Collective bargaining during 1986: pressures to curb costs remain

With contracts expiring in steel, construction, and telecommunications, the bargaining calendar in private industry is heavy but relatively light in State and local government; contract talks in industry will be held against a background marked by modest settlements and few strikes

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Contracts for about 3.8 million of the 9.1 million workers under major collective bargaining agreements (covering 1,000 workers or more) in private industry and State and local governments will expire or be reopened in 1986. The bargaining calendar in private industry is heavy; contracts for more than two-fifths of the 7.0 million workers under major agreements are up for negotiation. In State and local government, however, the calendar is relatively light: one-third of the 2.1 million workers under major agreements have contracts scheduled for renegotiation. In 1985, by comparison, one-third of private industry employees and more than half of the State and local government workers under major agreements were involved in contract talks.

Information on 1986 bargaining is based on data available to the Bureau of Labor Statistics on September 30, 1985. The proportion of workers under contracts that expire or reopen in 1986 would increase if settlements reached during the fourth quarter of 1985 result in contracts that expire during 1986. In State and local government, for example, 374,000 workers are under contracts that expire before the end of 1985 and for which settlements had not been reached as of September 30. In the event that all these contracts are settled during the fourth quarter and call for termination or reopening during 1986, bargaining activity for the year in State and local government would be heavy, involving about one-half the workers under major agreements.

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Management and labor representatives, who will negotiate as 661 private industry and 238 State and local government major agreements expire or reopen this year, will face some issues that are common and some that are unique to their industry or individual bargaining unit. (See tables 1 and 2.)

Economy continues strong

During 1985, the national economy remained basically healthy. Some areas improved; others caused concern among economic observers. On the bright side:

- The unemployment rate in September 1985 was 7.1 percent, compared with 7.5 percent a year earlier.
- The Consumer Price Index for all Urban Consumers (CPI-U) increased 3.2 percent during the 12 months ending September 1985—the slowest price rise since 1967.
- The composite index of leading economic indicators, compiled by the U.S. Department of Commerce to forecast movement in aggregate economic activity, suggests continuing but slow growth into 1986.

Worrisome aspects of the economy include a national debt nearing $2 trillion, a trade deficit running at an annual rate of $125 billion as of mid-1985, and a strong dollar that makes it harder to sell American products abroad and easier to sell imported goods here. Indeed, many of the industries that will be bargaining this year—especially aluminum, farm machinery, steel, and copper mining—have been suffering from foreign competition. Domestic competition—from nonunion firms—will be of concern to bargainers in

Table 1. Calendar of major collective bargaining activity
[Workers in thousands]

Year and month	Agreement expirations and/or scheduled wage reopenings[1]		Principal industries negotiating in month
	Number	Workers covered	
All years[2]	2,025	9,130	...
Total 1986[3]	900	3,770	...
January	34	87	Petroleum refining
February	32	109	Food stores
March	62	216	Glass containers
April	100	244	Construction
May	109	334	Construction, aluminum, lumber
June	228	798	Construction, farm machinery and equipment, hospitals, State and local governments
July	64	212	...
August	96	1,125	Steel, telephone communications, electrical products, local government
September	64	203	Food stores, longshoring (East and Gulf Coast)
October	39	186	Aerospace, food stores
November	24	71	...
December	50	191	State and local government
Total 1987[4]	587	2,488	...
January	29	70	...
February	28	74	...
March	54	111	Construction
April	49	131	Construction, food stores
May	66	180	Construction
June	195	764	Construction, State and local government
July	37	166	Parcel delivery
August	39	191	Food stores, local government
September	31	592	Automobiles, State and local government
October	24	57	Local government
November	16	44	...
December	23	122	Local government
Total 1988[5]	266	1,610	...
January-June	225	1,345	...
July-December	41	264	...
Total 1989 and later	18	99	...
Year unknown or in negotiation[6]	333	1,399	...

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

[2] Totals are less than the sum of the parts because 85 agreements covering 256,000 workers have both reopenings and expirations in the reference period. Includes 576 State and local government agreements covering 2,149,000 workers.

[3] Includes 68 agreements covering 206,000 workers which have wage reopenings scheduled in 1986. Includes 239 State and local government agreements covering 737,000 workers.

[4] Includes 14 agreements covering 38,000 workers which have wage reopenings scheduled in 1987. Includes 177 State and local government agreements covering 744,000 workers.

[5] Includes 3 agreements covering 12,000 workers which have wage reopenings scheduled in 1988. Includes 74 State and local government agreements covering 429,000 workers.

[6] Includes agreements which were due to expire between Oct. 1 and Dec. 31, 1985; agreements which expired prior to Oct. 1, 1985 but new agreements were not reached by then; agreements which expired prior to Oct. 1, 1985 but for which necessary information had not been fully gathered; and agreements that have no fixed expiration or reopening date.

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

retail food stores, as well as those in construction which also faces slack demand in some parts of the country.

Some negotiators will be assessing wage and compensation structures that were first put in place the last time they bargained, usually in 1983 or 1984. These include annual lump-sum payments to workers and two-tiered wage systems, in which employees hired after a specified date are temporarily or permanently on a lower pay scale than those hired earlier. Other employers may wish to initiate these types of compensation.

Additional potential subjects for bargaining abound. To cite a few: Controlling the cost of employee benefits (especially health care); job security and job retraining; quality of work life; and altering work rules and job classifications for greater flexibility and efficiency.

Bankruptcies and corporate takeovers

Other developments will color the bargaining scene. A company filing for reorganization under Chapter 11 of the Bankruptcy Code can, under 1984 amendments to the code, ask the court for relief from the terms of a collective bargaining contract if it fails to reach agreement with the union on a contract modification. Some employees have participated in stock purchase plans of employers in financial difficulty in an attempt to save the corporation. Others have received stock in exchange for taking pay cuts. Unions have played an active role in some corporate takeover battles and have seats on the boards of some companies.

On the more traditional side of labor management relations, the number of major stoppages (involving 1,000 workers or more) continued a decline that began in 1980. In almost all preceding years back to 1947,[1] there were at least 200 and as many as 470 major strikes or lockouts. The number declined annually from 235 in 1979, to 187 in 1980, and to 62 in 1984, the fewest in 37 years and, based on events through the end of October, may hit a new low in 1985. Linked to the decline in stoppages is the increasing practice of workers to continue to work after a contract has expired, either under terms of the old contract or the employer's last best offer. At the end of September 1985, for example, 95 percent of the employees under private industry contracts that had expired and not been renewed were at work rather than on strike.

Nonunion wage gains again higher

In private industry, negotiators on the union side of the table will be bearing in mind the smaller wage and benefit increases that union workers have received compared to their nonunion counterparts during the last 2 years. The third quarter of 1985 was the seventh consecutive quarter in which wages and benefits increased more for nonunion than union workers, according to the Bureau's Employment Cost Index.

Bargainers will also be looking at recent settlements in other situations. Since the beginning of 1982, major settlements in private industry have, on average, provided record or near-record low wage adjustments since the series began in 1968. For the first 9 months of 1985, for example, settlements called for average wage adjustments of 2.3 percent the first year and 2.9 percent annually over the life of the contract. These figures highlight the tendency of recent settlements to provide smaller wage adjustments in the first contract year than subsequently. Prior to 1983, most settlements provided the largest wage adjustment in the first year.

Major settlements in State and local government since the beginning of 1984, when these data were first compiled, through the third quarter have averaged 4.7 percent the first contract year and 5.2 percent annually over the life of the contract.

Negotiators will also be considering what their expiring contracts yielded. Contracts expiring in 1986 specified wage adjustments averaging 3.1 percent a year over their term. When cost-of-living adjustments (COLA) made through October 1985 are included, the average rises to 3.6 percent. The following tabulation shows average annual wage adjustments alone and combined with COLA's in private and State and local government contracts expiring in 1986 (percentages calculated through the third quarter of 1985):

	Specified wage adjustment	*Specified wage adjustment plus COLA*
Contracts expiring in 1986	3.1	3.6
With COLA	1.9	3.1
Without COLA	4.0	--
Private industry	2.7	3.3
With COLA	1.9	3.1
Without COLA	3.6	--
State and local government	5.1	5.1
With COLA	4.4	4.9
Without COLA	5.1	--

In private industry, the specified adjustments under expiring contracts averaged 2.7 percent annually; when COLA's through September 1985 are included, they averaged 3.3 percent. These are the smallest adjustments under expiring contracts since the Bureau began tabulating these data 12 years ago. If the current trend in the Consumer Price Index continues, 1986 will be the fourth consecutive year in which total adjustments in expiring private industry contracts with COLA's will be less than specified adjustments in those without COLA's. Many contracts, however, provide for COLA review just prior to their 1986 expirations, so the difference in adjustments between those with COLA's and those without may narrow.

In State and local government contracts, specified adjustments in expiring contracts were 5.1 percent. COLA's cover such a small proportion of State and local government workers that their impact is minor.

All of these developments will contribute to the bargaining environment in 1986, but parties to contract negotiations will also have to contend with problems that are specific to their own situations. Principal industries involved in 1986 negotiations are: petroleum (January), farm machinery (March and June), health care (March through October), aluminum (May), copper (May), construction (spring and summer), State and local government (summer), steel (July), telecommunications (August), longshoring—East and Gulf Coast (September), and aerospace (fall). Some of the issues that wil! face labor and management in these industries are discussed below. The article concludes with highlights of wage changes and COLA reviews scheduled for the year under terms of major contracts negotiated earlier. (See table 3 for information on principal contracts.)

Petroleum refining

Contracts covering approximately 45,000 petroleum refinery employees and the major oil refining companies[2] will expire on January 8, 1986. Most of the Nation's refinery workers are represented by the Oil, Chemical and Atomic Workers Union (OCAW); others are represented by the Operating Engineers, Teamsters, Seafarers and independent or single-company unions.

This year's contract negotiations will take place in about the same economic environment as during the round of talks in 1984, although the institutional setting will be somewhat different. Approximately 140 refineries have closed between 1981 and the first half of 1985, with a corresponding drop in employment from 214,000 to 180,000 workers. Demand for U.S. petroleum products peaked at 18.4 million barrels per day in 1978 and fell steadily to 15.2 million in 1983. The fall in demand has been generally attributed to a shift from oil to other fuels (for example, coal and natural gas) for industrial uses, increased home insulation, and more fuel-efficient automobiles. Petroleum product demand increased slightly to 15.7 million barrels per day in 1984, but it was met mostly by imports, which increased by 15 percent. Domestic production increased by only 1 percent even though the industry was operating at only about 75 percent of capacity. Union sources fear that increasing imports will close more domestic refineries. Company mergers and takeovers have changed the bargaining structure of the industry.

