

Collective bargaining in 1987: local, regional issues to set tone

*Bargaining will be concentrated
in State and local government, construction,
trade, and the automobile industry*

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About 3.1 million workers are under major collective bargaining agreements (those covering 1,000 workers or more) that are scheduled to expire or be reopened in 1987. They constitute 35 percent of the 8.8 million employees under major agreements in private industry and State and local government. Scheduled bargaining will cover 2 million private industry workers under 471 agreements, and 1.1 million State and local government workers under 312 agreements. (The U.S. Postal Service will bargain with unions representing its 600,000 employees, but Federal contracts are not included in the Bureau of Labor Statistics' major collective bargaining series.)

In private industry, bargaining activity will be comparatively light, covering about 30 percent of the 6.5 million workers under major private industry agreements. The number of workers involved (2 million) is the lowest ever in the 19 years for which such data have been compiled. This results primarily from the decline in the total number of workers under such agreements—from a peak of 10.8 million in 1970. About 2.5 million of the 4.3-million drop occurred during the last 5 years, part of the overall decline in union membership in private industry.

Also contributing to the low number of workers involved in bargaining this year is the operation of the bargaining cycle. In manufacturing, for example, most industries with more than 100,000 workers under major agreements (apparel, machinery, food processing, transportation equipment—aerospace and part of the automobile industry—and

primary metals) had heavy bargaining in 1985 and 1986 and will have light bargaining this year. The only manufacturing industry with more than 100,000 workers bargaining will be transportation equipment, primarily automobiles.

In State and local government, nearly half the 2.3 million workers under major agreements will be involved in bargaining. This compares with about one-third in 1986, and somewhat more than one-half in 1985, when the State and local government series was initiated. Worker coverage by major contracts in State and local government, unlike private industry, has increased from 2 million in 1985 to 2.3 million in 1987.

The bargaining scene will be colored by smaller situations, with large groups of workers concentrated in construction, trade, and government, and smaller numbers spread through a variety of other industries. (See tables 1 and 2.) Given the nature of the industries in which bargaining will be centered this year, local and regional economic issues are likely to be important considerations, as will the condition of individual firms. The state of the national economy and recent trends will also bear on both sides of the bargaining table.

General economic conditions

Last year, indicators of the Nation's economic well-being were mixed. The unemployment rate remained relatively stable at about 7 percent. The inflation rate was at its lowest level since the mid-1960's. The Consumer Price Index for all Urban Consumers (CPI-U) increased 1.8 percent for the 12 months ending September 1986. The gross national product grew 2.3 percent for the same period. The U.S. Department of Commerce's Bureau of Economic Analysis reported a continued decline in spending on new plant and

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equipment. Its composite index of leading economic indicators, which forecasts movements in aggregate economic activity, suggests continuing, but slow growth in 1987. The U.S. international trade position is reflected in a trade deficit of \$127.9 billion for the first three quarters of 1986, 20 percent above the \$106.7 billion deficit during the same period a year earlier.

Labor-management relations

An element of labor-management relations that is likely to be on the minds of this year's bargainiers is the continuing low number of major work stoppages. Although 1986 will not be a record low year for major stoppages (there were 65

through the end of October, compared with the post-war record breaking low of 54 in 1985), it will rank among the lowest. It will be the fifth year in a row in which there were fewer than 100 major stoppages. In each year between 1947 and 1981 there were at least 145 major stoppages, and in all but 4 years the number ranged from about 200 to somewhat more than 400. The sharp decline in stoppages can be traced to a number of factors. Some workers, for example, are reluctant to go on strike because of the financial losses they would incur or for fear of inflicting economic harm to their employers that could result in reduced job opportunities. In addition, employers have become more militant in fighting strikes by continuing their operations using management or

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

[Workers in thousands]

Industry	Total ¹		Year of expiration or scheduled wage reopening, or both							
	Number of agreements	Workers covered	1987 ²		1988 ³		1989 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
All industries ⁶	1,968	8,793	783	3,103	545	2,775	365	1,647	385	1,582
All private industries	1,360	6,539	471	1,988	389	2,070	313	1,450	236	1,146
Manufacturing	511	2,508	156	941	155	804	112	340	101	441
Food and kindred products	63	162	26	62	15	59	14	21	12	25
Tobacco manufactures	3	16	-	-	1	2	2	13	-	-
Textile mill products	7	27	3	14	2	8	1	2	1	3
Apparel and other finished products	32	300	5	65	25	229	2	5	1	3
Lumber and wood products, except furniture	9	50	4	6	4	9	1	1	2	37
Furniture and fixtures	5	9	1	2	4	8	-	-	-	-
Paper and allied products	39	57	14	22	6	8	12	17	7	10
Printing, publishing, and allied industries	21	36	12	21	1	1	5	9	3	4
Chemicals and allied products	29	54	11	18	5	11	8	15	8	15
Petroleum refining and related industries	12	36	1	2	11	35	-	-	1	2
Rubber and miscellaneous plastics	12	53	1	4	8	45	3	4	-	-
Leather and leather products	7	20	4	8	2	11	-	-	1	1
Stone, clay, glass, and concrete products	22	59	7	26	2	2	4	14	9	17
Primary metals industries	53	308	13	16	4	11	15	118	22	165
Fabricated metal products	26	51	6	15	5	9	11	19	4	8
Machinery, except electrical	34	112	9	30	10	30	7	18	9	36
Electrical machinery, equipment, and supplies	51	273	12	51	19	154	15	56	5	12
Transportation equipment	75	863	25	576	26	160	10	24	14	102
Instruments and related products	5	15	-	-	2	10	2	4	1	1
Miscellaneous manufacturing industries	6	8	2	2	3	5	-	-	1	2
Nonmanufacturing	849	4,031	315	1,048	234	1,266	201	1,109	135	705
Mining and oil and gas extraction	5	113	-	-	1	105	4	8	-	-
Construction	370	1,030	162	377	99	323	100	293	32	86
Transportation, except railroads and trucking	58	257	20	85	9	36	7	39	23	101
Railroads	26	369	-	-	10	212	-	-	16	156
Trucking	14	273	2	75	10	195	2	3	-	-
Communications	38	551	9	30	6	11	19	471	4	38
Utilities, gas and electric	75	243	27	81	29	81	16	55	9	37
Wholesale trade	9	38	4	8	1	25	2	3	2	3
Retail trade	141	627	51	243	39	152	34	155	20	95
Finance, insurance, and real estate	23	118	10	38	6	40	2	10	5	30
Services, except hotels and health services	37	158	11	32	10	51	3	6	13	69
Hotels	17	110	5	29	4	18	7	57	2	18
Health services	36	145	14	50	10	17	5	9	9	72
State and local government	608	2,253	312	1,115	156	705	52	197	149	436
State government	164	862	69	302	45	327	28	134	25	109
Local government	444	1,391	243	813	111	378	24	63	124	327

¹ Totals are less than the sum of the parts because 118 agreements covering 336,000 workers have both reopenings and expirations.

² Includes 69 agreements covering 170,000 workers which have wage reopenings scheduled in 1987.

³ Includes 15 agreements covering 41,000 workers which have wage reopenings scheduled in 1988.

⁴ Includes 1 agreement covering 1,000 workers which has a wage reopening scheduled in 1989.

⁵ Includes agreements which were due to expire between October 1 and December 31, 1986; agreements which expired prior to October 1, 1986, but new agreements were not reached by then; agreements which expired prior to October 1, 1986, but for which necessary information had not been fully gathered; and agreements that have no fixed expiration or reopening date. Includes 33 agreements covering 124,000 workers with wage reopenings scheduled prior to 1987.

