

# Industrial relations in 1980 influenced by inflation and recession

*Hard hit by plant closings and layoffs,  
some automobile and steel companies  
turned to unions and the Government for help;  
settlements provided for larger wage increases;  
and some long-fought organizing battles  
in the South culminated in initial contracts*

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Inflation and recession combined to make 1980 a difficult year for both labor and management. At the same time that rising prices prompted increased rates of pay, severe economic difficulties surfaced in several key industries. Five of the largest U.S. industrial corporations reported combined losses of \$2.3 billion in the fourth quarter. Four automobile manufacturers—General Motors, Ford, Chrysler, and American Motors—reported combined losses of \$1.65 billion and U.S. Steel Corp., the Nation's largest steel producer, reported a loss of \$668.9 million—the largest quarterly loss for a single firm in U.S. history. The company also announced plans to close a dozen of its plants. Unions and the Government tried to help these and other ailing industries: the unions by agreeing to wage concessions at some companies and the Government by establishing special assistance programs.

The automobile companies' losses resulted from a sales slowdown variously attributed to increased imports, high fuel costs, inflation, recession, and a lack of adequate lines of smaller cars. The companies were forced to reduce costs by laying off both hourly and salaried employees, closing plants, and halting merit raises for salaried workers.

In July, President Carter announced a plan to aid the industry which called for the easing of certain aspects of

occupational safety and health and environmental protection regulations; increasing the working capital available to automobile dealers; and allocating \$50 million of Federal funds to aid communities hit by automobile industry dislocations. The plan also established a 14-member Automobile Industry Committee with labor, management, and government representatives to decide on further steps to aid the industry.

In June, Ford and the Auto Workers petitioned the International Trade Commission for a finding that the level of imports was the chief cause of the auto industry's slump, thereby enabling the President to impose quotas or tariffs on foreign vehicles. However, in November, the commission ruled that domestic conditions, such as the recession, high interest rates, and insufficient production of small cars, were the main reasons for the industry's problems.

Although Chrysler Corp. and the United Auto Workers negotiated a contract in October 1979, the parties revised the terms in January 1980. The revision provided for \$243 million in additional concessions by the union to conform with the requirements of the Chrysler Corporation Loan Guarantee Act of 1979, under which the Federal Government guaranteed repayment of up to \$1.5 billion in possible loans obtained by the beleaguered company. The concessions included further delays in some wage increases and elimination of 17 paid personal holidays during the contract term and one Sunday bonus holiday.

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Adverse developments affecting the steel industry included plant closings, layoffs, and a drop in output attributed to increased imports and a worldwide slump in demand for steel. In March, U.S. Steel Corp. formally accused seven European companies of "dumping" steel, that is, selling steel in the United States at a price below their domestic price. The Government then suspended the "trigger price" mechanism under which such charges are usually initiated, contending that it could not legally administer trigger prices and decide the dumping case at the same time. (The "trigger cost" is the cost of producing steel in Japan.)

In October, President Carter announced a national steel policy based on the recommendations of the Steel Tripartite Advisory Committee, established in 1978. Under the new policy, the trigger price mechanism was reinstated and raised 12 percent. Other parts of the policy required congressional action that was not concluded by yearend, including extension of deadlines for complying with pollution standards and tax breaks to encourage the industry to modernize.

### **Pay concessions, plant closings**

Efforts to improve Chrysler's financial condition drew the most attention, but there also was a surge in union wage concessions and plant closings in other industries.

- Uniroyal, Inc. closed two tire plants, ending 3,300 jobs, and announced the possible closing of a third plant employing 1,600 workers. About 6,000 Uniroyal employees, represented by the United Rubber Workers, agreed to wage and benefit cost concessions that were expected to save the company \$9.9 million. The concession accord provided for restoration of some of the lost pay if Uniroyal's pretax profit from domestic operations exceeds 4 percent of sales. The company lost \$120 million in 1979.

- Firestone Tire & Rubber Co. announced the closing of seven plants, affecting 8,500 active workers and 1,600 already on layoff. One of the affected plants was Firestone's last production facility in Akron, Ohio. The company also ended quarterly cost-of-living adjustments for its salaried employees.

