

# Organized labor in 1981: a shifting of priorities

*The quickened pace of wage-and-benefit concessions and employment declines in major industries left organized labor with little to celebrate in its 100th year; these factors made labor and management more aware of the cooperation needed to resolve mutual problems*

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The organized labor movement was 100 years old in 1981, but the celebration was muted by continuing difficulties in attracting workers to the movement, by employment cutbacks in some heavily unionized industries, and by disagreements with the Reagan Administration over social and economic policies. Opposition to Administration policies culminated in a September "Solidarity Day" rally of 400,000 workers in Washington, D.C., to publicize labor's grievances. And, in a break with tradition, the AFL-CIO did not invite the President to attend its annual convention. Shortly afterwards, in December, President Reagan met with AFL-CIO President Lane Kirkland and other labor leaders in an effort to improve relations, with mixed results. Kirkland agreed to help in attaining closer consultation on labor matters, but said that organized labor would continue to oppose the President's economic program.

The steel industry rebounded somewhat from its 1980 operating losses, but economic difficulties continued in the automobile and automobile parts, trucking, rubber, construction, and airline transportation industries. One consequence was an increase in the number of settlements calling for employee "sacrifices"—wage-and-benefit reductions or deferrals. The only beneficial aspect of these somber developments was an increased awareness by labor and management of the need to cooperate in countering mutual problems, such as foreign competi-

tion, energy shortages, and plant and product obsolescence. In some cases, this cooperative spirit was manifested by the establishment of formal bipartite committees that would continue after immediate difficulties are resolved.

There was some moderation in the inflation rate, but the unemployment rate increased as the economy entered a recession in the second half of the year. The voluntary program of wage and price restraints, initiated by the previous Administration, was ended in January. President Reagan said the program was "totally ineffective in controlling inflation" and that it "imposed unnecessary burdens on labor and industry." The Council on Wage and Price Stability, administrator of the program, generally agreed with the President's assessment, but said that the program had been successful in "preventing a bad situation from becoming even worse."

## **Auto industry's problems continue**

Although 1981 was a "nonbargaining year" for the major automobile manufacturers, at Chrysler Corp., the Auto Workers and other unions agreed to wage-and-benefit concessions to aid the beleaguered company. General Motors Corp., Ford Motor Co., and American Motors Corp. also pressed the Auto Workers to reopen their contracts, contending that immediate reductions in labor costs were needed to compete effectively with Chrysler and foreign manufacturers. The union maintained that these companies were in better financial condition than Chrysler and would have to await the

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1982 contract bargaining to present their demands. However, late in the year, the Auto Workers agreed to start the 1982 bargaining earlier than usual. Union president Douglas Fraser said the decision was impelled by the deteriorating condition of the industry. General Motors and Ford (and Chrysler) contracts expire in September 1982 and American Motors' contract, in 1983.

In December of 1980, Chrysler submitted a wage concession plan to the Auto Workers and the other unions to enable the company to qualify for another \$400 million in Federal aid under the Chrysler Corporation Loan Guarantee Act of 1979. The company lost \$1.77 billion in 1980, and \$1.1 billion in 1979. Lee A. Iacocca, chairman of Chrysler's board of directors, predicted that Chrysler would be bankrupt in February 1981 without an infusion of money. This impelled intensive negotiations in which Auto Workers' members agreed to \$622 million in wage-and-benefit reductions, in addition to the \$446 million in reductions (from the General Motors and Ford settlement pattern) the union had accepted in November 1979 and January 1980. The severity of the concessions could be reduced as a result of the company's commitment to negotiate profit-sharing and stock-ownership plans.

The wage concession plan approved by the Chrysler Loan Guarantee Board specified that Chrysler "take all possible steps" to get additional capital. This led to some merger talks between Ford and Chrysler, but Ford directors decided that a merger was contrary to "the best interests of Ford and its stockholders."

