Collective bargaining in 1993: jobs are the issue

Economic conditions are expected to dominate talks this year as negotiators attempt to predict the future in the midst of a sluggish economy

Lisa M. Williamson

Contract negotiations for almost 2.8 million workers under 669 major collective bargaining agreements are scheduled for 1993. This year's bargaining will involve slightly more than one-third of the 8.2 million workers covered by all major labor agreements (those with 1,000 or more workers) in private industry and State and local governments. Workers in private industry make up almost three-fourths (2 million) of all workers covered by agreements set to expire or reopen in 1993. (See tables 1 and 2.)

The 2 million private industry workers for whom contract talks are scheduled during the year account for one-third of all private industry workers under major agreements. Slightly more than one-half of the private industry workers scheduled for 1993 negotiations are employed in nonmanufacturing industries, chiefly transportation equipment (26 percent of the workers), construction (21 percent), retail trade (10 percent), and trucking (7 percent). Although accounting for only 4 percent of private industry workers under expiring agreements, all major contracts in bituminous coal mining and petroleum refining are up for renegotiation in 1993.

In State and local government, 244 major contracts, covering 735,000 workers, will expire or reopen in 1993. Negotiations will cover 431,000 employees in local governments and 304,000 employees in State governments. One-fifth of all public sector workers covered by expiring or reopening agreements are employed by three States: Pennsylvania, Hawaii, and Minnesota.

Information in this article concerning 1993 negotiations is based on data available to the Bureau of Labor Statistics as of September 30, 1992. Settlements that occurred in the fourth quarter of 1992, but are scheduled to expire or reopen this year, would affect the proportion of workers up for negotiations in 1993.

In State and local government, for example, about 1.3 million workers were under agreements that expired before October 1, 1992, and had not been renegotiated. Another 87,000 workers were under State and local government bargaining agreements scheduled to expire or reopen in the fourth quarter of 1992. In the unlikely event that all of these contracts were settled before the end of 1992 and called for termination or reopening during 1993, bargaining activity for the year in State and local government would be increased substantially. The bargaining agenda will also include negotiations that began in 1992 or earlier and that continued into 1993.

Several economic factors will affect negotiations in 1993. Many analysts are concerned about the ability of the economy to generate new jobs, so the employment outlook for the economy as a whole, as well as for particular geographic regions and industries, will influence negotiators. Expectations concerning the rate of inflation may also affect negotiating positions.

Another issue expected to be on the minds of many bargainers is the effect of the North American Free Trade Agreement (NAFTA) reached last August and awaiting final approval from Congress.[1] The pact is designed to eliminate tariffs and trade barriers for goods produced in Canada, the United States, and Mexico and sold among these nations. Supporters say that net U.S. job growth can be expected in the long term, as the demand for U.S. goods increases; detractors believe that high-paying manufacturing jobs will be moved to lower wage areas in Mexico.

Bargaining environment

Recent changes in compensation. The recent trend in wage and benefit changes will likely be noted by the parties at the bargaining table in 1993.

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Table 1. Collective bargaining agreements covering 1,000 or more workers, 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							
			1993		1994		1995 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]	1,876	8,184	669	2,795	430	1,620	376	2,010	511	2,060
All private industries	1,186	5,509	425	2,060	319	1,271	322	1,627	155	633
Manufacturing	400	1,840	151	928	113	480	96	275	49	179
Food and kindred products	57	135	21	35	16	58	14	33	7	11
Tobacco products	4	12	1	1	1	1	2	10	—	—
Textile mill products	7	22	5	16	2	7	1	1	3	12
Apparel and other textile products	24	183	4	47	16	129	—	—	4	6
Lumber and wood products, except furniture	10	19	1	1	3	6	6	11	—	—
Furniture and fixtures	2	4	2	4	—	—	—	—	—	—
Paper and allied products	36	47	8	9	8	11	19	25	1	1
Printing and publishing	12	20	4	6	4	7	4	7	2	3
Chemicals and allied products	22	42	5	11	7	9	4	10	6	12
Petroleum and coal products	10	32	10	32	—	—	—	—	—	—
Rubber and miscellaneous plastics products	11	42	2	5	7	34	2	3	—	—
Leather and leather products	3	12	2	11	1	2	—	—	—	—
Stone, clay, and glass products	13	34	7	27	2	2	2	3	2	2
Primary metal industries	42	155	26	103	7	38	4	7	6	8
Fabricated metal products	18	32	9	17	4	7	3	3	2	4
Machinery, except electrical	22	82	9	27	7	23	5	14	1	18
Electronic and other electric equipment	36	218	9	44	10	96	12	67	6	14
Transportation equipment	63	734	25	531	15	44	15	75	8	85
Instruments and related products	4	11	—	—	1	4	3	7	—	—
Miscellaneous manufacturing industries	4	6	1	2	2	3	—	—	1	2
Nonmanufacturing	786	3,668	274	1,132	206	791	226	1,352	106	454
Mining	6	60	4	55	1	2	2	4	—	—
Construction	341	978	150	435	75	186	103	308	28	79
Transportation, except railroads and motor freight	42	244	4	16	21	104	8	69	9	56
Railroad transportation	21	211	—	—	1	2	20	209	—	—
Motor freight transportation and warehousing	10	329	2	150	7	167	1	12	—	—
Communications	38	461	7	20	9	15	14	357	8	69
Electric, gas, and sanitary services	73	211	29	95	23	54	19	54	10	30
Wholesale trade	9	14	1	1	3	5	3	5	2	3
Retail trade, except eating and drinking establishments	117	608	33	208	42	152	32	193	11	60
Eating and drinking establishments	6	23	1	5	1	3	—	—	4	15
Finance, insurance, and real estate	27	140	15	51	6	41	2	8	4	40
Services, except hotels and health services	41	140	15	56	6	30	5	14	15	39
Hotels and other lodging establishments	13	75	1	1	4	21	6	40	2	14
Health services	42	175	12	38	7	10	11	79	13	50
State and local government	690	2,675	244	735	111	349	54	384	356	1,427
State government	186	1,109	67	304	34	136	33	337	60	383
Local government	504	1,567	177	431	77	213	21	47	296	1,045

[1] Totals may be less than the sum of the data for individual years, because 110 agreements covering 301,000 workers have both reopenings and expirations in the reference periods.

[2] Includes agreements due to expire between October 1 and December 31, 1992; agreements that expired prior to October 1, 1992, but for which new agreements were not reached by then; agreements that expired prior to October 1, 1992, 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. Dash indicates absence of expiring or reopening agreements in the periods.

According to the Bureau's Employment Cost Index, in private industry and State and local government, employers' costs for employee compensation (wages, salaries, and benefits) rose 3.5 percent in the year ended September 1992, the smallest over-the-year increase since 1987. The 1991–92 rise in wages and salaries (2.7 percent) reflected the smallest 12-month rise since the data were first tabulated in 1982. Costs for benefits rose 5.2 percent, almost twice the pace of cost increases for wages and salaries for the year ended September 1992.

In private industry, increases in the cost of compensation were higher for union workers (4.6 percent) than for nonunion workers (3.1 percent) over the year ended September 1992. The gain for nonunion workers was the lowest recorded since 1980, when the Bureau first published these data. Compensation costs have risen more for union workers than nonunion workers since the June 1990–June 1991 period, following almost a decade of larger gains for nonunion workers. Wage and salary costs rose 3.4 percent for union workers, compared with 2.5 percent for nonunion workers in the year ended September 1992.

