Collective bargaining during 1991

Negotiations are slated for one-third of workers covered by major agreements; those scheduled for bargaining are almost evenly split between State and local government and private industry

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About 2.8 million workers in private industry and State and local government are covered by major collective bargaining agreements scheduled to expire or reopen in 1991. Such agreements, covering 1,000 or more workers, account for one-third of the 8.5 million such workers under all major agreements. Workers whose contracts are on the 1991 bargaining calendar are almost evenly split between private industry and government. This is the first year, since data on government contracts were added to the major collective bargaining agreement series in 1985, that State and local government has accounted for more than 36 percent of the workers covered by major agreements scheduled for negotiation. The larger proportion of government workers in 1991 reflects a bargaining schedule involving more government workers (1,349,000) and fewer private industry workers (1,470,000) than at any time since the series' inception. (See tables 1 and 2.)

In State and local government, bargaining in 1991 will involve about 52 percent of the 2.6 million workers under major agreements, the largest proportion since 1985. The 738,000 State government workers covered by contracts slated for negotiation are mostly in New York, California, Florida, and Pennsylvania. Bargaining activity in local government involves 612,000 workers who are geographically dispersed, with the largest group (87,000) located in Los Angeles County.

In private industry, bargaining will cover about 25 percent of the 5.9 million workers, the smallest proportion in at least a decade. Three-fifths (901,000) of the workers whose contracts are scheduled for renegotiation in 1991 are in nonmanufacturing industries. The largest numbers are in construction (250,000 workers), wholesale and retail trade (195,000 workers), trucking (187,000 workers), and mining (65,000 workers). In manufacturing, 570,000 workers are under contracts up for renegotiation. The largest numbers are in apparel (138,000 workers) and electronic and electrical equipment (121,000 workers).

Information on the 1991 bargaining calendar is based on data available to the Bureau of Labor Statistics as of September 30, 1990. Any contracts reached during the fourth quarter of 1990 that expire or reopen during 1991 could affect the proportion of workers whose contracts are scheduled for negotiation in 1991. There are 1.5 million workers under contracts that had expired in 1990 or earlier but were not renegotiated by the end of September 1990, and an additional 285,000 workers are covered by contracts slated for negotiations in October–December 1990. The bargaining agenda will include any of these negotiations that carry over into 1991.

The bargaining environment

As 1991 approached, labor and management bargainers were formulating and planning their strategies in a period of concern about the economy. Following 8 years of growth, major economic indicators showed signs of a slowdown. The gross national product grew at an annual rate of 1.3 percent during the first 9 months of 1990, compared with 2.3 percent for the same period in 1989. The civilian unemployment rate

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edged up in the third quarter and stood at 5.7 percent in October after hovering around 5.3 percent for nearly 2 years. The Consumer Price Index for all Urban Consumers (CPI-U) rose at an annual rate of 6.7 percent during the first 10 months of 1990, compared with a 4.7-percent rise for the same period in 1989. The composite index of leading economic indicators, compiled by the U.S. Department of Commerce's Bureau of Economic Analysis to forecast movements in aggregate economic activity, was down for the second consecutive month in September 1990.

Confidence in the economy was further eroded by a slowdown in the real estate market and continuing problems in the savings and loan industry. Clouding the horizon still further was the crisis in the Persian Gulf, which brought on a sharp rise in oil prices, the dispatch of U.S. armed forces to the region, and fears of war.

Although 1990 was marked by several contentious collective bargaining situations, it was the eighth consecutive year of relative tranquility in labor-management relations, as measured by work stoppage activity. Through October, there were 43 major work stoppages (strikes and lockouts involving 1,000 or more workers). There have been fewer than 100 major work stoppages in each year since 1982. By contrast, there were 145 in 1981, 187 in 1980, and between 200 and 470 each year between 1947 and 1979, with two exceptions.

Major collective bargaining settlements in private industry negotiated in the first 9 months of 1990 provided larger wage rate adjustments than those specified in the contracts they replaced. (Lump-sum payments and cost-of-living adjustments (COLA's) are not included in this measure.) The 1990 settlements provided wage rate adjustments averaging 3.3 percent annually over the life of the contract. The last time parties to these settlements negotiated, usually in 1987 or 1988, wage rate adjustments were smaller, averaging 2.1 percent annually over the contract term.

If the current trend continues in the fourth quarter, 1990 will be the second consecutive year, since the comparison was introduced in 1981, in which settlements provided larger wage rate adjustments than the contracts they replaced. It will also be the second year in a row and the second year since 1983 that the annual wage rate adjustment over the contract term topped 3 percent. In contrast, between 1968, when the series began, and 1981, settlements provided wage rate adjustments averaging 5.1 to 8.9 percent a year over the contract term.

The comparatively moderate wage gains under major settlements in recent years are also reflected in another measure published by the Bureau. The Employment Cost Index (ECI) showed that, as measured over four calendar quarters, wage gains for all union workers have been trailing behind those for nonunion workers since the four quarters ending March 1984. For the period ending September 1990, wages increased an average of 3.6 percent for union workers, compared with 4.4 percent for nonunion workers.

In addition to addressing wages, many negotiators will focus on the problem of escalating health insurance costs. Many efforts at cost containment have already been made, with limited success. These include requiring second opinions prior to surgery, requiring that employees get approval from the insurance carrier before elective hospital surgery or stays, and establishing incentives to reduce the length of hospital stays.

More recently, employers have tried to shift some of the costs directly to their employees, but unions have resisted these efforts, though not always successfully. Some negotiated plans have reduced benefits, while others have required workers to pay for a larger portion of the insurance premiums for themselves or their dependents. Some have established or raised deductibles or copayments (the portion of health costs the employee pays). Similar cost-cutting proposals are likely to be the focus of conflict between employers and unions in many of this year's negotiations.

The last decade witnessed the introduction of contract provisions designed to curb labor costs, particularly in firms facing financial difficulties. In some bargaining situations, they lasted for only one contract, but in others they survived multiple bargaining rounds, although often in altered form. Among the most common provisions were those that called for multitier wage or wage and benefit plans, "backloaded" wage adjustments, and lump-sum payments in place of wage increases or to offset wage decreases.

Multitier compensation systems were popular in the mid-1980's, but have since fallen out of favor. Although they varied widely, all of these plans called for new employees to receive lower pay or benefits than incumbents. The resulting morale and turnover problems have led negotiators to narrow the gap or drop the differential in later contracts.

"Backloaded" contracts, rarely negotiated prior to 1983, provide lower wage adjustments in the first contract year than in subsequent years, thus reducing the total cost of the contract. In 1983, one-third of the workers covered by settlements were under these contracts. The proportion peaked at almost half in 1986 and stood at about one-fifth in the first 9 months of 1990.