Some Auto Workers locals bargained with General Motors and Ford on the issue of "excessive" labor costs. In addition, the union engaged in unscheduled bargaining with several parts suppliers who sought pay concessions because of operating losses attributed to the automobile sales slump:

- At Ford's steelmaking operation in Dearborn, Mich., the Auto Workers agreed to an 86-cent-an-hour cut in earnings of incentive employees. This averted a planned cessation of steel sales to outside users, which would have resulted in the termination of 3,200 of the plant's 5,000 hourly workers. Ford said the pay cut was necessary because its "contractual" labor costs was 30 percent higher than those of competing steel companies.
- Ford gained efficiency-increasing changes in work rules at several plants, including Livonia and Sterling Heights, Mich., and at a stamping plant in Cleveland, Ohio, and it was seeking changes at a number of other locations. The work rule changes included the scheduling of overtime work and the ratios of inspectors and machine set-up workers to production workers. After the concessions, Ford announced a \$1-billion project to convert the two Michigan plants

to produce transmissions. A company official said that the changes in work rules had enabled the two plants to underbid Tokyo Kogo (which is 25 percent owned by Ford) for the production contract.

- Possible closing of a General Motors roller bearing plant in Clark, N.J., was averted when employees agreed to purchase the operation. The employees also agreed to a 25-percent reduction in compensation, which would be partly offset by a distribution of stock shares to employees and by possible monthly and semiannual payments based on the plant's output.

As the year closed, there was no relief in sight for the auto industry, as sales continued at a substantially lower rate than in 1980. Ford, Chrysler, and General Motors reported a combined loss of more than \$950 million for the third quarter. The situation was particularly acute at Chrysler, where the loss was \$149 million, instead of the \$38 million the company had forecast in the survival plan approved by the loan guarantee board.

### Steel industry rebounds

Most of the Nation's steel producers operated at a profit during 1981, after suffering losses in 1980. At U.S. Steel Corp., the turnaround was attributed to the closing of inefficient plants and the revamping of others, and to the completion of some required antipollution measures.

The biggest question in the industry's relationship with the United Steelworkers was the status of the Experimental Negotiating Agreement. The agreement, which prohibited the union from striking over economic issues in return for a "floor" under each wage and benefit settlement, was first negotiated in 1973 and was renewed in each subsequent settlement, but not in 1980. This means that the union can strike when the current 3-year wage-and-benefit contract expires in 1983, and that any 1983 settlement would not be subject to the economic floor.

The delay on the fate of the Experimental Negotiating Agreement apparently resulted from management's concern that the floor under economic settlements might be too high a price to pay for the operating economies resulting from a strike-free relationship. Specifically, management was concerned that the required minimum increase in compensation in each contract year (an amount equal to 3 percent of average straight-time hourly earnings) and the required retention of an uncapped cost-of-living clause had helped to widen a labor cost disparity with foreign producers. Despite these misgivings, the parties did conduct intermittent talks on the agreement.

Even though the fate of the Experimental Negotiating Agreement was uncertain, there were instances of a cooperative approach to mutual problems. The latest effort consisted of Labor-Management Participation Teams set up in the plants of five companies under provisions of the 1980 agreement. The aim of the experi-

mental teams is to increase productivity and improve working conditions through better communication and cooperation between supervisors and employees.

In addition, the Steelworkers pressed for reactivation of the Steel Tripartite Advisory Committee that had been established in 1978 to seek solutions to problems of capital formation, trade, technology, environment, and community assistance. President Carter had announced a national steel policy based on recommendations of the committee, but some aspects were not enacted prior to the end of his term of office.

Despite improved performance in 1981, several major companies were planning to sue some European steel producers for allegedly engaging in unfair practices, such as selling in the United States at prices below their production costs. The Department of Commerce initiated unfair trade charges against 5 countries, asserting that they had subsidized steel produced for export to the United States.

### **Analysis of 'new' contracts**

*Postal Service—change in approach.* In terms of the number of workers involved, the major 1981 settlements involved the U.S. Postal Service, which bargained with four unions representing 600,000 employees. The talks were scheduled to start in April, 3 months before expirations of the current agreements. The Postal Service refused to start then because the unions, departing from past procedures, requested separate bargaining. The bargaining approach involved one set of negotiations for the two largest unions, the American Postal Workers (representing 300,000 workers) and the National Association of Letter Carriers (195,000), and another set for the Rural Letter Carriers (63,000) and the Mail Handlers Division of the Laborers union (39,000). The Postal Service asked the National Labor Relations Board to order the unions to bargain jointly, but the board upheld the unions' bargaining approach.