⁶ Includes all private nonagricultural industries and state and local governments.

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

Table 2. Calendar of major collective bargaining activity

[Workers in thousands]

Year and month	Agreement expirations and/or scheduled wage reopenings ¹		Principal industries
	Number	Workers covered	
All years ²	1,968	8,793	.....
Total 1987 ³	783	3,103	.....
January	31	70	.....
February	33	94	.....
March	63	136	Construction
April	62	189	Construction, food stores
May	74	198	Construction
June	273	952	Construction, State and local government
July	47	188	Parcel delivery, State and local government
August	53	234	Local government, food stores
September	59	740	Automobiles, local government, clothing
October	29	69	.....
November	17	55	.....
December	48	194	State and local government
Total 1988 ⁴	545	2,775	.....
January	30	178	Bituminous coal, oil refining
February	17	56	.....
March	45	480	State and local government, trucking
April	59	177	Construction, rubber manufacturing, real estate
May	71	299	Construction, clothing manufacturing
June	160	910	Construction, State and local government, railroads, electrical equipment, transportation equipment
July	36	104	Motion pictures
August	26	184	Local government, clothing manufacturing, electrical equipment
September	34	171	Automobiles, local government, food stores
October	16	49	.....
November	19	65	.....
December	32	102	State and local government
Total 1989 ⁵	345	1,579	.....
January-June	267	1,079	.....
July-December	78	500	.....
Total 1990 and later	21	68	.....
Year unknown or in negotiation ⁶	385	1,582	.....

¹ See note 6, table 1.

² See note 1, table 1.

³ See note 2, table 1.

⁴ See note 3, table 1.

⁵ See note 4, table 1.

⁶ See note 5, table 1.

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

other nonstriking employees or hiring temporary replacements for strikers. Consequently, some strikes have ended with union workers not achieving the gains they had hoped for; in some cases, strikers have lost their jobs.

Negotiators will be considering recent trends in wage and benefit changes. According to the BLS Employment Cost Index, union workers in private industry have been receiving proportionally smaller wage increases than their nonunion counterparts in each quarter since the first quarter of 1983. Major collective bargaining settlements in private industry (a series that began in 1968) have been providing record or near record low wage adjustments since the beginning of 1982. Settlements during the first 9 months of 1986 provided wage adjustments averaging 1.9 percent a year

over their life—lower than the last time the same parties bargained (usually 2 to 3 years earlier) when they settled on wage adjustments averaging 2.9 percent a year over the contract term.

In the last few years, unions and management, attempting to control labor costs, have come up with a variety of approaches, two of which are lump-sum payments in lieu of wage increases and two-tiered compensation structures. Some contracts expiring this year have used one or both techniques, and negotiators will have to evaluate their effects and determine what to do about them in the new contract. Other negotiators will need to determine whether these cost control measures should be added to their agreements.

Lump-sum payments in lieu of wage increases are called for in contracts covering more than one-third of the workers under settlements in the first 9 months of 1986. (Lump sums are not included in the Bureau's measures of negotiated wage and benefit changes.) Settlements with lump-sum payments had average wage adjustments of 1.4 percent annually over the contract life; the corresponding average for settlements without lump sums was 2.2 percent.

Under two-tier wage and compensation systems, workers hired after a given date receive lower wages and benefits than those already on the payroll. In some cases, different work rules apply for each tier. Some two-tier systems are temporary and provide for the eventual elimination of the differential in pay and benefits. In other cases, the two tiers are permanent (though the system may be altered or eliminated in subsequent negotiations).

Negotiators will also be looking at what their expiring contracts yielded. The following tabulation shows average annual specified wage adjustments alone and combined with COLA's in private industry and State and local government agreements under contracts expiring in 1987 (percentages calculated through the third quarter of 1986):

	Specified wage adjustments	Specified wage adjustments plus COLA
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Contracts expiring in 1987:

Private industry	2.3	2.7
With COLA	1.5	2.5
Without COLA	2.9	—
State and local government ..	5.4	5.4
With COLA	2.5	3.3
Without COLA	5.4	—

In private industry, wage adjustments provided by contracts expiring in 1987 are the smallest in the 13 years the Bureau has tabulated these data. Specified adjustments averaged 2.3 percent annually; when COLA's through September 1986 are included, they averaged 2.7 percent. As the tabulation shows, specified adjustments in contracts without COLA were higher than specified adjustments plus COLA in contracts with COLA. If the current trend in the Consumer Price Index continues, 1987 will be the fifth consecutive year in

which total adjustments in expiring private industry contracts with COLA's are less than specified adjustments in those without COLA's. Many contracts, however, provide for additional COLA reviews prior to their 1987 expirations, so the difference in adjustments between those with and without COLA's may narrow.

Expiring State and local government contracts provided specified adjustments averaging 5.4 percent. COLA's cover such a small proportion of workers under these agreements that their impact is minor.

The different incidence of COLA clauses in private industry and State and local government agreements is one reason care should be exercised in comparing the size of their settlements. In addition, workers under major contracts in State and local government are concentrated in white-collar or professional jobs, while those in private industry are largely in blue-collar jobs. Furthermore, negotiations extending far beyond the termination date of an agreement are more common in government. When these agreements are finally concluded, they may provide large immediate wage increases to offset the absence of pay raises since the prior contract expired.

These developments and issues will be part of the 1987 bargaining environment but they will merge with other concerns specific to the individual industries and organizations involved in bargaining. This article describes the principal ones (also, see table 3) and summarizes the wage adjustments and COLA reviews scheduled for 1987 under contracts negotiated earlier.

State and local government

Thirty-six percent of the workers slated for 1987 contract negotiations are covered by State and local government agreements. These 1.1 million workers account for about half of the 2.3 million under major public sector contracts. A little more than 800,000 of them are in local government, with the largest number, nearly 300,000, in New York City. Contracts scheduled for negotiation in State government cover approximately 300,000 workers, including roughly 50,000 in both Florida and California and 40,000 in Hawaii. The remaining workers are located throughout the rest of the country.

Unions active in the public sector include the American Federation of State, County, and Municipal Employees (AFL-CIO), which represents many government workers; the National Education Association (Ind.) and the American Federation of Teachers (AFL-CIO), representing workers in public education; and the Fraternal Order of Police (Ind.) and the International Association of Fire Fighters (AFL-CIO), representing many public protective workers.

About 43 percent of the workers under expiring agreements are in general administration, 36 percent are in education, 10 percent are in protective services, and the remainder are primarily in health care and transportation. Contracts in general administration usually cover a wide variety of occu-

pations such as clerks, maintenance workers, and accountants. In education, teachers comprise the vast majority of those under agreements. Depending upon the jurisdiction, one contract may cover all school employees—administrators, teachers, aides, custodians—or there may be separate agreements for each job classification. Similarly, in protective services, police and firefighters may be covered by the same contract in some jurisdictions, while in others there are separate agreements for each group.

As shown in the following tabulation, State and local government contracts reached during the first 9 months of 1986 provided wage adjustments averaging 5.9 percent annually over the life of the agreements. The size of settlements differed by government function. In view of the recent pressures to improve primary and secondary school education and attract and keep teachers, it is not surprising that settlements in education were somewhat higher than those negotiated in other government functions.