Major settlements in private industry concluded during the 12-month period ended September 1992 will provide wage rate changes averaging an increase of 3.1 percent annually over the life of the agreement, compared with 2.9 percent under the previous contracts. Negotiations followed the economy's mixed signals during the year. In the first and third quarters of 1992, scheduled wage rate changes in current settlements were slightly higher over the contract term, compared with their predecessor contracts. Settlements in the second quarter, however, provided wage rate changes that were lower than those called for in the contracts they replaced.

In State and local government, the first half of 1992 (the latest period for which data are available) was the third consecutive 6-month period in which settlements called for wage rates to increase less, on average, than in the contracts being replaced. In fact, the average wage rate change under public sector agreements negotiated during the first 6 months of 1992, an increase of 2.6 percent annually over the life of the contracts, was the lowest in any 6-month period since these data were first compiled in 1984.

Expiring and reopening agreements. One factor that may have an impact on contracts renegotiated in 1993 is what the expiring agreements yielded. The following tabulation of agreements expiring or reopening in 1993 shows specified wage changes over their contract term, as well as these changes plus cost-of-living adjustments (COLA's), as of September 1992 (in percent):

Table 2. **Calendar of collective bargaining activity covering 1,000 or more workers**

[Workers in thousands]

Year and month	Agreements expiring and/or scheduled for wage reopening[1]		Principal industries
	Number	Workers covered	
All years[2]	1,876	8,184	...
Total, 1993[3]	669	2,795	...
January	31	128	Bituminous coal, petroleum refining
February	24	65	Transportation equipment
March	50	144	Construction
April	32	135	Construction, food stores
May	82	231	Construction, aluminum, electric and gas utilities, food stores
June	241	754	State and local government, construction
July	43	280	Construction, steel, trucking, local government
August	41	150	Local government, steel
September	46	638	Automobiles, apparel, local government
October	32	153	Food stores
November	20	49	Transportation equipment
December	33	87	Local government, electric and gas utilities, health services
Total, 1994	430	1,620	...
January	27	91	Steel, State government
February	12	47	Food stores
March	37	253	Trucking
April	42	123	Construction, rubber
May	71	223	Construction, apparel
June	111	459	Electrical products, food stores, State and local government
July	19	53	None
August	24	93	Apparel, electrical products
September	36	109	Maritime, food stores, hotels, local government
October	18	63	Food stores, amusement parks
November	10	52	Airlines
December	23	55	Aircraft parts
Total, 1995 and later[4]	376	2,010	Railroads, communications, State government
Year unknown or in negotiation[5]	511	2,060	State and local government

[1] Includes all private nonagricultural industries and State and local governments.
[2] Totals may be less than the sum of the data for individual years, because 110 agreements covering 301,000 workers have both reopenings and expirations in the reference periods.
[3] Includes six agreements, covering 18,000 workers, that have both a wage reopening and expiration scheduled in 1993.
[4] Includes two agreements, covering 4,000 workers, that have both a wage reopening and expiration scheduled during this period.
[5] Includes agreements due to expire between October 1 and December 31, 1992; agreements that expired prior to October 1, 1992, but for which new agreements were not reached by then; agreements that expired prior to October 1, 1992, but for which necessary information had not been fully gathered; and agreements that have no fixed expiration or reopening date.

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

	Annual wage changes	
	Specified	*Specified, plus* COLA
Private industry	2.9	3.5
With COLA	1.8	3.3
Without COLA	3.5	—
State and local government	3.2	3.3
With COLA	2.5	3.4
Without COLA	3.3	—

Scheduled wage changes in 1993. In addition to reviewing recent compensation changes and yields under their own and other expiring agreements, negotiators may note wage changes scheduled for 1993 under all contracts. As of the third quarter of 1992, contracts covering 3.4 million workers had wage changes scheduled for 1993. (See tables 3 and 4.) Almost four-fifths of the workers are in private industry, where scheduled 1993 wage changes average an increase of 3.4 percent. In private industry, those under contracts with COLA clauses are scheduled to receive a 3.2-percent wage increase, on average, while those under contracts without COLA's can expect wage increases averaging 3.5 percent.

Agreements in State and local governments, covering 688,000 workers, are set to increase hourly wage rates by 3.9 percent, on average, for all agreements. Contracts with COLA's are scheduled to increase hourly wage rates by an average of 2.1 percent in 1993, compared with 4 percent for agreements without COLA's.

Lump-sum provisions. Lump-sum payments, unlike increases in base pay, do not become part of an employee's wage and often are excluded in calculating fringe benefits such as pensions and vacations. Thus, negotiators may employ provisions for these payments as a means of controlling labor costs. Lately, the importance of lump-sum provisions in contract talks seems to have diminished. Between 1987, when data on them were first tabulated, and September 1991, the proportion of workers covered by lump-sum provisions in major agreements remained relatively stable, at nearly one-third of all workers. From October 1991 to September 1992, however, the proportion of workers covered by lump-sum provisions declined steadily, to one-fourth (2 million) of all workers under major contracts. (See table 5.)

Lump-sum coverage in September 1992 was concentrated in relatively few industries. Primary metals and transportation equipment manufacturing, together with railroad and motor freight transportation, accounted for three-fifths of all workers under major contracts with lump-sum payment provisions. Almost nine-tenths of the workers with

Table 3. **Scheduled wage increases under collective bargaining agreements covering 1,000 or more workers, selected industries, 1993**

Selected industry	Number of agreements	Number of workers (thousands)	Mean increase[1]						Median increase[1]	
			Total		With COLA		Without COLA		Total	
			Cents	Percent	Cents	Percent	Cents	Percent	Cents	Percent
Total[2]	735	3,414	55.3	3.5	40.7	3.1	57.8	3.6	45.5	3.4
All private nonagricultural industries	577	2,726	54.6	3.4	41.0	3.2	57.5	3.5	45.5	3.2
Manufacturing[3]	168	634	38.0	3.2	37.4	3.2	38.4	3.1	35.0	3.0
Food and kindred products	30	80	35.2	2.9	20.0	1.7	35.4	2.9	35.0	3.0
Apparel and other textile products	16	129	29.0	3.7	32.8	4.0	20.0	2.9	30.5	4.0
Metal products and equipment[4]	60	312	41.4	3.0	40.0	2.7	42.9	3.3	41.1	3.0
Nonmanufacturing[5]	409	2,093	59.7	3.5	45.7	3.2	61.2	3.5	50.0	3.3
Construction	168	477	76.0	3.7	100.0	3.0	75.9	3.7	70.0	3.3
Transportation and public utilities	112	1,018	61.4	3.5	44.1	3.0	64.8	3.5	48.1	3.1
Wholesale and retail trade	75	325	36.8	3.0	30.6	2.5	36.8	3.0	35.0	2.8
Finance, insurance, and real estate	9	51	48.4	4.0	53.1	4.3	41.7	3.6	53.1	4.3
Services	44	218	53.2	4.0	55.1	4.3	53.1	4.0	42.5	3.6
State and local government	158	688	57.9	3.9	32.3	2.1	58.7	4.0	45.0	4.0

[1] Increase 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: tobacco (1,000); textiles (4,000); lumber (17,000); paper (35,000); printing (8,000); chemicals (16,000); rubber (8,000); leather (7,000); stone, clay, and glass products (4,000); instruments and related products (9,000); and miscellaneous manufacturing (3,000).