On the employer side, merger activity has been brisk since 1981. In 1984 alone, for example, Texaco bought Getty, Mobil acquired Superior, and Phillips bought Aminoil. No recent merger, however, will have a greater impact on this year's bargaining than the 1984 purchase of Gulf by Chevron. Although negotiations have typically been conducted locally by each individual bargaining unit since 1975, the Gulf and OCAW agreements have served as the pattern for the rest of the industry. The OCAW will attempt to establish a pattern again this year, but it is not clear whether the union will be successful or, if it is, which company will emerge as the pattern setter for the industry.

The last round of settlements, in 1984, involved 338 separate contracts covering 50,000 workers. The Gulf OCAW accord provided wage increases of 1.5 percent in the first year and 2.5 percent in the second year and raised Gulf's monthly contributions to the family health insurance plans.

Although the Gulf settlement set the basic pattern for contracts in the industry, agreements with Texaco, Sun Oil,

Table 2. Major collective bargaining agreements scheduled to expire or with wage reopenings, by year and industry
[Workers in thousands]

Industry	Total[1]		Year of expiration, scheduled wage reopening, or both							
			1986[2]		1987[3]		1988 and later[4]		Unknown or in negotiation[5]	
	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
Total[6]	2,025	9,130	900	3,770	587	2,488	281	1,696	333	1,399
All private nonfarm industries	1,449	6,981	661	3,029	410	1,744	207	1,268	209	1,027
Manufacturing	573	2,730	263	1,025	143	862	98	535	81	331
Food and kindred products	69	175	27	53	24	60	7	37	12	27
Tobacco manufacturing	5	17	4	15	-	-	1	2	-	-
Textile mill products	8	31	2	6	3	16	1	4	2	6
Apparel and other finished products	36	341	4	10	3	8	22	225	8	101
Lumber and wood products, except furniture	9	51	7	47	3	5	1	2	-	-
Furniture and fixtures	5	10	2	3	1	2	1	5	1	1
Paper and allied products	45	71	26	41	14	22	5	7	1	1
Printing, publishing, and allied industries	21	37	6	10	13	23	1	3	3	4
Chemicals and allied products	31	63	11	21	8	14	3	7	10	23
Petroleum refining and related industries	16	31	16	31	1	2	-	-	-	-
Rubber and miscellaneous plastics	12	39	1	1	1	4	10	33	-	-
Leather and leather products	8	20	3	8	4	8	1	4	-	-
Stone, clay, glass, and concrete products	25	66	12	43	4	8	2	2	7	12
Primary metals industries	61	401	48	379	9	11	3	9	2	5
Fabricated metal products	29	61	15	32	5	14	4	6	5	9
Machinery, except electrical	40	122	19	75	9	30	6	8	6	9
Electrical machinery equipment and supplies	59	315	27	106	13	53	12	122	8	35
Transportation equipment	77	850	25	129	25	576	16	57	11	88
Instruments and related products	8	18	6	13	1	6	-	-	2	5
Miscellaneous manufacturing industries	9	13	2	2	2	2	2	3	3	6
Nonmanufacturing	876	4,250	398	2,004	267	882	109	733	128	696
Mining, crude petroleum and natural gas production	12	131	6	15	-	-	1	105	5	11
Construction	387	1,064	198	606	131	294	40	98	29	85
Transportation, except railroads and trucking	60	256	26	108	17	69	6	34	12	46
Railroads	26	378	-	-	-	-	1	8	25	370
Trucking	15	283	1	1	2	75	8	191	4	16
Communications	41	718	26	677	9	31	4	8	3	6
Utilities, gas, and electric	74	244	31	104	23	69	12	39	12	40
Wholesale trade	10	41	6	10	3	5	1	25	-	-
Retail trade, except restaurants	128	562	48	209	45	226	22	81	16	56
Restaurants	14	44	7	22	2	3	1	8	4	12
Finance, insurance, and real estate	24	119	9	43	8	21	2	32	5	24
Services, except hotels and health services	35	156	15	75	10	28	5	37	6	18
Hotels	16	114	6	29	5	29	4	63	2	5
Health services	34	142	19	106	12	33	2	4	5	7
State and local government	576	2,149	239	741	177	744	74	429	124	372

[1] Totals are less than the sum of the parts because 85 agreements covering 256,000 workers have both reopenings and expirations in the reference period. Includes 576 State and local government agreements covering 2,149,000 workers.

[2] Includes 68 agreements covering 206,000 workers which have wage reopenings scheduled in 1986. Includes 239 State and local government agreements covering 737,000 workers.

[3] Includes 14 agreements covering 38,000 workers which have wage reopenings scheduled in 1987. Includes 177 State and local government agreements covering 744,000 workers.

[4] Includes 3 agreements covering 12,000 workers which have a wage reopening scheduled in 1988. Includes 74 State and local government agreements covering 429,000 workers.

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

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and Union Oil, differed from the Gulf accord, and introduced a two-tiered classification. Company bargainers are expected to try to maintain the two-tiered wage structure, or introduce it where it does not exist, while the OCAW will probably try to eliminate it.

Demands for the coming negotiations adopted by the U.S. National Oil Bargaining Committee of the OCAW emphasize job security and health insurance. They include:

- A 2-year contract.
- "No retrogression" or concessions on current rights and benefits.
- "Substantial" wage increases for all classifications.
- Increased employer contributions to health insurance.
- Improvements in layoff protection, recall rights, severance pay, and transfer and relocation rights.

Construction

Approximately 606,000 construction workers are covered by collective bargaining agreements that will expire or be subject to reopening in 1986. They make up 57 percent of all construction workers under major agreements. Most of the 198 contracts will terminate between April and June.

Table 3. Duration and wage adjustment provisions of selected[1] major collective bargaining agreements

Industry[2] and employer	Union[3]	Number of workers[4]	Duration of agreement[5]	Month of 1985 COLA	Month and amount of 1986 specified wage increase
Private sector					
Manufacturing					
Food and kindred products					
California Processors, Inc. and others	Teamsters (Ind.)	20,000	July 1, 1985 to June 30, 1988	....	July: 10 to 45 cents
Nabisco, Inc.	Bakery,, Confectionery and Tobacco Workers	9,000	Sept. 1, 1985 to Sept. 1, 1987	....	Mar.: 10 cents June: 10 cents Sept.: $1,000 lump sum payment
Anheuser-Busch, Inc.	Teamsters (Ind.)	9,000	Jan. 1, 1985 to Feb. 28, 1988	....	Mar.: 65 cents
Wholesale bread and cake bakeries (East Central States)	Bakery, Confectionery and Tobacco Workers	8,000	June 10, 1984 to June 13, 1987	....	June: 40 cents
Sugar plantation companies (HI)	Longshoremen and Warehousemen (Ind.)	7,500	Feb. 1, 1985 to Jan. 31, 1986	....	....
Tobacco manufactures					
Philip Morris, U.S.A.	Bakery Confectionery and Tobacco Workers	10,300	Feb. 1, 1983 to Jan. 31,	....	....
Dan River Inc.	Textile Workers	7,500	June 17, 1985 to June 22, 1987[6]	....	....
Apparel and other finished products made from fabrics and similar products					
Atlantic Apparel Contractors Assn.	Ladies' Garment Workers	25,000	June 1, 1985 to May 31, 1988	....	June: 6 percent
Affiliated Dress Assn. Manufacturers Inc.	Ladies' Garment Workers	20,000	June 1, 1985 to May 31, 1988	....	June: 6 percent
Greater Blouse, Skirt, and Undergarment Assn.	Ladies' Garment Workers	19,900	June 1, 1985 to May 31, 1988	....	June: 6 percent
New York Coat and Suit Assn. and American Cloak and Suit Manufacturers Assn.	Ladies' Garment Workers	15,000	June 1, 1985 to May 31, 1988	....	June: 6 percent
Lumber and wood products, except furniture					
Western States Wood Products Employers Assn.	Woodworkers; Carpenters and Joiners	36,000	June 1, 1983 to May 31, 1986	....	....
Paper and allied products					
International Paper Co., Multiple Mill Group	Paperworkers; Electrical Workers (IBEW)	6,000	June 1, 1983 to May 31, 1986	....	....
Printing, publishing, and allied industries					
Metropolitan Lithographers Assn. (New York City)	Graphic Communications	5,000	July 1, 1984 to June 30, 1987	....	July: 5.3 percent
Rubber and miscellaneous plastics products					
Goodyear Tire and Rubber Co.	Rubber Workers	16,000	Apr. 22, 1985 to Apr. 20, 1988	Jan., Apr., July, Oct.	Apr.: 10 cents
Firestone Tire and Rubber Co.	Rubber Workers	8,500	Apr. 22, 1985 to Apr. 20, 1988	Jan., Apr., July, Oct.	Apr.: 10 cents
B. F. Goodrich Co.	Rubber Workers	7,200	Apr. 22, 1985 to Apr. 20, 1988	Jan., Apr., July, Oct.	Apr.: 10 cents
Leather and leather products					
Brown Shoe Co.	Clothing and Textile Workers; Food and Commercial Workers	6,000	Sept. 1, 1984 to Aug. 31, 1986	....	....
Stone, clay, glass, and concrete products					
Owens-Illinois, Inc.	Glass, Pottery, Plastics	8,600	Apr. 1, 1983 to Mar. 31, 1986	....	....
Brockway Glass Co.	Glass, Pottery, Plastics	7,000	Apr. 1, 1983 to Mar. 31, 1986	....	....
Primary metal industries					
U.S. Steel Corp. (production and maintenance)	Steelworkers	102,000	Mar. 1, 1983 to Aug. 1, 1986	....	Feb.: 45 cents
Bethlehem Steel Corp.	Steelworkers	49,000	Mar. 1, 1983 to Aug. 1, 1986	....	Feb.: 45 cents
Jones and Laughlin Steel Corp.	Steelworkers	32,000	Mar. 1, 1983 to Aug. 1, 1986	....	Feb.: 45 cents
Republic Steel Corp.	Steelworkers	30,400	Mar. 1, 1983 to Aug. 1, 1986	....	Feb.: 45 cents
Inland Steel Co., Indiana Harbor Works	Steelworkers	21,100	Mar. 1, 1983 to Aug. 1, 1986	....	Feb.: 45 cents
Fabricated metal products, except machinery and transportation equipment					
American Can Co.	Steelworkers	5,500	Mar. 9, 1983 to Feb. 16, 1986	....	....
Machinery, except electrical					
Caterpillar Tractor Co.	Automobile Workers	20,400	Apr. 25, 1983 to June 1, 1986	Mar.	....
Deere & Co.	Automobile Workers	18,000	June 1, 1983 to June 1, 1986	Mar.	....
International Harvester Co.	Automobile Workers	12,000	Oct. 1, 1984 to Sept. 30, 1987	Mar., June, Sept., Dec.	....
Briggs and Stratton Corp.	Allied Industrial Workers	8,200	Oct. 29, 1983 to July 31, 1986	....	....
Timken Co.	Steelworkers	8,000	Aug. 28, 1983 to Aug. 25, 1986	....	July: 45 cents
Electrical and electronic machinery, equipment, and supplies					
General Electrical Co.	Electronic Workers (IUE); Electrical Workers (UE-Ind.); Electrical Workers (IBEW); others	80,000	July 1, 1985 to June 26, 1988	June, Dec.	June: 3.0 percent
AT&T Technologies	Electrical Workers (IBEW)	36,200	Aug. 7, 1983 to Aug. 6, 1986	....	....