Average annual wage adjustments over the life of contracts reached during the first 9 months of 1986 (in percent)

All State and local government	5.9
State government	6.0
Local government	5.8
General government and administration ...	5.5
Education	6.4
Primary and secondary (local)	6.4
Colleges and universities (State)	5.7
Protective services	5.1
Other	5.8

Negotiators will consider the size of these recent settlements in the context of what their own expiring contracts yielded. On average, State and local agreements expiring in 1987 provided wage adjustments averaging 5.4 percent annually. Local government agreements expiring in 1987 yielded average wage adjustments of 5.3 percent a year, compared with 5.6 percent for expiring State agreements. The following discussion presents background information on the largest bargaining situations.

There are 45 major contracts up for negotiation in New York City, covering a gamut of occupations. Prior to the city's fiscal crisis in the mid-1970's, its labor negotiations were characterized by competition between the various unions representing city employees. Responding to the financial crisis, the unions formed a coalition for bargaining with the city and a period of cooperation among the unions evolved. In 1984, however, when economic conditions were improved, the coalition fell apart. Negotiations to replace expiring contracts lasted several months, partially because each union was reluctant to be the first to settle, for fear that its contract would serve as the foundation for higher settlements by others.

In the spring of 1985, District Council 37 of the American

Table 3. Duration and wage adjustment provisions of selected¹ major collective bargaining agreements

Industry ² and employer	Union ³	Number of workers ⁴	Duration of agreement ⁵	Month of cost-of-living review, 1987	Month and amount of specified wage increase(s), 1987
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		
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 (Ind.)	8,000	June 10, 1984 to June 13, 1987		
Sugar plantation companies (Hawaii)	Longshoremen and Warehousemen (Ind.)	6,500	Feb. 1, 1986 to Jan. 31, 1988		Feb.: 23 to 32.5 cents
Tobacco manufactures					
Philip Morris, U.S.A.	Bakery, Confectionery and Tobacco Workers	11,000	Feb. 1, 1986 to Jan. 31, 1989	Jan., Apr., July, Oct.	Feb.: 3 percent Feb.: \$156-\$273 lump-sum payment.
Textile mill products					
Dan River Inc.	Textile Workers	7,500	June 17, 1985 to June 16, 1987		
Fieldcrest Mills Inc.	Clothing and Textile Workers	5,500	Mar. 1, 1984 to Mar. 1, 1987		
Apparel and other finished products made from fabrics and similar products					
Clothing Mfrs. Assn. of U.S.A.	Clothing and Textile Workers	56,000	Oct. 1, 1985 to Sept. 30, 1987		
Atlantic Apparel Contractors Assn.	Ladies' Garment Workers	25,000	June 1, 1985 to May 31, 1988	Jan.	June: 5 percent
Affiliated Dress Mfrs. Assn. Inc.	Ladies' Garment Workers	20,000	June 1, 1985 to May 31, 1988	Feb.	June: 5 percent
Greater Blouse, Skirt and Undergarment Assn.	Ladies' Garment Workers	19,900	June 1, 1985 to May 31, 1988	Feb.	June: 5 percent
Printing, publishing, and allied industries					
Metropolitan Lithographers Assn.	Graphic Communications	5,000	July 1, 1984 to June 30, 1987		
Petroleum refining and related industries					
Texaco, Inc.	Oil, Chemical and Atomic Workers	7,100	Jan. 18, 1986 to Jan. 30, 1988		Jan.: 2 percent
Gulf Oil Corp.	Oil, Chemical and Atomic Workers	5,450	Jan. 8, 1986 to Jan. 30, 1988		Jan.: 2 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.: 8 cents
Firestone Tire and Rubber Co.	Rubber Workers	8,500	May 6, 1985 to Apr. 20, 1988	Jan., Apr., July, Oct.	Apr.: 8 cents
B. F. Goodrich Co.	Rubber Workers	7,200	Apr. 21, 1985 to Apr. 20, 1988	Jan., Apr., July, Oct.	Apr.: 8 cents
Leather and leather products					
Brown Shoe Co.	Clothing and Textile Workers; United Food and Commercial Workers	7,000	Aug. 31, 1986 to Sept. 2, 1988		Nov.: 10 cents
Stone, clay, glass, and concrete products					
Owens-Illinois, Inc.	Glass, Pottery, Plastics	7,000	Nov. 1, 1986 to Apr. 1, 1990		Apr.: 21 cents
Brockway Glass Co.	Glass, Pottery, Plastics	6,450	Aug. 25, 1986 to Apr. 1, 1990	Apr.	Apr.: 21 cents
Primary metal industries					
LTV Steel Corp.	Steelworkers	30,500	Apr. 1, 1986 to Aug. 1, 1989		
Bethlehem Steel Corp.	Steelworkers	30,000	July 1, 1986 to Aug. 1, 1989		
Inland Steel Co.	Steelworkers	11,500	Aug. 1, 1986 to Aug. 1, 1989		
Aluminum Co. of America	Aluminum, Brick and Glass Workers	8,000	July 7, 1986 to June 30, 1989	Mar., June, Sept., Dec.	
National Steel Corp., Great Lakes Steel Div.	Steelworkers	7,200	May 1, 1986 to Aug. 1, 1989		
Machinery, except electrical					
Caterpillar Tractor Co.	Automobile Workers	16,600	July 9, 1986 to Dec. 1, 1988	Mar., June, Sept., Dec.	
Navistar International Corp.	Automobile Workers	12,000	Oct. 1, 1984 to Sept. 30, 1987	Mar., June, Sept.	
Briggs and Stratton Corp.	Allied Industrial Workers	9,000	Mar. 1, 1986 to July 31, 1989		
Cummins Engine Co.	Diesel Workers Union (Ind.)	5,500	Feb. 20, 1984 to Apr. 26, 1987	Mar.	
Electrical and electronic machinery, equipment, and supplies					
General Electric Co.	Electronic Workers (IUE); Electrical Workers (IBEW); Electrical Workers (UE-Ind.); others	80,000	July 1, 1985 to June 26, 1988	Dec.	July: 3 percent
AT&T Technologies	Electronic Workers (IUE)	30,000	June 1, 1986 to June 1, 1989		June: 3 percent
General Motors Corp.	Electronic Workers (IUE)	24,000	Nov. 12, 1984 to Sept. 14, 1987	Mar., June	
Westinghouse Electric Corp.	Electronic Workers (IUE); Electrical Workers (IBEW); Electrical Workers (UE-Ind.); others	19,200	July 22, 1985 to Aug. 28, 1988	Jan., July	July: 3 percent
Hughes Aircraft Co. (Los Angeles, CA)	Carpenters	12,000	Nov. 3, 1985 to Nov. 1988		June and Dec.: lump-sum payments ⁶
Transportation equipment					
General Motors Corp.	Automobile Workers	350,000	Oct. 15, 1984 to Sept. 14, 1987	Mar., June	
Ford Motor Co.	Automobile Workers	114,000	Oct. 28, 1984 to Sept. 14, 1987	Mar., June	
Chrysler Corp. (hourly employees)	Automobile Workers	63,000	Oct. 28, 1985 to Sept. 14, 1988	Mar., June, Sept., Dec.	Sept: 3 percent
Newport News Shipbuilding and Dry Dock Co.	Steelworkers	18,200	Nov. 1, 1983 to May 31, 1987		

Table 3. Continued—Duration and wage adjustment provisions of selected¹ major collective bargaining agreements