[4] Includes SIC 33, primary metal industries; SIC 34, fabricated metal products, except machinery and transportation equipment; SIC 35, industrial and commercial machinery and computer equipment; SIC 36, electronic and other electrical equipment and components, except computer equipment; and SIC 37, transportation equipment.

[5] Includes 3,000 workers in the mining industry.

NOTE: Deferred wage increases include guaranteed minimum changes under COLA clauses. Because of rounding, sums of individual items may not equal totals.

these provisions were under contracts in private industry.

Cost-of-living adjustments. As of September 1992, slightly more than one-fifth (1.9 million) of the workers under major collective bargaining agreements were covered by COLA clauses. (See table 6.) Such clauses help protect workers' wages from inflation by providing wage changes tied to changes in prices, typically based on the Bureau's Consumer Price Index (CPI).

Just as with lump-sum payments, bargainers in private industry are moving away from the use of COLA clauses in their contracts. The incidence of these clauses has declined steadily for workers under major private industry contracts, from three-fifths in 1983 to nearly three-tenths as of September 30, 1992. (See table 7.) The decline in their use probably reflects the relatively small increases in the CPI over the period and the associated small gains from COLA clauses. With less concern about escalating prices, labor negotiators were perhaps willing to trade their COLA clauses for items of higher priority. Only one industry, tobacco manufacturing, has COLA clauses in all of its agreements, while 16 industries have no COLA provisions at all.

In the public sector, about 2 percent of workers under major collective bargaining agreements were covered by COLA clauses between 1984, when data were first collected for State and local government contracts, and 1987. The proportion of workers covered increased to 5 percent in 1988 and stood at 9 percent last September.

Table 4. **Wage increases scheduled in 1993 in collective bargaining agreements covering 1,000 or more workers, by month**

[Workers in thousands]

Effective month	Workers covered	Principal industries
January–December	[1]3,414	....
January	407	State and local government, construction
February	131	Food stores, airlines
March	207	Airlines, aerospace, food stores
April	471	Trucking, State and local government, food stores
May	367	Construction, communications
June	469	Construction, apparel, food stores
July	742	Railroads, State and local government, construction, electrical products, health services
August	361	Communications
September	218	Communications, food stores
October	149	State and local government
November	50	(2)
December	94	Food stores

[1] This total is smaller than the sum of individual items because 250,000 workers are scheduled to receive two increases and 1,200 are scheduled to receive three increases in 1993. It is based on data available as of October 1, 1992, and thus may understate the number of workers scheduled to receive deferred increases for the entire year.

[2] No single industry accounts for a substantial proportion of workers in November.

Industry analysis

As they prepare for bargaining this year, negotiators will focus on specific conditions in their industries, as well as on the economic trends and developments in compensation just discussed. The remainder of this article addresses issues in industries with major negotiations in 1993. Although some of these industries have relatively few workers involved in bargaining, they are included because expiring contracts cover all, or nearly all, of their workers under major agreements.

Transportation equipment industry. Contracts for 531,000 workers in the transportation equipment industry are up for renegotiation in 1993. Almost all of the workers will be represented by either the United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) or the International Association of Machinists and Aerospace Workers (Machinists).[2]

Eighty-two percent of workers in the industry are employed in automobile manufacturing, and most of the remainder make aerospace products. Overall, wage changes under contracts expiring in 1993, including COLA's implemented through September 1992, averaged 3.0 percent annually over their terms.

The UAW represents all workers in the auto industry whose contracts with the "Big Three" (General Motors Corp., Ford Motor Co., and Chrysler Corp.) expire in September. General Motors is by far the largest employer among the "Big Three" and the only one that will be negotiating in the middle of a major restructuring process.

From the 1970's to the end of 1991, U.S. automakers lost 30 percent of their market share to imports and to products of companies transplanted to the United States from abroad.[3] A recession in the early 1990's only aggravated their problems. All three automakers experienced a sharp drop in sales and shipments and suffered heavy losses in both 1990 and 1991. In 1992, conditions were somewhat improved. Chrysler showed a profit in the second and third quarters of 1992, and Ford earned profits in the first half of the year, but lost almost $160 million in the third quarter.

Table 5. **Incidence of lump-sum payment provisions in collective bargaining agreements covering 1,000 or more workers, 1987-92[1]**

[Workers in thousands]

1987 SIC code[2]	Industry[3]	Agreements with lump-sum provisions								
		1987			1988			1989		
		Number of agreements	Workers covered	Percent of workers	Number of agreements	Workers covered	Percent of workers	Number of agreements	Workers covered	Percent of workers
	All industries	369	2,828	32	399	2,759	32	388	2,731	32
	All private industries	325	2,659	42	348	2,578	43	351	2,606	44
10	Metal mining	2	5	63	2	5	63	3	8	100
12	Bituminous coal and lignite mining	—	—	—	—	—	—	—	—	—
15-17	Construction	—	—	—	—	—	—	—	—	—
20	Food and kindred products	17	31	22	23	53	38	23	54	40
21	Tobacco products	1	11	71	2	11	84	3	13	100
22	Textile mill products	—	—	—	—	—	—	—	—	—
23	Apparel and other textile products	3	106	37	2	5	2	1	2	1
24	Lumber and wood products, except furniture	1	1	2	7	16	69	9	18	76
25	Furniture and fixtures	1	1	16	1	1	32	—	—	—
26	Paper and allied products	25	34	66	25	34	71	26	35	76
27	Printing and publishing	—	—	—	—	—	—	2	3	10
28	Chemicals and allied products	6	12	22	9	15	31	7	13	28
29	Petroleum and coal products	11	35	96	10	32	96	10	32	96
30	Rubber and miscellaneous plastics	3	12	21	2	5	11	2	5	11
31	Leather and leather products	1	4	24	1	3	23	1	3	23
32	Stone, clay, and glass products	5	10	20	6	10	23	7	11	25
33	Primary metal industries	9	69	34	14	95	48	19	103	57
34	Fabricated metal products	9	25	52	9	25	53	8	19	46
35	Machinery, except electrical	9	49	55	11	58	64	16	70	80
36	Electronic and other electric equipment	26	188	71	24	159	69	23	188	80
37	Transportation equipment	51	767	92	50	741	90	52	764	92
38	Instruments and related products	2	10	69	1	3	28	1	4	25
39	Miscellaneous manufacturing industries	—	—	—	—	—	—	—	—	—
40	Railroad transportation	24	348	99	24	348	99	24	348	99
41	Local and urban transit	—	—	—	—	—	—	—	—	—
42	Motor freight transportation	2	115	37	2	115	38	2	115	38
44	Water transportation	—	—	—	—	—	—	—	—	—
45	Transportation by air	5	29	17	8	58	32	7	66	33
48	Communications	22	279	49	27	288	51	22	270	53
49	Electric, gas, and sanitary services	8	29	12	9	41	18	7	24	11
50	Wholesale trade—durables	—	—	—	—	—	—	—	—	—
51	Wholesale trade—nondurables	3	28	88	3	28	88	3	28	88
53	Retail trade—general merchandise	4	32	51	4	32	53	2	24	39
54	Food stores	50	286	60	49	274	58	48	247	52
55-59	Other retail	2	5	38	2	5	47	—	—	—
60-65	Finance, insurance, and real estate	5	27	21	2	9	7	3	39	29
70-89	Services	18	110	27	19	106	26	20	101	24
	State/local government	44	169	7	51	182	7	37	125	5

See footnotes at end of table.