The Postal Workers and the National Association of Letter Carriers settled about 16 hours after the July termination date of their contracts. There was no walkout, although the unions' members had agreed to strike if they had no contract upon expiration of the existing one. The Rural Letter Carriers union, whose members (like the Mail Handlers) did not authorize a strike, settled several hours earlier on essentially the same terms as the two largest unions.

The 3-year contracts provided for \$300 increases in annual salaries in July of each year, a \$150 "contract signing bonus," a \$350 cash payment each year, and possible payments under a new productivity plan. There was no change in the cost-of-living formula.

The Mail Handlers contended that the other unions had accepted inadequate pay, health, and safety provisions and opted for resolution of these and other issues

through continued bargaining. This failed and the parties were in arbitration at yearend.

*Airlines—controllers fired.* A strike by 15,000 members of the Professional Air Traffic Controllers Association (PATCO) began on August 3, after they rejected an offer valued at \$40 million a year from the Federal Aviation Administration. The accord would have raised controllers' annual earnings by 6.6 percent, or about \$2,300. (This would have been in addition to the 4.8-percent increase PATCO members, and other Federal white-collar employees, were scheduled to receive in October.) Part of the increase would have resulted from a new "responsibility differential" giving the controllers time-and-one-half pay for the 37th, 38th, 39th, and 40th hours worked in a week; the balance would have come from increasing premium pay to 15 percent, from 10 percent, for hours worked between 6 p.m. and 6 a.m., and from eliminating a requirement that premium pay for Sunday and holiday work count toward the \$1,927.40 statutory limit on biweekly pay. The rejected accord also would have given employees a greater voice in developing operating rules and in selecting new equipment.

Reportedly, the workers turned down the proposed agreement and walked out because they wanted a larger pay increase, accelerated retirement to counter the problem of job stress, and a shorter workweek.

President Reagan warned that strikers who did not return to work by 3 p.m. on August 5 would be fired for violating the no-strike law applicable to Federal employees. Despite this ultimatum, only a few hundred strikers returned to work; the Administration then began the procedures necessary to terminate the workers, took steps to decertify PATCO as the workers' bargaining representative, and began the long process of training replacements for the dismissed workers. In October, the Federal Labor Relations Authority, (which oversees labor relations in the Government), decertified the union; PATCO's appeal is presently in Federal court.

The walkout did not draw heavy support from other unions; one apparent reason was that they may not have wanted to be involved in an illegal stoppage. But it did spawn a variety of opinions about the rights of public employees. Labor mediator Theodore W. Kheel said that the strike pointed out the "inherent, irresolvable conflict between giving public workers the right to bargain on one hand, and declaring strikes by such workers illegal on the other." (Federal employees are generally not permitted to bargain on wages and benefits, but the Federal Aviation Administration had agreed to bargain with PATCO because of concern over the stress and equipment problems faced by controllers. Any resulting settlement could have been implemented only by congressional action.)

As the year ended, the strikers' appeal was still be-

fore the courts, the Administration had submitted the rejected settlement to the Congress for enactment, and labor and consumer leaders were filing a suit alleging that the Administration's refusal to rehire the strikers was disrupting air travel and endangering public health and safety.

*Railroads—39-month contracts.* The procedure leading to settlements for nearly half a million railroad workers began early in the year, when the 13 unions served the required notices on the carriers specifying their demands for changes in wages, benefits, and work rules. However, intensive negotiations started in August, after the unions and the carriers agreed on proposed changes in the Railroad Retirement Act and sent them to the Congress for action.

In mid-November, six unions and the National Railway Labor Conference, the industry bargaining arm, settled on a 39-month contract for 240,000 workers. Reportedly, the accord provided for a total pay increase of 32.5 percent plus improvements in health and welfare benefits. The union gave up its demand for a liberalized cost-of-living pay adjustment clause because, according to Railroad and Airline Clerks president Richard Kilroy, "it wasn't the time to be saber rattling," referring to the recession and President Reagan's response to the strike by air traffic controllers. The members of the six unions will continue to receive semiannual adjustments calculated at 1 cent for each 0.3-point movement in the BLS Consumer Price Index for Urban Wage Earners and Clerical Workers (1967=100). As before, pairs of adjustments are limited to the amount resulting from an 8-percent rise in the index.