Lump-sum payments are generally made in lieu of wage increases or to offset wage de-

Table 1. **Major collective bargaining agreements scheduled to expire or with wage reopenings, by year and industry**

[Workers in thousands]

Industry	Total[1]		Year of expiration or scheduled wage reopening, or both							
			1991		1992		1993 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]	1,922	8,483	687	2,820	569	2,375	381	1,836	374	1,823
All private industries	1,238	5,907	351	1,470	389	1,734	336	1,669	189	1,154
Manufacturing	427	1,945	124	570	125	374	122	634	63	385
Food and kindred products	52	134	16	64	13	24	15	26	8	20
Tobacco products	3	13	1	1	2	12	—	—	—	—
Textile mill products	7	22	2	7	1	1	—	—	6	19
Apparel and other textile products	27	197	19	138	3	5	2	5	3	49
Lumber and wood products, except furniture	11	24	2	4	8	19	1	1	—	—
Furniture and fixtures	4	4	2	2	1	1	1	1	—	—
Paper and allied products	35	47	5	7	12	16	13	19	6	7
Printing and publishing	18	28	4	7	5	8	4	6	5	8
Chemicals and allied products	26	50	9	14	7	15	4	10	6	11
Petroleum and coal products	11	33	1	1	—	—	10	32	—	—
Rubber and miscellaneous plastics products	12	44	8	35	2	3	—	—	3	13
Leather and leather products	3	14	1	3	—	—	2	11	—	—
Stone, clay, and glass products	14	36	3	4	4	5	7	27	—	—
Primary metal industries	39	160	3	25	12	33	22	87	4	18
Fabricated metal products	20	39	3	5	7	10	5	11	5	14
Industrial machinery and equipment	25	89	7	39	6	15	10	26	2	9
Electronic and other electric equipment	43	234	14	121	18	75	8	14	4	26
Transportation equipment	66	755	19	80	19	125	18	359	10	191
Instruments and related products	6	15	2	7	4	8	—	—	—	—
Miscellaneous manufacturing industries	5	8	3	5	1	2	—	—	1	1
Nonmanufacturing	811	3,961	227	901	264	1,359	214	1,035	126	769
Mining	6	74	1	65	2	4	3	69	1	1
Construction	354	1,020	109	250	125	382	116	377	19	40
Transportation, except railroads and trucking	47	259	4	18	8	51	12	66	24	129
Railroad transportation	27	354	—	—	—	—	1	2	26	352
Trucking and warehousing	11	338	8	187	1	2	2	150	—	—
Communications	37	517	6	11	21	472	6	21	4	13
Electric, gas, and sanitary services	75	225	26	68	25	73	13	33	13	54
Wholesale trade	10	38	1	25	3	4	3	5	3	4
Retail trade, except eating and drinking places	119	578	44	169	37	184	29	193	9	32
Eating and drinking places	6	23	1	3	3	12	2	8	—	—
Finance, insurance, and real estate	24	131	6	53	3	37	9	27	6	15
Services, except hotels and health services	38	150	4	15	13	29	9	22	12	84
Hotels and other lodging places	13	99	2	5	4	17	6	53	1	25
Health services	44	155	15	33	19	93	3	11	8	20
State and local government	684	2,576	336	1,349	180	642	45	167	185	669
State government	186	1,065	110	738	58	311	11	51	19	81
Local government	498	1,512	226	612	122	331	34	116	166	589

[1] Totals may be less than the sum of the data for individual years because 89 agreements covering 371,000 workers have both reopenings and expirations in the reference period.

[2] Includes agreements that were due to expire between October 1 and December 31, 1990; agreements that expired prior to October 1, 1990, but for which new agreements were not reached by then; agreements that expired prior to October 1, 1990, 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. Dashes indicate no agreements or workers covered.

creases. They are not incorporated into the wage rate and, therefore, frequently are not considered when calculating benefits based on wage rates, such as pensions or life insurance. Contracts that have these provisions typically provide smaller wage rate adjustments than those that do not. For example, in the first 9 months of 1990, settlements with lump-sum payments called for wage rate adjustments averaging 2.3 percent annually over the contract term, compared to 3.9 percent in those without lump-sum provisions.

Lump sums are currently provided by major agreements covering about 2,473,000 workers in private industry, or 42 percent of all those under major agreements. This is about the same proportion as in each of the last 4 years for which data are available. (See table 3.)

Table 2. **Calendar of major collective bargaining activity**

[Workers in thousands]

Year and month	Agreement expirations and/or scheduled wage reopenings[1]		Principal industries
	Number	Workers covered	
All years[2]	1,922	8,483	....
Total 1991[3]	687	2,820	....
January	15	42	None
February	19	140	Bituminous coal, food stores, primary metals manufacturing
March	51	475	Trucking, State government construction
April	50	187	Construction, local government
May	78	271	Construction, apparel and other textile products
June	268	1,080	State and local government, electrical products, food stores
July	37	91	Local government
August	54	174	Local government, apparel and other textile products, electrical products
September	45	161	Local government, industrial machinery and equipment
October	18	53	Food stores
November	14	42	Food stores, electrical products
December	40	110	Local government
Total 1992	569	2,375	....
January	17	40	None
February	17	88	Food stores
March	37	82	Construction
April	62	178	Construction, airlines
May	69	334	Communications, construction, electrical products
June	187	742	State and local government, construction, health services
July	21	47	Construction
August	53	417	Communications, local government
September	38	135	Food stores, State and local government
October	19	113	Aircraft manufacturing
November	16	40	None
December	33	159	State and local government, real estate operations
Total 1993 and later	381	1,836	....
Year unknown or in negotiation[4]	374	1,823	....

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

[2] See note 1, table 1.

[3] Includes two agreements covering 6,000 workers which have both a wage reopening and an expiration scheduled in 1991.

[4] See note 2, table 1.

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

Trends in COLA *coverage.* Cost-of-living adjustment clauses covered about 39 percent (2.3 million out of 5.9 million) of private industry workers under major agreements as of October 1, 1990. (See tables 4 and 5.) The proportion under COLA's has been between 38 percent and 40 percent for the past 5 years, following a drop from the peak of 61 percent in 1977. The proportion declined gradually from 1977 through 1984, mainly because of employment losses in industries in which COLA clauses were common. During the early 1980's, COLA clauses were generally maintained, but a variety of constraints were imposed which limited the size of payments. Because of these limits on COLA's and moderate increases in prices, some COLA clauses yielded little or no COLA pay increases. As a result, many labor negotiators were willing to trade COLA clauses for other benefit improvements, and thus, during negotiations in 1985 and 1986, COLA clauses were dropped from several contracts.

Deferred wage changes in 1991. Of the 8.5 million workers covered by major collective bargaining agreements, 3.7 million (43 percent) are scheduled to receive specified wage increases in 1991, averaging 3.8 percent. (See tables 6 and 7.) This year, 2.8 million private industry workers (47 percent of the total) are slated to receive deferred wage increases averaging 3.6 percent, under contracts negotiated earlier. About 963,000 State and local government workers (37 percent of the total) will receive deferred wage increases averaging 4.5 percent. There are no wage decreases scheduled this year in either private industry or government.

Expiring and reopening agreements

In addition to considering the general economy and trends in collective bargaining, negotiators will take into account what their expiring or reopening agreements have yielded.

Private industry. The following tabulation shows, for agreements expiring or reopening in 1991, total average percent annual wage adjustments—specified adjustments plus changes from COLA clauses—through September 1990. It also shows average percent annual specified wage adjustments only (excluding adjustments from COLA clauses).

	Total	Specified only
Private industry	3.0	2.6
Contracts with COLA's	3.2	2.0
Contracts without COLA's	2.9	2.9

Contracts expiring or reopening in 1991 had specified wage adjustments averaging 2.6 percent a year. When COLA's through September 1990 were added to them, total adjustments averaged 3.0 percent. Comparable figures for contracts expiring or reopening in 1990 were 2.1 percent, a record low for this measure, and 3.0 percent. Adjustments for contracts with COLA's and for all contracts combined may change as a result of potential COLA adjustments that occur between October 1, 1990, and the dates of the contracts' reopening or expiration.

