proposal, the Pilots, who comprise 12 percent of the carrier's work force, would make \$750 million in concessions over the term; Machinists members, making up 19 percent of the work force, would take wage cuts totaling \$485 million; flight attendants, 20 percent of the work force, would give up \$380 million in wages; and management and other employees, the remaining 49 percent of the work force, would concede \$885 million. The Pilots also proposed that British Airways, the carrier's principal stockholder, make a further investment of \$450 million in USAir. In addition, the union suggested a number of "reinventing" operations. USAir, British Airways, and the carrier's other unions opposed the plan, but agreed that a remedy to the company's financial woes was needed.

In mid-September, USAir floated another counterproposal, an equity-for-concession package calling for \$500 million in wage and productivity concessions from its employees in exchange for a 10-percent stake in the company, but no union representation on its board of directors or voice in the carrier's decision making process. The Pilots rejected the proposal, saying the pay cut was larger than they were willing to concede.

On October 6, the Pilots broke off talks with USAir after the carrier announced it would reduce its fleet by 8 percent in 1995. A union negotiator claimed the proposed sale was a veiled attempt by USAir to create division within union ranks at the carrier.

On November 14, USAir and the Pilots announced that they would resume contract talks on November 16, and said that they had agreed to a "framework for resuming negotiations that would result in "reaching a contract within a 30-day time frame." The resumption of talks followed 2 weeks of discussions with Gerald Baliles, who was chosen in late October to serve as a facilitator in the dispute. In 1993, Baliles, former Governor of Virginia, chaired the National Commission to Ensure a Strong and Competitive Airline Industry.

As of this writing, the carrier has been unsuccessful in convincing Pilots or its other unions to agree to concessionary terms.

Delta Airlines. On July 25, for the second time in 3 years, Delta asked the Air Line Pilots Asso-

ciation, which represents the carrier's 8,400 pilots, to delay a 2-percent scheduled pay raise to help curb labor costs. The increase, which was negotiated as part of the contract extension in 1992, was scheduled to go in effect on August 1. On August 2, the pilots responded with two counterproposals: Forgo the raise in exchange for Delta adding three Boeing 737's in low-fare markets and recalling 36 pilots to fly them; or defer the wage increase for 1 year, with the option in August 1995 of receiving the raise retroactively, depending on how upcoming contract negotiations are progressing. (The parties' current contract did not expire until December 31, 1994.) On August 22, Delta accepted the Pilots' offer to forgo a 2-percent wage increase in exchange for adding three 737's in low-fare markets and recalling 36 pilots.

American Airlines. American asked its 55,000 unionized employees to accept productivity and pay concessions of \$750 million annually. The carrier has made it clear that without concessions from its three unions it would continue to shrink, and may go out of business altogether. In a prepared statement, Robert L. Crandall, Chairman and President of ARM Corp., American's parent company, said that the carrier's "labor costs remain far out of line." He added, "If we can't make our airline cost competitive, we will divest in that business and direct our resources to areas in which we can generate adequate returns." Thus far the unions are balking.

American asked the Pilots, which represents 9,300 flight crew members, to agree to \$300 million annually in takebacks in exchange for resumption of the airline's growth. The parties have held contract talks for the last few months, but to date they have made "negligible progress." The carrier claimed that without the pilots' support it would not be able to achieve its labor cost reduction goals, but the union steadfastly opposed making wholesale changes in its agreement.

American and the Association of Professional Flight Attendants, which bargains for 20,000 flight attendants, have been absorbed in the aftermath of their 5-day strike in November 1993.¹² The union struck the carrier just prior to Thanksgiving, an action that threatened the travel plans of thousands of airline travelers and led to White House intervention. At the urging of President Clinton, the union and the carrier submitted all unresolved issues to binding arbitration.

Arbitration hearings did not begin until October 17, 1994, and there has been no word on when an arbitration award will be issued, although hearings are expected to extend through February 1995. Even when an award is issued, it is not expected to lead to changes in the parties' con-

tract sufficient to generate the labor cost savings desired by the carrier.

Meanwhile, American asked the Transport Workers, which represents 28,000 mechanics, baggage handlers, and dispatchers, to reopen its contract, which does not expire until this spring. To date, the union reportedly has adamantly opposed an early reopening and has not shown signs that it is willing to make the kinds of concessions the carrier is seeking.