Table 5. **Continued—Incidence of lump-sum payment provisions in collective bargaining agreements covering 1,000 or more workers, 1987-92[1]**

[Workers in thousands]

1987 SIC code[2]	Industry[3]	Agreements with lump-sum provisions: 1990 Number of agreements	1990 Workers covered	1990 Percent of workers	1991 Number of agreements	1991 Workers covered	1991 Percent of workers	1992 Number of agreements	1992 Workers covered	1992 Percent of workers
	All industries	358	2,523	30	321	2,186	27	294	1,997	24
	All private industries	323	2,422	41	287	2,092	37	244	1,792	33
10	Metal mining	4	8	100	4	8	100	4	8	100
12	Bituminous coal and lignite mining	1	2	3	1	2	3	1	2	3
15–17	Construction	—	—	—	—	—	—	—	—	—
20	Food and kindred products	18	41	31	14	20	14	11	16	11
21	Tobacco products	3	13	100	3	11	92	4	12	100
22	Textile mill products	—	—	—	—	—	—	—	—	—
23	Apparel and other textile products	1	2	1	1	2	1	1	2	1
24	Lumber and wood products, except furniture	7	14	60	—	—	—			
25	Furniture and fixtures	—	—	—	—	—	—	—	—	—
26	Paper and allied products	25	34	74	25	34	68	13	17	37
27	Printing and publishing	2	3	10	2	3	13	3	6	29
28	Chemicals and allied products	5	8	17	3	6	14	—	—	—
29	Petroleum and coal products	1	2	5	1	2	6	1	2	6
30	Rubber and miscellaneous plastics	3	6	14	2	4	10	1	3	7
31	Leather and leather products	1	3	23	—	—	—	—	—	—
32	Stone, clay, and glass products	6	10	27	6	9	26	5	7	22
33	Primary metal industries	23	120	76	25	122	81	26	125	81
34	Fabricated metal products	9	19	52	8	16	48	7	14	45
35	Machinery, except electrical	17	67	79	14	63	77	12	60	73
36	Electronic and other electric equipment	23	190	81	17	100	45	15	58	27
37	Transportation equipment	48	683	92	50	705	94	46	691	94
38	Instruments and related products	1	4	26	2	8	59	2	8	72
39	Miscellaneous manufacturing industries	—	—	—	—	—	—	—	—	—
40	Railroad transportation	25	350	99	18	212	99	21	211	100
41	Local and urban transit	—	—	—	—	—	—	—	—	—
42	Motor freight transportation and warehousing	2	150	44	2	150	44	2	150	46
44	Water transportation	—	—	—	—	—	—	—	—	—
45	Transportation by air	9	68	35	10	70	36	9	68	34
48	Communications	20	270	52	15	256	50	6	89	19
49	Electric, gas, and sanitary services	8	26	12	5	10	5	6	11	5
50	Wholesale trade—durables	—	—	—	—	—	—	—	—	—
51	Wholesale trade—nondurables	1	25	80	—	—	—	1	1	18
53	Retail trade—general merchandise	2	23	38	1	2	3	1	2	3
54	Food stores	36	143	29	31	129	25	25	88	17
55–59	Other retail	—	—	—	—	—	—	—	—	—
60–65	Finance, insurance, and real estate	3	36	27	4	38	28	4	38	27
70–89	Services	17	97	24	16	98	27	17	102	26
	State/local government	35	101	4	34	94	4	50	205	8

[1] Data for 1992 are as of September 30, 1992.

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

[3] 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 lump-sum coverage.

General Motors narrowed its losses from $4.45 billion for all of 1991, but still lost almost $1 billion for the first 9 months of 1992. As a means of addressing its troubled financial situation, the company launched a major restructuring plan that included closing 21 plants and eliminating 54,000 blue-collar and 20,000 white-collar jobs by 1995. Both Ford and Chrysler streamlined their operations some years ago and are not faced with the same issues currently facing General

Table 6. **Incidence of cost-of-living (COLA) adjustment clauses in collective bargaining agreements covering 1,000 or more workers, October 1992**

[Workers in thousands]

1987 SIC code[1]	Industry[2]	All agreements: Number	All agreements: Workers covered	Agreements with COLA clauses: Number	Agreements with COLA clauses: Workers covered	Percent of workers covered by COLA clauses
	All industries	1,876	8,184	239	1,806	22
	All private industries	1,186	5,509	189	1,560	28
10	Metal mining	4	8	—	—	0
12	Bituminous coal mining	2	52	—	—	0
15	Building construction	111	417	1	2	0
16	Construction, other than building	100	283	1	2	1
17	Construction, special	130	278	1	1	0
20	Food and kindred products	57	135	3	7	6
21	Tobacco products	4	12	4	12	100
22	Textile mill products	7	22	1	4	16
23	Apparel and other textile products	24	183	15	91	50
24	Lumber and wood products, except furniture	10	19	1	1	7
25	Furniture and fixtures	2	4	—	—	0
26	Paper and allied products	36	47	—	—	0
27	Printing and publishing	12	20	3	4	22
28	Chemicals and allied products	22	42	2	5	11
29	Petroleum and coal products	10	32	—	—	0
30	Rubber and miscellaneous plastics	11	42	10	36	85
31	Leather and leather products	3	12	—	—	0
32	Stone, clay, and glass products	13	34	8	13	39
33	Primary metal industries	42	155	9	29	19
34	Fabricated metal products	18	32	9	16	50
35	Machinery, except electrical	22	82	13	63	77
36	Electronic and other electric equipment	36	218	14	125	57
37	Transportation equipment	63	734	48	676	92
38	Instruments and related equipment	4	11	1	4	37
39	Miscellaneous manufacturing	4	6	1	2	24
40	Railroad transportation	21	211	—	—	0
41	Local and urban transit	2	2	—	—	0
42	Motor freight transportation and warehousing	10	329	3	162	49
44	Water transportation	14	44	4	14	30
45	Transportation by air	26	197	2	7	3
48	Communications	38	461	11	184	40
49	Electric, gas, and sanitary services	73	211	8	19	9
50	Wholesale trade, durables	3	6	—	—	0
51	Wholesale trade, nondurables	6	8	1	2	19
53	Retail trade, general merchandise	14	65	1	3	4
54	Food stores	93	517	—	—	0
55	Auto dealers and service	4	8	—	—	0
56	Apparel stores	2	5	—	—	0
58	Eating and drinking places	6	23	—	—	0
59	Miscellaneous retail stores	4	13	—	—	0
60–65	Finance, insurance, and real estate	27	140	4	64	46
70–89	Services	96	390	10	14	4
	State and local government	690	2,675	50	246	9

[1] There are no major collective bargaining agreements in SIC's 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. Dashes indicate absence of COLA coverage.

Motors. Production worker employment in the auto industry averaged about 601,000 in 1991, a drop of 13.9 percent since 1985, the high point over the last decade.

In the 1990 round of bargaining, General Motors was targeted by the UAW to reach a contract that would set the pattern for wage and benefit terms for the two other automakers. A 3-year settlement in September was used by the union as the model for agreements with Ford in October and with Chrysler in November. This marked the first time in a decade that Chrysler settled along the same lines as General Motors and Ford.