Industry ² and employer	Union ³	Number of workers ⁴	Duration of agreement ⁵	Month of cost-of-living review, 1987	Month and amount of specified wage increase(s), 1987
Rockwell International Corp.	Automobile Workers	16,000	July 1, 1984 to June 30, 1987	Jan., Apr.	.....
United Technologies Corp., Pratt and Whitney Div.	Machinists	16,000	Dec. 2, 1985 to Nov. 30, 1988	.....	Nov.: 3 percent
Instruments and related products Honeywell Inc.	Teamsters (Ind.)	6,350	Feb. 1, 1986 to Jan. 31, 1988	.....	Feb.: 34 cents
Nonmanufacturing Bituminous coal and lignite mining Bituminous Coal Operators Assn.	Mine Workers (Ind.)	105,000	Sept. 28, 1984 to Jan. 31, 1988	.....	Jan.: 5.0 cents Apr.: 5 cents July: 5 cents Oct.: 25 cents
Building construction—general contractors and operative builders					
Associated General Contractors; and others (southern CA)	Carpenters	40,000	July 1, 1985 to June 30, 1988	.....	July: \$17
Building construction agreement (New York City)	Carpenters	20,000	July 1, 1984 to June 30, 1987	.....	.....
Associated General Contractors; and others (southern CA)	Laborers	17,500	July 1, 1986 to June 30, 1988	.....	July: 85 cents ⁷
Building Contractors of Southern New Jersey	Carpenters	14,000	May 1, 1986 to Apr. 30, 1987	.....	.....
Construction other than building construction—general contractors					
Associated General Contractors of New Jersey; and others	Laborers	10,000	Mar. 1, 1986 to Feb. 28, 1987	.....	.....
Associated General Contractors (upstate NY). Labor Relations Div. of the Ohio Contractors Assn.	Carpenters	10,000	Apr. 1, 1985 to Mar. 31, 1988	.....	June: 50 cents
Labor Relations Div. of the Ohio Contractors Assn.	Operating Engineers	10,000	May 1, 1986 to Apr. 30, 1989	.....	.....
Labor Relations Div. of the Ohio Contractors Assn.	Laborers	10,000	May 1, 1985 to Apr. 30, 1989 (May 1, 1988)	.....	May: 50 cents
Associated General Contractors (northern CA)	Operating Engineers	8,000	June 16, 1986 to June 15, 1989	.....	June: \$1.117
Construction—special trade contractors New York Electrical Contractors Assn., Inc. (New York City)	Electrical Workers (IBEW)	10,000	June 13, 1986 to June 8, 1989	.....	June: \$1.25
Plumbing and Piping Industry Council; and independent companies (plumbers—Los Angeles)	Plumbers and Pipe Fitters	10,000	July 1, 1985 to June 30, 1988	.....	July: 50 cents ⁷
Associated General Contractors; 7 other Assns.; and independent contractors.	Iron Workers	10,000	July 1, 1986 to June 30, 1989	.....	July: 75 cents ⁷
Electrical Contractors Assn. of the City of Chicago	Electrical Workers (IBEW)	8,100	June 1, 1985 to May 31, 1987	.....	.....
National Automatic Sprinkler and Fire Control Assn., Inc.	Plumbers and Pipe Fitters	7,000	Apr. 1, 1985 to Mar. 31, 1988	.....	Apr.: 5 cents to 80 cents
Railroad transportation					
Class I Railroads	Transportation	81,580	Nov. 1, 1985 to June 30, 1988	Jan., July	Jan.: 2.25 percent July: 1.5 percent
Class I Railroads	Railway Clerks	66,600	Dec. 1, 1985 to June 30, 1988	Jan., July	Dec.: 2.25 percent
Class I Railroads	Locomotive Engineers (Ind.)	24,600	June 1, 1986 to June 30, 1988	Jan., July	Jan.: 2.25 percent; July: 1.5 percent
Conrail	Railway Clerks	9,600	Dec. 1, 1985 to June 30, 1988	Jan., July	Dec.: 2.25 percent
Conrail	Transportation	8,400	July 1, 1984 to June 30, 1988	Jan., July	Jan.: 2.25 percent July: 1.5 percent
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
United Parcel Service	Teamsters (Ind.)	71,000	Sept. 4, 1984 to July 31, 1987	.....	.....
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	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	.....	.....
American Maritime Assn. (unlicensed seamen)	Seafarers	8,000	June 16, 1984 to June 15, 1987	Jan.	.....
West Gulf Maritime Assn.	Longshoremen's Association	5,000	Oct. 1, 1986 to Sept. 30, 1989	.....	.....
Transportation by air American Airlines	Transport Workers	12,000	Sept. 1, 1985 to Mar. 1, 1989	Mar.: \$500 lump-sum payment

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Eastern Airlines	Machinists	12,000	Feb. 1, 1985 to Dec. 31, 1987	Jan.: 2 percent July: 3 percent
United Airlines	Air Line Pilots	11,000	May 1, 1986 to Nov. 1, 1987	.....	.....
Trans World Airlines	Machinists	9,100	Jan. 3, 1986 to Jan. 3, 1989	.....	.....
Eastern Airlines	Transport Workers	7,000	Apr. 1, 1986 to Dec. 31, 1988	.....	.....
Communication					
American Telephone & Telegraph Co.	Communications Workers	155,000	June 29, 1986 to May 27, 1989	.....	June: 2.9 percent
New York Telephone Co. (commercial, directory, public sales and headquarters depts.)	Communications Workers	36,000	Aug. 10, 1986 to Aug. 12, 1989	Aug.	Aug.: 1 percent
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	14,500	June 15, 1986 to June 24, 1989	.....	June: 4 percent
Commonwealth Edison Co.	Electrical Workers (IBEW)	11,500	Apr. 1, 1985 to Mar. 31, 1988	.....	Apr.: 4.5 percent
Niagara Mohawk Power Corp.	Electrical Workers (IBEW)	8,300	June 13, 1986 to June 23, 1989	.....	June: 4.5 percent
Southern California Gas Co.	Utility Workers	7,200	Apr. 1, 1986 to Mar. 31, 1988	Apr.	Apr.: 3.5 percent
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: 24 cents
General merchandise stores					
Meijer, Inc.	Food and Commercial Workers	11,000	Dec. 30, 1984 to Sept. 19, 1987	.....	.....
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.	Food and Commercial Workers	5,500	Feb. 1, 1986 to May 31, 1989	.....	Feb.: average 5 percent
Food stores					
Food Employers Council, Inc. (southern CA) .	Food and Commercial Workers	65,000	July 30, 1984 to Aug. 2, 1987	.....	Feb: 1.6 percent
Food Employers Council of Northern California	Food and Commercial Workers	26,000	Mar. 1, 1986 to Feb. 28, 1989	.....	March and September: lump-sum payments ⁶
Shoprite, Pathmark, Grand Union and Foodtown stores	Food and Commercial Workers	21,000	Apr. 9, 1984 to Apr. 3, 1987	.....	.....
Food Employers Labor Relations Council of Northern California	Food and Commercial Workers	16,000	Mar. 1, 1986 to Feb. 28, 1989	.....	.....
Allied Employers, Inc. (Puget Sound, WA) .	Food and Commercial Workers	12,000	May 4, 1986 to May 4, 1989	.....	.....
Chain and independent food stores (New York, NY)	Food and Commercial Workers	12,000	June 23, 1985 to June 18, 1988	.....	June: 21.3 cents average Dec.: 31.3 cents average
Eating and drinking places					
Restaurant-Hotel Employers' Council of Southern CA	Hotel Employees and Restaurant Employees	8,000	Mar. 15, 1985 to Mar. 15, 1989 (Mar. 15, 1988)	.....	Apr.: 3.95 percent average
Insurance					
Prudential Insurance Co. of America	Food and Commercial Workers	16,000	Sept. 23, 1985 to Sept. 27, 1987	.....	.....
John Hancock Mutual Life Insurance Co.	Food and Commercial Workers	5,000	July 1, 1984 to June 30, 1987	.....	.....
Real estate					
Realty Advisory Board on Labor Relations (apartment agreement) (New York, NY) .	Service Employees	30,000	Apr. 21, 1985 to Apr. 20, 1988	Apr.	Apr.: 52.5 or 55 cents
Building Managers Assn. of Chicago	Service Employees	6,000	Sept. 29, 1986 to Apr. 2, 1989	.....	Feb.: 25 cents
Hotels, rooming houses, 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	.....	Nov.: 4.9 percent
Nevada Resort Assn.	Hotel Employees and Restaurant Employees	25,000	May 2, 1984 to May 4, 1989	.....	May: 24 cents average Nov.: 25 cents average
Casino hotels in Atlantic City	Hotel Employees and Restaurant Employees	12,000	Sept. 15, 1983 to Sept. 15, 1988	.....	.....
Greater Chicago Hotel and Motel Assn.	Hotel Employees and Restaurant Employees	9,000	Apr. 1, 1983 to Dec. 31, 1987	.....	Jan.: 25 cents— Tipped workers, 12.5 cents— others
Council of Hawaii Hotels	Hotel Employees and Restaurant Employees	8,100	Mar. 1, 1984 to Feb. 28, 1987	.....	.....
Personal services					
New York City laundries	Clothing and Textile Workers	5,000	Dec. 1, 1984 to Nov. 30, 1987	.....	.....
Business services					
Massachusetts Maintenance Contractors Assn. (building cleaning)	Service Employees	7,000	Sept. 1, 1984 to Aug. 31, 1987	.....	.....