- About 750 workers represented by the United Rubber Workers agreed to forgo \$1.05 an hour in cost-of-living pay at the Dunlop Tire and Rubber Co. plant in Buffalo, N.Y.

- U.S. Steel Corp. announced the closing of a dozen of its plants in eight States, permanently laying off 13,000 workers. The company said the action was necessary because the facilities had become "non-competitive." Employees at two American Bridge Division plants scheduled for closing agreed to waive certain future wage increases to keep the plants in operation. U.S. Steel said the concessions would help alleviate a labor cost disparity with certain other steel fabricators.

- About 12,000 employees of Wheeling-Pittsburgh Steel Corp. agreed to defer two cost-of-living increases and a scheduled \$150 bonus payment to improve the company's financial condition. Earlier, 1,800 incentive workers at the company's Allenport, Pa., mill agreed to a 10-step pay reduction that will eventually bring their earnings to a level "slightly above" the average for other steel mills.

- Continuing the cutbacks that have marked the meatpacking industry in recent years, Swift & Co. announced the closing of slaughtering operations in Guymon, Okla., and Clovis, N.M. Swift officials attributed the closing to excessive labor costs. Armour and Co.'s planned closing of a slaughtering plant in Hereford, Tex., was averted when the United Food and Commercial Workers agreed to "increases in chain speeds" on the "disassembly" lines.

- About 2,600 employees of Dayton (Ohio) Press, Inc., agreed to a 14-percent wage reduction to help finance their purchase of the magazine printing firm. The purchase move came after the 13 unions involved refused a proposed wage freeze the company said was necessary to bring its labor costs into line with its competitors.

- The Clothing and Textile Workers and the Clothing Manufacturers of America, citing depressed conditions in the industry resulting from increased imports, limited their new contract for 80,000 workers to 18 months. (The previous contract was for 40 months.) The shorter duration was a compromise between management's original proposal of a 3-year contract with a capped cost-of-living clause and the union's proposal of either a 1-year contract or a 3-year contract with an uncapped cost-of-living clause.

- The Teamsters Union agreed to study the impact of deregulation on the trucking industry, after rejecting an industry request for labor cost concessions the carriers said were needed to enable them to compete with non-union firms. The companies contended that much of their difficulties stemmed from the deregulation of the industry in 1980, which made it more difficult to increase shipping rates to offset labor cost increases. In addition to shutdowns of trucking companies, other companies have been suffering losses because deregulation has opened the industry to numerous new companies. In rejecting the reopening overture, the union contended that the carriers had not proven that the difficulties resulted from the obligations of the contract.

### **Anti-inflation plan**

With prices continuing to rise sharply, the Carter Administration's anti-inflation plan, established in 1978, was changed several times during the year. In March, the president announced a new plan that called for cuts in Federal spending, restrictions on consumer credit,

a 10-cent "conservation fee" on each gallon of gasoline refined from imported petroleum, a study of ways to increase industry productivity, and the acceptance of the Pay Advisory Committee's recommendations of a 7.5- to 9.5-percent limit on annual pay increases.

The proposed cuts in the Federal budget drew a bitter reaction from AFL-CIO President Lane Kirkland, who contended the cuts would violate the 1979 national accord between the Administration and organized labor by limiting "counter-cyclical" moves to aid people affected by the downturn in the economy.

In its May session, the AFL-CIO's Executive Council again expressed labor's concern over the president's action but, nevertheless, reaffirmed its commitment to the national accord. Kirkland explained that the council had no other choice because the Federation must maintain contact with government to protect the interests of workers. However, he advised union leaders to press for the needs of their members in wage negotiations—even to the extent of violating the wage guideline, if necessary. He later clarified that statement by explaining that the new guideline was flexible enough to permit negotiators to attain wage and benefit improvements approaching those that could be attained if there was no guideline.

In July, the Council on Wage and Price Stability changed the pay guidelines to permit union-represented workers to receive wage and benefit improvements of up to 10.5 percent in any contract year, if the average annual rate of increase over the entire contract term fell within the 7.5- to 9.5-percent permitted range. Previously, the 7.5- to 9.5-percent range applied to each contract year.