Automobiles

When the United Automobile Workers (UAW) and the "Big Three" domestic automakers signed 3-year master contracts in October 1993, industry analysts predicted that the settlements would usher in a period of labor peace. They were wrong. The companies still had to negotiate on local issues, such as working conditions, staffing, starting times, and overtime—areas not covered under the master agreements. In some instances, the negotiations became confrontational and led to paralyzing work stoppages.

Almost all of the labor strife came at General Motors Corp. (GM), the Nation's largest automaker, which had to negotiate about 150 local agreements. GM became embroiled in a series of disputes with UAW locals, some of which led to walkouts that severely affected the company's production capability. The strikes were over overtime, productivity, subcontracting and job security, and safety and health conditions. They illustrated the union's determination to save jobs and preserve their membership, and underscored the difficulties GM faces in becoming more "lean and mean." The disputes call into question whether GM will be able to successfully restructure its North American operations, reduce labor costs, and make productivity improvements, while maintaining production levels and launching new vehicle lines. They also present an ominous portent for the next master contract negotiations in the industry.

In addition, the disputes reflected the shift of power from the international union to the local unions, which literally brought GM to its knees.

Shreveport, LA. A 6-day strike last January ended when the Auto Workers and GM reached a settlement for some 2,300 production and maintenance workers at a pickup-truck plant in Shreveport. Stephen P. Yokich, the international union's top negotiator at GM, said the strike was intended to send a signal to the company, which had been threatening UAW members at several parts-making plants with job losses unless they agreed to contract concessions.

The subsequent settlement addressed job security and several local work rules that were in

contention. The pact required GM to add 82 nonskilled and 10 skilled jobs at the plant. It also enhanced procedures for assigning jobs and overtime, improved cooling and ventilation systems in the plant, and required the hiring of laid-off GM workers by a subcontractor which produces truck seats that were previously manufactured by UAW members at the Shreveport plant.

Dayton, OH. In March, the UAW struck at two GM-Delco Chassis plants in Dayton, after the parties were unable to resolve a dispute over GM's proposals to subcontract the manufacturing of brake calipers and other brake parts to an Australian company and to shift production of engine bearings to another GM plant, actions which reportedly could have led to the loss of up to 650 of 3,000 bargaining unit jobs. The stoppage ended after 3 days, reflecting GM's vulnerability to all but very short work stoppages because of its "just-in-time" manufacturing process—keeping only 3 to 5 days inventory of parts. On the third day of the strike, GM suspended production at assembly plants in Ft. Wayne, IN, Janesville, WI, and Lansing, MI, idling an additional 7,900 workers. GM predicted it would have to shut down virtually all its North American assembly plants if the strike lasted for more than a week.

Terms of the 3-year accord called for the company to retain the production of engine bearings in-house instead of using an outside contractor. The move was expected to save 279 current jobs and could result in the addition of 203 jobs over the next 4 years. The parties did not release a statement explaining how the dispute over contracting out brake calipers was resolved.

Warren, MI. In June, the UAW struck GM's Technical Center in Warren in protest over the company's use of subcontractors and salaried workers to perform bargaining unit work. The dispute, idling some 3,500 workers for 7 days, centered on the role of computer-assisted design work and the question of who would perform the work—outsiders (subcontractors or salaried workers) or bargaining unit employees. The tech center bargaining unit included maintenance employees, prototype vehicle assemblers, and engineering and other skilled workers who are involved in the design of new vehicles—making wood, plastic, and metal prototypes of future cars and trucks.

The settlement reportedly required GM to invest in new technology, including buying new computer equipment that will make bargaining unit workers competitive with subcontractors, to preserve bargaining unit jobs; restricted subcontracting; and made workers' seniority portable when they transfer from one tech center job to another.

Anderson, IN. In August, the Auto Workers conducted a 3-day strike at GM's Inland Fisher Guide plant in protest over safety and health problems and the company's plan to cut over 1,000 bargaining unit jobs by the end of the 1997 model year. The stoppage initially involved 3,300 workers who produced parts (mostly bumpers and lighting systems) for GM assembly plants, but spilled over into 14 other plants, idling an additional 43,000 workers.

Under terms of the settlement, GM agreed to maintain current employment levels through 1997. GM and union officials would not disclose other terms of the settlement.