The auto contracts called for an immediate 3-percent general wage increase and an additional 30-cents-per-hour wage increase for skilled workers; a lump-sum "performance bonus" payment in 1991 and 1992 equal to 3 percent of the prior year's "qualified earnings"; and a $600 annual Christmas bonus. The accords retained the COLA clause that provided a quarterly wage adjustment of 1 cent for every 0.26-point movement in the CPI, but called for forgoing the first 14 cents of any COLA payment. By September 1992, after 8 of the 11 reviews scheduled under the contract had taken place, the COLA clause yielded $1.12, but workers received only 98 cents, due to the 14-cent exclusion.

Job and income security provisions were improved. Under a new program, a worker laid off during the contract term due to a downturn in sales volume must be recalled after 36 weeks. If no job is available, the worker is put in a "jobs bank," with full pay and benefits for the remainder of the contract. The program was backed by pledges of $4 billion from General Motors, $1.6 billion from Ford, and $659 million from Chrysler.

With contract expirations less than a year away, some of the top concerns of management and labor have begun to emerge. Job and income security are anticipated to be the top issues in negotiations. All three automakers are expected to follow a policy of conservative production, leaner inventories, and control of labor costs. To help achieve these goals, management is expected to ask workers to forgo some of the job and income security protection negotiated in the previous round of bargaining. Aggravated by the lackluster economy, the program to protect workers against layoffs precipitated by market conditions has been more costly than anticipated. UAW president Owen Bieber, however, indicated in a news conference on May 4, 1992, that the union would not give up any job or income guarantees won during the last round of bargaining, regardless of economic conditions.

After General Motors reported continued losses in the third quarter of 1992, Stephen Yokich, the UAW's lead negotiator with the company, stated that the union recognized the need to be a part of the solution to help the firm become more competitive. When a new top management team was appointed in November in hopes of speeding up the turnaround process, the union reiterated its willingness to cooperate. Following a meeting with John Smith, Jr., General Motors' new chief executive officer, Bieber and Yokich noted that the union was "look[ing] forward to building a constructive problem-solving relationship" with company management.

The practice of "outsourcing" by U.S. firms is a major concern for workers in auto parts manufacturing plants. Workers lost many jobs in the past when U.S. automakers closed domestic parts plants and used nonunion or foreign suppliers or established their own parts plants overseas. In 1992, the UAW called two strikes at General Motors parts factories to protest efforts to trim employment at those facilities. As a part of the solution to this problem, the company recently offered to lease its production facilities to its global suppli-

Table 7. **Workers under cost-of-living adjustment (COLA) clauses in collective bargaining agreements covering 1,000 or more workers in private industry, 1971–93**

[Numbers in millions]

Year[1]	Number of workers	With COLA coverage	
		Number	Percent[2]
1971	10.8	3.0	28
1972	10.6	4.3	41
1973	10.4	4.1	39
1974	10.2	4.0	39
1975	10.3	5.3	51
1976	10.1	6.0	59
1977	9.8	6.0	61
1978	9.6	5.8	60
1979	9.5	5.6	59
1980	9.3	5.4	58
1981	9.1	5.3	58
1982	8.8	5.0	57
1983	8.3	5.0	60
1984	7.7	4.4	57
1985	7.3	4.1	56
1986	7.0	3.4	48
1987	6.5	2.6	40
1988	6.3	2.4	38
1989	6.1	2.4	40
1990	6.0	2.4	39
1991	5.9	2.3	39
1992	5.6	1.7	30
1993 (preliminary)[3]	5.5	1.6	28

[1] Data are from December 31 of preceding year.
[2] Percent coverage was computed on actual, rather than rounded, employment figures.
[3] Data relate to information available as of October 1, 1992.

ers, providing the use of its workers who are currently in the company's "jobs bank." Utilizing idle facilities and workers, this effort would reduce some of General Motors' costs because the value of the labor will be subtracted from the cost of the parts supplied.

Another issue the negotiators will be discussing is health care costs. Auto companies are expected to ask workers to pay part of the cost of their health care. Perhaps as a prelude to contract negotiations, General Motors has already asked its nonunion salaried employees to start doing so. Union representatives have indicated that they will resist any such cost-cutting initiatives. Based on economic factors facing the companies and the union's stand at parts plants in 1992, this may be a tough bargaining round for the auto industry.

In the aerospace industry, the Machinists union is the dominant union in this year's negotiations. Unlike those in the auto industry, aerospace settlements have not followed a pattern since 1986, when common wage changes and expiration dates

Table 8. **State and local government contracts slated to expire in 1993 in selected jurisdictions**

Government jurisdiction	Number of workers	Major unions
Pennsylvania:		
General government		
Administrative, clerical, human services, supervisory and technical	58,150	State, County and Municipal Employees
Professional and social services	12,000	Service Employees
State liquor store clerks	2,500	Food and Commercial Workers
Education		
Colleges and universities		
Faculty and administration	4,500	Association of Pennsylvania College and University Faculty (Ind.)
Technical	2,500	Teamsters
Hawaii:		
General government	25,250	State, County and Municipal Employees
Education		
Primary and secondary schools	9,100	Hawaiian Teachers Association, (NEA-Ind.)
Colleges and universities	2,900	University of Hawaii Professional Assembly (Ind.)
Protective services		
State police	2,000	State of Hawaii Organization of Police (Ind.)
Firefighters	1,500	Association of Firefighters
Minnesota:		
General government	18,936	State, County and Municipal Employees
Professional employees	6,833	Minnesota Association of Professional Employees (Ind.)
General supervisors	2,600	Middle-Management Association (Ind.)
Education		
Colleges and universities		
Faculty	2,500	Minnesota Community College Faculty Association (Ind.)
Support services	1,650	Teamsters
Los Angeles:		
General government		
Administration, artisans, clerical, nurses, paramedics, professional, and supervisory	37,300	Service Employees
Protective services		
Peace officers	6,500	Association of L.A. Deputy Sheriffs (Ind.)
Supervisors	1,200	Professional Peace Officers Association (Ind.)
Chicago:		
Education		
Primary and secondary schools		
Teachers	30,000	American Federation of Teachers
Custodians and maintenance workers	4,000	Service Employees
Cafeteria workers	3,100	Hotel and Restaurant Employees

were last set for contracts in the industry. Bargaining did not follow a pattern in 1989, because companies depending heavily on defense contracts were not doing as well as those which had more commercial contracts. With the breakup of pattern bargaining, the aerospace labor agreements now expire in various years and have wage and benefit terms that differ from each other.

The industry's most recent settlement, reached in early October 1992, was between the Machinists and Boeing.[4] McDonnell Douglas and the Machinists were still in negotiations when their contract expired in late October.

Eighty-four thousand aerospace workers face contract expirations this year. Major companies involved in negotiations include Lockheed Corp., General Dynamics Corp., Rockwell International, United Technologies, Litton Industries, and Beech Aircraft Co.

Contract talks are occurring as the aerospace industry is pursuing major cost-cutting programs. The companies are reacting to reduced demand resulting from the end of the Cold War, the slump in the airline industry, and the threat of foreign competition. Efforts to trim costs have included substantial cuts in employment. The number of production jobs declined by 10 percent (33,000) in aircraft and aircraft parts manufacturing in the year ended August 1992, the latest period for which data are available. With orders for airliners, fighter planes, and weapons systems continuing to decline, further jobs cuts can be expected. Industry prospects will strongly affect bargaining.

Primary metals industry. Contract negotiations in 1993 involve 88 percent (91,000) of the 103,000 workers under major collective bargaining contracts in the primary metals industry. Aluminum and steel producers account for most of the 1993 bargaining activity in the industry.