State and local government. Total wage adjustments under State and local government contracts expiring or reopening in 1991 averaged 5.1 percent annually. The effect of COLA's on the adjustments is insignificant because few State and local government workers have COLA protection.

1991 issues

The remainder of this article describes the issues that will face bargainers in industries with large concentrations of workers in 1991.

State and local government. Approximately 1,350,000 workers are covered by 336 major State and local government contracts that will expire or reopen in 1991. They include 738,000 workers under 110 State contracts and 612,000 workers under 226 local government contracts. Expiring contracts account for about 52 percent of the 2.6 million workers under all major State and local government agreements, compared with 35 percent in 1990 and 39 percent in 1989.

In State government, 70 percent of the workers under contracts scheduled for negotiation in 1991 are in four States: New York (202,000 workers), California (137,000 workers), Florida (104,000 workers), and Pennsylvania (76,000 workers). In contrast to this concentrated bargaining in State government, bargaining activity for local government workers is scattered throughout the country. The largest group is in Los Angeles County, where contracts covering 87,000 county employees expire or reopen in 1991.

Unions representing government workers include the American Federation of State, County and Municipal Employees,[1] which represents a variety of government workers; the National Education Association (Ind.) and the American Federation of Teachers, which chiefly represent workers in public education; the Fraternal Order of Police (Ind.) and the International Association of Fire Fighters, which represent many public protective service workers; and the Amalgamated Transit Union, which bargains for workers in public transit systems.

In State government, workers in general government administration account for 64 percent of the employees under agreements that are scheduled to expire or reopen in 1991. (These workers are employed in a variety of occupations, including secretary, administrator, accountant, craftsperson, and appraiser.) The remaining workers under State agreements slated to expire or reopen in 1991 are in health services (13 percent of the total), higher education (11 percent), protective services (11 percent), and transportation (1 percent).

In local government, primary and secondary education accounts for 63 percent of workers under expiring contracts; the majority are teachers. (Other school employees include teacher aides, bus drivers, clerical workers, custodial workers, and food service workers.) General administration accounts for an additional 20 percent and protective services 6 percent. The remaining workers are in a variety of government functions, including hospitals, social services, and recreation.

Negotiators will review what their expiring contracts yielded. State and local government contracts subject to renegotiation in 1991 provided average wage adjustments of 5.1 percent annually over their term. Average annual adjustments were 5.6 percent in local governments and 4.8 percent in State governments. As shown in table 8, expiring agreements for workers in primary and secondary education provided larger annual adjustments over the contract life than did those for all other groups.

Following are brief accounts of the largest 1991 bargaining situations in State and local government:

(1) New York State. About 202,000 New York State workers are under contracts scheduled to expire on March 31, 1991. The New York Civil Service Employees Association (part of the American Federation of State, County and Municipal Employees) represents 102,000 operational, institutional, and administrative services employees; the Public Employee Federation (Ind.) bargains for 56,000 professional and technical employees; the Association of University Professors (Ind.) represents 20,000 faculty members and other professional employees at State colleges and universities; the Amer-

ican Federation of State, County and Municipal Employees bargains for 17,700 security services employees; and the Police Benevolent Association (Ind.) bargains for 2,400 State troopers.

The New York State Court Association (Ind.), which represented 3,600 court employees and court officers in the 1988 bargaining round, folded in 1989 and was replaced by three organi-

Table 3. **Incidence of lump-sum payment provisions in major collective bargaining agreements, October 1990**

[Workers in thousands]

1988 SIC Code[1]	Industry[2]	All agreements			Agreements with lump-sum provisions	
		Number	Workers covered	Percent of workers covered by lump-sum provisions	Number	Workers covered
	Total	1,922	8,483	30	364	2,572
	Private nonagricultural industries	1,238	5,907	42	331	2,473
10	Metal mining	3	6	100	3	6
12	Bituminous coal and lignite mining	3	68	3	1	2
15	Building construction general contractors	115	439	0	–	–
16	Construction other than building construction	101	287	0	–	–
17	Construction—special trade contractors	138	293	0	–	–
20	Food and kindred products	52	134	36	20	48
21	Tobacco manufacturing	3	13	100	3	13
22	Textile mill products	7	22	0	–	–
23	Apparel and other finished products	27	197	1	1	2
24	Lumber and wood products, except furniture	11	24	76	9	18
25	Furniture and fixtures	4	4	0	–	–
26	Paper and allied products	35	47	76	26	35
27	Printing, publishing, and allied industries	18	28	10	2	3
28	Chemicals and allied products	26	50	17	5	8
29	Petroleum refining and related industries	11	33	5	1	2
30	Rubber and miscellaneous plastics	12	44	14	3	6
31	Leather and leather products	3	14	23	1	3
32	Stone, clay, glass, and concrete products	14	36	27	6	10
33	Primary metals industries	39	160	76	23	122
34	Fabricated metal products	20	39	47	8	19
35	Machinery, except electrical	25	89	79	17	70
36	Electrical machinery equipment and supplies	43	234	80	23	187
37	Transportation equipment	66	755	93	48	698
38	Instruments and related products	6	15	26	1	4
39	Miscellaneous manufacturing industries	5	8	0	–	–
40	Railroad transportation	27	354	99	25	350
41	Local and urban transit	4	11	0	–	–
42	Motor freight transportation	11	338	44	2	150
44	Water transportation	14	52	0	–	–
45	Transportation by air	29	196	35	9	68
48	Communications	37	517	52	21	271
49	Electric, gas, and sanitary services	75	225	12	8	26
50	Wholesale trade—durables	3	6	0	–	–
51	Wholesale trade—nondurables	7	32	79	1	25
53	Retail trade—general merchandise	14	60	38	2	23
54	Food stores	94	491	34	41	167
55	Automotive dealers and service stations	4	7	0	–	–
56	Apparel and accessory stores	2	6	0	–	–
58	Eating and drinking places	6	23	0	–	–
59	Miscellaneous retail stores	5	14	0	–	–
60–65	Finance, insurance, and real estate	24	131	28	3	36
70–89	Services	95	404	24	18	98
	State and local government	684	2,576	4	33	98

[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: Because of rounding, sums of individual items may not equal total and percentages may not equal numerical worker ratios. Dashes indicate absence of lump-sum coverage.

zations: the New York Court Association (Ind.), representing 1,100 court officers; the New York State Supreme Court Officers Association, affiliated with the International Longshoremen's Association, representing 1,100 senior court officers; and the New York State Court Clerks Association (Ind.), representing 1,350 senior court clerks.

The first settlement in the last bargaining round for New York State workers was reached in April 1988 by the State, County and Municipal Employees union, which bargained for 17,700 security services employees. Among the terms provided for in their 3-year agreement were average general wage increases of 4 percent on April 27, 1988, 1 percent on December 1, 1988, 5 percent on April 1, 1989, and 5.5 percent on April 1, 1990; and lump-sum payments of $52 in both 1988 and 1989 for employees in grade 9 and below. Under the health insurance plan, the parties agreed to establish a copayment for doctors' visits and increase the drug copayment.