Table 3. Continued—Duration and wage adjustment provisions of selected¹ major collective bargaining agreements

Industry ² and employer	Union ³	Number of workers ⁴	Duration of agreement ⁵	Month of cost-of-living review, 1987	Month and amount of specified wage increase(s), 1987
Motion pictures Alliance of Motion Picture and Television Producers	Stage Employees and other unions	30,000	Aug. 1, 1985 to July 31, 1988	.....	Aug.: \$1.10
Amusement and recreation services, except motion pictures Walt Disney World/Epcot Center	Service Trades Council	8,000	Oct. 27, 1985 to Oct. 29, 1988	.....	May: lump-sum payment of \$200, \$300, or \$600
Health services Greater New York Health Care Facilities Assn.	Service Employees	15,000	Apr. 1, 1986 to Mar. 31, 1987	.....	.....
Kaiser Permanente (clerical, service, maintenance and technical) (Los Angeles and Orange counties, CA)	Service Employees	6,850	Apr. 1, 1984 to Mar. 31, 1987	.....	.....
Kaiser-Permanente (northern CA)	Nurses' Association, American (Ind.)	5,100	Jan. 1, 1985 to Dec. 31, 1987	.....	Jan.: 4 percent
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 employees)	State, County and Municipal Employees	41,000	Apr. 1, 1985 to Mar. 31, 1988	.....	Apr.: 6 percent
Local					
New York City Board of Education (teachers)	Teachers	59,500	July 1, 1984 to June 30, 1987	.....	.....
New York City (clerical)	State, County and Municipal Employees	36,400	July 1, 1984 to June 30, 1987	.....	.....
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	.....	.....
New York City Police Dept.	Patrolmen's Association (Ind.)	17,800	July 1, 1984 to June 30, 1987	.....	.....
Minnesota State (multidepartment)	State, County and Municipal Employees	17,300	July 1, 1985 to June 30, 1987	.....	.....
Los Angeles County (clerical)	Service Employees	17,000	Sept. 1, 1985 to Sept. 30, 1987	.....	Jan.: 2 percent July: 4.5 percent
Dade County Board of Education (teachers)	Teachers	16,000	July 1, 1985 to June 30, 1988	.....	July: 6.2 percent
Nassau County (general unit)	State, County and Municipal Employees	14,000	Jan. 1, 1985 to Dec. 31, 1987	.....	Jan.: 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 the time agreement was reached.

⁵ Contract effective date to expiration date or first reopening date.
⁶ June 1987 payment equal to 3.25 percent of straight-time earnings from Nov. 1, 1986, to May 1, 1987. Dec. 1987 payment equal to 3.25 percent of straight-time earnings from Nov. 1, 1986, to Oct. 30, 1987.
⁷ Allocation between wages and benefits will be determined by the union.
⁸ Each equal to 3.1 percent of earnings during preceding 6 months.

Federation of State, County and Municipal Employees, reached the first settlement, covering about 100,000 clerical and blue-collar workers, engineers, accountants, school-crossing guards, librarians, and health service workers. The city's Financial Control Board approved the contract on June 26, 1985, nearly a year after the expiration of the old agreement. This settlement provided for a 5-percent increase retroactive to July 1, 1984, a 5-percent increase (non-compounded) July 1, 1985, and a 6-percent increase (non-compounded) a year later. In August 1985, the Financial Control Board approved settlements for firefighters and police officers that provided for a 6-percent (compounded) wage increase in each of 3 years.

In September 1985, the teachers' contract was submitted to final-offer binding arbitration. Under this procedure, the arbitration panel must select either the union's or the city's last contract offer. The offer made by New York City and the Board of Education was selected over that made by the union (the American Federation of Teachers). The decision called for an immediate pay increase for entry-level teachers, from \$14,500 per year to \$18,500 and an increase to \$20,000 per year in 1986. Experienced teachers received

pay raises of 5 percent retroactive to 1984; 5 percent, September 1985; and 6 percent, September 1986. The top salary, paid to teachers with 15 years experience, a master's degree, and 30 additional credits, rose from \$34,076 under the previous contract to \$38,000 on the date of the award and increased to \$40,700 in 1986.

Recently announced budget cuts and reductions in employment (to be realized through attrition) stemming from lower than anticipated tax revenues and reductions in Federal revenue sharing programs, presage hard bargaining in New York.

In Los Angeles, CA, contracts between the county and 11 bargaining units represented by the Service Employees International Union are scheduled to expire on September 30, 1987. Under the terms of the expiring 2-year agreement, the workers received a 3-percent increase on January 1, 1986, and will receive two wage increases in 1987—2 percent on January 1, and 4½ percent on July 1. Benefit changes included the establishment of a less costly dental plan and fewer sick leave days for new employees.

Contracts for about 50,000 California State workers represented by the California State Employees Association ex-

pire in June 1987. Under their previous 2-year agreements these workers received a 6-percent wage increase in July 1985 and a 5-percent raise in July 1986. A potential cloud over this year's bargaining was removed when California voters narrowly defeated an initiative known as Proposition 61 in November 1986. The defeated measure would have made any increases in public employee salaries subject to voter approval and prohibited the accrual of sick leave or vacation time from one year to another. The measure also would have put a cap on salaries.

In Florida, bargaining in 1987 will focus on contracts covering 50,000 professional, human services, and blue-collar operational employees. Three-fourths of these workers are represented by the American Federation of State, County, and Municipal Employees. The previous 2-year agreements provided for a 5-percent wage increase or \$750 a year, whichever was greater, effective January 1, 1986. A subsequent wage reopening on July 1, 1986, yielded increases of 5 percent or \$600 a year plus 3 to 5 percent merit pay raises to be applied to base rate schedules on the employee's anniversary date.