In an earlier settlement, the Consolidated Rail Corp.'s union-represented employees had agreed to limits on wage increases intended to save the deficit-ridden carrier \$600 million. Employees not represented by unions gave up a proportionate sum of \$57 million.

The Conrail settlement with the various unions provided that employees receive the same wage-and-benefit terms as each union's "national" settlement, except that all wage increases to be effective before January 1, 1982, would be paid only to the extent that their sum exceeded a 10-percent increase. Increases effective on or after January 1, 1982, would be paid to Conrail employees, but only to the extent that their sum exceeded a 12-percent pay increase.

The wage limit goal for Conrail employees was specified in the Northeast Rail Service Act of 1981, which also provided for additional Federal financial aid to Conrail (Conrail was formed in 1976 to take over the freight operations of six bankrupt railroads); for a possible employee purchase of Conrail in 1984 if two financial tests are passed in 1983 (if Conrail does not pass both tests, the Secretary of Transportation would be permitted to sell Conrail in parts); and for Conrail

to reduce its 17,000 miles of track and its number of employees, with affected workers receiving severance payments financed by a designated part of the Federal aid. In a hopeful note, Conrail announced a third-quarter profit of \$64.9 million, only the third profitable quarter in its history. In the third quarter of 1980, Conrail had lost \$88.1 million.

As noted, the delay in reaching a national rail accord occurred because the parties were busy formulating proposed amendments to the Railroad Retirement Act. The Railway Labor Executives Association, composed of leaders of the 21 rail unions, reported that the fund was nearly exhausted because of the size of cost-of-living adjustments, and because there were more than a million current beneficiaries and only about 560,000 active employees.

The resulting legislation provided for a number of changes designed to help close the gap between fund income and benefit payments. One change reduced the social security payment to retirees eligible for both social security and railroad retirement benefits as a result of service performed under both systems prior to 1975. The reduction varies according to the amount of money allocated by the Congress for a particular fiscal year; for the fiscal year beginning October 1981, the reduction would be about \$23 a month, or 21 percent.

The employer and employee financing rate for "Tier I" benefits (similar to social security benefits) remained at the same level as the rate for workers covered by social security, but the employer payment rate for "Tier II" benefits (similar to usual pensions in other industries) was raised to 11.75 percent of the first \$1,850 of monthly earnings, from 9.5 percent. In addition, employees began contributing to Tier II benefits at a rate equal to 2 percent of the monthly earnings base.

*Coal mining—63-day strike.* The United Mine Workers and the Bituminous Coal Operators' Association (BCOA) had predicted a peaceful renewal of their contract, although their last five collective bargaining settlements were preceded by strikes. Some of the factors influencing the goal of a strike-free settlement were the desire to demonstrate that their mines could be relied on to help alleviate the energy shortage; production declines in BCOA mines and accelerated production in western surface mines where the UMW has had limited organizing success; and concern over the possible fragmentation of the 130-member BCOA that could result from a stoppage. To decrease the chance of a strike, talks were started 6 months before the March expiration of the existing contract. The first settlement, on March 23, was rejected by the rank-and-file and a resulting strike lasted 63 days, ending when the operators agreed to modify certain provisions of the rejected contract.

One disputed point was resolved when the operators agreed to continue paying royalties to the miners' benefit

funds on coal purchased for resale. The miners had contended that elimination of the royalty payment would lead to widespread purchase of coal from nonunion mines. The cost of this concession was partly offset by providing that current and future widows of miners who retired prior to December 6, 1974, would receive a \$95-a-month pension beginning in March 1982, instead of the \$100 a month that would have been effective 2 months earlier under the rejected contract.

The Arbitration Review Board was terminated. The board was established by the previous contract to make precedent-setting decisions on grievances. However, the parties agreed that existing precedents would be used to settle future grievances. The union had viewed the board as pro-management; explaining that the union had prevailed in only 8 of the 72 decisions in the board's 3 years of existence.