Subsequent 3-year accords were negotiated by the five other labor organizations between May 1988 and January 1989. These contracts all provided for a 5-percent wage increase effective on or retroactive to June 6, 1988, another 5-percent increase on April 1, 1989, and a 5.5-percent raise on April 1, 1990. Under the Civil Service Employees Association's contracts, which covered 102,000 workers, other terms included establishing employee copayments for health care under the HMO—10 percent for individual coverage and 25 percent for family coverage; establishing a $5 fee per individual for office visits, outpatient surgery, and laboratory charges by participating providers; increasing the waiting period for new employees to enroll in a health insurance program from 28 to 42 days; and raising the out-of-pocket (catastrophic) maximum payment for each individual family from $500 to $625.

Collective bargaining talks in 1991 for New York State workers will be affected by the State's budget deficit. In an effort to reduce the deficit, Governor Mario M. Cuomo proposed, in November 1990, to lay off 10,000 State employees by April 1992 and announced plans to furlough State employees for 5 days without pay during the remainder of the 1990–91 fiscal year (which ends on March 30, 1991).

(2) California. Approximately 137,000 California State employees are covered by contracts expiring or reopening on June 30, 1991. The California State Employees Association, affiliated with the Service Employees International Union, bargains for 61,000 clerical, office, administrative, custodial, engineering and technical, school, and health care employees; the California Faculty Association (Ind.) negotiates for 19,000 university and college faculty members; the State, County and Municipal Employees bargains for 3,000 professional and health and social service employees; and 10 other unions negotiate for the remaining 54,000 employees (employed in health care, legal, scientific, blue-collar, and protective service positions).

The California State Employees Association and the State concluded their previous bargaining round in May 1989. The 3-year contract provided wage adjustments of 6 percent on June 1, 1989, and 4 percent on January 1, 1990. It also introduced a clause that called for a January 1, 1991, wage increase between 3 and 5 percent, with the actual rate depending on the increase in the Consumer Price Index for Urban Consumers, and provided a wage and benefit reopener on June 1, 1991. First- and second-shift differentials were increased to 40 cents an hour from 25 cents and to 50 cents an hour from 35 cents, respectively. (Similar terms were negotiated for the 54,000 employees represented by various independent unions and 3,000 employees represented by the State, County and Municipal Employees union.)

For the remaining 19,000 employees represented by the California Faculty Association (Ind.), a separate 4-year agreement was negotiated with the California State University. The contract provided a 6.9-percent wage increase on July 1, 1987. Salary increases for subsequent years, which the contract set to those officially adopted by the California Post-Secondary Education Commission, were 4.7 percent on January 1, 1988, 4.8 percent on January 1, 1989, and 4.9 percent on January 1, 1990.

Union representatives will be dealing with a new State administration under Governor Pete Wilson. When this article went to press, the newly elected Governor had not announced a position on this year's negotiations.

(3) Pennsylvania. About 76,000 Pennsylvania State employees are under contracts also set to expire on June 30, 1991. Seventy-five percent of these workers are represented by the American Federation of State, County and Municipal Employees, 14 percent by the Service Employees International Union, and the remaining workers by the Pennsylvania Nurses Association, the United Food and Commercial Workers, and the International Brotherhood of Teamsters.

The contract with the American Federation of State, County and Municipal Employees was negotiated on July 28, 1988. The agreement called for wage increases of 5 percent on July 1 of 1989 and 1990 and 1 percent on January 1, 1991, for all employees; an additional 5 percent on July 1, 1988, and 1 percent on January 1, 1989, for employees hired prior to June 30, 1988; modification of the longevity pay scheme to provide 35 steps, set at 1-year intervals with a 1.25-percent pay increment at each step (previously, there were 7 steps at 5-year intervals with a 4.25-percent increment at each step); extension of parental leave to fathers and adoptive parents; a 13-cent-an-hour increase over the term (to 40 cents an hour per employee) in the State payment to the health and welfare fund; a $935 increase over the term (to $2,585 per employee) in the annual State payment towards health insurance; and the establishment of a joint committee to review leave policy.

The contract with the Service Employees International Union, agreed to on July 21, 1988, after a 19-day work stoppage, provided terms generally similar to those of the State, County and Municipal Employees' contract. The 3-year contract called for wage increases of 4.1 percent on July 18, 1988, and 5 percent on July 1 of 1989 and 1990 for all employees; and additional increases on January 1 of 1989, 1990, and 1991 of 1 percent, 1.25 percent, and 1.25 percent, respectively, for employees hired prior to January 1, 1988. In addition, the parties agreed to an 11-cent-an-hour increase over the term (to 40 cents an hour per employee) in the State's payment to the health and welfare fund and a $935 increase over the term (to $2,585 per employee annually) in the State's payment to the hospital medical surgical trust fund.

The Pennsylvania Nurses Association's settlement, covering 3,200 workers, was reached on August 14, 1988. It differed from the State, County and Municipal Employees' agreement in that it provided an additional 1-percent general wage increase on January 1, 1990; a 15-cent-an-hour increase over the term (formerly 60 cents) in second- and third-shift differentials; $275 increases over the term in annual tuition reimbursement for general courses (to $800) and for specialized courses (to $900); and a 13-cent-an-hour increase (to 40 cents an hour) in the State's payment to the health insurance fund. It also established a $350 professional certification payment on July 1, 1988, increasing to $500 over the term.

On September 23, 1988, the United Food and Commercial Workers, representing 2,900 liquor store clerks, signed a 3-year contract that provided for six semiannual $500 lump-sum payments for cashiers, beginning on July 1, 1988, and $500 lump-sum payments for employees who earn at least $11 an hour (employees at the top of the wage progression) on July 1, 1990, and January 1, 1991. Other terms included anniversary step increases for all eligible employees during the term of the agreement; a $30.85 increase over the term (to $75) in the State's monthly payment to the health and welfare fund for full-time employees and a $26.35 increase over the term (to $55) for part-time employees; and a reduction in life insurance benefits for active employees, to 65 percent of standard benefits at age 70 and 50 percent at age 75.

The International Brotherhood of Teamsters, representing 1,500 Pennsylvania Turnpike Authority employees, negotiated a separate 3-year agreement in November 1988. The contract called for wage increases of 4 percent on October 1 of 1989 and 1990 and a $1 increase (to $6) in the daily meal allowance.

Although neither side has announced a position for this year's bargaining, fiscal and job security concerns are likely to color negotiations.

(4) Florida. About 104,000 Florida State government workers are covered by 10 contracts scheduled to be reopened in June 1991. The American Federation of State, County and Municipal Employees represents 72 percent of the workers, and two independent organizations—the Police Benevolent Association (16 percent) and the National Education Association (12 percent)—represent the remaining employees.

All State, County and Municipal Employees' contracts, except the State university agreement, were negotiated in August 1990, with reopenings in June 1991. They provided for a 3-percent general wage increase on January 1, 1991. The agreement for 11,000 employees in the State university system was negotiated in September 1989, with a reopener in June 1991. It provided for a 4-percent general wage increase on January 1, 1990.

Florida's new administration, under recently elected Governor Lawton Chiles, had not taken a public position on this year's bargaining when this article was written.