In mid-September, the Council contended that the program had held the inflation rate one percentage point lower than it would otherwise have been, but said the program should be re-evaluated. The Council then extended the existing pay and price standards 1 year from their September 30 expiration date, but specified that union and management would be expected to adhere to the standards only until the end of 1980.

### **Union wage increases**

Based on preliminary data for the first 3 quarters of 1980, settlements covering 1,000 workers or more in the private nonfarm economy provided for first-year wage adjustments averaging 9.7 percent, compared with 7.4 percent for all 1979 settlements.<sup>1</sup> Total wage adjustments over the contract term (excluding cost-of-living increases) averaged 7.3 percent when converted to an annual rate, compared with 6.0 percent for 1979.

As in past years, the 1980 settlements with cost-of-living escalator (COLA) clauses generally provided for smaller specified wage increases than those without. First-year negotiated wage adjustments in contracts

with COLA provisions averaged 8.2 percent, compared with 11.9 percent for contracts without such clauses. For 1979, the figures were 6.2 and 9.1 percent. When specified wage adjustments are averaged over the life of the contract, the annual rates were 5.0 percent for contracts with COLA and 10.4 percent for those without, compared with 4.6 and 8.0 percent in 1979.

When benefits are combined with wages (in settlements for 5,000 workers or more) the average adjustment was 10.7 percent in the first contract year (9.0 percent in 1979) and 7.2 percent annually over the life of the agreement (6.6 percent in 1979). Settlements that included COLA clauses provided for wage and benefit increases averaging 10.2 percent for the first year and 5.8 percent a year over the contract term, compared with 12.1 percent the first year and 10.8 percent over the life for those without COLA clauses. For the full year 1979, settlements with COLA provisions averaged 8.5 percent for the first year and 5.9 percent over the term and those without COLA clauses averaged 10.0 percent for the first year and 7.2 a year over the term.

Construction settlements, which covered 677,000 workers in bargaining units of 1,000 workers or more (including 372,000 in units of 5,000 or more), drew attention because they showed a large increase over 1979 settlements and were generally higher than other industries that settled in the first three quarters of 1980. Wage adjustments for all construction workers covered by settlements were 13.9 percent for the first contract year and 11.6 annually over the contract term. For all other industries, the figures were 8.5 percent for the first year and 6.0 percent over the term. Considering only units of 5,000 workers or more, construction settlements provided wage and benefit increases averaging 13.4 percent for the first contract year and 11.5 percent annually over the term. The comparable figures for other industries were 10.1 and 6.3 percent.

Major settlements during the first three quarters of 1980 covered about 3 million workers in 556 private nonfarm economy bargaining units. The settlements did not result in any increase in the number of workers covered by COLA clauses, partly because 1.7 million of the workers covered by the bargaining already were covered by such clauses. The 19 settlements (for 66,000 workers) that established COLA clauses and the 9 settlements (for 28,000 workers) that terminated clauses brought total coverage to 5.3 million (57 percent) of the 9.3 million workers in bargaining units of 1,000 workers or more.

Labor-management disputes led to about 4,250 work stoppages that either began in the first 10 months of 1980 or began earlier and were carried over into the period. This was lower than for the comparable period of all recent years, except 1978. Similarly, there were fewer workers involved in strikes in the first 10 months than in the comparable period of any recent year. However,

duration of the strikes, at almost 30 million days, was higher than in 1979. The stoppages involve six workers or more and last a full day or shift or longer.

### Contract terms

Collective bargaining activity was heavy in 1980. Adherence to the Administration's anti-inflation plan was aided by the liberalized pay standard. The Council on Wage and Price Stability did not challenge the size of any of the more important settlements. Most of the major industries that settled already had cost-of-living wage adjustment clauses that reduced union pressure for large catch-up "set" wage increases. Unions did press for increased pensions for future and current retirees, continuing a movement that was evident in 1979.