Contracts between the two major aluminum producers in the Nation—the Aluminum Company of America and the Reynolds Metals Co.—and their 20,300 workers will expire at the end of May. The workers are represented by either the United Steelworkers of America or the Aluminum, Brick, and Glass Workers International Union. This is the second consecutive year of contract talks for these parties. A 43-month agreement, reached in 1988, ended in May 1992.

In the midst of economic turmoil in the industry, marked by low prices, excess capacity, and depressed demand for aluminum, the negotiators settled on 1-year contract extensions last May. The extensions provided a $1,000 bonus for signing the agreement, offered an additional $500 bonus if new contracts were reached by October 2, 1992, increased the monthly pension rate by $2 for each year of credited service, and continued the COLA provision. Issues that were to be reviewed while the contract was extended included health care costs, employment security, and compensation plans. With little improvement in industry conditions during 1992, new contracts were not signed by October 2, and the workers did not receive the $500 bonus.

Approximately 55,000 workers under 16 contracts in the steel industry are slated for negotiations in 1993. (The contract between LTV Steel and the Steelworkers was scheduled to terminate in August, but was renegotiated early as part of bankruptcy proceedings.[5]) The Steelworkers represent nearly four-fifths of the workers, and various other unions negotiate for the remainder. Both integrated and specialty steel companies, including Bethlehem Steel Corp., Inland Steel Industries, National Steel Corp., and Armco, Inc., are involved in the bargaining. (USX, having signed a 3-year agreement in 1991, is not among the companies bargaining in 1993.)

The last round of settlements negotiated by the parties bargaining this year provided annual wage rate changes ranging from 1.2 percent to 5 percent over the contract life. Most of these contracts were reached in 1989, when the industry was in the midst of a recovery. Since that time, low prices and a low-grade product mix have plagued steel-makers, sending the industry into a slump. Many producers reported third-quarter 1992 losses that were worse than anticipated, causing analysts to predict a slow turnaround for the industry. Contract expirations are scheduled throughout the year, and the status of the economy and the health of the companies are likely to influence the parties' agendas at the bargaining table.

Petroleum refining. Ten major collective bargaining agreements covering 32,000 petroleum refinery employees of major oil companies, including American Oil, Chevron, Exxon, and Texaco, will expire in 1993.[6] Most of the workers are represented by the Oil, Chemical and Atomic Workers (Oil Workers) union,[7] and most are under contracts that expire January 31, 1993; the remainer are under agreements expiring in March.

The latest data indicate that economic conditions in the petroleum refining industry have weakened since January 1990, when the parties last bargained. In January 1992, 199 refineries were in operation, compared with 205 in January 1990. Operable capacity in September 1992 (15.5 million barrels per day) and the utilization rate (88 percent) were about the same as in January 1990; however, net earnings were very different. Throughout 1991 and into 1992, the worldwide slowdown in economic growth created an oversupply of refined petroleum products, keeping prices down. Because costs for crude oil were generally higher, the refinery operations experienced a decline in profits. Although most of the integrated oil companies posted increased earnings by the third quarter of 1992, the gains reflected higher prices for crude oil and natural gas primarily; refinery margins continued to be low.

The petroleum refining industry has a long history of pattern bargaining. The 1990 American Oil Co. agreement established the general pattern for Oil Worker contracts, providing wage increases of 80 cents per hour in the first year, 5 percent in the second year, and 4.5 percent in the third year. It also increased monthly employer contributions to health insurance by $150, from $200.50 to $350.50 over the life of the agreement. A $250,000 death benefit was established for the survivors of employees killed on the job, and work-related disability benefits were adjusted to provide 26 weeks at full pay (from 22 weeks) and 26 weeks at half pay (from 30 weeks).

In late September 1992, the Oil Workers' National Oil Bargaining Conference met to develop the 1993 contract demands, which follow very closely the items on the union's 1989 bargaining agenda for 1990. The demands included:

- a $1.25-per-hour wage increase in each of the first 2 years, with a 6.5-percent increase in the final year, of a 3-year agreement;
- increased shift differentials for midnight, evening, and daylight work, based on a percentage of the top wage rate of a contract, for those classified as shift employees (as opposed to hourly day employees);
- the assumption by companies of 90 percent of medical-hospital insurance costs, with the company agreeing to join with the Oil Workers to pursue the enactment of a universal, comprehensive national health care program, including the establishment of and joint participation in an Oil Workers "National Health Care Political Action Committee";
- twelve weeks per year of unpaid family leave for illnesses or other emergencies;
- a fifth week of vacation for employees with 15 years of service and a sixth week for employees with 20 years of service;
- improvements in the training program pursuant to all State and Federal regulations, including, but not limited to, the Process Safety Management Standard and other regulations falling under the scope of the Occupational Safety and Health Administration;
- the establishment, at companies' expense, of full-time positions of health and safety representatives, to be selected by the union, with the number of representatives determined by the complexity and size of a given company's production facility;
- company-provided training on safety issues, by organizations recognized in the field, for union members of the Joint Labor–Management Health and Safety Committee, to be limited to no more than 5 days per member, twice during the agreement, for a total of 10 or fewer days of training per member.

Concerns about weak demand have caused oil producers to focus on managing costs. Because labor costs remain one of the few expenses that companies can control in the capital-intensive refining industry, their efforts to restrain costs are likely to influence negotiations.

Wholesale and retail trade. About 213,000 wholesale and retail trade workers are covered by 34 agreements set for negotiation in 1993. Ninety percent of these workers are food store employees. The remainder are employed in department stores, eating and drinking establishments, drugstores, motor vehicle dealerships, and wholesale trade. Contracts are geographically dispersed, with expirations concentrated in May and October.

The United Food and Commercial Workers Union (Food and Commercial Workers) represents 96 percent (205,000) of the workers under major agreements expiring in 1993. The balance are represented by the Hotel Employees and Restaurant Employees, the International Association of Machinists, and the International Brotherhood of Teamsters.

The agreements expiring in 1993 called for net wage increases averaging 4.0 percent per year. Contracts for slightly less than 10 percent of the workers provided lump-sum payments and yielded annual net wage rate increases averaging 3.7 percent, compared with 4.0 percent for those without lump-sum provisions. Settlements varied by type of business and region, and there were no industrywide patterns.

Some 26,000 clerks and meatcutters on the East Coast, represented by the Food and Commercial Workers, will be involved in negotiations in April with four major food store chains: Big V Shop-Rite, Foodtown, Grand Union, and Pathmark. The expiring agreements provided wage increases of $65 a week for full-time employees and wage hikes totaling $1 an hour for part-time workers over the 3-year contract term.

The Food and Commercial Workers will be bargaining for 13,000 employees of the Albertson's, King Soopers, and Safeway, Inc., chains in Denver at the beginning of May. The previous round of settlements provided grocery workers wage increases totaling $1.10 per hour over the 3-year term. Meat department employees gained $1.70 per hour in their 3-year contracts. In addition, both grocery and meat department employees received quarterly lump-sum payments of 20 to 35 cents per hour paid. Company payments to the health and welfare funds were increased by 46 to 60 cents per hour, to maintain benefits.

In Southern California, contracts covering 80,000 workers represented by nine Food and Commercial Worker locals and the Food Employers Council of Southern California (representing 13 chains and a number of independent food retailers) are up for negotiations in October. The expiring contracts provided wage increases of $1.05 per hour over the term of the agreement. In addition, the 38-month agreements increased employer payments to the health and welfare plan from $2.05 per hour to $2.925 per hour.