(5) Los Angeles County. About 87,000 Los Angeles County employees are under 15 contracts scheduled to expire or reopen in 1991. Of the 15 agreements, 4 cover school personnel and expire or reopen on June 30. The other 11 agreements—all involving functions other than education—expire on September 30. Labor organizations representing these employees are the Service Employees International Union (49,000 workers); the Unified Teachers-Los Angeles, affiliated with both the National Education Association (Ind.) and the American Federation of Teachers (30,000 workers); the California State Employees Association (6,000 workers); and the State, County and Municipal Employees (2,000 workers).

Table 4. **Incidence of cost-of-living adjustment (COLA) clauses in major collective bargaining agreements, October 1990**

[Workers in thousands]

1988 SIC Code[1]	Industry[2]	All agreements: Number	All agreements: Workers covered	All agreements: Percent of workers covered by COLA clauses	Agreements with COLA clauses: Number	Agreements with COLA clauses: Workers covered
	Total	1,922	8,483	30	309	2,524
	Private nonagricultural industries	1,238	5,907	39	249	2,284
10	Metal mining	3	6	0	–	–
12	Bituminous coal and lignite mining	3	68	0	–	–
15	Building construction general contractors	115	439	(3)	1	2
16	Construction other than building construction	101	287	0	–	–
17	Construction—special trade contractors	138	293	1	2	4
20	Food and kindred products	52	134	7	4	9
21	Tobacco manufacturing	3	13	100	3	13
22	Textile mill products	7	22	16	1	4
23	Apparel and other finished products	27	197	49	17	96
24	Lumber and wood products, except furniture	11	24	6	1	1
25	Furniture and fixtures	4	4	0	–	–
26	Paper and allied products	35	47	0	–	–
27	Printing, publishing, and allied industries	18	28	37	7	11
28	Chemicals and allied products	26	50	11	3	6
29	Petroleum refining and related industries	11	33	0	–	–
30	Rubber and miscellaneous plastics	12	44	86	9	38
31	Leather and leather products	3	14	0	–	–
32	Stone, clay, glass, and concrete products	14	36	42	9	15
33	Primary metals industries	39	160	20	9	32
34	Fabricated metal products	20	39	65	12	25
35	Machinery, except electrical	25	89	78	16	70
36	Electrical machinery equipment and supplies	43	234	58	20	135
37	Transportation equipment	66	755	91	49	689
38	Instruments and related products	6	15	26	1	4
39	Miscellaneous manufacturing industries	5	8	27	1	2
40	Railroad transportation	27	354	99	25	350
41	Local and urban transit	4	11	12	1	1
42	Motor freight transportation	11	338	99	8	334
44	Water transportation	14	52	31	4	16
45	Transportation by air	29	196	3	2	7
48	Communications	37	517	46	13	237
49	Electric, gas, and sanitary services	75	225	12	10	26
50	Wholesale trade—durables	3	6	0	–	–
51	Wholesale trade—nondurables	7	32	79	1	25
53	Retail trade—general merchandise	14	60	40	2	24
54	Food stores	94	491	0	–	–
55	Automotive dealers and service stations	4	7	0	–	–
56	Apparel and accessory stores	2	6	0	–	–
58	Eating and drinking places	6	23	0	–	–
59	Miscellaneous retail stores	5	14	15	1	2
60–65	Finance, insurance, and real estate	24	131	51	6	67
70–89	Services	95	404	9	11	38
	State and local government	684	2,576	9	60	240

[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.

[3] Less than 0.5 percent.

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

The Unified Teachers-Los Angeles concluded its last round of bargaining on June 19, 1988, after a 9-day work stoppage. The 3-year contract, covering 30,000 teachers and other school employees, provided for wage increases of 8 percent retroactive to July 1, 1988, and 8 percent on July 1 of 1989 and 1990.

The two school board agreements with the Service Employees International Union, which cover 16,000 teachers and related school employees, were last negotiated in January and February 1990. Besides calling for a wage reopening on July 1, 1991, the 2-year pacts provided for wage increases of 8 percent retroactive to July 1, 1989, and 8 percent on July 1 of 1990. The nine other agreements with this union were also 2-year accords reached between January and February 1990. The agreements, covering 33,000 administrative, blue-collar, health service, and clerical and office employees, called for wage increases of 3 percent retroactive to November 1, 1989, 3 percent on October 1, 1990, and 2.75 percent on July 1, 1991. The clerical and office employees' agreement also provided for a 10-cent-an-hour increase over the term (to 50 cents) in the shift differential.

It is not unusual for bargaining for State and local government workers to extend well beyond the expiration date of the preceding contract. In part, this reflects the time-consuming bargaining process in the public sector. After an agreement is negotiated by the executive branch, it is frequently sent to the legislature or a special agency for appropriation of funds. There are about 669,000 State and local government workers under 185 agreements that expired or reopened in 1990 or earlier but for whom new contracts had not been concluded by September 30, 1990. Thus, the 1991 bargaining scene in State and local government will include both contracts scheduled for talks during the year and some that expired earlier. If previous years' experience holds true, some contracts expiring or reopening in 1991 will not be resolved before the end of the year.

Private industry. Major contracts scheduled to expire or be reopened in private industry are in the construction, trucking, wholesale and retail trade, apparel, electronic and electrical equipment, and coal mining industries.

(1) Construction. Approximately 250,000 construction workers are covered by the 109 major contracts scheduled to expire or be reopened in 1991. As usual, the bargaining lineup is heaviest in the spring, with contracts expiring or reopening in March, April, and May accounting for 77 percent of the workers. The Northeast and East North Central regions (especially New York, Illinois, and Pennsylvania), with 63 percent of the workers under terminating or reopening contracts, will have the busiest schedules.

Individual construction firms are generally represented in bargaining by local or regional branches of national employer associations, such as the Associated General Contractors or the National Electrical Contractors Association. Union workers are generally organized by craft—plumbers, carpenters, cement workers, and so forth. Although separate agreements may be reached with each union, settlements within a region tend to have similar economic terms, regardless of craft, reflecting local economic conditions.

According to Bureau of the Census data, the value of new nonresidential construction, in which most union workers are employed, rose to $103.4 billion in 1989 from $97.1 billion in 1988. For the first 9 months of 1990, it continued to increase to $77.1 billion, compared to $76.3 billion for the same period in 1989. However, the economic state of the construction industry has shown signs of weakening since August. The value of new nonresidential construction fell at a seasonally adjusted annual rate of 4.3 percent from July to August 1990 and dropped an additional 2.3 percent in September, compared to an increase of 2.7 percent from July to September 1989. Seasonally adjusted employment in the industry in October 1990 was down 2.6 percent from October 1989. The seasonally adjusted unemployment rate for construction workers was 13.2 percent in October 1990, up from 9.3 percent a year earlier.

Negotiators in 1991 will take into consideration the terms of their expiring contracts. Construction settlements expiring or reopening in 1991 yielded an average annual negotiated wage rate adjustment of 3.1 percent over their term. Adjustments (in percent) varied by region, as shown in the following tabulation:

All agreements	3.1
Northeast	4.2
New England	3.8
Mid-Atlantic	4.4
Midwest	3.4
East North Central	3.5
West North Central	2.8
South	.9
South Atlantic	1.7
South Central	.0
West	1.8
Mountain	.1
Pacific	2.5
Agreements covering workers in more than one region	2.2

Adjustments also varied by type of construction. Over their term, expiring contracts yielded average annual wage adjustments of 3.2 percent in general building, 2.9 percent in heavy construction other than building, and 3.1 percent in special trades.