The approved contract also prohibited operators from contracting out work or leasing coal lands or operations if it deprived UMW members of work they had normally performed in the past. (The 1978 contract had required contractors and lessees to employ only UMW members, but this provision had been invalidated by a 1980 court decision.) Wage and benefit improvements included \$3.60 an hour in "set" wage increases, including \$1.50 in quarterly increases designated as cost-of-living adjustments but not contingent on the movement of the Consumer Price Index; increases in pensions for current and future retirees; adoption of dental coverage for miners and their dependents and increases in life insurance and sickness and accident benefits for miners.

The parties agreed to establish a joint committee to decide if each company should be permitted to maintain its own pension plan providing a standardized schedule of benefits, instead of the existing common plan funded by all companies.

Despite the duration of the walkout there was no major impact on coal users, who had built up larger than normal stockpiles in anticipation of a stoppage.

### **Pay and benefit concessions**

The wage concession accords at Chrysler and Conrail drew the most attention, but there also were concession accords in other industries, including airline transportation, rubber, trucking, and meatpacking. Clearly, instances of worker concessions in 1981 exceeded the number in 1980 which, in turn, exceeded the number in 1979. However, the number of workers affected in 1981 was relatively small, compared with the number of workers covered by 1981 settlements that provided for improvements in wages and other contract provisions.

*Airlines.* The Nation's airlines continued to be buffeted by operating losses attributed to high fuel costs and cost competition resulting from deregulation of the industry. In addition, the air traffic controllers strike was

expected to restrict air traffic for at least 2 years. As a result of these events, some unions agreed to wage concessions to aid their employers.

The concessions varied. The accord between United Airlines and the Air Line Pilots Association provided for the pilots to receive a 29-percent pay increase over the 26-month contract term. In return, the pilots agreed to a number of changes in operating rules to improve productivity, such as a 7.5 hour increase in maximum credited monthly flying hours; a reduction in the number of nonflying hours credited as flying hours; use of two pilots on Boeing 737 aircraft; and a straight salary instead of the previous complex pay formula that was based on such things as the speed and weight of the aircraft and whether the flight was at night or over water.

Most of the other concession agreements generally provided for a 10-percent pay decrease extending for specified periods. At the end of that period, pay scales would be restored to the prereduction level and raised by the amount of any pay increases that had been scheduled to go into effect during the period.

*Trucking.* In September, the Teamsters union announced that it would accede to the industry's request for early bargaining on renewal of the current 3-year agreement, scheduled to expire in March 1982. Union president Roy Williams indicated that the union "could live with" a freeze on specified pay increases in the new contract if fringe benefits and cost-of-living allowances were maintained. At the time, 117,000 members of the union were on layoff in the trucking industry, compared with 60,000 a year earlier.

In 1980, the Teamsters turned down an industry request to reopen bargaining on the labor-cost issue. Since then, some local unions have agreed to pay cuts or changes in work rules to aid their employers. One example was Yellow Freight Systems of St. Louis, where changes in work rules included a ban on premium pay for nonovertime weekend work. This change was expected to save the company \$265,000 over a 1-year period.

System 99, a California-based trucking firm tried a different approach. About 1,500 of its employees participated in a voluntary plan under which they received only 85 percent of their usual pay. The company will pay the withheld amount in monthly steps beginning in May 1982 if its income exceeds basic expenses.

*Rubber.* Rubber workers continued to experience difficulties in 1981, and agreed to wage or work rule concessions to help assure continuation of their jobs. Problems plaguing the industry included increased production of lighter cars and radial tires contributing to longer tire wear, a reduction in driving resulting from higher fuel costs, and obsolete plants.

The first concession accord involved a Firestone Tire

and Rubber Co. plant in Memphis, Tenn., which produces bias ply tires. The changes included a "restructuring" of jobs that would result in lower pay rates for non-incentive employees (incumbents were guaranteed their current rates); a requirement that maintenance workers perform some work outside their normal trade, in exchange for increased pay when they became proficient in the new duties; and adoption of a 7-day-a-week operation, with straight-time pay for nonovertime weekend work.