Flint, MI. In September, 11,500 workers walked off their jobs at GM's Buick City facility in Flint. The 4-day stoppage was sparked by discontent over production speedups and overtime work that allegedly were threatening workers' health and safety. The strike caused parts shortages which quickly led to the shutdown of several other GM facilities, idling an additional 10,500 workers.

As part of the settlement, GM agreed to hire more than 500 new workers and to stop using nonunion, temporary employees.

Steel

Bargaining in the steel industry in 1994 for the most part followed the pattern established a year earlier. Those settlements gave the Steelworkers more job security and participation in the companies' decision-making process, including a seat on each of their boards of directors, in exchange for longer term contracts, a managed health care plan, and the elimination of certain restrictive work rules.¹³ In reaching agreements with four major domestic steelmakers during 1993, the union succeeded in reshaping collective bargaining in the industry. In 1994, the union extended some of the changes to other major steel companies. Variations in the industry pattern, such as in the length of agreements, were tied to the companies' specific needs.

On March 3, Wheeling-Pittsburgh Steel Corp. and the Steelworkers ended a 2-day work stoppage, when they signed a 2-1/2-year contract covering 4,700 workers in Pennsylvania, Ohio, and West Virginia. The settlement called for wage increases of 50 cents an hour in September 1994 and December 1995; guaranteed bonuses totaling \$2,250 over the term of the agreement; and an additional bonus of \$500 in 1996, contingent on the company's 1995 pretax income.

The contract included several changes in benefits, including an agreement to begin funding a trust for retirees' medical and life insurance benefits, a hike in Wheeling's payments to each

employee's defined contribution pension account, establishment of an optional managed health care program, and increased life insurance and sickness and accident benefits. The union had hoped to negotiate major changes in pension coverage, but was stymied by a settlement agreement Wheeling signed with the Pension Benefit Guarantee Corp. after the company terminated its pension plans while under Chapter 11 bankruptcy protection.¹⁴

On May 31, the Steelworkers and LTV Corp., the third-largest domestic steelmaker, signed a 5-year collective bargaining agreement covering about 14,000 production and maintenance workers in 6 States. The pact generally followed the industry pattern except for provisions for managed health care and a union-appointed member on the board of directors, which were already in the prior LTV contract.

The LTV agreement called for an immediate \$1,000 ratification bonus, a wage increase of 50 cents an hour on August 1, 1995, and bonuses of \$500 on both March 1 and October 1, 1995, and up to \$1,000 in April 1996 if the company earns at least \$225 million in pre-tax profits in 1995. Other terms include enhanced job security, a greater voice in the company's decision-making process, a guaranteed minimum profit-sharing payout of 14 cents an hour worked, pension improvements, and a wage and benefit reopener in 1996.¹⁵

On June 7, Allegheny Ludlum Corp., the Nation's largest stainless steel manufacturer, and the Steelworkers ended a bitter 10-week work stoppage—the first in 35 years—when they agreed to a 4-year contract covering 3,500 workers at plants in Pennsylvania, Connecticut, Indiana, and New York. The major strike issues reportedly centered on proposals dealing with union and worker involvement in the company's decision-making process, job security, health care, pensions, vacations, overtime, and scheduling.

Under terms of the pact, which was more generous than other steel settlements, workers received an immediate \$3,000 signing bonus and wage increases of 25 cents an hour on April 1, 1995, 2 percent on July 1, 1995, and 3 percent on both July 1, 1996 and 1997.

The contract contained several provisions that affect job security and corporate governance. One protects employees from the possibility of money being shifted from steel operations to other Allegheny Ludlum companies by requiring Allegheny Ludlum Corp. to have "arm's length dealings" with its subsidiaries. Another permits the union to hire an outside consultant, paid for by the company, to review Allegheny Ludlum's capital investment plans. A third is a successorship clause that requires a potential buyer of any com-

pany facility employing Steelworker members to negotiate a contract with the union and permits the union to bid on facilities that are up for sale.

Other terms called for several enhancements in pensions, changes in scheduling and vacation provisions that the union had been seeking, improvements in the profit-sharing plan, and establishment of a fund to pay for retirees' health and insurance benefits.¹⁶

Telephone industry

For the second time in 3 years, NYNEX, the parent company of the New York and New England Telephone Companies, reached early contract extensions with its two major unions, the Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW). The 3-year agreements would almost fully protect union members against layoffs and losses in wages while the company cuts its work force by 16,800 over the next 3 years to meet the competitive challenges in a multimedia industry. If the parties' assessment is true, the settlement will set "new employment standards for the industry."