Bargainers will likely note the results of recent negotiations in wholesale and retail trade. Agreements settled in the 12 months ended September 30, 1992, called for wage changes averaging 3.6 percent in the first year of the contract and 3.2 percent over the life of the agreement.

The decline in the percent of workers covered by lump-sum provisions in the unionized retail food store industry, from a high of 62 percent in 1988 to a low of 17 percent in September 1992, suggests that these provisions may be of little interest in upcoming negotiations. Another means of curbing labor costs, however, may be on the bargaining agenda in 1993: two-tiered wage or benefit systems contained in expiring contracts. These systems specify that employees hired after a certain date receive lower wages or benefits, or have less favorable work rules, than employees hired earlier. Unions have generally opposed two-tiered systems, agreeing to them only as a last resort short of job losses. Some employers have noted that such systems, initially attractive as a way of keeping down labor costs, may cause low morale and high turnover among employees on the lower tier. Furthermore, as time passes, lower tier employees become more numerous and can exert increasing pressure on both union leaders and employers for the elimination of two-tiered systems. Consequently, their elimination or modification will probably be an issue for some negotiators.

Union negotiators may raise the issue of the increasing use of part-time employees to operate stores that stay open for long hours. This practice lowers employers' costs, because part-timers often are paid less and may be eligible for fewer benefits than full-time workers. It also limits the need for overtime, thereby reducing opportunities for full-time workers to increase their earnings.

In addition to reviewing recent cost control practices in the industry, bargainers will be concerned with keeping unionized firms competitive with their nonunion counterparts. Unionized food stores have been hit hard in the recent recession, as consumers have turned to nonunion food store chains and discount warehouse outlets in search of cheaper prices. Because supermarkets are labor intensive, nonunion wages and benefits that are below union scale provide a cost advantage that could be reflected in lower prices and a competitive edge. To protect union jobs, unions have increased dues and built up special "war chests" aimed at financing efforts to organize local nonunion supermarkets. They have also engaged in a variety of campaigns against nonunion food stores.

Trucking. Contract negotiations between United Parcel Service, Inc., and the Teamsters union are set to begin this spring, with the contract expiring at the end of July. About 160,000 full- and part-time workers are covered by the current agreement, an increase of about 20,000 from the last time the parties bargained.

In their last round of negotiations in 1990, workers received wage increases of 50 cents per hour in 1990 and 1991. Also, full-time workers received a lump-sum payment of $1,000, and part-time workers $500, in 1990. Workers maintained their COLA clause that provided a maximum of 20 cents per hour per year.

At the time this article was prepared, neither party had developed its bargaining priorities, although the Teamsters were in the process of surveying their United Parcel Service members.

Construction. About 435,000 workers in the construction industry are covered by 150 major collective bargaining agreements that are set to expire or be reopened in 1993. These contracts cover 44 percent of the workers under major contracts in the industry. As is usually the case in the construction industry, bargaining is concentrated in the spring: nearly nine-tenths of the workers are under contracts that are set to terminate or be reopened between March and June.

Thirty-five percent of the workers affected by 1993 negotiations are in two States: New York, where negotiators for 79,000 workers under 31 agreements will be at the bargaining table, and California, where talks are slated for 74,000 workers under 17 agreements. Local or regional branches of national employer associations, such as the Sheet Metal Employers' Association or the Associated General Contractors of America, usually represent management in negotiations. Their counterparts in bargaining are separate unions organized by occupational crafts—laborers, bricklayers, pipefitters, carpenters, electricians, and so forth.

Private sector construction has been particularly vulnerable to the weak economy. Demand for private nonresidential construction, the industry sector where most of the union workers in the industry are employed, fell for the third consecutive year in 1992. The Department of Commerce reported that the value of new private nonresidential construction for the first 9 months of 1992 was $771 million, compared with $912 million for the first 9 months of 1991, a decline of 15 percent. The employment situation in construction mirrors the slack demand. From September 1991 to September 1992, seasonally adjusted employment declined 3 percent, with the seasonally adjusted unemployment rate standing at 17.5 percent in September 1992, compared with 15.7 percent the previous September.

Recent collective bargaining settlements in construction have also reflected the economic conditions affecting the industry. For settlements reached during the 12-month period ended September 30, 1992, the average annual wage rate change was an increase of 2.4 percent over the contract term in the construction industry, compared with 3.4 percent in all other industries. Twelve percent of the construction workers were covered by contracts that did not provide a wage rate increase, compared with 4 percent of workers in all other industries.

By type of construction, average annual wage changes were increases of 2.9 percent in special trades work, 2.4 percent in heavy construction (such as constructing highways and pipelines), and 2.1 percent in general building projects. The geographic diversity in annual wage rate increases provided by construction settlements suggests that local economic conditions may affect contract negotiations. As the following tabulation shows, wage rate changes under settlements negotiated during the 12 months ended September 30, 1992, ranged from increases of 1.6 percent in the South Atlantic region to 3.3 percent in the West North Central region:[8]

	Percent change
All agreements	2.4
Northeast	2.9
New England	2.4
Middle Atlantic	3.1
Midwest	2.5
East North Central	2.1
West North Central	3.3
South	1.6
South Atlantic	1.6
South Central	1.7
West	2.4
Mountain	2.5
Pacific	2.4
Interregional agreements	2.0

There was an even greater variation in wage rate changes by geographic region for contracts slated for renegotiation in 1993. Two-thirds of these contracts were negotiated in the 1988–90 period, when the economy was healthier. The following tabulation presents average annual wage rate adjustments under contracts expiring or reopening in 1993:

	Percent change
All agreements	3.4
Northeast	4.9
New England	2.2
Middle Atlantic	5.6
Midwest	2.6
East North Central	2.8
West North Central	1.2
South	1.7
South Atlantic	2.5
South Central	.1
West	2.9
Mountain	2.2
Pacific	3.0
Interregional agreements	2.6

In addition to noting the wage rate changes under recent settlements and their expiring contracts, bargainers in 1993 will be watching for signs of improvement in construction activity. When Congress passed the Surface Transportation Infrastructure Act in November 1991, the initiative was hailed as a boon to the construction industry. The legislation calls for spending $151 billion on highway and mass transit projects over 6 years. However, two obstacles may limit any near-term boost for the industry from the bill. First, funding must be authorized by Congress, and none was included in the fiscal 1993 transportation spending bill. Second, even if funding had been appropriated, States would be required to match 10 to 20 percent of any Federal funds they receive. While they can delay matching the funds for up to 2 years, many States are so economically strapped that they will have difficulty taking advantage of the bill.

As the industry continues to cope with recessionary conditions, including high unemployment, there seems to be little upward pressure on labor costs for 1993.

Coal mining. The National Soft Coal contract between the United Mine Workers of America and the Bituminous Coal Operators Association, covering about 25,000 active miners, is scheduled to expire January 31, 1993. In addition to the Bituminous Coal Operators Association, with 14 member companies, there are 300 independent companies that have "me too" agreements patterned after the national contract and covering about 17,000 mine workers. Three of these independent companies, as well as one company represented by the Coal Operators Association in 1988, have indicated that they are going to bargain together in 1993 as the Independent Bituminous Coal Bargaining Alliance.