*Automobile industry.* American Motors Corp. settled with the Auto Workers in 1980 on a less costly package than that at GM and Ford in 1979, continuing the practice of recent years. American Motors did not ask for government loan guarantees, but it did receive money from the Renault automobile company of France in exchange for part ownership.

The chief union concession in the American Motors agreement was that 14 cents an hour was diverted from the cost-of-living allowance to help pay for benefit improvements, effective immediately. (At the other three auto companies, the 14 cents diversion was to be accomplished by withholding 1 or 2 cents from future quarterly escalator adjustments.) Also, the American Motors agreement stipulated that the quarterly escalator adjustments are to be calculated at 1 cent for each 0.26-point movement in the BLS Consumer Price Index for Urban Wage Earners and Clerical Workers (1967=100) beginning in June 1983, but retroactive to the December 1981 adjustment. At the other companies, the change was effective in December 1981, rather than being delayed and then paid retroactively. The American Motors agreement expires in September 1983, a year later than the contracts at the other three companies.

*Steel.* The industry settled with the Steelworkers, continuing the strike-free relationship that has prevailed since the 1959 walkout. Doubts about continuation of the strike-free atmosphere were raised when the parties did not immediately renew the Experimental Negotiating Agreement that has prevented national strikes since its adoption in 1973. The delay on a decision to either extend, modify, or terminate the agreement apparently resulted from a difference of opinion within management; some executives contended that the "floor" the agreement set under wage negotiations was too high a price to pay for the assurance of uninterrupted production. (The floor guaranteed workers at least a 3-percent wage increase in each contract year—part of which

could be used for benefit improvements, continuation of the wage escalator clause, and a \$150-payment at the beginning of each new contract.)

The settlement between the nine Coordinating Committee Steel Companies and 290,000 members of the Steelworkers set a pattern for settlements covering 170,000 workers at 200 other companies. The Council on Wage and Price Stability, calculating the wage escalator portion of the package on an assumed 7.5-percent annual rise in the CPI, said the accord would raise worker compensation by 24.7 percent over the term, an amount well within the pay guidelines.

Continuing what has become a major concern of unions in recent years, the union pressed for pension improvements to aid current as well as future retirees in countering inflation. The two-step pension increases—for current retirees ranged from 70 percent for workers who retired prior to July 31, 1966, to 10 percent for those who retired during July 31, 1977 to July 30, 1980. The cost-of-living clause was continued, as required by the Experimental Negotiating Agreement, but the union waived the 33-cent-an-hour final adjustment under the prior contract to help meet the cost of the pension improvements for present retirees.

One provision of the steel settlement was expected to improve the industry's competitive position. A pilot program calls for establishing "participation teams" of workers and first-line supervisors to improve output, employee morale and dignity, and working conditions. The union said that such a plan had been one of its goals since former Steelworkers' president Philip Murray coined the term "industrial democracy" in 1940. Extensive use of the new approach was not expected to begin immediately, but participation teams had already been set up at smaller plants of several major companies, with encouraging improvements in productivity.

*Telephones.* After wages, job security provisions were the chief issue in the negotiations between American Telephone & Telegraph Co. and the Communications Workers, the International Brotherhood of Electrical Workers, and the Telecommunications International Union. Communications Workers' officials said that improvements in job security were required to counter the effects of the increasing automation of the Bell System and the surge of competition from rival operating and supply companies resulting from some deregulation of the industry. The degree of automation in the system is illustrated by the fact that the number of employees for each 10,000 telephones declined from 148 in 1950 to 60 in 1979.

AT&T retained the right to introduce new technology, but the settlement included 14 provisions that the Communications Workers said dealt with "the interrelated issues of job security and job pressures," includ-

ing a committee to aid employees affected by technological changes; pay rate retention for the balance of the contract for workers downgraded because of technological changes; additional paid time off; increased benefits for laid-off workers; and restrictions on subcontracting of work.