Table 3. Continued—Duration and wage adjustment provisions of selected[1] major collective bargaining agreements

Industry[2] and employer	Union[3]	Number of workers[4]	Duration of agreement[5]	Month of 1985 COLA	Month and amount of 1986 specified wage increase
General Motors Corp.	Electronic Workers (IUE)	24,000	Nov. 12, 1984 to Sept. 14, 1987	Mar., June, Sept., Dec.	....
AT&T Technologies	Communications Workers	20,300	Aug. 7, 1983 to Aug. 6, 1986	....	....
Westinghouse Electric Corp.	Electronic Workers (IUE); Electrical Workers (UE–Ind.); Electrical Workers (IBEW); others	19,200	July 22, 1985 to Aug. 28, 1988	Jan., July	July: 3 percent
Transportation equipment					
General Motors Corp.	Automobile Workers	350,000	Oct. 15, 1984 to Sept. 14, 1987	Mar., June, Sept., Dec.	Oct.: lump-sum payment[7]
Ford Motor Co.	Automobile Workers	114,000	Oct. 28, 1984 to Sept. 14, 1987	Mar., June, Sept., Dec.	Oct.: lump-sum payment[7]
Boeing Co.	Machinists	26,000	Oct. 4, 1983 to Oct. 3, 1986	Jan. Apr., July	....
Newport News Shipbuilding and Dry Dock Co.	Steelworkers	18,200	Nov. 1, 1983 to May 31, 1987	....	May: 7 percent
Rockwell International Corp.	Automobile Workers	16,000	July 1, 1984 to June 30, 1987	Jan., Apr., July, Oct.	July: 3 percent
Measuring, analyzing, and controlling instruments; photographic, medical and optical goods; watches and clocks					
Honeywell Inc.	Teamsters (Ind.)	6,000	Feb. 1, 1984 to Jan. 31, 1987 (Feb. 1, 1986)	....	....
Nonmanufacturing					
Bituminous coal and lignite mining					
Bituminous Coal Operators Assn.	Mine Workers, United (Ind.)	105,000	Sept. 28, 1984 to Jan. 31, 1988	....	Jan.: 5 cents Apr.: 5 cents July: 5 cents Oct.: 30 cents
Building construction—general contractors and operative builders					
Associated General Contractors; and others (Southern CA)	Carpenters	20,000	July 1, 1983 to June 30, 1986	....	....
Building construction agreement (New York City)	Carpenters	20,000	July 1, 1984 to June 30, 1987	....	July: $1.10
Building Industry Assn. and others (Northern CA)	Carpenters	16,000	June 16, 1983 to June 15, 1986	....	....
Associated General Contractors; and others (outside agreement–Southern CA)	Laborers	15,000	July 1, 1983 to June 30, 1986	....	....
Associated General Contractors (outside agreement–Northern CA)	Laborers	15,000	Jan. 15, 1983 to June 15, 1986	....	....
Construction other than building construction–general contractors					
Associated General Contractors (Northern CA)	Carpenters	15,000	Sept. 1, 1982 to June 15, 1986	....	....
Associated General Contractors (Central and Western WA)	Carpenters	14,000	June 1, 1983 to May 31, 1986	....	....
Associated General Contractors (Northern CA)	Operating Engineers	12,000	June 16, 1983 to June 15, 1986	....	....
Associated General Contractors (Upstate NY)	Carpenters	10,000	Apr. 1, 1985 to Mar. 31, 1988	....	June: 85 cents
Labor Relations Div. of the Ohio Contractors Assn.	Laborers	10,000	May 1, 1983 to Apr. 30, 1986	....	....
Construction—special trade contractors					
Plumbing and Piping Industry Council; and independent companies (plumbers–Los Angeles)	Plumbing and Pipe Fitting Industry	11,000	July 1, 1983 to June 30, 1986	....	....
New York Electrical Contractors Assn., Inc. (New York City)	Electrical Workers (IBEW)	10,000	June 10, 1983 to June 12, 1986	....	....
Associated General Contractors; 7 other Assns.; and independent contractors	Iron Workers	10,000	July 1, 1983 to June 30, 1986	....	....
Electrical Contractors Assn. of the City of Chicago	Electrical Workers (IBEW)	8,100	June 1, 1985 to May 31, 1987	....	June: $1.10[8]
Mechanical Contractors Assn. (Chicago)	Plumbing and Pipe Fitting Industry	8,000	June 3, 1985 to May 31, 1986	....	....
Railroad transportation					
Conrail	Transportation	8,400	July 1, 1984 to June 30, 1988	Jan.	Jan.: 2 percent July: 1.5 percent
Local and suburban transit and interurban highway passenger transportation					
Greyhound Lines	Transit Union	12,700	Nov. 1, 1983 to Oct. 31, 1986	May, Aug.	....
Motor freight transportation and warehousing					
National Master Freight Agreement (local cartage)	Teamsters (Ind.)	100,000	Apr. 1, 1985 to Mar. 31, 1988	....	Apr.: 50 cents

Table 3. Continued—Duration and wage adjustment provisions of selected[1] major collective bargaining agreements

Industry[2] and employer	Union[3]	Number of workers[4]	Duration of agreement[5]	Month of 1985 COLA	Month and amount of 1986 specified wage increase
United Parcel Service	Teamsters (Ind.)	71,000	Sept. 1, 1984 to July 31, 1987	Sept.	Sept.: 50 cents
National Master Freight Agreement (over-the-road)	Teamsters (Ind.)	50,000	Apr. 1, 1985 to Mar. 31, 1988	....	Apr.: 50 cents
National Master Automobile Transporters Agreement	Teamsters (Ind.)	21,000	June 1, 1985 to May 31, 1988	June	June: 60 cents
Joint Area Cartage Agreement (Chicago)	Teamsters (Ind.)	10,000	Apr. 1, 1985 to Mar. 31, 1988	....	Apr.: 50 cents
Water transportation					
Pacific Maritime Assn.	Longshoremen and Warehousemen (Ind.)	9,750	July 1, 1984 to July 1, 1987	....	July: 95.6 cents
New York Shipping Assn.	Longshoremen's Association	8,500	Oct. 1, 1983 to Sept. 30, 1986	....	....
American Maritime Assn. (unlicensed seamen)	Seafarers	8,000	June 16, 1984 to June 15, 1987	Jan., July	....
Great Lakes Assn. of Stevedores	Paperworkers	6,000	Apr. 1, 1984 to Dec. 31, 1986	....	Apr.: $1
West Gulf Maritime Assn.	Longshoremen's Association	5,000	Oct. 1, 1983 to Sept. 30, 1986	....	....
Transportation by air					
United Airlines	Machinists	15,500	Nov. 1, 1983 to Oct. 31, 1986	....	Sept.: 2.9 percent
American Airlines	Transport Workers	12,000	Sept. 1, 1985 to Mar. 1, 1989	....	Mar.: $500 lump sum payment
Eastern Airlines	Machinists	12,000	Feb. 1, 1985 to Dec. 31, 1987	....	Feb.: 6 percent
United Airlines	Air Line Pilots	8,500	Apr. 1, 1983 to May 1, 1986	....	....
Republic Airlines	Air Line Pilots	6,300	May 31, 1984 to Dec. 31, 1986	....	....
Communication					
American Telephone & Telegraph Co.	Communications Workers	500,000[9]	Aug. 7, 1983 to Aug. 9, 1986	....	....
New England Telephone and Telegraph Co.	Electrical Workers (IBEW)	23,700	Aug. 7, 1983 to Aug. 9, 1986	....	....
General Telephone Co. of California	Communications Workers	21,000	Mar. 4, 1983 to Mar. 4, 1986	....	....
AT&T Technologies (installers and job clerks)	Communications Workers	14,000	Aug. 7, 1983 to Aug. 9, 1986	....	....
Illinois Bell Telephone Co.	Electrical Workers (IBEW)	13,800	Aug. 7, 1983 to Aug. 9, 1986	....	....
Electric, gas, and sanitary services					
Pacific Gas and Electric Co.	Electrical Workers (IBEW); Marine Engineers; others	22,400	Jan. 1, 1984 to Dec. 31, 1987	Jan.	Jan.: 3 percent
Consolidated Edison Co. of New York Inc.	Utility Workers	16,000	Aug. 21, 1983 to June 17, 1986	....	Mar.: 2 percent
Commonwealth Edison Co.	Electrical Workers (IBEW)	11,500	Apr. 1, 1985 to Mar. 31, 1988	....	Apr.: 4.6 percent
Niagara Mohawk Power Corp.	Electrical Workers (IBEW)	8,000	June 1, 1984 to May 31, 1986	....	....
Southern California Gas Co.	Utility Workers	7,100	Apr. 1, 1984 to Mar. 31, 1986	....	....
Wholesale trade-nondurable goods					
Industrial Employers and Distributors Assn. (CA)	Teamsters (Ind.) Longshoremen and Warehousemen (Ind.)	25,000	June 1, 1985 to May 31, 1988	June	June: 12 cents Dec: lump-sum payment[10]
General merchandise stores					
Meijer, Inc. (MI)	Food and Commercial Workers	11,000	Dec. 30, 1984 to Sept. 19, 1987	Oct.	Apr.: lump-sum payment[11] Oct.: 20 cents
Montgomery Ward and Co.	Teamsters (Ind.)	9,600	Aug. 1, 1983 to July 31, 1986	....	Jan.: 4 percent
R H Macy and Co., Inc.	Retail, Wholesale and Department Store	6,000	Feb. 1, 1985 to Jan. 31, 1989	....	Feb.: 40 cents
Woodward & Lothrop, Inc. (Washington, DC area)	Food and Commercial Workers	5,500	Feb. 1, 1983 to Jan. 31, 1986	....	....
Food stores					
Food Employers Council, Inc. (Southern CA)	Food and Commercial Workers	65,000	July 30, 1984 to Aug. 2, 1987	....	Feb.: 1.2 percent July: 1.6 percent
Food Employers Council (Northern CA)	Food and Commercial Workers	22,000	Mar. 1, 1983 to Feb. 28, 1986	....	
Shoprite, Pathmark, Grand Union and Foodtown stores (NJ)	Food and Commercial Workers	21,000	Apr. 9, 1984 to Apr. 3, 1987	....	Apr.: 37.5 cents Dec.: 12.5 cents
Waldbaum, Food-a-rama, Bohack, and others (NY)	Retail, Wholesale, and Department Store	18,000	Sept. 30, 1983 to Sept. 30, 1986	....	Mar.: average 31.3 cents
Jewel Food Stores (IL)	Food and Commercial Workers	18,000	June 21, 1985 to Oct. 4, 1986	....	....
Eating and drinking places					
Restaurant-Hotel Employers' Council	Hotel Employees and Restaurant Employees	17,781	Mar. 15, 1982 to Mar. 15, 1986 (Mar. 15, 1985)	....	....
Restaurant-Hotel Employers' Council	Hotel Employees and Restaurant Employees	17,781	Mar. 15, 1982 to Mar. 15, 1986 (Mar. 15, 1985)	....	....
Restaurant-Hotel Employers' Council	Hotel Employees and Restaurant Employees	8,000	Mar. 15, 1985 to Mar. 15, 1989 (Mar. 15, 1988)	....	Apr.: 3.9 percent (average)
San Mateo Hotel Restaurant Employers' Assn.	Hotel Employees and Restaurant Employees	5,200	Jan. 1, 1984 to Dec. 31, 1986	....	Jan.: 20–52 cents
Bob's Big Boy Restaurants	Bob's Big Boy Union (Ind.)	5,200	Jan. 1, 1984 to Dec. 31, 1986	....	Jan.: 1.5 percent July: 1.5 percent
Insurance					
John Hancock Mutual Life Insurance Co.	Food and Commerical Workers	5,000	July 1, 1984 to June 30, 1987	....	Sept.: lump-sum payment[12]