A majority of the 13 Rubber Workers' locals that bargain with Goodyear Tire & Rubber Co. approved a concession accord at a plant in Topeka, Kans., after first rejecting it. One change called for straight-time pay for nonovertime weekend work. Goodyear said it would now be able to operate the plant more efficiently and proceed with plans to convert the plant from production of bias-ply tires to production of radial truck tires. The conversion may mean that Goodyear will not close down a 44-year-old plant in Jackson, Mich., which also produces bias-ply tires. Goodyear said it did not need two plants producing the same type of tires.

*Meatpacking.* The industry most severely hit by production cutbacks, plant closings, and employee pay concessions in recent years has been meatpacking. Cutbacks have been limited to the "old line" meatpackers, who experienced serious difficulties in competing with new companies which usually have lower paid nonunion labor and modern single-story plants located in animal producing areas, and which use techniques such as selling precut boxed meat.

Examples of concessions in the industry include a Swift & Co. plant in Rochelle, Ill., that was closed, then purchased by Dubuque Packing Co. and reopened with, according to employees, a 60-percent cut in compensation and Dubuque Packing Co., which reversed its decision to close a plant in LeMars, Iowa, after employees agreed to a 2-year freeze on wages and benefits.

Similar concessions and bargaining were also underway with other companies. Virtually all of the production workers at the "old-line" companies (Armour and Co., Swift & Co., Wilson & Co., Cudahy Co., for example) are covered by agreements with the United Food and Commercial Workers that expire in 1982.

### **Union wage increases, strikes**

Major collective bargaining settlements (those covering 1,000 employees or more) reached in private industry during the first 9 months of 1981 provided wage adjustments averaging 11.5 percent for the first year of the contract and 9.3 percent a year over the life of the contract. The average adjustment when the same parties bargained previously (on average about 32 months earlier), was 9.2 percent in the first contract year and 7.8 percent over the life of the agreement. Set-

tlement data exclude wage changes that occurred under cost-of-living adjustment (COLA) clauses.

During the first 9 months of 1981 settlements covered 1.5 million workers in 418 major collective bargaining units. Approximately 9 million workers in about 2,000 units are included in the Bureau of Labor Statistics' major collective bargaining series.

Because measures of wage settlements exclude possible COLA changes, they tend to be lower in settlements with COLA clauses. First-year negotiated adjustments averaged 7.9 percent in agreements with COLA clauses, compared with 12.4 percent in those without; wage adjustments over the life of the agreements were 6.4 percent and 10.0 percent, respectively. Agreements with COLA clauses had an average duration of 33.6 months; those without averaged 30.6 months.

COLA clauses covered 306,000 workers or 21 percent of those under settlements concluded during the first 9 months of 1981. About 45,000 workers were covered by seven agreements which introduced COLA clauses or reestablished a COLA provision that had been dropped earlier. COLA clauses were dropped in nine agreements, covering 28,000 workers. When benefits were combined with wages (in settlements for 5,000 workers or more) the average adjustment was 11.8 percent in the first contract year and 10.0 percent over the life of the agreement.

In a broader measure of wage change, about 7.7 million workers received "effective" adjustments averaging 8.4 percent during the first 9 months of 1981. This data series combines wage changes resulting from settlements during the period with deferred increases resulting from earlier settlements and increases under COLA clauses. When the 8.4-percent increase was prorated over the 9 million workers under major agreements (including the 1.3 million who did not receive an increase during the period), the average adjustment was 7.1 percent.

*Fewer work stoppages.* Labor-management disputes led to about 3,563 work stoppages that either began in the first 10 months of 1981 or began earlier and were carried over into the period, according to preliminary estimates. This was lower than for the comparable periods of all recent years. Similarly, there were fewer workers involved in strikes in the first 10 months than in the comparable period of any recent year. The data are limited to stoppages involving six workers or more and lasting a full shift or longer.

### **State of unions**

Data for 1981 are not yet available, but union membership dropped to 20.9 percent of the labor force in 1980, from 24.7 percent 10 years earlier. Actually, the number of union members increased from 21.2 million to about 22.4 million over the period but this gain was more than offset by the growth of the labor force.