Under terms of the new job security measures in the CWA contract, which covers some 35,000 workers, adversely affected employees have a number of options available to them. They can voluntarily transfer to vacancies in their occupations or to other jobs in their geographic area, voluntarily accept early retirement, or voluntarily separate from the company with a severance package. The company also agreed to return previously subcontracted work to the bargaining unit, to refrain from using temporary workers, and to offer job sharing to surplus workers.

The agreement provided breakthroughs in education assistance that would allow employees to upgrade their skills and further their formal education and enable the company to tackle work force imbalances. The contract instituted a 2-year associate degree program in telecommunications technology or marketing for all craft workers. Program participants would work 4 days a week and go to school on the fifth day on company time and at company expense. In addition, full-time employees with at least 5 years of service would be eligible for up to 2 years of educational leave without pay, but with full benefits and seniority and up to \$10,000 of tuition assistance each year. Upon return to work, employees would be reinstated to the same or a similar job.¹⁷

The International Brotherhood of Electrical Workers' (IBEW) 3-year contract extension, which covered 14,300 workers, generally was patterned after the CWA agreement. It included early retirement incentives and new education

benefits as a means to voluntarily reduce the work force. Terms of the early retirement incentive would credit employees with 6 years of age and 6 years of service for pension eligibility and calculation, and would provide a monthly pension supplement until age 62.

As in CWA's new educational benefits provision, IBEW-represented employees would be eligible to enroll in a 2-year university education program—conducted during working hours and paid for by NYNEX—that leads to an associate degree in telecommunications technology or marketing. In addition, some employees would be eligible for educational leave of up to 2 years, with up to \$10,000 of tuition assistance a year while pursuing outside education.¹⁸

Apparel

Last year, the apparel industry continued to experience shrinking demand and a glut of cheap foreign imports. Unions battled to keep jobs from going overseas as several manufacturers closed plants during the year. They also had to address the problem of escalating health care costs that have financially strapped their health care funds. As a result, unions negotiated increased employer contributions to maintain adequate funding for health care benefits and have strongly backed efforts to legislate universal health care coverage.

In 1994, the Ladies' Garment Workers and the Clothing and Textile Workers, the two dominant unions in apparel manufacturing, negotiated contracts protecting and enhancing health care coverage for almost 128,000 apparel and textile workers employed by numerous apparel manufacturers and contractors throughout the country.

The lead-off settlement in the 1994 bargaining round came when negotiators for the International Ladies' Garment Workers and six employer associations, which bargained for coat, suit, dress, rainwear, and children's wear manufacturers, reached agreement on a 3-year contract covering some 20,000 apparel workers in the Northeast. The settlement served as a pattern for the vast majority of the remaining 70,000 women's apparel workers in the Northeast, including those employed by major associations bargaining for women's sportswear manufacturers and contractors in the New York metropolitan area.

The pact provided wage increases of 4 percent in the first year of the contract and 3 percent each in the second and third years. The settlement also resolved the parties' long simmering dispute over whether the companies or the workers would bear the escalating costs of health care by increasing employer contributions to the health and welfare fund by 1.5 of payroll

in both July 1994 and July 1995 and 0.5 percent in July 1996 and January 1997.¹⁹

On August 26, negotiators for the Cotton Garment Industry Group and the Amalgamated Clothing and Textile Workers signed a 2-year contract covering some 11,000 workers at several apparel companies, including Arrow Shirt, Pendleton Woollen Mills, Manhattan Shirt, and The Apparel Group, Ltd. Union members make shirts, trousers, and other cotton apparel items or work in distribution and retail centers. The majority are employed in plants in the South and Southwest, with the remainder in Pennsylvania, the mid-Atlantic states, Maine, and the Central states.