Table 3. Continued—Duration and wage adjustment provisions of selected[1] major collective bargaining agreements

Industry[2] and employer	Union[3]	Number of workers[4]	Duration of agreement[5]	Month of 1985 COLA	Month and amount of 1986 specified wage increase
Real Estate					
Realty Advisory Board on Labor Relations (apartment agreement) (NY)	Service Employees	30,000	Apr. 21, 1985 to Apr. 20, 1988	Apr.	Apr.: 50 cents
Realty Advisory Board on Labor Relations (commercial agreement.) (NY)	Service Employees	18,000	Jan. 1, 1984 to Dec. 31, 1986	Jan.	Jan.: 57.5 cents
Building Managers Assn. of Chicago	Service Employees	6,000	Mar. 26, 1984 to Sept. 28, 1986	....	....
Hotels, rooming house, camps, and other lodging places					
Hotel Assn. of New York City	Hotel and Motel Trades Council	25,000	June 1, 1985 to May 31, 1990	....	Aug.: 5.6 percent
Nevada Resort Assn.	Hotel Employees and Restaurant Employees	25,000	May 2, 1984 to May 4, 1989	....	May: 15 cents
Casino hotels in Atlantic City	Hotel Employees and Restaurant Employees	12,000	Sept. 15, 1983 to Sept. 15, 1988 (Sept. 15, 1986)	....	....
Greater Chicago Hotel and Motel Assn.	Hotel Employees and Restaurant Employees	9,000	Apr. 1, 1983 to Dec. 31, 1987	....	Jan.: 25.5 cents–tipped 12.5 cents–nontipped
Council of Hawaii Hotels	Hotel Employees and Restaurant Employees	8,100	Mar. 1, 1984 to Feb. 28, 1987	....	Mar.: 5 percent
Personal services					
New York City laundries	Clothing and Textile Workers	5,000	Dec. 1, 1984 to Nov. 30, 1987	....	Dec.: $10 week–inside employees, $20 week–drivers
Business services					
Service Employers Assn. (New York City)	Service Employees	36,000	Jan. 1, 1984 to Dec. 31, 1986	Jan.	Jan.: 57.5 cents
Massachusetts Maintenance Contractors Assn. (building cleaning)	Service Employees	7,000	Sept. 1, 1984 to Aug. 31, 1987	....	Sept.: 20 cents
Associated Guard and Patrol Agencies (Chicago)	Service Employees	6,000	Jan. 1, 1985 to Dec. 31, 1986	....	Jan.: 10 cents
Motion pictures	Stage Employees and other unions				
Alliance of Motion Picture and Television Producers		30,000	Aug. 1, 1985 to July 31, 1988	....	Aug.: $1
Amusement and recreation services, except motion pictures					
Phonograph Record Labor Agreement	Musicians	6,000	Dec. 1, 1983 to Nov. 30, 1986	....	....
Health services					
League of Voluntary Hospitals and Homes (New York City)	Retail, Wholesale and Department Store	50,000	July 1, 1984 to June 30, 1986	....	....
Greater New York Health Care Facilities Assn.	Service Employees	15,000	Apr. 1, 1984 to Mar. 31, 1986	....	....
Association of Private Hospitals (New York, NY)	Service Employees	7,000	Aug. 1, 1984 to July 31, 1986	....	....
Kaiser Permanente (clerical, service, maintenance and technical)	American Nurses Association (Ind.)	6,850	Apr. 1, 1984 to Mar. 31, 1987	....	....
Kaiser-Permanente Medical Care Program (Northern CA)	Service Employees	6,400	Oct. 30, 1983 to Oct. 25, 1986	....	....
State and local government					
State					
New York State (professional and technical employees)	State, County and Municipal Employees	51,000	Apr. 1, 1985 to Mar. 31, 1988	....	Apr.: 5 percent
New York State Institutional services	State, County and Municipal Employees	41,000	Apr. 1, 1985 to Mar. 31, 1988	....	Apr.: 5.5 percent
New York State (administrative)	State, County and Municipal Employees	37,700	Apr. 1, 1985 to Mar. 31, 1988	....	Apr.: 5.5 percent
Massachusetts State	State, County and Municipal Employees and Service Employees	28,000	Apr. 1, 1983 to Mar. 31, 1986	....	....
New York State operational services (blue collar)	State, County and Municipal Employees	25,500	Apr. 1, 1985 to Mar. 31, 1988	....	Apr.: 5.5 percent
Pennsylvania State (clerical, administrative, and fiscal)	State, County and Municipal Employees	16,650	July 1, 1985 to June 30, 1988	....	July: 33 cents
New York State security services	State, County and Municipal Employees	15,800	Apr. 1, 1985 to Mar. 31, 1988	....	Apr.: 5.5 percent
Oregon State Employees Unit	Service Employees	15,500	July 1, 1985 to June 30, 1987	....	July: 3 percent
Pennsylvania State (human services)	State, County and Municipal Employees	15,400	July 1, 1985 to June 30, 1988	....	July: 33 cents
Florida State (professional unit)	State, County and Municipal Employees	15,000	July 1, 1985 to June 30, 1987 (July 1, 1986)	....	Jan.: 5 percent
Local					
New York City Board of Education (teachers)	Teachers	59,500	July 1, 1984 to June 30, 1987	....	July: 5.5 to 8.1 percent
New York City (clerical)	State, County and Municipal Employees	36,400	July 1, 1984 to June 30, 1987	....	July: 6 percent
New York City Transit Authority	Transport Workers	28,500	Apr. 1, 1985 to Mar. 31, 1988	....	Apr.: 6 percent
Chicago Board of Education (teachers)	Teachers	26,000	Sept. 5, 1985 to Aug. 31, 1987	....	Sept.: 3 percent
New York City Police Dept	Patrolmen's Association (Ind.)	17,800	July 1, 1984 to June 30, 1987	....	July: 6 percent
Minnesota State (multidepartment)	State, County and Municipal Employees	17,300	July 1, 1985 to June 30, 1987	....	July: 4 percent
Nassau County (general unit)	State, County and Municipal Employees	14,000	Jan. 1, 1985 to Dec. 31, 1987	....	Jan.: 6 percent

Table 3. Continued—Duration and wage adjustment provisions of selected[1] major collective bargaining agreements

Industry[2] and employer	Union[3]	Number of workers[4]	Duration of agreement[5]	Month of 1985 COLA	Month and amount of 1986 specified wage increase
Philadelphia School District (teachers)	Teachers	13,000	Sept. 1, 1985 to Aug. 31, 1988	....	....
Philadelphia city employees	State, County and Municipal Employees	13,000	July 1, 1984 to June 30, 1986	....	....
New York City (social services employees)	State, County and Municipal Employees	12,500	July 1, 1984 to June 30, 1987	....	July: 5.5 percent

[1]Selection based on contracts with the highest employment (minimum 5,000) in the industrial classification.
[2]Based on 1972 standard industrial classification.
[3]Unions are affiliated with the AFL-CIO, except where noted as independent (Ind.).
[4]Number of workers at time agreement was reached.
[5]Contract effective date to expiration date or first reopening date.
[6]Subject to reopening during agreement term at not less than 6 months intervals.
[7]Equal to 2.25 percent of qualified earnings during 52 pay periods ending in September 1986.
[8]Allocation between wages and benefits will be determined by the union.
[9]Based on the corporate structure and employment level at the time of the 1983 collective bargaining settlement. On Jan. 1, 1984, AT&T was divested of its various operating companies under a settlement of an anti-trust action.
[10]Equal to 24 cents for each hour worked from June 1, 1986, to Nov. 30, 1986.
[11]Varying by job classification and based on hours worked from Oct. 6, 1985 to Apr. 15, 1986.
[12]Based on income during preceding 12 months and length of service.

Typically, most of the construction workers under collective bargaining agreements are employed in commercial construction (for example, office buildings, highways) rather than residential construction. Negotiations in the industry are usually conducted by local or regional branches of national employer associations, such as the Associated General Contractors of America or the National Electrical Contractors Association. Individual companies join such associations for a variety of business-related purposes, including collective bargaining. Workers are generally organized along craft lines, and negotiations are frequently on a craft-by-craft basis. Nevertheless, settlements reached by the various crafts in a locality are often similar in size, reflecting the economic situation of the local construction industry.

The economic health of the industry, while not good, has shown some improvement since 1982. In October of that year, the rate of unemployment in the industry hit a historic 23.7 percent. It dropped to 13.7 percent 2 years later, and has been hovering around that level since then. The value of new nonresidential construction, which ranged between $60 and $65 billion a year from 1981–83, rose to $74 billion in 1984 and was at $65 billion at the end of the third quarter of 1985.