In Hawaii, contracts for 10,000 blue-collar and institutional workers represented by the United Public Workers Union (a subsidiary of AFSCME) expire June 30. The last agreement provided wage increases varying by job classification, from 8 to 15.5 percent over 2 years. An additional 30,000 Hawaii State workers are under six 2-year contracts that also expire in June. Although separate agreements were negotiated for each government function (for example, teachers, police, firefighters), they provided similar terms: 5-percent annual increases.

In addition to wages, other issues are expected to surface. Reflecting the continued shortage of teachers in some school systems, negotiations for education workers may examine ways of attracting and maintaining qualified teachers. These talks may focus on higher salaries, merit pay, smaller classes, and noninstructional duties for teachers. In other public sector units, issues may include general working conditions, benefits, and promotion opportunities.

Prolonged contract negotiations are not unusual in State and local government. In some cases, the legislature plays a significant role in the bargaining process. After an agreement is negotiated by the executive branch, it may be sent to the legislature or special agency for the appropriation of funds—frequently a time-consuming process. Thus, some of the contracts slated for 1987 negotiations may not be concluded within the year.

Automobile manufacturing

Contract talks in automobile manufacturing cover about 575,000 workers, the largest number of workers in a single industry in the private sector affected by 1987 negotiations. The master agreements between the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW) and the two largest auto-

mobile manufacturing companies—General Motors Corp. (GM) and Ford Motor Co.—expire September 14, 1987. Together they account for about three-fourths (460,000) of the workers covered by automobile industry agreements expiring in 1987.

Prior to the 1980's, the UAW would target one of the big three auto companies—GM, Ford, and Chrysler—for negotiations. Once a contract was reached, the two remaining companies would agree to similar terms. In 1979, Chrysler, facing bankruptcy, was granted wage and benefit concessions by the UAW, and dropped out of the pattern. The problems faced by Chrysler—competition from lower priced autos produced abroad and consequent reduced sales, high production costs, and financial losses—affected GM and Ford as well. These problems and the resultant severe job losses prompted the UAW and the two companies to agree to an early opening of negotiations in 1982. The companies' concerns with labor cost containment, and the union's concerns with job security, have characterized bargaining in the industry since then.

In 1984, the UAW chose to bargain with GM first. When national talks extended beyond the September 14 contract expiration date, local unions were granted strike authorization and 62,000 UAW-GM workers walked off the job. On September 21, an agreement was reached at GM which also set the pattern for an October 14 settlement at Ford.

The 3-year agreement established a Job Opportunity Bank-Security Program. It guarantees that workers with at least 1 year of service will not be laid off as a result of new technology, "outsourcing" (procuring vehicles and parts from other manufacturers rather than continuing to produce them at a company facility), negotiated productivity improvements, shifting of work from one plant to another, or consolidating component production. Layoffs for other reasons—such as declines in vehicle sales or sale of a facility—are not covered. The program will extend through the contract that succeeds the 1984 pact, or until the companies' financial commitment to the program is exhausted. GM is committed for \$1 billion; Ford, with fewer employees, for \$300 million.

Reflecting company efforts to end the practice of providing guaranteed annual increases regardless of corporate financial results, workers received one specified adjustment ranging from 9 to 50 cents an hour plus a \$180 "special payment" immediately upon ratification. No wage increase was negotiated for either the second or third contract years, but workers received lump-sum payments of 2.25 percent of the previous year's earnings in October of 1985 and 1986. The profit-sharing plan established under the 1982 agreement and the COLA clause were continued. The Guaranteed Income Stream (GIS) introduced in 1982 and Supplemental Unemployment Benefits (SUB) programs, both of which provide employees with a financial cushion if they are laid off, were improved.

In another move, GM and the union agreed to jointly

develop and launch new businesses aimed at providing jobs for UAW members. Ventures would be aimed at aiding communities hit by job losses at GM facilities, with hiring preference given to the affected workers.

Bargainers will again focus on job security during the upcoming negotiations. The industry has lost more than 160,000 jobs since 1978, when employment peaked at more than 1 million. As of the end of September 1986, 41,300 workers were on permanent layoff. Additional job cuts are expected. Faced with a third-quarter 1986 loss of \$339 million from the production and sale of cars and trucks, GM announced plans to reorganize the company, closing 11 older plants in 4 States over the next 4 years.

Foreign competition is a major source of concern for American car manufacturers. Imports have penetrated the industry, accounting for 24 percent of the market in 1985; and the growth of "transplants"—facilities that build cars from components manufactured in other countries—has threatened U.S. auto jobs. The decision by foreign auto manufacturers to establish production facilities in the United States has presented new challenges. Currently, UAW represents 3,400 workers at Volkswagen and more than 1,200 workers at New United Motor Manufacturing, Inc., a Toyota-GM joint venture in Fremont, CA. However, both Honda, with 2,000 employees in Maryville, OH, and Nissan, with 3,000 employees in Smyrna, IN, have successfully resisted UAW efforts to organize their plants.

Given the threat of joint ventures and coproduction agreements, outsourcing, and shifting work outside the United States, the UAW is expected to seek new job opportunities for members, establish business ventures with new and expanded employment, sponsor training programs, and design ways to reduce the imports' share of the U.S. market. Key concerns in this year's negotiations are likely to be job security and company profitability.

Construction

Approximately 377,000 construction workers are under 162 collective bargaining agreements scheduled to expire or reopen in 1987, mainly in the spring and summer. These workers comprise 37 percent of all workers under major construction agreements.

The economic health of the industry has been showing general improvements nationally. The unemployment rate continued downward from the high of 23.7 percent in October 1982, to 12.7 percent in September 1986. Total employment in construction has increased by a third since early 1983, to 5 million in September 1986. The value of new nonresidential construction, where most union construction workers are employed, rose from \$65 billion in 1983 to \$95 billion in 1985, and reached \$70 billion in the first 9 months of 1986. Local economic conditions, however, strongly influence the terms of construction industry settlements.

Negotiations in the industry are generally conducted by local or regional branches of national employers associa-

tions, which individual companies join for collective bargaining and other purposes. Workers are generally organized along craft lines. Settlements usually reflect the conditions of the local economy, and contracts for various crafts in a locality frequently provide similar size changes.

Under the terms of the contracts expiring in 1987, construction workers received an average wage adjustment of 2.5 percent a year. As shown below, however, average annual wage adjustments under expiring agreements varied considerably by region,¹ from -3.1 percent in the South Central States to 3.6 percent in New England.

	<i>Average annual wage adjustments under contracts expiring in 1987 (in percent)</i>
All construction agreements	2.5
Northeast	3.4
New England	3.6
Middle Atlantic	3.4
Midwest	2.8
South	1.1
South Atlantic	3.7
South Central	-3.1
West	-0.4
Mountain	-2.8
Pacific	2.7
Interregional	2.7

The 466,000 construction workers under settlements reached in the first 9 months of 1986, on average, will receive larger wage increases from their 1986 contracts than they got under their previous agreements. The 1986 settlements provided wage adjustments averaging 2.7 percent annually over the life of the agreement. The corresponding average for the preceding contracts was 2.2 percent.

The size of wage adjustments negotiated during the first 9 months of 1986 differed by region. As shown below, average annual adjustments over the contract life ranged from -1.4 percent in the South Central region to 4.0 percent in New England.