Terms of the agreement, which is expected to serve as a pattern for an additional 19,000 workers under "me-too agreements," called for annual wage increases of 2.5 percent, increased pension benefits, and a new managed health care plan with reduced employee deductibles and copayments for a variety of services.²⁰

Sports

The year saw open labor warfare in the sports industry. Baseball ended in mid-season after the players struck their clubs, and the hockey season was suspended when the players were locked out on the opening day. Club owners and players fought over salary caps, free agency, reallocation of revenues from more prosperous to less prosperous teams, salary arbitration, and other contentious issues. At times, one or more of the disputes spilled over into the political or legal arenas. In the end, the sports suffered and fans became victims of labor chaos.

Baseball. For the first time in 90 years, the World Series was not played as labor and management were unable to agree on two of sport's most vexing issues, a salary cap and revenue sharing. The baseball season came to a screeching halt on August 12, when the players walked off the field, and it ended on September 14, when the owners canceled the remainder of the season, including the World Series. The bitterness and divisiveness left in doubt the future of the ballplayers and of baseball as America's national pastime.

The 4-year collective bargaining agreement between the team owners and the Major League Players Association expired on December 31, 1993. The first formal contract talks were held on January 25, 1994. The next bargaining session was on March 7, 1994, when owners were to give union representatives an outline of a proposed contract offer that included proposals for a hard salary cap—a specific amount that each

club could spend on players' salaries—and revenue sharing. But, because of internal disagreement, the owners did not present the proposals to the union until June 14.

Early on, the prospects for a quick settlement were dim. When asked how contract talks were going in March, Donald Fehr, the executive director of the baseball players union said, "It looks like we are in for very rough, long negotiations. It does not look encouraging from where I sit." Management concurred. In addition to their differences over a salary cap and revenue sharing, the parties disagreed on the number of years of service required for players to qualify for salary arbitration and the level of minimum salaries.

It began to look like a repeat of the last seven contract negotiations, which led to either a strike or a lockout. The owners were attempting to change the "system" and to test the solidarity of the players, who consistently said they would not accept a salary cap and seemed determined to strike over the issue. But there was a subtle, yet important difference in this round of negotiations. Prior to negotiations, the league agreed that, during a strike, a labor contract had to be approved by three-quarters of the owners, not a simple majority as in the past. The rule change would make it more difficult for the players to force management to capitulate during a work stoppage, as the players had repeatedly done in the past. The die was cast.

What was the dispute all about? Money. According to financial data given to the union, 19 of 28 clubs lose between \$3 million and \$12 million each year. Interim baseball Commissioner Bud Selig said, "We need a fairer allocation of revenues between clubs and the players." Owners said that the present system of free agency and salary arbitration had pushed the average salary up to about \$1.2 million. They claimed that it was becoming impossible for clubs in smaller markets to compete—and, in the long run, to survive—because of payroll disparities. The owners said a salary cap was the answer.

The owners' proposed salary cap called for a 50-50 split of total revenues between owners and players with \$1 billion guaranteed over a 7-year period if revenues do not decrease during that period. The cap would be grandfathered in gradually and would not affect players currently in the major leagues, only future major leaguers. Players currently receive 58 percent of total revenues.

The union countered, saying that a salary cap would hurt free agency and lead to cuts in players' salaries. Besides, the union said, "rich" owners should help "poor" owners, instead of asking the players to make concessions. The union claimed that smaller-market clubs were in jeopardy because the clubs' past revenue-sharing ar-

rangement leaned heavily on national television revenues, which declined after the negotiation of a new television deal in 1993, while local revenues increased. The union suggested that the teams should more equitably share their national and local TV and radio revenues.

The Players Association, which originally proposed that the current system be continued, presented an 11th hour counterproposal that called for a "luxury tax" of 1.5 percent on the 16 richest clubs' total revenues, with funds to be distributed to the 10 poorest teams to create parity without cutting players' salaries through a salary cap.

When there was no movement on the proposal, the union, fearing that the owners would eventually declare that an impasse had been reached and unilaterally impose contract terms, decided to strike early enough in the season while they still had leverage. By striking in mid-August, the union felt there would be enough time to reach an agreement, especially considering that some \$5 million of \$7.5 million in national television revenues was on the line.

With no end in sight, the dispute moved from the bargaining table to the political arena in September, when the U.S. House Judiciary Subcommittee on Economic and Commercial Law held hearings on baseball's 72-year antitrust exemption. The exemption gives the clubs a number of legal privileges not shared by owners of businesses in other sports or private sector industries, including barring the union from filing an antitrust suit if an employer declares an impasse in negotiations and unilaterally imposes terms of a contract.