In addition to having to deal with the problems of reduced construction activity and the consequent loss of job opportunities, unionized firms and their employees have faced increased competition from nonunion firms. Employers and workers have tried to adjust to both situations. Some unionized employers have used "double breasting"—forming new, nonunion firms—to avoid having to abide by the terms of union contracts and thus to be better able to compete with nonunion firms. Unions have agreed to reduce or freeze pay and benefits and to modify work rules to reduce labor costs. Some contracts permit a dual wage scale, with a lower rate to be paid on small projects where competition from nonunion firms tends to be heaviest. Similarly, on federally financed construction, if the prevailing wage rate that must be paid under the Davis-Bacon Act is determined to be less than the union scale, some contracts allow the employer to pay the lower rate, to be able to compete for the job. New "helper" classifications have been developed for workers who do not perform all the duties of the craft and are paid less than full craft rates. More direct approaches to reducing labor costs—wage and benefit cuts and freezes—have also been negotiated.

Since 1983, substantial proportions of workers covered by major construction contracts have had their wages cut or frozen for the term of the agreement—37 percent in 1983, 46 percent in 1984, and 30 percent during the first 9 months of 1985. The cuts and freezes, coupled with comparatively modest increases for the remaining workers, yielded average wage adjustments over the contract term that, since 1983, have been small relative to earlier years. During the first 9 months of 1985, contract settlements called for wage adjustments averaging 2.1 percent annually over their term. By comparison, adjustments specified in the contracts they replaced averaged 3.3 percent annually over their term, and 1982 settlements called for wage adjustments that averaged 6.3 percent a year over the life of the contract.

There is nothing on the horizon to indicate that 1986 bargaining in construction will produce settlements very different from those reached beginning in 1983.

Aluminum

Contracts between major aluminum producers and the United Steelworkers of America and the Aluminum, Brick and Glass Workers International Union are scheduled to expire in May 1986. These agreements cover about 45,000 workers.

The three largest companies, Aluminum Co. of America, Reynolds Metals Co., and Kaiser Aluminum and Chemical Corp. have traditionally been the pattern setters for smaller firms. The 3-year contracts negotiated in May 1983 gave no specified wage increases. They modified the quarterly cost-of-living adjustment to provide wage changes of 1 cent an hour for each 0.3-point movement in the Consumer Price Index (1967 = 100) for the first 2 contract years, and 1 cent for each 0.26-point change in the third contract year. Sunday premium pay was reduced from half to time and one-quarter. The eligibility period for extended vacation was increased from 5 years of service to 7.

After suffering heavy losses due to the depressed aluminum market, Kaiser Aluminum sought to modify the terms of the 1983 agreement to achieve additional labor cost savings. A new 3-year contract reached with the Steelworkers, effective April 1, 1985, reduced compensation by an average of $4.50 an hour, and established an employee stock purchase plan to be financed by diverting money stemming from any quarterly cost-of-living adjustment.

Earning levels among aluminum producers reflect their product mix. Companies such as Aluminum Co. of America and Reynolds Metals Co., have achieved a profitable product mix, while others, including Kaiser Aluminum, are facing financial difficulties. Despite the recent labor cost cuts, reduced employment and modernization of plant and equipment, Kaiser has not been able to make a profit.

Two forces are hurting the aluminum industry. First, few new markets have opened up since 1980, and the current annual growth rate for the industry is less than 3 percent. Second, foreign producers have expanded rapidly and obtained a competitive edge because of the strong U.S. dollar and labor and production costs that are lower than in the United States.

The domestic industry is doing what it can to meet foreign competition and halt the erosion in profits. Some aged, high cost domestic ingot plants have been closed, and products have been upgraded through expanded research and plant modernization. Producers can be expected to try to reduce labor costs, while union representatives will probably focus on job security.

Farm machinery

Contracts covering approximately 50,000 workers in the troubled farm machinery industry are scheduled to expire in March and June. Negotiations are slated between the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) and the Caterpillar Tractor Co., Deere and Co., and Klockmen-Humboldt-Deutz AG of West Germany, which acquired Allis-Chalmers Corp. farm machinery operations in 1985. Agreements with J. I. Case (a subsidiary of Tenneco's Inc.), which acquired International Harvester's farm machinery operations in January 1985, will not expire until 1987.

The farm machinery industry has suffered economic difficulty since the record sales of the 1970's. The 1980's have seen depressed farm values and low commodity prices discourage farmers' investment in new equipment. Voluntary and foreclosure sales of farms have resulted in a supply of used machinery at low prices. The strong dollar has hindered sales abroad, and there is increasing competition in both overseas and domestic markets from foreign manufacturers such as Kubota. American companies have reacted by curtailing output, offering substantial discounts on their products, and negotiating labor cost reductions.

Efforts to negotiate reduced labor costs began in 1982 with an early reopening of the UAW International Harvester contract. A new 29-month agreement did not provide any specified wage increases over its life, deferred the first 3 quarterly COLA payments for 18 months, and eliminated paid personal holidays. The accord also established an employee profit-sharing plan. In contrast, the subsequent 1984 agreement provided wage increases of 31 cents per hour effective October 1984, and 2.25 percent effective October 1985, and restored the COLA clause, paid holidays, and other benefits.

In February 1983, Allis Chalmers also negotiated a cost-reducing agreement which froze wages, suspended the COLA clause for 5 months, reduced holidays from 15 to 10 per year, and eliminated vacation and Christmas bonuses.

Caterpillar sought a similar labor cost saving contract. The May 1983 pact that ended a 7-month strike, froze wages but continued the COLA clause and established a profit-sharing plan. Contract provisions were introduced to improve job security. These included: advance notice prior to plant shutdowns or outsourcing, the use of a "master" recall list for hiring, and additional employer contributions to the Supplemental Unemployment Benefit (SUB) fund.

Deere and Co. settled with the UAW in July 1983 under terms similar to the Caterpillar agreement. However, the accord also provided a one-time "settlement bonus" of 40 hours' pay and a special 3.9 percent "COLA" payment.

Given the continued economic hardships faced by farm machinery producers, 1986 contract talks can be expected to emphasize job security provisions and labor cost-saving issues.

Health care

Contracts covering 106,000 of the 140,000 health care workers under major agreements are due to expire during 1986. If past practice is followed, two contracts will directly or indirectly set wages and working conditions for about 72,500 workers. A contract between the Greater New York Health Care Facilities Association and the Service Employees International Union (SEIU) expires in March. It covers 15,000 workers at about 55 nursing homes. When it was negotiated in June 1984, it also set the pattern for an additional 7,500 employees at 30 nursing homes which "followed suit," although they were not members of the association. Similarly, an August 1984 contract between the 50-member League of Voluntary Hospitals and Nursing Homes in New York, and District 1199 of the Retail, Wholesale, and Department Store Union (RWDSU) representing 38,000 employees of the League was a pattern setter for an additional 12,000 workers at 12 hospitals.

The industry has been under pressure from both State and Federal governments to hold down costs and to change its methods of pricing health care to patients. In 1983, the

Federal Government established reimbursement schedules for health care under Medicare and Medicaid under which the Government will pay only specified predetermined amounts for such services. Costs above the amount must be absorbed by the health facility, but if costs are below the amount, the difference is retained by the facility.

The 1984 settlements in New York reflected cost-containment pressures. Although wage and benefit increases were negotiated along with improvements in working conditions, they were contingent on Federal and State increases in Medicare and Medicaid reimbursement schedules. The increases were never approved and consequently the negotiated contract improvements were only partially effected.

The failure to fully implement the terms of the 1984 contracts will influence bargaining in the health care industry in New York. In the rest of the country, where 40,000 workers are under major contracts that will be negotiated, the issue of cost control will be a concern. Other problems will be addressed as well—job security, staffing patterns, contracting out of work, and the use of unpaid volunteers, for example.

In addition to RWDSU and SEIU, the American Nurses Association and the National Union of Hospital and Health Care Employees (which broke away from the RWDSU in 1984) will be bargaining over 24 contracts covering hospitals, nursing homes, clinics, and other health care facilities throughout the country.

Steel

Contracts between steel producers and the United Steelworkers of America, that originally covered approximately 275,000 workers (including those temporarily laid off), are scheduled to expire on July 31, 1986. Among the major companies that will be negotiating are Bethlehem Steel Corp., Inland Steel Co., U.S. Steel Corp., Armco Inc., National Steel Corp., LTV Steel Corp., and Laclede Steel Co. For the first time in three decades, all the companies will be bargaining separately.

Depressed economic conditions in the U.S. steel industry have contributed to the demise of one of its most venerable practices—coordinated bargaining between the United Steelworkers of America and the major steel producers. Industry-wide bargaining provided individual major steel producers a united voice in the negotiation but at the same time deprived them of the ability to alter labor costs to meet individual company circumstances. It enabled the United Steelworkers to maintain wage uniformity across the industry, shielding wages from competition. Twelve companies participated in the process in 1956 when the unified approach was initiated. Subsequently, the number of companies that bargain together shrank to nine in 1980 and to seven when the last national agreement was negotiated in 1983. When it dissolved in May 1985, the coordinated bargaining committee consisted of five members, U.S. Steel Corp., Bethlehem Steel Corp., Armco Inc., Inland Steel Co., and LTV Steel Corp.

In the last 3 years, the U.S. steel industry has experienced staggering losses, layoffs, and plant closings as a result of its continued inability to compete with foreign producers in shrinking overseas and domestic markets because of outdated equipment, and higher labor costs. The industry's financial losses totaled nearly $7.1 billion between 1982 and 1984. Overall employment has declined from 256,000 in 1983, when the expiring contracts were negotiated, to 200,000 early in September 1985.

Steel imports in 1983 and 1984 depressed domestic steel shipments and prices. Imports accounted for 20.5 percent of the U.S. market in 1983 and captured a record high of 26.4 percent of domestic consumption in 1984. U.S. steel producers together with United Steelworkers of America, members of Congress, and local public officials mobilized support for Federal legislation to limit steel imports to 15 percent of the U.S. market. In September 1984, President Reagan announced a program to reduce annual imports of finished steel products to 18.5 percent for a period of 5 years. In the first 9 months of 1985, however, imports accounted for about one-fourth of the market, depressing the demand for domestic steel.

Steel companies have initiated various approaches to deal with their distressed situations. For example, Wheeling-Pittsburgh, the seventh largest steel maker, borrowed heavily for modernization and entered into a joint venture with Japan's Nisshiu Steel Co. Two renegotiations of contracts with the Steelworkers resulted in wage and benefit cuts in exchange for the establishment of an employee stock ownership plan. All these efforts were not sufficient to solve the company's financial problems. The company filed for bankruptcy after heavy losses in the first quarter of 1985. While operating under Chapter 11 of the Federal Bankruptcy Code, Wheeling-Pittsburgh won court approval to annul its labor pact. The company's move to reduce wages and benefits by 18 percent, to $17.50 an hour, was rejected by the 8,200 Steelworkers. They walked off their jobs on July 21, 1985, in the steel industry's first major walkout since the 116-day industrywide strike in 1959.