The economic difficulties in some industries were evident from decreases in membership of certain unions from 1978 to 1980. The Auto Workers led the declines (down by 142,000 members), followed by the Steelworkers (48,000), the Clothing and Textile Workers (46,000), and the Teamsters (33,000). Percentage-wise, the most seriously affected were the Rubber Workers (down 15.2 percent), Oil, Chemical and Atomic Workers (14.4 percent), and the Auto Workers (9.5 percent). The State, County and Municipal Employees gained the most members over the 1978-80 period (78,000 or 7.6 percent), followed by the Food and Commercial Workers (64,000 or 5.2 percent), and the American Federation of Teachers (49,000 or 9.8 percent).

In 1981, there was no major organizing breakthrough, such as that which occurred in 1980 when the Clothing and Textile Workers succeeded, after a 17-year campaign, in organizing several of J.P. Stevens & Co.'s 75 textile mills. A cautious working relationship has developed between the parties in the wake of their 1980 agreement in which Stevens recognized the Clothing and Textile Workers as bargaining agent at 10 of its plants in return for the union's promise to end its consumer boycott and publicity campaign. The union lost the one representation election held in 1981 at a Steven's denim manufacturing plant in South Carolina, but contended that the loss was not significant because it was the first election at the plant.

The Steelworkers union continued its 7-year campaign to gain the right to represent workers at DuPont Co. Currently, the Steelworkers represent workers at one DuPont facility in Minnesota. In November, the parties ended a dispute by agreeing that representation elections would be conducted at 16 plants in December 1981. DuPont has about 100 plants, with about 70,000 production workers. About 40 percent of the workers are represented by unions, usually local independent unions.

Although several unions discussed merger possibilities during the year, there was only one merger (the American Radio Association with the Masters, Mates, and Pilots). This was not indicative of the pace of mergers in recent years—eight mergers during 1980 and 1981 accounted for 13 percent of all mergers that have occurred since the unification of the American Federation of Labor and the Congress of Industrial Organizations in 1955.

In internal union affairs, the major event was the re-affiliation of the Auto Workers with the AFL-CIO. Auto Workers' president Douglas Fraser said the return would "strengthen the trade union movement." The union left the federation in 1968 because of policy differences between Auto Workers' president Walter Reuther and AFL-CIO president George Meany.

There were several leadership changes—Teamsters'

president Frank E. Fitzsimmons died and was succeeded by Roy Williams; Railway Clerks' president Fred J. Kroll died and was succeeded by Richard I. Kilroy; and Rubber Workers' president Peter Bommarito retired and was succeeded by Milan Stone.

### **Labor laws and regulations**

Although the economic and social policies of the new Administration drew the most criticism from organized labor, unions were also concerned about changes planned or instituted in labor laws and regulations.

*Davis-Bacon Act.* The Administration announced plans to modify the Davis-Bacon Act, which authorizes the Department of Labor to set wage levels for workers on federally-financed construction project based on the prevailing area wages. Secretary of Labor Raymond Donovan emphasized that the proposed changes would significantly reduce the cost of construction projects. This position was supported by a study conducted by the Carter Administration's Council of Economic Advisers, and by a 1979 study by the General Accounting Office (the investigative arm of the Congress) which called for repeal of the act. Objecting to the proposal, Robert Georgine, president of the AFL-CIO's Building and Construction Trades Department, argued that the act prevents contractors from importing workers from other communities to drive down labor costs to win Federal contracts.

The proposed changes would set the pay rate for any given trade on a project at the rate prevailing for at least 50 percent of the workers in that trade in the area, or if a majority were not paid the same rate, at the average for all employees in that trade (now, pay rates can be based on the prevailing rates for as few as 30 percent of the workers in the area); permit contractors to use one helper for every five journeypersons; prohibit the use of urban wage data in setting rates on rural projects; and reduce reporting requirements for contractors. A decision on these proposals is expected in 1982.

*Service Contract Act.* In a companion move, the department proposed changes in the Service Contract Act, which requires contractors servicing Federal agencies to pay their employees the Federal minimum wage or the prevailing local wage for the occupation, whichever is higher.

The proposed changes called for exemption of a number of types of contracts, including those for research and development and for maintenance and repair of computers and scientific equipment. A final decision on this proposal also is expected in 1982.