Committee Chairman Jack Brooks said the committee would examine how the exemption "has contributed to a recurring pattern of strikes, lockouts, and bad faith collective bargaining." Union leader Donald Fehr claimed that the exemption gives the "owners an incentive not to bargain in good faith" and encourages owners "to try to impose working conditions unilaterally upon the players." He added, "All the players want is the same rights that workers all over the country have." Club spokesman Rich Levin disagreed, "The baseball players union has been the most successful of the sports unions and maybe one of the most successful unions of all. Obviously, the exemption has not hindered what they have been able to do."

Legislation was introduced in both the House and Senate to repeal or limit baseball's antitrust exemption. The House Judiciary Committee passed a limited bill that would have given ballplayers protection against owners unilaterally imposing contract terms. The bill was sent to the House floor for consideration, but it lingered until Congress adjourned in October. Pro-

ponents said that Congress may hold further hearings on the antitrust exemption when they reconvene in January 1995, if a negotiated settlement has not been reached by the clubs' owners and the players' union.

On October 14, the 64th day of the strike, President Clinton appointed former Secretary of Labor William J. Usery as a special mediator to help resolve the dispute. Usery said, "I realize that this is a most difficult dispute. Solutions will not come easily or quickly. From what I know, it will take considerable effort." Robert Reich, the current Secretary of Labor, called Usery the "nation's top mediator." Reich said, "If a settlement is to be found, Bill Usery is the man to find it."

Usery resumed negotiations on October 19, the first formal contract talks since September 9, to discuss procedural rules for the sessions. Several formal and informal meetings have been held since that date, but as of this writing, there is no settlement in sight.

Hockey. Talks between the National Hockey League (NHL) and the NHL Players Association broke down over differences on salary levels and free agency (under which players are free to sign with their current club or another hockey team). Owners wanted to tie players' salaries to club revenues. They opposed unlimited free agency, but were willing to agree to a limited system, under which star players would have free agency for the first time. The players demanded a less restrictive type of free agency and a "free market" system for determining salaries.

The players had been without a contract since September 15, 1993, when the owners unilaterally implemented contract terms that included 19 takeaways. They played last year without a contract and expressed a willingness to play this year; but the owners threatened to postpone the season if an agreement was not reached by October 1, the scheduled opening day.

As bargaining unfolded, the most contentious issue between the parties was their disagreement on how to provide financial assistance to the league's less prosperous (smaller-market) teams through a revenue reallocation plan. The owners proposed a payroll tax ranging between 5 percent and 125 percent on teams whose payrolls exceeded the league's average and would redistribute these funds to "have-not" teams through collective bargaining. The players wanted to fund the assistance through a 5.5-percent tax on payroll and gate receipts of the 16 teams with the greatest revenues and opposed the owners' plan, which, they said, would act like a salary cap. The players and owners also disagreed over proposals dealing with salary arbitration, rookie salary controls, and the entry draft system.

After both parties unsuccessfully offered 11th hour proposals to end the dispute, the owners locked out the players on October 1, their self-imposed date to reach a settlement. Notwithstanding the lockout—which was the second work stoppage in the last three seasons—the parties resumed negotiations on October 4, but found little common ground to resolve the dispute despite additional proposals from each side. The major sticking point at that time reportedly was revenue distribution.

On October 11, NHL Commissioner Gary Bettman announced that the hockey league would not start until an agreement was reached. Four days later, the union released the players to return to the ice, but management continued to enforce the lockout.

The parties held an unscheduled face-to-face meeting on October 24, the first contract talks in two weeks. Press reports indicated that some informal meetings have been held since that time. But, to date, the parties have not been able to find common ground upon which to forge a settlement.

Union affairs

Conditions were little changed from preceding years for unions, as they sought to rebuild their strength in an effort to stem the long-term decline in union membership. In the economic arena and at the bargaining table, organized labor pushed for more job and income security; full-time, good-paying jobs with a wide array of benefits; retention of previously negotiated health care benefits; and improved safety and health conditions. They continued to fight vigorously, but largely unsuccessfully, before Congress and State bodies on a wide range of workplace issues, such as striker replacement legislation and other labor law reforms, comprehensive health care reform, creation of good jobs, protection of workers' rights in trade accords, opposition to relief for State and local government from unfunded Federal mandates, an increase in the minimum wage, better housing and education systems, and safety and health reforms.