On October 26, 1985, the Steelworkers ratified a new contract reducing compensation to $18 an hour. The accord replaced the company's pension plan with a less costly one and provided workers a greater role in the company's financial management. The pact linked wages to the price of steel—for each 1-percent rise in the company's steel price, workers will receive 20 cents more an hour, for a maximum of $1 an hour. Implementation of this contract required the approval of the Federal bankruptcy court and the main creditors of the company.

Other companies have adopted measures such as reducing excess capacity, selling profitable operations to acquire working capital and entering new ventures with foreigners. Armco, for example, closed a steel mill in Houston, sold coal reserves and announced the sale of its aerospace business in August 1985. Inland closed its operation at Indian Harborworks in Chicago; LTV idled its operation in Aliquippa, PA, and put its specialty steel-producing company up for sale as part of a restructuring of its steel operations; U.S. Steel is negotiating a partnership with South Korea's Pohang Iron and Steel Co.

The expiring agreement was negotiated in February 1983 and replaced a contract that still had 5 months to run. Faced with the need to deal with rapidly rising unemployment and financial losses, the Steelworkers and the members of the Coordinated Bargaining Committee had agreed to early contract talks in mid-1982. After twice failing to reach agreement, the employers and union settled on a 41-month contract that provided labor cost cuts in return for improvements in job security and increased aid to laid-off workers. The contract temporarily cut wages $1.25 an hour and eliminated the 6-cent cost-of-living increases paid but, under the terms of the superseded 3-year agreement, not incorporated in the wage rate. The quarterly cost-of-living payments were suspended until July 31, 1984. The extended vacation plan was eliminated. Vacations, holidays, and Sunday premium pay were temporarily reduced. The companies raised their contributions to supplemental unemployment benefits by 50 cents an hour.

Although specific goals for the coming negotiations have not yet been set, the continued economic difficulties of the industry and their effect on the companies and the workers will be the focus of attention. Reducing labor costs and protecting job security will undoubtedly be major issues. Unlike the negotiations over the last three decades, 1986 bargaining will see each major producer trying to achieve contract terms best suited to its own circumstances.

Copper

Approximately 14,000 workers in the copper industry are covered by collective bargaining agreements scheduled to expire in May 1986. The major companies that will be involved in the negotiations are Kennecott Corp; Magma Copper Co.; Inspiration Consolidated Copper Co.; American Smelting and Refining Co. (ASARCO); and U.S. Metals Co. A coalition of unions, led by the United Steel Workers, will represent the workers at these contract talks.

The copper industry has been plagued by falling prices and falling demand, resulting in net losses in 1984 for the large copper producers—Kennecott, ASARCO, and Phelps Dodge. In 1980, metal mining in the United States was a $8.5-billion enterprise. By 1983, it had shrunk to $5.9 billion. U.S. copper producers cut output in 1983 to 1 million metric tons from 1.6 million tons in 1982. Nevertheless, copper supplies have continued to pile up due to abundant foreign copper. Substitution of plastic and optic fibers for copper and a decline in the grade of the available ore are other factors weakening the copper mining industry in the United States.

The industry's most visible problem is prices. Price setting, once the province of North American oligopolies, shifted in the 1980's to the floor of world commodities exchanges, chiefly the London Metal Exchange. Copper prices have dropped as copper output increased in Third World countries. In 1984, the price of copper fell below 70 cents a pound or 15 to 17 cents below the break even point for the best U.S. mines.

The 1983 contracts negotiated by Kennecott, Magma Copper Co., American Smelting and Refining Co., Inspiration Consolidated Copper Co., and U.S. Metal Co. established a pattern for most of the copper mining and processing industry. The agreement froze wages for its 3-year term but continued the quarterly cost-of-living adjustment providing 1 cent for each 0.3-point change in the CPI. Benefits were frozen for incumbent workers and reduced for anyone hired after July 19, 1983.

Contract talks failed to yield an agreement with Phelps Dodge Corp., resulting in a strike by a 12 union coalition led by the Steelworkers that began on June 30, 1983. Phelps Dodge, the Nation's No. 2 copper producer, had temporarily shut down all its mining operations between April 1982 and the end of the year, putting 3,800 employees out of work. When negotiations began in 1983, the company proposed to abolish the cost-of-living adjustment clause, freeze wages, and reduce benefits. The union refused to deviate from the terms of the earlier settlement with Kennecott and the Nation's other top copper producers. Phelps Dodge has continued operating its mines despite the strike. Elections to decertify the union have been held. The union lost these elections but the results are being appealed.

As bargainers prepare for 1986 negotiations, U.S. copper producers are still confronted by falling prices, heavy losses, and a depressed market for their products. They are expected to seek cuts in wages and benefits. The unions intend to maintain the tradition of pattern bargaining and will attempt to gain job security provisions.

Telephone communications

No industry will have a more dramatically different bargaining setting in 1986 compared with earlier years than the telephone industry. Instead of bargaining over a single national agreement on wages and benefits for American Telephone and Telegraph Co., the industry may see bargaining over more than 20 separate agreements. This change stems from the January 1984 breakup of AT&T from a single national company providing local and long distance service, into a company providing national long distance and allied services—AT&T Information Systems (ATTIS)—and seven independent regional companies consisting of 22 local operating companies. In August 1983, before the divestiture, a 3-year national agreement was reached with AT&T by the Communication Workers of America (CWA), the International Brotherhood of Electrical Workers, and the Telecommunications International Union. The agreement, which remained in effect for the companies created by the breakup of AT&T, was negotiated after a 22-day strike. The major issues that faced the bargainers were job security and income protection in light of expected cuts due to the divestiture. The accord provided:

- A new personal or career development training program financed by the company to provide training which would be considered when transferring employees;
- An improved Supplemental Income Protection plan for workers who leave the company due to technological change or other reasons resulting in layoffs or involuntary reassignments to lower-paying jobs or to work locations requiring a change in residence;
- Improved reassignment pay protection for downgraded employees.

The pact provided an immediate 5.5 percent pay increase for workers at the top of the progression scale, smaller increases for those at lower steps, and no increase in starting rates. All employees, including those working at starting rates, were guaranteed an increase of at least $2.50 a week. In August of 1984 and 1985, there were additional increases of 1.5 percent at the upper rates, lesser increases at intermediate rates, but no change in starting rates. The COLA formula was unchanged.

Since the last negotiation and the breakup of AT&T, there have been significant cuts in employment. Local companies have reduced employment by about 40,000, largely through the use of new technology, increased contracting out of jobs, and the use of smaller crews of craftworkers to cover larger geographic areas. In August 1985, ATTIS announced it was going to lay off about 10,000 workers. This led the CWA to take a strike vote—an unusual event during the term of an agreement. The union maintained that the company was violating contract provisions on subcontracting and a 1982 promise not to lay off workers for 7 years. A strike was averted on October 30, 1985, when the company announced a reduction in the number of layoffs contemplated, and agreed to provide the union with information on subcontracting.

This summer's negotiations will cover about 486,000 employees of the former AT&T. Companies involved are: ATTIS, composed of Bell Laboratories, Western Electric, and the Long Lines Department (a total of 174,000 employees) and seven regional companies: U.S. West (34,000 employees), Ameritech (43,000 employees), Bell Atlantic (30,000 employees), Nynex (29,000 employees), Bell South (68,000 employees), Southwestern Bell (51,000 employees) and Pacific Telesis (57,000 employees). These 7 regional companies consist of the 22 independent Bell operating companies, each of which retains local regulated monopolies to provide local telephone service and provide other services on a competitive basis, such as selling telephone equipment and publishing the "Yellow Pages" directory. CWA will be led in negotiations by President Morton Bahr, the former head of CWA's New York District, who was elected to succeed the retiring Glenn Watts in July 1985.

The structure of the coming talks is still uncertain. While CWA will not attempt to negotiate a national contract, it is still seeking a national patttern. It has set up two separate bargaining councils—one to bargain with ATTIS and one to bargain with the regional companies. CWA will bargain nationally with ATTIS and hopes to bargain separately with each of the seven regional companies. However, several regional companies are resisting this effort and want to negotiate a separate agreement for each operating company in the region.

CWA intends to maintain uniform benefits and wages across the country but may have problems doing so because of diverse local cost conditions, the varying financial strength of each company, and the rapid creation of new jobs and skills that could make it difficult to compare job titles, duties, and lines of promotion across companies.

Another major focus of bargaining will be the union's desire to negotiate for job security as opposed to the companies' interest in reducing employment through job restructuring and technological change. Other major bargaining issues will include improved health insurance, improved safety on the job, and participation in "quality of worklife" programs.

Other telecommunication companies will also be bargaining in 1986. Contracts with General Telephone and Electric expire in the spring; they cover about 40,000 workers.

Aerospace

About 100,000 aerospace workers are covered by major collective bargaining agreements scheduled to expire this fall and during the first half of 1987. Among the major aerospace companies that will be negotiating are the Boeing Co., McDonnell Douglas, Bendix Aerospace (a subsidiary of Allied Corp.) Rockwell International Corp., Lockheed Aircraft Corp., United Technologies, and General Dynamics Corp. The two major unions involved are the International Association of Machinists and Aerospace Workers (IAM) and the International Union of United Automobile, Aerospace and Agricultural Implement Workers of America (UAW).

Since the last round of negotiations in 1983, the aerospace industry has had an increase in production of military goods and a growth of conglomerates and joint ventures. In 1984, the industry had the largest sales volume (in current dollars) in its history. Weak commercial aircraft sales (in 1984, 185 commercial transports were delivered compared to 702 in the peak year of 1968) were more than offset by increased sales of military aircraft, missiles, and space products.

Several factors have contributed to the increase in merger activity and joint ventures. Excess capacity, reduced demand for civilian aircraft, high interest rates, and uncertainty about fuel costs and new technology have beset the industry. Furthermore, aerospace companies often make large up-front investments which yield low-volume production runs. Through joint ventures, development and production costs are shared. The result has been increased coproduction among U.S., European, and Japanese firms.

The number of U.S. aerospace companies has declined in recent years because of mergers. Some examples in 1985 include Rockwell International's acquisition of Allen Bradley, Textron's purchase of AVCO, and Allied Corp.'s buyout of the Signal Companies. Recent mergers have also diversified nonaerospace companies such as Chrysler Corp., which purchased Gulfstream Aerospace, and General Motors, which acquired Hughes Aircraft.