Communications Workers' president Glenn Watts valued the 3-year wage and benefit package at 34.9 percent, including cost-of-living increases calculated on estimated 9.5 and 9.7 percent annual rises in the Consumer Price Index for Urban Wage Earners and Clerical Workers. He said this was within the 7.5- to 9.5-percent pay guideline because in calculating escalator increases, the Council on Wage and Price Stability uses the assumed 7.5-percent rate of increase in the CPI and also does not include certain benefit cost increases.

*Aerospace.* More than 100,000 workers were covered by settlements in the aerospace industry, as the Machinists led off by negotiating a 3-year pattern-setting contract at the Boeing Co. The Machinists valued the package at \$3.85 an hour or a 39-percent increase, including wage escalator adjustments based on an estimated 10-percent annual rise in the CPI and specified wage increases of 7, 3, and 3 percent in the respective contract years.

#### **Initial contracts for Southern workers**

An uneasy truce between J. P. Stevens & Co. and the Clothing and Textile Workers resulted in a first contract in the 17-year effort to organize the firm. Both sides claimed a victory.

Union organizers said that the accord, covering 3,500 workers at four locations, set the stage for organizing the company's 30,000 other production workers, as well as other Southern textile, apparel, and shoe companies. However, officials of J. P. Stevens said the company would continue to resist organizing efforts at its other facilities, and that the settlement would not aid further organizing efforts because "the people of the South basically don't care for unions."

The accord provided for an immediate 8.5-percent wage increase for the 3,000 workers at the seven plants in Roanoke Rapids, N.C., and a 8.5-percent increase retroactive to July 1979 to match the increases Stevens had granted workers at its nonunion plants. The workers at the other three plants—in Allendale, S.C., High Point, N.C., and West Boylston, Ala.—did not get the matching increases because they had already received them. Other terms, which were similar at all ten plants, included provisions for checkoff of union dues from the payroll, binding arbitration of disputes, seniority provisions, and "regulation" of workloads.

The union also agreed to terminate the 4-year consumer boycott of Stevens' products and to suspend its campaign of publicizing instances where Stevens' of-

ficers served as directors at other companies or where officers of other companies served as directors at Stevens.

The coming together of the parties was attributed to a number of factors, including a change in the leadership of the company; the increasing severity of the National Labor Relations Board and court decisions against the company for allegedly engaging in unfair labor practices; the time and cost to both parties; and weariness.

A 9-year dispute between the Clothing and Textile Workers and Wellman Industries, Inc., ended with an agreement on an initial contract for 1,000 workers in Johnsonville, S.C. The union had gained the right to represent the workers in a 1972 National Labor Relations Board election, but the following years produced only union charges—which were upheld by the board—that Wellman had engaged in unfair labor practices.

A 2½-year dispute culminated in a 43-month agreement between the Steelworkers union and Newport News Shipbuilding and Drydock Corp. The union's organizing campaign began when it defeated the incumbent Peninsula Shipbuilders Association in a National Labor Relations Board representation election. The company refused to bargain, charging election irregularities, but was unsuccessful in its appeals of court rulings against the charge. The settlement provided for more than \$2 an hour in wage increases and various improvements in benefits.

#### **Internal union affairs**

Early in the year, the AFL-CIO invited the major independent unions to join its ranks. As a result, reaffiliation discussions were started with the Teamsters union, which had been expelled from the Federation in 1957, and with the United Auto Workers, which had left the Federation in 1968. Discussions also were started with the United Mine Workers union, which had never been a part of the Federation.

Another unity move was initiated at the convention of the Ladies Garment Workers, when Clothing and Textile Workers president Murray Finley called for an eventual merger of the two unions. Garment Workers President Sol C. Chaikin agreed and suggested that discussions begin.

Several mergers occurred during 1980: the Barbers and Beauticians became part of the Food and Commercial Workers; the Jewelry Workers became part of the Service Employees; and the Railway and Airline Supervisors became part of the Railway, Airline, and Steamship Clerks.

*Leadership changes.* During the year, Seafarers' president Paul Hall died and was succeeded by vice president Frank Drozak; William H. McClennan retired

as president of the Fire Fighters and was succeeded by John A. Gannon; and Emmet Andrews lost the presidency of the Postal Workers Union to Morris Biller.