	<i>Average annual wage adjustments over the life of contracts reached during the first 9 months of 1986 (in percent)</i>
All wage adjustments, first 9 months ...	2.7
Northeast	2.8
New England	4.0
Middle Atlantic	2.7
Midwest	3.5
South	0.2
South Atlantic	2.1
South Central	-1.4
West	2.4
Mountain	2.6
Pacific	2.4

The wide range largely reflects local conditions. For example, wage cuts in the South Central region stem from the

Table 4. Incidence of cost-of-living adjustment clauses in major collective bargaining agreements, October 1986

[Workers in thousands]

1972 sic Code ¹	Industry ²	All agreements			Agreements with COLA clauses	
		Number	Workers covered	Percent of workers covered by COLA clauses	Number	Workers covered
	Total	1,968	8,793	30	369	2,677
	Private nonagricultural industries	1,360	6,539	40	355	2,637
10	Metal mining	3	7	0	0	0
11	Anthracite mining	1	1	0	0	0
12	Bituminous coal and lignite mining	1	105	0	0	0
15	Building construction general contractors	129	455	5	4	22
16	Construction other than building construction	95	281	3	3	10
17	Construction-special trade contractors	146	294	7	9	21
20	Food and kindred products	63	162	10	9	16
21	Tobacco manufacturing	3	16	100	3	16
22	Textile mill products	7	27	15	1	4
23	Apparel and other finished products	32	300	41	21	125
24	Lumber and wood products except furniture	9	50	3	1	2
25	Furniture and fixtures	5	9	17	1	2
26	Paper and allied products	39	57	0	0	0
27	Printing, publishing, and allied industries	21	36	43	9	15
28	Chemicals and allied products	29	54	20	6	11
29	Petroleum refining and related industries	12	36	0	0	0
30	Rubber and miscellaneous plastics	12	53	84	8	45
31	Leather and leather products	7	20	0	0	0
32	Stone, clay, glass, and concrete products	22	59	96	20	57
33	Primary metals industries	53	308	59	33	183
34	Fabricated metal products	26	51	78	18	39
35	Machinery, except electrical	34	112	81	25	91
36	Electrical machinery equipment and supplies	51	273	68	31	184
37	Transportation equipment	75	863	93	59	801
38	Instruments and related products	5	15	23	1	3
39	Miscellaneous manufacturing industries	6	8	44	2	4
40	Railroad transportation	26	369	96	22	354
41	Local and urban transit	6	22	66	2	14
42	Motor freight transportation	14	273	37	5	100
44	Water transportation	16	69	27	4	19
45	Transportation by air	36	166	4	2	6
48	Communications	38	551	51	18	280
49	Electric, gas, and sanitary services	75	243	21	11	51
50	Wholesale trade—durables	3	6	0	0	0
51	Wholesale trade—nondurables	6	32	78	1	25
53	Retail trade—general merchandise	16	59	23	2	14
54	Food stores	99	500	4	7	19
55	Automotive dealers and service stations	5	8	0	0	0
56	Apparel and accessory stores	2	5	0	0	0
58	Eating and drinking places	14	42	0	0	0
59	Miscellaneous retail stores	5	13	34	1	5
60-65	Finance, insurance, and real estate	23	118	47	6	55
70-89	Services	90	413	12	10	49
	State and local government	608	2,253	2	14	39

¹ There are no major collective bargaining agreements in sic 13, 14, 46, and 47.

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

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

depressed economy of the oil producing States and subsequent decline in new construction. The size of settlements in New England reflects that region's strengthened economy.

Adjustments under contracts reached in the first 9 months of 1986 also varied by type of construction. Over the life of the contracts, annual adjustments averaged 3.1 percent in general building construction, 2.8 percent in special trades, and 2 percent in general construction (other than building).

In addition to having to deal with problems stemming from variations in construction activity, unionized firms and their employees have faced increased competition from nonunion firms. Some unionized firms have responded to this development by "double breasting"—creating new, nonunion subsidiaries that provide lower wages and benefits

and have fewer work rules.

Contracts in some areas have restored previous cuts in wages and benefits and made other improvements. Some have eliminated previously negotiated clauses that provided lower rates to be paid on small projects where competition from nonunion firms tends to be heaviest. Although some union negotiators believe that these clauses had little impact on worker earnings because large firms rarely bid on small contracts, others sought to eliminate them to forestall efforts to divide large projects into smaller ones subject to the lower rates.

The outcome of the 1987 negotiations will again reflect local and regional conditions, and there is little reason to believe that settlements in the industry will be noticeably

Table 5. Workers under cost-of-living adjustment clauses in major collective bargaining agreements in private industry, 1971-87

[Numbers in millions]

Year ¹	Total workers		With COLA coverage	
	Number	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	
1987	6.5	1.4	40.4	

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

different from those reached in 1986.

Wholesale and retail trade

Approximately 250,000 workers are covered by 55 contracts in wholesale and retail trade that expire or have scheduled reopeners in 1987. These workers account for about 38 percent of those under major agreements in the industry.

The United Food and Commercial Workers (UFCW) is the

dominant union in this year's bargaining, representing 95 percent of the workers under contracts expiring in 1987. The International Brotherhood of Teamsters (Ind.); the International Association of Machinists; the Hotel Employees and Restaurant Employees International; and the Retail, Wholesale, and Department Store Workers represent the remainder. About 200,000 workers are employed in food stores. The balance are in wholesale trade, general merchandising, automotive dealers, gas stations, and eating and drinking places.

Overall, the contracts expiring in 1987 provided wage adjustments averaging 2.6 percent a year over their term. There are no industrywide pattern-setters—settlements varied by region and type of business.

In Southern California, contracts covering 65,000 workers represented by nine UFCW locals and the Food Employers Council of Southern California, representing 12 chains and a number of independent food retailers, are up for negotiations in August. The expiring contracts provided wage increases ranging from 30 to 85 cents per hour over the term of the agreement. A guaranteed minimum workweek for part-timers, a major issue, was set at 16 hours.

Over 50,000 clerks and meatcutters on the East Coast, represented by UFCW, will be involved in negotiations with five major food store chains—Pathmark, Foodtown, Grand Union, Shoprite, and Acme. Contracts for Acme stores in Pennsylvania, Delaware, and New Jersey expire at the beginning of the year; the remaining negotiations are slated for

Table 6. Scheduled deferred wage changes under major collective bargaining agreements in 1987, by industry