Recent rounds of negotiations have been on a company-by-company basis with the earliest settlements usually establishing a pattern for the rest of the industry. Specific terms and expiration dates, however, have varied.

During the last round of bargaining that began in October 1983, the Boeing Co. and the IAM settled on a 3-year agreement. The contract called for no specified wage increases but provided an annual lump-sum payment each December of 3 percent of earnings during the 12 months ending the previous October. Employees received a 3-percent COLA "prepayment" each October, which was offset by quarterly COLA adjustments. In an effort to slow wage compression between grades, employees in specified lower grades did not receive the prepayments in 1984 and 1985. The accord also established a two-tiered wage structure, reduced pay scale for employees in lower grades and introduced a "new technology" clause which provided employee training. This settlement, with some modifications, established a general framework for most agreements in the industry. McDonnell–Douglas reached a similar agreement with the UAW in 1984, after a 117-day strike over the issue of lump-sum payments. The UAW opposed them because they were not incorporated into basic wage rates and thus the hourly wage base remained the same. Also, lump-sum payments may not be reflected in some benefits. McDonnell–Douglas later negotiated a 3-year contract with the IAM, replacing the contract that expired in May 1984.

Negotiations this year will be influenced by strong profits in the industry and forecasts of record sales. Civilian aircraft sales are anticipated to improve as airlines move to replace outdated equipment to take advantage of lower operating costs of new equipment. Military and space sales are also expected to increase. However, the Defense Department will probably encourage aerospace contractors to keep costs from rising. Two-tier wage structures are likely to be an issue in light of the decisions to drop them at Hughes Aircraft in 1984 and at General Dynamics in 1985. Lump-sum payments are also expected to be a topic for negotiation.

Longshoring

Contracts covering 50,000 dockworkers in 36 East and Gulf Coast ports are scheduled to expire on September 30, 1986. Negotiations are expected to begin in April between the International Longshoremen's Association (ILA) and the

Table 4. Scheduled deferred wage changes in 1986 under major collective bargaining agreements, by industry

Selected industry	Number of agreements	Number of workers (thousands)	Mean Change							Median change		Mean increase
			Total		Agreement with COLA			Agreement without COLA				
			Cents	Percent[1]	Cents	Percent[1]	Cents	Percent[1]	Cents	Percent[1]	Cents	Percent[1]
Total[2]	788	3,726	52.4	4.3	41.1	3.6	56.7	4.5	45.2	4.0	52.7	4.3
All private nonagricultural industries	550	2,568	49.7	3.9	41.2	3.6	55.2	4.1	45.0	3.6	50.0	4.0
Manufacturing[3]	200	936	40.7	3.7	39.0	3.4	46.1	4.4	45.0	3.4	40.7	3.7
Food and kindred products	26	87	38.8	3.8	25.9	2.5	40.3	3.9	41.5	4.0	38.8	3.8
Apparel and other finished products	23	129	36.6	4.9	36.5	4.9	39.4	5.1	34.4	5.0	36.6	4.9
Rubber and miscellaneous plastics products	7	30	13.0	1.3	10.0	0.8	26.0	3.3	10.0	0.8	13.0	1.3
Metalworking	91	593	41.0	3.4	39.7	3.2	50.5	4.9	45.0	3.4	41.0	3.4
Nonmanufacturing[4]	350	1,632	54.8	4.1	46.4	4.1	56.7	4.1	50.0	3.9	55.4	4.1
Construction	150	339	77.8	4.5	90.5	5.2	77.6	4.5	65.0	4.0	77.8 4.5	
Transportation, communications, and gas and electric utilities	70	502	59.1	3.9	49.1	3.7	63.1	4.0	50.0	3.7	59.1	3.9
Wholesale and retail trade	79	393	31.9	3.7	17.8	1.8	34.2	4.0	29.4	3.8	32.9	3.8
Finance, insurance and real estate	12	72	46.5	5.0	54.4	5.7	24.2	2.8	51.2	5.7	51.0	5.4
Services	37	219	58.2	4.7	59.0	6.1	58.0	4.3	44.9	5.0	58.2	4.7
State and local government	238	1,158	58.6	5.0	37.5	2.9	58.8	5.0	50.4	5.0	58.6	5.0

[1] 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 to ensure confidentiality of earnings data: Tobacco (2,000); lumber (4,000); furniture (6,000); paper (25,000); printing (18,000); chemicals (15,000); leather (12,000); stone, clay, and concrete (10,000); instruments (1,000); and miscellaneous manufacturing (5,000).

[4] Includes 108,000 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 clauses. Because of rounding, sums of individual items may not equal totals.

employer associations representing ocean-going carriers, stevedoring firms, marine terminal operators, and others that move ocean passengers and freight.

The ILA will bargain over a master agreement with a steering committee representing 10 associations and companies. The master agreement covers issues such as wages, hours of work, contract duration, and employer contributions to pension, health, and welfare funds. After a master agreement is reached, local agreements must be negotiated at all ports. They deal with the guaranteed annual income (GAI) plan, holidays, vacations, working conditions, and the amount of pension and welfare benefits paid out.

After more than 10 years of litigation that twice involved the U.S. Supreme Court, rules requiring that longshoremen handle ocean-going containerized cargo within 50 miles of port, first negotiated in 1974, will not be an issue this year. In June 1985, the Supreme Court found that issues involving handling of containerized cargo were legitimate topics for bargaining and permitted the implementation of the rules.

Table 5. Distribution of workers scheduled to receive deferred wage increases in 1986 under major collective bargaining agreements, by industry and amount of increase

(Workers in thousands)

Increase	All industries	Private nonagricultural industries			State and local government
		Total	Manufacturing	Nonmanufacturing	
CENTS PER HOUR					
Under 15 cents	118	97	38	59	21
15 and under 20	77	72	18	54	5
20 and under 25	144	105	31	74	38
25 and under 30	219	189	51	138	30
30 and under 35	346	253	193	60	93
35 and under 40	280	166	85	81	113
40 and under 45	244	145	51	94	100
45 and under 50	707	544	356	189	162
50 and under 60	690	526	38	488	164
60 and under 70	198	117	24	93	81
70 and under 80	242	80	27	53	162
80 and under 90	123	50	16	34	74
90 and under 100	42	21	1	20	21
100 and under 110	84	77	6	71	6
110 and under 120	63	50	—	50	13
120 and over	136	62	1	61	74
PERCENT[1]					
Under 2 percent	227	194	76	119	33
2 and under 3	344	272	51	220	72
3 and under 4	1,241	1,067	493	574	174
4 and under 5	508	425	164	261	82
5 and under 6	934	423	107	315	511
6 and under 7	347	94	17	77	253
7 and under 8	67	48	25	23	19
8 and under 9	19	12	1	11	7
9 and under 10	7	7	—	—	—
10 and under 11	6	—	—	7	6
11 and under 12	13	13	1	12	—
12 and over	2	2	—	2	—
Number of workers (in thousands)	3,714	2,556	936	1,620	1,158
Number of agreements	786	548	200	348	238

[1] Percent of straight-time hourly earnings.

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 clauses. Because of rounding, sums of individual items may not equal totals. Dashes indicate no workers.

Table 6. Deferred wage increases scheduled in 1986 in major collective bargaining situations, by month

[Workers in thousands]

Effective month	Workers covered[1]	Principal industries
January–December[2]	3,714	
January	567	Bituminous coal, State and local government
February	453	Steel, food stores
March	126	Food stores
April	750	Trucking, bituminous coal, construction, State and local government
May	163	Construction
June	428	Construction, apparel
July	1,150	Bituminous coal, construction, food stores, electrical products, State and local government
August	145	Motion pictures, hotels
September	230	Parcel delivery, State and local government
October	188	Bituminous coal
November	57	...
December	101	Food stores, construction

[1] Includes 1,158,000 workers under state and local government agreements.

[2] This total is smaller than the sum of individual items because 433,000 workers are scheduled to receive more than one increase. It is based on data available as of Oct. 1985, and thus may understate the number of workers scheduled to receive deferred increases for the entire year; 13,500 workers are scheduled to have a deferred wage decrease in 1986.

In 1983, negotiation of a 3-year master contract was completed more than 4 months before the October 1, 1983, expiration date of the existing contract. It provided wage increases of $1 an hour on October 1 of 1983, 1984, and 1985 and a $1.25-an-hour increase in employer payments to benefit funds over the life of the contract. However, while local issues were still being negotiated, the Federal Maritime Commission asked for a Federal injunction to stop the implementation of containerized cargo rules. The ILA suspended local talks, but a strike was avoided by the negotiation of a stopgap 106-day master agreement which allowed local talks to continue. The containerization issue was subsequently partially resolved, and the terms of the original agreement were carried out.

Among the issues addressed by the local negotiations in 1983 was the GAI plan, which guarantees eligible workers a specified number of hours of pay per year, whether or not they work. The number of guaranteed hours, which varies from port to port, was raised in some ports but lowered in others.

At this time, the major bargaining issues for 1986 remain unclear. The ILA has expressed concern that "dummy" companies have been established by employers using nonunion workers. Both parties are intent on maintaining the competitive position of the ports in which they operate.

State and local government

There are 239 major State and local government contracts scheduled to reopen or expire during 1986. The agreements cover 741,000 workers. These include 53 State contracts covering 273,000 workers and 186 local agreements involving 468,000 workers. Of the total, 127 contracts for 370,000 workers terminate in June. Expiring contracts cover about one-third of the workers under major agreements in both State and local government.

About half the workers covered by expiring or reopening State contracts are in general administration, 9 percent work for higher education institutions, and the balance are employees in a variety of activities, including hospitals, social services, and protective service agencies. Three States account for about one-half of all State workers under major contracts slated for bargaining in 1986: New Jersey (57,000 workers), Massachusetts (51,000), and Illinois (29,000).

On the local government level, 59 percent of the workers under expiring contracts are in education, 23 percent are in general administration, and 13 percent are in protective services. Bargaining will be widely scattered—no single jurisdiction will account for as much as 6 percent of the workers for whom new contracts will be negotiated.

During the first 9 months of 1985, major contract settlements provided first-year wage adjustments of 4.7 percent in both State and local government, and average annual adjustments of 4.8 percent in State government and 5.6 percent in local government over their term.

Concern for limiting labor cost increases was reflected in many agreements. Some provide two-tiered wage and benefit structures, in which new hires receive lower wages and/or benefits than incumbent employees. Others establish or increase worker copayments for health and other benefits.

Workers in public education constitute the largest bloc of employees (273,000) for whom new agreements will be negotiated. The vast majority are teachers. Depending on the jurisdiction, contracts may cover all employees—teachers, aides, custodians, and so on—or there may be a separate agreement for each job classification. The National Education Association (Independent) and the American Federation of Teachers (AFL-CIO) are the dominant unions representing workers in public education.