### Other developments

*Job safety and health.* The Occupational Safety and Health Administration (OSHA) made several fundamental changes in its procedures for identifying hazards at the workplace and protecting workers.

- Under a new OSHA plan for reducing the incidence of cancer among workers, substances to be brought under control will be drawn from a list of about 500 suspected cancer-causing agents. After scientific testing, substances found to pose a grave danger to workers would be banned, if a substitute is available. If a substitute is not available, employers will be required to reduce worker exposure to the lowest possible level through engineering and work practice controls. If the case is less conclusive against a substance, it will be subject to further testing, but OSHA can issue a temporary standard in such a case, as well as when the substance poses a grave threat.

- A new OSHA rule requires employers to supply an employee's medical records within 15 days after the request is made. Medical records also must be supplied to an employee's collective bargaining agent, if the employee gives written authorization. OSHA also has access to the records, without the employee's authorization, but must obey regulations intended to assure the worker's privacy.

- The Supreme Court ruled that the 1977 benzene exposure standard was not warranted because OSHA had not obtained "empirical evidence" or "opinion testimony" that exposure to benzene at or below the required level had ever caused leukemia.

- The steel industry withdrew an appeal of OSHA's coke oven standard, saying that most of the protective measures called for in the standard had been introduced during the series of court tests that followed the announcement of the standard in 1977.

- The Supreme Court announced that it would hear a challenge of OSHA's 1978 cotton dust standard by the National Cotton Council of America and the American Textile Manufacturers Institute, Inc. The organizations maintained that OSHA's requirement that the standard be met through engineering controls and structural changes entailed excessive costs and that the standard could be met at far less cost through medical surveillance and use of individual respirators.

- General Motors Corp. announced that it is undertaking two studies to determine reasons for higher than usual levels of cancer among workers in certain of its operations. One of the cancer screenings, covering 4,000 model shop workers in 20 cities, is the largest in the history of American industry. The employees will sup-

ply medical, job, and dietary histories and undergo numerous medical tests to determine why their rates of colon and rectum cancer exceed those for people in other occupations. The employees involved build scale models of vehicles from wood, clay, plastic, and other materials. The examinations require 6 months to complete and will be repeated after a year. In the other study, the company will seek to find out why workers at its trim plant in Flint, Mich., suffer above-normal rates of various types of cancer. According to a recent Auto Workers study of employees and former employees of the automobile hardware plant who died between 1974 and 1978, a significant number of the deaths occurred among people who had worked in the plant's plating and die casting areas, where chrome, nickel, and cadmium—all known carcinogens—were used.

*Equal employment opportunity.* There were a number of developments involving efforts to erase job discrimination:

- Joyce Miller, a vice president of the Clothing and Textile Workers became the first female member of the AFL-CIO's Executive Council.

- The Government's plan for assuring equal job opportunities for all construction workers was revamped and broadened to cover projects in 285 metropolitan areas and 183 largely rural surrounding areas. Under the new approach, which applied to all private and Federal projects of contractors doing \$10,000 in Federal business, contractors were required to make good faith efforts to have each trade include members of minorities in the same proportion as they are found in the population of the area. Under the previous approach, goals varied by craft and were set by bargaining involving contractors, unions, and the Federal government.

- A long-standing union case against Westinghouse Electric Corp. was ended by a consent decree in which the company agreed to restore seniority and pay to women for time lost because of pregnancy; Prudential Insurance Co. and the Department of Labor agreed on procedures for the company to supply computer tapes the Department said it needed to evaluate the adequacy of the company's employment practices; and a legal dispute continued between Sears Roebuck & Co. and the Equal Employment Opportunity Commission over charges that the company discriminated against women and minorities in employment. □

#### — FOOTNOTE —

<sup>1</sup> The Bureau of Labor Statistics procedures for evaluating settlements differ from those of the Council on Wage and Price Stability. Unlike BLS, the council's evaluation includes estimates of potential cost-of-living escalator adjustments but excludes increases in the cost of maintaining existing health benefits in excess of the guideline range, increases in the cost of maintaining existing pension benefits levels, and the cost of legally-required social insurance programs.