Although the industry has a history of long, bitter strikes, 1988 marked the second consecutive round of negotiations completed without a work stoppage. The current 5-year agreement, negotiated in February 1988, provided hourly wage increases of 25 cents on February 1, 1988, 35 cents on February 1, 1989, and 45 cents on February 1, 1990. The contract gave the union the option to reopen bargaining on wages and pensions in February 1991 and 1992. The Mine Workers opted not to conduct wage negotiations under the reopener clauses, but did choose to negotiate over pension benefits under the 1991 reopener.

As a result of the negotiations, pension benefits for miners retiring after February 1, 1991, were increased by $2.50 (previously, a maximum of $32) per month for each year of credited service. Additionally, current retirees gained a one-time bonus payment of $500, and miners' widows who were collecting benefits under the industrywide health and welfare trust funds of 1950 and 1974 received a one-time lump-sum payment of $375. (The 1950 trust fund provides pension and health benefits for miners who retired before 1976, and the 1974 trust fund provides benefits to coal miners who retired after December 31, 1975, and for retired, laid-off, and disabled miners whose last employer is no longer in business. The 1974 pension plan also provides retirement benefits to United Mine Worker coal miners who became disabled after December 5, 1974, as a result of a mine accident.)

Productivity improvements in bituminous coal mining have led to a steady employment decline since 1982. Slightly more than 91,000 bituminous coal mining production jobs were lost in the last 10 years. Employment in production-related jobs in the industry dropped from an average of 193,500 in 1982 to an average of 102,000 during 1991, while industrywide productivity increased an average of 7 percent per year since 1982. Coal production topped a billion tons per year for the first time by the end of 1990. Factors contributing to the recent strong productivity growth in soft-coal mining were the closing of inefficient mines, an older and more experienced work force, and, most important, the improved extraction technique known as long wall mining, in which more coal can be removed across the width of the deposit than by the tunneling method. This technique is used by more than 100 mines out of a total of 3,800 mines in the United States.

In addition to job security, mine workers have been concerned with the status of health benefit funds for current retirees. The 45-year-old system of health care benefits for Mine Worker retirees and widows, negotiated between the union and the Federal Government and later also signed by the coal industry, is on the verge of collapse, operating with a multimillion-dollar deficit. Many companies have gone out of business or reneged on their promise of lifetime benefits, and the cost of medical care has risen sharply. How to finance health benefits for the "orphan retirees" has been a looming issue on negotiators' minds. The Energy Policy Act of 1992, signed last October, included provisions for funding these retirees' health benefits that should remove this item as a bargaining issue.

State and local government. Approximately 694,000 employees are covered by 220 major State and local government contracts that will expire or reopen in 1993. Of these totals, 397,000 employees are under 158 local government contracts, and 297,000 employees are under 62 State government contracts. Expiring contracts account for slightly more than one-quarter of the approximately 2.6 million workers under all major State and local government contracts.

About one-half of employees under State government contracts scheduled for negotiation in 1993 are in three States: Pennsylvania (79,650 employees), Hawaii (40,800), and Minnesota (32,000). The remainder are widely scattered. One-fifth of employees in local government with contracts scheduled to expire or reopen in 1993 are employed in Los Angeles County (45,000 employees) or Chicago public schools (37,100); the remainder are geographically dispersed among a number of local governments. (See table 8, p. 12.)

Unions negotiating for government workers include the American Federation of State, County and Municipal Employees, the Communications Workers of America, and the Service Employees International Union, representing a variety of workers; the National Education Association (Ind.) and the American Federation of Teachers, representing workers in public education; the Fraternal Order of Police (Ind.) and the International Association of Fire Fighters, representing public protective service employees; and the Amalgamated Transit Union and the Transport Workers Union, bargaining for public transit workers.

In State government, 62 percent of the employees under contracts scheduled to expire or reopen in 1993 work in general government, in administrative, clerical, professional, supervisory, and technical occupations. Others are in college and university education (22 percent); protective services (10 percent); and health services, transportation, and other government functions (6 percent).

In local government, 57 percent of the employees under contracts scheduled to expire or reopen in 1993 work in education, with the majority being primary and secondary school teachers; other school employees include teachers' aides, bus drivers, clerical workers, custodians, and cafeteria employees. General government administration accounts for 31 percent of local government employees, and protective services represent 6 percent. The remaining 6 percent of workers are employed in health services, transportation, and other government functions.

The last time they bargained, parties to contracts scheduled for negotiation in 1993 agreed to terms that yielded average annual wage changes (including COLA payments) of 3.3 percent over the contract life. Expiring State government contracts yielded average annual changes of 3.4 percent over their term, local government contracts 3.2 percent. Health care employees received an average of 3.8 percent a year over the terms of their contracts, more than any other group of employees. The following tabulation gives average annual wage changes over the life of State and local government contracts expiring or reopening in 1993:

	Percent change
All State and local government	3.3
State government	3.4
Local government	3.2
Education	3.2
Colleges and universities	2.6
Primary and secondary schools	3.3
General government and administration	3.3
Protective services	3.5
Health care	3.8
Transportation	3.5
Other	2.8
State and local government, excluding education	3.4
State government	3.6
Local government	3.1

State and local government contract negotiations in 1993 will be affected by both the continued uncertainty over the economy and government finances. Governments have experienced revenue declines that are compelling them to be more penurious when negotiating contracts. They are also under pressure to reduce the size of their work forces and to improve employee productivity. In 1992, several jurisdictions experienced budget deficits that led to furloughs, layoffs, and cuts in services. Job security, especially, and modest wage increases are likely to be the primary goals of union negotiators in 1993 contract talks.

IN SUM, contract talks this year are likely to focus on employment and income security. Negotiators are in an unenviable position as they wrestle with continuing foreign competition, rising health care costs, pressures to reduce labor costs, and maintaining workers' standards of living. Because problems they confront in 1993 may be ameliorated somewhat if economic growth picks up during the year, labor and management will be watching for initiatives that will stimulate the economy and create jobs. □

Footnotes

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[1] Office of the U.S. Trade Representative, "Fast Track Procedures for Implementing Trade Agreements," August 1992, Omnibus Trade and Competitiveness Act of 1988 and Trade Act of 1974, as amended.

[2] Unions are affiliated with the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO), unless indicated as independent (Ind.).

[3] See UAW president Owen Bieber's report to the 30th Constitutional Convention, part 1: *UAW in Action*, presented June 14–19, 1992, San Diego, California.

[4] See Susan Behrmann, Michael Cimini, and Eric Johnson, "Labor-management bargaining in 1992," pp. 19–34 for details concerning the Boeing settlement.

[5] Because implementation of the new agreement was awaiting approval of the bankruptcy judge at the time this article was written, the previous contract is reflected in the tables on contract expirations.

[6] Other oil companies with contract negotiations in 1993 include Ashland Oil, Mobil, Shell, Sun Oil, and Union Oil.

[7] Chevron workers are represented by the International Union of Petroleum and Industrial Workers (Ind.). Exxon workers are represented by the Baton Rouge Oil and Chemical Workers Union (Ind.).

[8] Regions and the States they comprise (including the District of Columbia) are the following: *New England*—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut; *Middle Atlantic*—New York, New Jersey, Pennsylvania; *East North Central*—Ohio, Indiana, Illinois, Michigan, Wisconsin; *West North Central*—Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas; *South Atlantic*—Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida; *South Central*—Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, Texas; *Mountain*—Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada; *Pacific*—Washington, Oregon, California, Alaska, Hawaii.