During the first 9 months of 1985, settlements in primary and secondary education called for average wage adjustments of 5.3 percent the first year and 6 percent a year over the contract duration. Wages will continue to be a concern for both employees and employers in 1986 for the usual economic reasons. Another issue, however,is the shortage of qualified teachers in some school systems and the role that higher pay could play in attracting sufficient people to the profession. By 1995, 639,000 additional educators will be needed, according to a recent forecast.[3] Bargaining will focus on a variety of other issues as well, including merit pay, class size, and noninstructional duties for teachers.

On April 1, 1984, Ohio passed a law giving approximately 52,000 State and 134,000 local government employees the right to bargain over wages and benefits and a limited right to strike. Seven unions and employee associations are competing to represent workers in a number of bargaining units defined along functional lines (for example, hospitals, highway maintenance, educa-

Table 7. Prevalence of cost-of-living adjustment clauses in major collective bargaining agreements, October 1985

1972 SIC Code	Industry[1]	All Agreements: Number	All Agreements: Workers covered (thousands)	Agreements with COLA clauses: Number	Agreements with COLA clauses: Workers covered (thousands)	Agreements with COLA clauses: Percent workers covered by COLA clauses
	Total	2,025	9,130	447	3,524	39
	Private nonagricultural industries	1,449	6,981	434	3,458	50
10	Metal mining	10	24	8	21	86
11	Anthracite mining	1	1	1	1	100
12	Bituminous coal and lignite mining	1	105	—	—	0
15	Building construction general contractors	137	452	7	41	9
16	Construction other than building construction	97	311	10	53	17
17	Construction-special trade contractors	153	301	9	22	7
20	Food and kindred products	69	175	13	26	15
21	Tobacco manufacturing	5	17	5	17	100
22	Textile mill products	8	31	1	5	16
23	Apparel and other finished products	36	341	25	218	64
24	Lumber and wood products except furniture	9	51	1	2	3
25	Furniture and fixtures	5	10	1	2	16
26	Paper and allied products	45	71	—	—	0
27	Printing, publishing, and allied industries	21	37	10	17	47
28	Chemicals and allied products	31	63	6	12	18
29	Petroleum refining and related industries	16	31	—	—	0
30	Rubber and miscellaneous plastics	12	39	9	32	82
31	Leather and leather products	8	20	—	—	0
32	Stone, clay, glass, and concrete products	25	66	22	62	94
33	Primary metals industries	61	401	48	365	91
34	Fabricated metal products	29	61	21	51	84
35	Machinery, except electrical	40	122	29	99	81
36	Electrical machinery equipment and supplies	59	315	43	272	86
37	Transportation equipment	77	850	61	784	92
38	Instruments and related products	8	18	2	4	23
39	Miscellaneous manufacturing industries	9	13	1	2	12
40	Railroad transportation	26	378	19	349	92
41	Local and urban transit	6	22	2	14	66
42	Motor freight transportation	15	283	9	116	41
44	Water transportation	16	69	4	19	27
45	Transportation by air	38	166	3	8	5
48	Communications	41	718	23	642	89
49	Electric, gas, and sanitary services	74	244	11	50	20
50	Wholesale—durables	3	6	—	—	0
51	Wholesale trade—nondurables	7	35	1	25	72
53	Retail trade—general merchandise	15	61	2	13	22
54	Food stores	100	476	12	36	8
55	Automotive dealers and service stations	6	8	—	—	0
56	Apparel and accessory stores	2	5	—	—	0
58	Eating and drinking places	14	44	—	—	0
59	Miscellaneous retail stores	5	13	1	4	32
60–65	Finance, insurance, and real estate	24	119	6	55	46
70–89	Services	85	411	8	47	11
	State and local government	576	2,149	13	39	2

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

NOTE: Due to rounding, sums of individual items may not equal totals, and percentages may not reflect shown ratios. Dashes indicate absence of cost-of-living coverage.

tions on initial contracts are expected in 1986 and will focus on wages as well as general working conditions, benefits, and promotion opportunities.

Scheduled wage changes in 1986

About 3.7 million of the 9.1 million workers[4] under major collective bargaining agreements are scheduled to receive deferred wage changes in 1986—37 percent of those in private industry and 54 percent of those in State and local government. Except for 13,000 workers in private industry who have a deferred *decrease*, all the workers with wage changes will get increases. (See tables 4, 5 and 6.) Some workers will receive lump-sum payments during the year; such payments are not included in this series.

Deferred changes (increases and decreases) will average 4.3 percent—3.9 percent in private industry and 5 percent in State and local government. In private industry, deferred changes negotiated in 1983 will average 3.7 percent; those from 1984 will average 4.0 percent; and those from 1985 will average 4.1 percent. Comparable data are not available for State and local government.

Contracts with COLA's generally provide smaller deferred wage increases than those without because the COLA clause is expected to generate some additional wage increases. In 1986, deferred wage adjustments will average 3.6 percent for agreements with COLA's, compared to 4.1 percent for those without COLA clauses.

Cost of living adjustments

As of the end of the third quarter of 1985, 3.5 million of the 9.1 million workers under major agreements were covered by COLA clauses. (See table 7.) Almost all are in private industry, where half the workers under major agreements have COLA coverage. Only 2 percent of the workers under major agreements in State and local government have COLA's.

Both the number and proportion of workers with COLA coverage in private industry decreased gradually from 1979 to 1984. (Comparable data are not available for State and local government.) These decreases stemmed largely from declining employment in industries where COLA clauses were common. During 1985, however, COLA coverage fell sharply (from 56.7 to 50 percent) because settlements for more than 300,000 workers (primarily in trucking and cotton garment manufacturing) dropped COLA clauses. Table 8 shows the number of workers under major private sector contracts and the number and percent covered by COLA clauses, 1971–86.

Table 8. Workers under cost-of-living adjustment clauses in collective bargaining situations, 1971–86

[Numbers in millions]

Year[1]	Total of workers	With COLA coverage	
	Number	Number	Percent
1971	10.8	3.0	27.8
1972	10.6	4.3	40.6
1973	10.4	4.1	39.4
1974	10.2	4.0	32.2
1975	10.3	5.3	51.5
1976	10.1	6.0	59.4
1977	9.8	6.0	61.2
1978	9.6	5.8	60.4
1979	9.5	5.6	58.9
1980	9.3	5.4	58.1
1981	9.1	5.3	58.2
1982	9.0	5.1	56.7
1983	8.5	4.9	57.6
1984	7.9	4.5	57.3
1985	7.5	4.2	56.7
1986	7.0	3.5	50.0

[1] Data relate to information available as of October 1 of preceding year.

Table 9. Frequency and timing of 1986 cost-of-living reviews in major collective bargaining situations

[Workers in thousands]

Frequency of review	First quarter		Second quarter		Third quarter		Fourth quarter		Full year[5]	
	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 agreements[1]										
Total	201	1,464	167	1,370	124	956	91	829	262	1,817
Quarterly	169	1,287	137	1,153	101	794	77	718	175	1,295
Semiannual	18	82	10	96	14	71	9	93	29	179
Annual	14	94	20	121	9	91	5	18	48	325
Other[2]	—	—	—	—	—	—	—	—	10	19
Agreements expiring in 1986[3]										
Total	109	648	67	449	29	84	2	3	117	669
Quarterly	100	580	65	441	27	79	2	3	100	580
Semiannual	5	12	1	3	1	1	—	—	7	15
Annual	4	57	1	6	1	4	—	—	6	66
Other[2]	—	—	—	—	—	—	—	—	4	8
Agreements expiring in later years[4]										
Total	92	816	100	921	95	872	89	826	145	1,148
Quarterly	69	708	72	712	74	714	75	715	75	715
Semiannual	13	70	9	93	13	70	9	93	22	163
Annual	10	38	19	116	8	87	5	18	42	259
Other[2]	—	—	—	—	—	—	—	—	6	11

[1] Includes 8 state and local government agreements covering 25,200 workers.

[2] Includes monthly, combinations of annual and quarterly, combinations of annual and semiannual, and reviews dependent on the levels of the Consumer Price Index.

[3] Includes 3 State and local government agreements covering 8,300 workers.

[4] Includes 5 State and local government agreements covering 16,900 workers.

[5] Agreements that have at least one review in the year.

NOTE: Data include only cost-of-living reviews through the termination of the present agreement; does not assume continuation of reviews after expiration dates. Because of rounding, sums of individual items may not equal totals.

Cost-of-living reviews are made at intervals specified in each clause. Fifty-two percent of the workers covered by COLA clauses will have at least one review in 1986. (See tables 7 and 9.) Annual reviews affect 1.4 million workers, primarily in telephone communications and apparel industries; quarterly reviews cover another 1.4 million workers including those in automobile, steel and aerospace; and semiannual reviews cover 570,000 employees, mostly in the railroad and electrical products industry.

About 3.3 of the 3.5 million private industry and State and local workers with COLA clauses have possible adjustments tied to the movement in the CPI for "all cities." Most of the remainder have clauses based on an index for an individual city.

About one-quarter of a million workers are covered by a contract clause that specifies a "guaranteed" or minimum COLA payment. Adjustments under these clauses were determined at the time the contracts were negotiated and do not depend on the movement of a price index. Therefore, the Bureau of Labor Statistics treats them as specified wage adjustments and not as COLA's. Payments above the specified amount that relate to changes in the CPI are, however, considered COLA's.

Many of the contracts expiring in 1986 have COLA clauses that were modified from earlier agreements to reduce employer costs related to COLA's. Changes included deferral of COLA payments, diversions of COLA adjustments from wages to pay fringe benefits, suspension of payments, formulas that provide smaller increases, and maximum payments or "caps." These modifications are one more issue that bargainers will have to wrestle with in 1986. □

——FOOTNOTES——

[1] The major companies include Atlantic Richfield, Chevron, Exxon, Mobil, Occidental, Phillips, Shell, Standard Oil of Indiana, Standard Oil of Ohio, Sun Company, Tenneco, Texaco, and Unocal.

[2] Tom Nardone, "The Job Outlook in Brief," *Occupational Outlook Quarterly*, 1984, p. 13.

[3] Employment relates to the number of workers covered by contracts at the time of negotiation.

A note on communications

The *Monthly Labor Review* welcomes communications that supplement, challenge, or expand on research published in its pages. To be considered for publication, communications should be factual and anaytical, not polemical in tone. Communications should be addressed to the Editor-in-Chief, *Monthly Labor Review*, Bureau of Labor Statistics, U.S. Department of Labor, Washington, D.C. 20212.