Construction settlements reached in the first 9 months of 1990 provided wage rate adjustments averaging 4.3 percent annually over the life of the contract, the highest since the 6.3 percent recorded in 1982. Following an all-time low of 1.0 percent in 1984, annual wage rate adjustments over the life of the contract had fluctuated between 2.1 percent and 3.1 percent from 1985 to 1989. While settlements in the first 9 months of 1990 suggest an upswing in the size of negotiated wage and benefit changes, virtually all were reached in the spring and early summer, before the slowdown in construction activity.

The late 1990 drop in construction activity reflected a general economic slowdown exacerbated by the savings and loan crisis and general concern about interest rates. According to a survey released in September 1990 by Manpower Inc., the construction industry is facing its first negative yearend hiring forecast since 1982, when its rate of unemployment was at a peak for the decade.

As always, the 1991 bargaining results are expected to reflect local economic conditions. The northeast corridor, which has been the region hardest hit by the latest construction downturn, is also the geographic area with the heaviest 1991 bargaining agenda.

Table 5. **Workers under cost-of-living adjustment (COLA) clauses in major collective bargaining agreements in private industry, 1971–91**

[Numbers in millions]

Year[1]	Total workers	With COLA coverage	
	Number	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 (preliminary)[3]	5.9	2.3	39

[1] Data relate to December 31 of preceding year.

[2] Percent coverage was computed on actual rather than rounded employment numbers.

[3] Data relate to information available as of Oct. 1, 1990.

(2) Trucking. Nearly 187,000 workers are under major collective bargaining agreements in the trucking industry scheduled to expire in 1991. They account for 61 percent of all workers covered by major contracts in the industry. Bargaining will be dominated by the March 1991 expiration of the Master Freight Agreement for 150,000 workers. This will be the 10th Master Freight Agreement (the first was negotiated in 1969) between the International Brotherhood of Teamsters and three employers groups—Trucking Management Inc., the Motor Carrier Labor Advisory Council, and Regional Carriers, Inc. Two other major Teamster contracts expire in 1991: the National Auto Transporters Agreement for 20,000 workers, in May, and the Chicago Joint Area Cartage Agreement for 10,000 workers, in March. The remaining 7,000 workers are covered by four contracts with four different unions.

The National Master Freight Agreement specifies wage changes, employer contributions to benefit plans, and most other economic terms. Supplemental agreements cover actual wage rates, the allocation of funds to health and welfare plans, and most work rules. Local exceptions to some national economic terms and work rules are set in various addenda.

The 1988 Master Freight Agreement was controversial. The settlement terms were strongly criticized by some segments of the union, particularly the Teamsters for a Democratic Union, a dissident group. Criticism intensified when Teamster leaders announced ratification of the contract, although 64 percent of the employees had voted to reject it. The union's general executive board declared that it was invoking the "two-thirds" rule, written into the union constitution in 1961, requiring that 66 percent vote against a contract for it to be rejected. Some union members challenged the acceptance of the contract in the courts. The issue was resolved when the Teamsters' executive board agreed that future contracts would require a simple majority vote for ratification.

The pact reached in May 1988 provided a 35-cent-an-hour wage increase retroactive to April. It restored the COLA clause that was suspended in 1985. (The 1985 agreement provided "guaranteed COLA's"—specified amounts independent of changes in the CPI.) The 1988 COLA formula provided 1 cent for each 0.3-point change in the BLS CPI-W (1967 = 100), capped at 35 cents each year. In April 1989 and 1990, it yielded the maximum allowed 35 cents. The agreement also called for increases in the employer contribution to pensions and health and welfare funds of 35 cents per hour the first year and 20 cents an hour in both the second and third year of the contract.

The accord introduced two provisions that had generated dissatisfaction among many workers.

The first stated that if 75 percent of the employees of nonprofitable trucking companies agreed, the workers could take a 15-percent pay cut in exchange for a promised share of any future profits. Under the second provision, drivers would be required to pay for the loss of freight or truck damage if proven grossly negligent by the company.

Job security has been a continuing concern since the industry was deregulated. The Motor Carrier Act of 1980 made it easier for new companies to enter the industry. The act also relaxed rate regulations. The subsequent intensified competition and rate discounting led to a rise in motor-carrier failures. Union negotiators will try to protect workers displaced by these business failures, while seeking improvements in pension and health and welfare benefits.

The 1991 contract talks will be held during a period of major political change within the Teamsters organization. The rank and file are scheduled to have their first direct election of a union president in December 1991. The election will be conducted under government supervision. Although the candidates and their views are not all known at this time, there will be a change in leadership. William McCarthy, the current union president, announced on October 10, 1990, that he will not seek reelection. The influence of the pending election on the negotiations and the subsequent ratification process is unknown.

(3) Wholesale and retail trade. About 197,000 workers in the wholesale and retail trade industry are covered by 46 contracts that are scheduled to expire or have provisions for reopening this year. Approximately 123,000 workers are employed in food stores. The balance of the employees work in wholesale trade, department stores, clothing stores, automotive dealers, eating and drinking places, and drug stores.

Seventy-seven percent of the workers under agreements in trade expiring in 1991 are represented by the United Food and Commercial Workers. The remainder are represented by the International Brotherhood of Teamsters; the Service Employees International Union; the International Association of Machinists; the Retail, Wholesale and Department Store Workers; and the International Ladies' Garment Workers Union.

The last time the parties negotiated, the contracts provided overall wage adjustments averag-

Table 6. **Scheduled deferred wage changes under major collective bargaining agreements in 1990, by industry**

Selected industry	Number of agreements	Number of workers (thousands)	Mean change[1]						Median change	
			Total		With COLA's		Without COLA's			
			Cents	Percent	Cents	Percent	Cents	Percent	Cents	Percent
Total[2]	902	3,748	59.3	3.8	42.6	3.1	63.9	4.0	50.0	3.6
All private nonagricultural industries	649	2,785	56.0	3.6	40.7	3.0	60.6	3.8	46.8	3.4
Manufacturing[3]	202	669	42.9	3.3	39.6	2.7	44.6	3.6	40.0	3.0
Food and kindred products	24	46	38.7	3.2	38.3	3.0	38.7	3.2	40.0	3.0
Apparel and other textile products	6	52	17.3	2.6	–	–	17.3	2.6	15.0	2.3
Metalworking	86	380	45.6	3.4	39.5	2.7	51.7	4.0	44.0	3.0
Nonmanufacturing[4]	447	2,116	60.2	3.7	41.3	3.1	64.7	3.8	50.0	3.6
Construction	224	710	84.7	4.0	100.0	4.1	84.6	4.0	75.0	3.7
Transportation and public utilities	78	740	44.0	2.9	38.7	2.9	48.8	2.8	38.2	2.6
Wholesale and retail trade	75	372	39.8	3.7	50.0	4.9	39.8	3.7	40.0	3.5
Finance, insurance, and real estate	12	62	50.7	4.3	58.6	4.8	41.1	3.9	58.7	4.8
Services	54	224	73.4	5.0	51.8	4.6	74.4	5.1	65.6	5.0
State and local government	253	963	68.6	4.5	49.5	3.4	72.9	4.8	52.7	4.3

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

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

[3] Includes workers in the following industry groups for which data are not shown separately: tobacco (12,000); lumber (20,000); furniture (2,000); paper (30,000); printing (14,000); chemicals (25,000); petroleum (33,000); rubber (1,000); leather (14,000); stone, clay, and glass products (32,000); instruments and related products (8,000); and miscellaneous manufacturing (2,000).