Leadership changes during the year included:

- Paul E. Almeida succeeded James E. Sommerhauser as president of the Interna-

tional Federation of Professional and Technical Engineers.

- Patricia Friend succeeded Dee Maki as president of the Association of Flight Attendants.
- Michael Goodwin succeeded John Kelly, who died during his term, as president of the Office and Professional Employees International Union.
- Louis Jasmine succeeded Sheila Valazco as president of the National Federation of Federal Employees.
- Brian McWilliams succeeded David Arian as president of the International Longshoremen's and Warehousemen's Union.
- James G. Sovich succeeded Richard La Voy as president of the Allied Pilots Association.
- James E. Hatfield retired as president of the Glass, Molders and Pottery Workers and was succeeded by Frank W. Carter.
- Gordon M. Ward retired as president of the Marine Engineers District 1 and was succeeded by Joel E. Bem, who, in turn, was succeeded by Howard E. Johannssen.
- William H. Wynn retired as president of the United Food and Commercial Workers and was succeeded by Douglas H. Dority.

Organizational changes during the year included the following mergers:

- the 19,000-member International Woodworkers of America with the International Association of Machinists;
- the 4,500-member independent State of Nevada Employees Association with the American Federation of State, County and Municipal Employees;
- the 15,000-member independent Association of Western Pulp and Paper Workers with the Carpenters;
- the 180-member Independent Molten Metal Workers with the United Mine Workers.
- the 27,000-member International Brotherhood of Firemen and Oilers with the Service Employees;
- the 18,000-member United Garment Workers of America with the Food and Commercial Workers; and
- the 6,000-member Stove, Furnace and Allied Appliance Workers with the Boilermakers. □

Footnotes

¹ See *Monthly Labor Review*, August 1994, p. 58, for additional details of the terms of the settlement.

² See *Monthly Labor Review*, October 1994, pp. 60–61, for additional details of the terms of the settlement.

³ See *Monthly Labor Review*, November 1994, p. 62–63, for additional details of the terms of the settlement.

⁴ See *Monthly Labor Review*, March 1994, p. 43, and July 1994, pp. 53–54, for additional details.

⁵ See *Monthly Labor Review*, September 1994, p. 63, for additional details of the terms of the settlement.

⁶ See *Monthly Labor Review*, April 1991, p. 32.

⁷ See *Monthly Labor Review*, August 1994, pp. 58–59, for additional details of the terms of the settlement.

⁸ See *Monthly Labor Review*, September 1994, pp. 60–61, for additional details of the terms of the settlement.

⁹ See *Monthly Labor Review*, December 1994, p. 61, for additional details of the terms of the settlement.

¹⁰ See *Monthly Labor Review*, October 1994, p. 62, for additional details.

¹¹ See *Monthly Labor Review*, December 1994, pp. 62–63, for additional details.

¹² See *Monthly Labor Review*, January 1994, p. 28.

¹³ See *Monthly Labor Review*, January 1994, pp. 21–23, for additional details of the terms of the settlements.

¹⁴ See *Monthly Labor Review*, May 1994, pp. 61–62, for additional details of the terms of the settlement.

¹⁵ See *Monthly Labor Review*, October 1994, p. 61, for additional details of the terms of the settlement.

¹⁶ See *Monthly Labor Review*, September 1994, p. 60, for additional details of the terms of the settlement.

¹⁷ See *Monthly Labor Review*, July 1994, p. 52, for additional details of the terms of the settlement.

¹⁸ See *Monthly Labor Review*, November 1994, pp. 63–64, for additional details of the terms of the settlement.

¹⁹ See *Monthly Labor Review*, August 1994, p. 58, for additional details of the settlement.

²⁰ See *Monthly Labor Review*, December 1994, pp. 57–58, for additional details of the settlement.

The greatest compliment

I speak of the dynamic theory of wages in talking to employers. I ask a simple question: what is the greatest compliment the union has paid you? Well, it's when they ask for a wage increase, because that's the greatest show of faith in the employer's competence to run the plant. —Solomon Barkin

—Donald R. Stabile
*Activist Unionism: The Institutional
Economics of Solomon Barkin*
(Armonk, NY, M.E. Sharpe, 1993), p. 85