*Job safety and health.* With the change of administration came a change in the approach to the Occupational

Safety and Health Administration's rule-setting and inspection methods. In accord with a presidential order directing Federal agencies to assess the costs and benefits of major regulations, OSHA began a review of its standard for employee exposure to cotton dust. The cost-benefit approach to rule setting drew sharp criticism from labor leaders, particularly from the Clothing and Textile Workers union. And in June, the Supreme Court ruled that OSHA must protect workers against toxic substances to the greatest extent possible, without regard to the balance between cost and benefit.

Other actions taken by OSHA during the year included a drive to eliminate unnecessary rules, a program to permit worker-management teams to conduct safety inspections in firms that have good safety records (all other firms would continue to be checked by OSHA or State inspectors); issuance of a noise standard, replacing the standard issued in the closing days of the Carter Administration, and withdrawal of the "walkaround pay" rule that required employers to compensate employees for time spent accompanying OSHA inspectors.

*Home-work restrictions.* A controversy that lasted throughout the second half of the year erupted when the Department of Labor announced proposals to lift the ban on employers hiring people to perform certain types of work in their homes. The proposal came after a group of knitters in Vermont protested the Department's move to stop them from producing ski wear in their homes. The general arguments of the Ladies Garment Workers, the Clothing and Textile Workers, and many manufacturers were that the change would result in a substantial increase in "sweatshop" operations that would offer unregulated, unfair competition to firms that use inplant labor.

The October decision lifted the ban on knitting outerwear at home but continued the ban for women's apparel, jewelry, gloves and mittens, buttons and buckles, handkerchiefs, and embroideries.

Later, the two unions and a number of knitted outerwear makers sued the department, contending the decision was contrary to most of the comments and testimony received on the issue and that the change would foster unfair competition.

*Anti-discrimination.* The new Administration also brought new approaches to enforcing Federal anti-job discrimination laws. The Department of Labor proposed some revisions of its anti-bias regulations covering companies that do business with the Federal Government. One change would exempt companies with fewer than 250 employees and a contract worth less than \$1 million from preparing a written plan for hiring women and minorities. Currently, rules cover

firms with 50 workers or more and a \$50,000 contract. Other changes would exempt employers from setting goals and timetables for job groups in which women and minorities equal at least 80 percent of their availability in the general work force; permit contractors with 250 to 499 employees to file abbreviated affirmative action plans; eliminate pre-award reviews of employers scheduled to receive Federal contracts of at least \$1 million; and reduce from 16 to 9 the number of affirmative action steps required of construction contractors and apply the steps, goals, and timetables only to the larger contractors.

### **Equal employment opportunity**

The year was marked by a surge of interest in the "comparable worth" theory. In general, proponents of the theory contend that women should be paid the same as men—even if their duties are different—if the jobs are of comparable worth to society. Opponents contend that implementation of the theory could severely disrupt the economy because of the extreme difficulty of making precise comparisons of the worth of dissimilar jobs.

Attention focused on the Supreme Court ruling on the issue: the court held that a woman may not be paid less for a job simply because she is a woman, and that women who claim that their wage rates have been undervalued because of sex discrimination may file suit under Title VII of the Civil Rights Act of 1964. Previously, the only remedy was under the Equal Pay Act of 1963, which requires equal pay for equal work. Supporters of the theory described the Supreme Court decision as a major step toward comparable worth; their adversaries said the implications of the decision were much more restricted.

Some major disputes concerning equal employment opportunity were settled during the year. Sears Roebuck & Co. and the Equal Employment Opportunity Commission (EEOC) settled out of court on a series of racial discrimination charges, ending an 8-year dispute. The accord called for Sears facility managers to intensify their efforts to attract minority job applicants and to document their efforts for the company's group managers and the EEOC.

A Federal district judge revoked an order issued by the Department of Labor in July 1980 that banned Firestone Tire & Rubber Company from doing business with the Federal Government because of alleged employment discrimination. The judge held that the department had relied on an erroneous internal memorandum written by a Firestone employee. Firestone actually did not lose any government business during the period because it obtained stays of the debarment order pending a final judicial decision. □