[4] Includes 8,000 workers in the mining industry for which data are not shown separately to ensure confidentiality of data.

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

ing 2.9 percent a year over their term. Settlements varied by type of business and region; there were no industrywide patterns.

In food stores, wage adjustments averaged 2.8 percent annually over the term of contracts expiring in 1991, but varied substantially, ranging from cuts of 6.9 percent to increases of 5.4 percent. Contracts for 34 percent of the workers provided lump-sum payments and yielded annual wage rate adjustments averaging 1.4 percent, compared with 3.5 percent for those without lump-sum provisions.

Bargainers will likely examine recent developments in settlements in the industry—most notably, the trading of lump-sum payments for wage rate increases in some contracts. In the first 9 months of 1990, five contracts, covering 51 percent (89,000) of the 175,000 workers under food store settlements, eliminated lump-sum provisions. These included one agreement for 73,000 workers between the United Food and Commercial Workers and the Food Employers Council of Southern California in which lump sums were traded for larger wage increases. Specifically, the expiring 3-year contract had provided lump-sum payments ranging from $300 to $1,500 and wage rate increases between 32.5 cents to 50 cents per hour over the contract life. The 1990 accord does not call for a lump-sum payment but raises wage rates by $1.65 an hour over the life of the 38-month agreement. Six settlements, for 13,000 workers, maintained a lump-sum payment clause, while one, covering 1,600 workers, introduced such a clause. Among all workers covered by agreements in food stores, the proportion with lump-sum provisions dropped from 52 percent as of December 31, 1989, to 34 percent as of September 30, 1990.

The United Food and Commercial Workers will represent nearly 27,000 clerks and meatcutters in New England, in negotiations for eight contracts with five major food store chains—Stop & Shop, A&P, Foodmart, First National, and Star Markets. These contracts account for the largest number of food store workers under contracts slated for negotiation in 1991. The expiring 3-year contracts provided wage increases ranging from $85 to $105 a week for full-time employees and from 90 cents to $1.10 an hour for part-time workers.

Almost 60 percent of the workers covered by major agreements in department stores are scheduled to bargain in 1991. Talks are slated for Bloomingdale's in New York with the Retail, Wholesale and Department Store Union and for Meijer in Michigan, Bradlee's in New England and New Jersey, and Filene's in New England with the United Food and Commercial Workers. The expiring contracts, covering 36,000 workers, provided wage increases averaging 4.0 percent over their term.

Job security is certain to be an issue because of the poor financial condition of several chains stemming from the huge debts incurred by the leveraged buyouts of the 1980's. (In a leveraged buyout, some of the assets of the purchased company, notably real estate, may be sold to help finance the buyout.) Increasing losses have prompted closing of all Gimbel's and Garfinkel's stores and of branches of other chains such as Ames and Bradlee's. Others, including Bloomingdale's, are facing financial difficulties. In addition, recent lackluster sales, stemming from declining consumer confidence and the fear of a recession, have heightened concerns about job security.

(4) Apparel. Approximately 138,000 workers in the apparel manufacturing industry are cov-

Table 7. **Deferred wage increases scheduled in 1991 in major collective bargaining agreements, by month**

[Workers in thousands]

Effective month	Workers covered[1]	Principal industries
January–December	[2]3,748	
January	621	State and local government, steel, manufacturing, construction
February	135	Petroleum refining
March	233	Apparel and other textile products, local government
April	186	Food stores, construction
May	470	Communications, construction, electrical products, food stores
June	348	Construction, electric and gas utilities
July	785	State and local government, construction, health services
August	527	Communications, parcel delivery, food stores
September	249	Communications, local government
October	292	Aircraft manufacturing, food stores, State and local government
November	59	(3)
December	82	(3)

[1] Includes 963,000 workers under State and local government agreements.

[2] This total is smaller than the sum of individual items because 232,000 workers are scheduled to receive two increases and 2,500 are scheduled to receive three or more increases in 1991. It is based on data available as of October 1, 1990, and thus may understate the number of workers scheduled to receive deferred increases for the entire year.

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

ered by contracts that expire in 1991. These include 96,000 workers in the women's apparel industry whose agreements expire in the spring and 42,000 workers in the men's apparel industry whose agreements expire in August. These contracts account for 70 percent of all workers under major agreements in the apparel industry.

Workers in the women's apparel industry will be represented by the International Ladies' Garment Workers Union in bargaining with several associations of manufacturers, including the New York Coat and Suit Association, United Better Dress Association, Atlantic Apparel Contractors, and Greater Blouse, Skirt and Undergarment Association. The Amalgamated Clothing and Textile Workers Union will represent workers under the Cotton Garment Agreement, which includes men's apparel manufacturers such as Arrow, Hathaway, Manhattan, Jay-Mar Ruby, and Cotler.

The negotiators will represent different unions and employer groups, but will face similar economic conditions. Employment in the apparel industry has been declining steadily, from a peak of 1.4 million workers in 1973 to 1.1 million in 1989, dropping to 1.0 million in October 1990. The seasonally adjusted unemployment rate in October 1990 was 10.0 percent, compared to 7.1 percent a year earlier. Over the last decade, the domestic apparel manufacturing industry has faced growing competition from lower priced imports. The Department of Commerce estimates that imports have increased from 2,884.2 million square yard equivalents[2] in 1980 to 6,728.9 million square yard equivalents in 1989.

Table 8. **Average annual wage rate adjustments over the life of State and local government contracts subject to renegotiation in 1991**

[Percent]

Category	Average adjustment
All State and local government	5.1
State government	4.8
Local government	5.6
Education	5.6
Colleges and universities	3.9
Primary and secondary schools	6.0
General government and administration	4.8
Protective services	5.1
Health care	5.2
Transportation	5.1
Other	4.3
State and local government, excluding education	4.9
State government, excluding education	4.9
Local government, excluding education	4.9

In the last round of bargaining, in June 1988, the Ladies' Garment Workers Union reached settlements with the New York Coat and Suit Association and the Infants', Children's and Girls' Sportswear and Coat Association that set the pattern for other agreements negotiated by the union. These contracts provided wage increases of 4 percent in each of the 3 contract years. The accords also increased employer financing of pension and health and welfare funds, holiday pay, and the duration of paid funeral leave. The COLA clause was maintained, although no COLA payments had been made under the terms of the three prior contracts because the CPI had not increased sufficiently to generate any payments. (For the same reason, no COLA payments have been made under the terms of the 1988 accord.) In addition, the contract provides up to 6 months of unpaid parental leave, permitting male or female employees time off for the birth or adoption of a child, with a guarantee that the employee can return to a comparable job with the same employer.

The Cotton Garment Agreement, negotiated in March of 1990, provided for wage increases of 35 cents an hour over the 18-month contract term, improved health insurance, and increased employer payments to the health benefit fund and to the pension fund. It continued a 6-week parental leave provision that had been agreed to earlier.

Labor and management's continuing efforts to address problems associated with declines in employment and cutbacks in production will provide the backdrop for negotiations in both segments of the industry. Specific contract demands are expected to be formulated at the beginning of the year.

(5) Electronic and electrical equipment. Contracts covering approximately 121,000 workers in the electronic and electrical equipment manufacturing industry are scheduled to expire or are subject to reopening in 1991. Contracts between General Electric Co. and 13 unions,[3] covering 57 percent (69,000) of these workers, expire in June. The unions make up the Coordinated Bargaining Committee of General Electric and Westinghouse Unions, which, since its formation in 1965, has served as a vehicle for exchanging information and ideas among the unions and developing common sets of proposals for each round of negotiations.

Contracts for 14,000 Westinghouse Electric Corp. workers, represented by six unions[4] that are members of the committee, expire in August. Other major contracts slated for 1991 negotiations are Raytheon Co. with the International Brotherhood of Electrical Workers, for 10,500 workers in August, and Hughes Aircraft Co. and the United Brotherhood of Carpenters and Joiners of America, for 10,000 workers in November. The remaining 17,000 workers are at various other companies with contracts expiring throughout the year.

The last round of talks in 1988 marked a break in tradition. The settlements reached between General Electric and the coalition of unions did not become the pattern for a settlement at Westinghouse because of major differences between the two companies in product lines and markets.

The 3-year agreement negotiated in July 1988 at General Electric included an immediate 2.5-percent general wage increase and 1.5-percent increases in June 1989 and 1990. Employees also received lump-sum payments of $165 in July 1988 and $900 in July 1989. The Westinghouse accords, reached in September 1988, provided wage increases of 3 percent in August 1989 and 1990 and lump-sum payments in September 1988 and 1989 equal to 6 percent and 3 percent, respectively, of the employee's hourly pay rate multiplied by 2,080. The contracts also differed in the improvements to the pension formulas, job and income security provisions, and life insurance benefits. However, both settlements continued their COLA clauses, which called for five semiannual reviews and adjustments of 1 cent an hour for each 0.15-percent increase in the BLS CPI–W.

All bargainers will be concerned with the yield of their expiring contracts. Overall, agreements expiring or reopening in the electronic and electrical equipment industry in 1991 specified wage-rate adjustments averaging 2.3 percent annually over the contract term. When the wage increases generated by COLA clauses through the third quarter of 1990 are added to specified changes, the total yield was 3.3 percent.

The decade of the 1980's was a period of change for many U.S. manufacturers, including major companies in the electronics and electrical products industry. Some, such as General Electric and Westinghouse, underwent substantial restructuring, diversifying and streamlining their operations to better meet the challenge of foreign competition and a changing U.S. economy. But employment in the industry has been dropping—to 1,678,000 in September 1990, compared with a 1980's high of 1,869,000 in 1984—as foreign companies have made steady gains in market share. The housing market slump, which began in the first quarter of 1990, has had an adverse effect on manufacturers of major appliances, and any Federal defense budget cutbacks relating to the budget deficit or the end of the Cold War could adversely affect manufacturers of military equipment and supplies.

Company and union representatives indicated that negotiations at General Electric tentatively are scheduled to begin the end of May to replace contracts expiring on June 30, 1991. Union goals for 1991 negotiations have not formally been established, but the Coordinated Bargaining Committee most likely will seek wage changes in each year of the contract, continuation of the COLA clause, and improved health insurance, retirement, and job security provisions.

(6) *Coal mining.* The 5-year contract negotiated by the United Mine Workers of America and the Bituminous Coal Operators Association in February 1988 states, "For the sole purpose of renegotiating changes in the hourly wage rates and pension benefits, the Union, at its exclusive option, may reopen this Agreement prior to the third anniversary of the effective date of this Agreement, by giving written notice to the Employers hereto no earlier than November 1, 1990, and no later than December 1, 1990." The union can call for another reopening in the same manner the following year.

If the contract is reopened, bargaining will take place following a decade of increasing demand, production, and productivity, but declining employment. In 1990, domestic coal production is expected to reach 1 billion tons, marking the fourth consecutive year of growth. During the past decade, the demand for coal rose at 2.5 percent per year. Nonetheless, employment in bituminous coal mining dropped from 250,000 to 135,000 in the last 10 years as productivity increased 8 percent a year, outpacing the increase in demand. Several factors contributed to the growth in productivity, including the use of an improved extraction technique, known as long wall mining, the closing of inefficient mines, and an older, better educated, and more experienced work force utilizing more technical and complex equipment.

Against this same backdrop of declining employment, the 1988 agreement provided for improved job security. Laid-off employees have the right to the first 3 of every 5 jobs available at any nonunion operations of companies that have operations covered by the contract; the right to all jobs in operations that their employer leases out to other companies; and the right to use recall rights at all of their employer's operations. (Recall rights entitle laid-off workers to jobs before new hires are considered.) The previous contract had limited recall to the Mine Workers union's district in which the lost job was located or in a contiguous district. The 1988 contract also called for new employer-financed training and education programs. In addition, hourly wages were increased 25 cents on February 1, 1988, 35 cents on February 1, 1989, and 45 cents on February 1, 1990.

In addition to covering the members of the Bituminous Coal Operators Association, the 1988 contract applied to 200 companies that had signed earlier interim agreements binding them to the terms of the Coal Operators/Mine Workers accord in return for a no-strike pledge. Some coal mining companies, which were not members of the association, were not signatories to the interim agreement. One of these was the Pittston Coal Co., which left the association in 1986 and negotiated independently to replace the contract expiring in 1988.

The major issue in negotiations between Pittston and the United Mine Workers centered on the company's withdrawal from the industry health and welfare plans. Unable to reach an agreement after several months of negotiations, Pittston employees went on strike in April 1988. Six months later, Secretary of Labor Elizabeth Dole brought in former secretary William J. Usery, Jr., to mediate the dispute. An agreement, ending a 9-month strike, was finally reached in January 1990 following marathon bargaining sessions. As a byproduct of the negotiations, Secretary Dole appointed a commission to examine the financial status of the industry health and retirement funds.[5]

The commission, headed by Usery, made some recommendations aimed at eliminating the deficit in the health benefit trust funds, but was unable to reach a consensus on who should pay for the benefits of retirees whose companies have gone out of business or are no longer members of the Bituminous Coal Operators Association. The issue of funding the health and welfare plans of current and retired mine workers continues to be a major stumbling block for future negotiations in the industry.

THE LAST 8 YEARS have seen general economic prosperity, but union workers have gained less, by and large, than other workers. This difference stems, in large measure, from efforts by negotiators to check increases in labor costs to help counter competition from abroad and from nonunion firms at home and thereby preserve jobs. Many contracts negotiated during the last 2 years, however, have restored wage cuts made earlier or provided larger wage increases than had been generated by the expired agreement. Such improvements usually reflected better business conditions for employers. As management and worker representatives prepared to move to the 1991 bargaining table, however, they faced the daunting task of dealing with conditions in their firms in a general economic environment clouded by pessimism and doubt. □

Footnotes

[1] In this article, whenever a union name is not followed by "(Ind.)," the union is affiliated with the American Federation of Labor-Congress of Industrial Organizations.

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

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

[4] The International Union of Electronic, Electrical, Salaried, Machine, and Furniture Workers; International Brotherhood of Electrical Workers; United Electrical, Radio and Machine Workers of America; International Association of Machinists and Aerospace Workers; United Steelworkers of America; and United Brotherhood of Carpenters and Joiners of America.

[5] For a more detailed description of bargaining at Pittston, the creation of the commission, and its final report, see Michael Cimini, "Collective bargaining in 1990,: search for solutions continue," p. 19.