Selected industry	Number of agreements	Number of workers (thousands)	Mean change ¹						Median change ¹		Mean increase ¹	
			Total		With COLA		Without COLA		Cents	Percent	Cents	Percent
			Cents	Percent	Cents	Percent	Cents	Percent				
Total ²	798	4,058	47.0	3.7	33.7	2.9	52.2	4.1	40.0	3.5	47.1	3.7
All private nonagricultural industries	585	3,119	43.1	3.4	33.5	2.9	48.3	3.6	35.2	3.0	43.1	3.4
Manufacturing	188	852	31.6	3.4	30.9	3.2	32.6	3.6	32.6	3.0	31.6	3.4
Food and kindred products	20	65	36.9	3.6	24.4	2.5	39.0	3.8	38.5	3.9	36.9	3.6
Apparel and other finished products	25	230	29.1	4.8	32.4	5.0	25.4	4.7	26.5	5.0	29.1	4.8
Petroleum refining and related industries	11	35	28.4	2.0	—	—	28.4	2.0	28.3	2.0	28.4	2.0
Rubber and miscellaneous plastics	9	47	11.2	1.1	8.6	.7	26.4	3.2	8.0	.7	11.2	1.1
Primary and fabricated metals	14	22	28.8	2.8	15.4	1.5	34.3	3.4	30.0	3.0	28.8	2.8
Machinery, except electrical	10	14	26.3	2.4	22.7	2.2	29.3	2.6	25.3	2.6	26.3	2.4
Electrical machinery equipment and supplies	25	183	32.4	2.9	32.8	2.9	31.5	2.9	34.3	3.0	32.4	2.9
Transportation equipment	22	137	36.6	2.9	36.1	2.8	36.6	3.4	40.2	3.0	36.6	2.9
Other manufacturing industries ³	52	120	36.8	3.1	32.2	2.8	39.6	3.3	35.0	3.0	36.8	3.1
Nonmanufacturing	397	2,267	47.4	3.4	35.5	2.6	52.0	3.6	40.0	3.1	47.5	3.4
Mining, crude petroleum and natural gas production	3	107	39.8	2.7	—	—	39.8	2.7	40.0	2.7	39.8	2.7
Construction	179	552	67.9	3.7	87.4	4.0	66.7	3.7	63.5	3.6	67.9	3.7
Transportation	36	462	53.8	3.4	41.4	3.1	66.7	3.8	50.0	3.5	53.8	3.4
Communications	26	483	26.6	2.1	20.1	1.6	33.4	2.8	28.8	2.5	26.6	2.1
Utilities, gas and electric	42	152	58.2	4.1	46.5	3.2	62.7	4.4	57.4	4.2	58.2	4.1
Wholesale trade	2	27	26.1	2.1	24.0	2.0	55.0	3.7	24.0	2.0	26.1	2.1
Retail trade	60	281	28.2	3.4	35.0	4.6	28.0	3.3	21.9	3.0	28.4	3.4
Finance, insurance, and real estate	10	52	48.0	5.0	51.6	5.4	41.9	4.5	52.9	5.6	48.0	5.0
Services	39	151	54.0	5.0	40.0	3.7	54.5	5.1	49.0	4.9	54.0	5.0
State and local government	213	938	60.1	5.0	40.6	3.5	60.7	5.0	52.6	5.0	60.1	5.0

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

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

³ Includes workers in the following industry groups for which data are not shown separately to ensure confidentiality of earnings data: tobacco (16,000); textiles (4,000); furniture (8,000); paper (23,000); printing (11,000); chemicals (13,000); leather (15,000); stone, clay, glass, and

concrete (15,000); instruments (11,000); and miscellaneous manufacturing (5,000).

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 7. Deferred wage increases scheduled in 1987 under major collective bargaining agreements, by month
[Workers in thousands]

Effective month	Workers covered ¹	Principal industries
January-December	4,058 ²	
January	598	Bituminous coal, State and local government, railroads
February	186	Food stores
March	172	State and local government
April	696	Trucking, bituminous coal, State and local government
May	217	Construction
June	760	Construction, apparel, communications
July	964	Bituminous coal, railroads, electrical products, State and local government
August	370	Communications
September	328	Apparel, transportation equipment, food stores, State and local government
October	208	Bituminous coal, State and local government
November	120	Hotels
December	165	Railroads

¹ Includes 938,000 workers under State and local government agreements.

² The total is smaller than the sum of individual items because 508,000 workers are scheduled to receive more than one increase. It is based on data available as of October 1986, and thus may understate the number of workers scheduled to receive deferred increases for the entire year. One thousand workers are scheduled to have a deferred wage decrease in 1987.

early summer through July. The expiring Acme agreement provided wage increases of between 40 cents and \$1.10 an hour over the 3-year contract life with the first increase implemented in the second year. The other chains increased pay by \$1.10 to \$1.80 an hour spread over all 3 years of their contracts.

In addition to reviewing the gains made under their expiring agreements, negotiators will be interested in more recent developments in the industry. Agreements reached in the first 9 months of 1986 provided wage adjustments averaging 1.3 percent annually over their life, compared with 3.9 percent provided by the contracts they replaced.

Average annual wage changes provided over the life of settlements reached through the first three quarters of 1986 ranged from -3.9 percent to 8.9 percent. More than 70 percent of the workers under these agreements will receive lump-sum payments.

In recent years, many contracts in wholesale and retail trade have established two-tier wage or benefit systems, or both. As the more senior workers leave, and are replaced, the proportion of those being paid on the lower scale will increase. As a result, negotiators may face increased pressure to narrow or eliminate the gap between the two tiers. In addition, they will be concerned with the replacement of national chains by regional ones, and the growth of nonunion competition. Union negotiators may raise the issue of the increasing use of part-time employees to operate stores which stay open for long hours. This practice lowers employers' costs because part-timers often may be paid less and be eligible for fewer benefits than full-time workers. It also reduces the need for overtime, thereby restricting opportunities for full-time workers to increase earnings.

Cost-of-living adjustments

As of the third quarter of 1986, 2.7 million of the 8.8 million workers under major agreements are covered by COLA clauses. Almost all of the workers are in the private sector, where 40 percent have COLA coverage; although the proportion varies by industry. In State and local government, by contrast, COLA's cover only 2 percent of the workers. (See table 4, page 33.)

Both the number and percent of private industry workers under contracts with COLA clauses have declined since 1977. (See table 5.) (In State and local government, coverage has been almost unchanged since 1984, when comparable data were first compiled.)

The declines in private industry, gradual through the end of 1984, have been sharp during the last 2 years. Decreases in coverage prior to 1985 were largely the result of falling employment in industries where COLA clauses were common, whereas in 1985 and 1986 they were largely the product of the elimination or suspension of COLA provisions in many contracts. The relatively low rate of inflation since 1983 and small or nonexistent wage increases, or even decreases, stemming from COLA clauses, made unions in some situations willing to trade COLA's for what they considered more important provisions, such as improved job security or better wages.

COLA clauses are designed primarily to help workers recoup purchasing power lost through price increases. Some COLA provisions, however, also decrease wages if prices decline. During the first 9 months of 1986, for example, almost 1 million private industry workers had at least one wage decrease from COLA's, although more than 95 percent ended the period with a net increase. Overall, about 1.3 million private industry workers had a net wage increase from COLA's.

Wage adjustments are based on a measure of price change: usually the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W.) Wage changes from COLA's rarely reflect the full change in prices. In recent years, COLA adjustments yielded about 50 percent of their associated CPI change. The size of the wage change from COLA clauses varies, depending upon the formula used in adjustment calculations, the timing of reviews, whether or not maximum amounts ("caps") are specified, and whether or not the formula allows for COLA decreases. The most prevalent COLA adjustment formula calls for a 1-cent-per-hour wage increase for each 0.3-point rise in the CPI-W.

Cost-of-living reviews are made at intervals specified in each clause. Seventy percent (1,871,000) of the workers covered by COLA clauses will have at least one review in 1987. About 900,000 of these workers are on a quarterly review cycle.

About 53,000 workers are covered by contracts with clauses that specify 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 treats them as specified wage adjustments and not as COLA's. Payments above the specified amount that stem from changes in the CPI are, of course, considered COLA's.

Scheduled wage changes in 1987

About 4.1 million of the 8.8 million workers under major collective bargaining agreements are scheduled to receive deferred wage changes (increases and decreases) in 1987—48 percent of those in private industry and 42 percent of those in State and local government. Except for a wage decrease for 1,000 workers in private industry, all the deferred changes are increases. (See tables 6 and 7.) Deferred changes will average 5 percent in State and local government and 3.4 percent in private industry. This is the smallest deferred percent change in private industry in the 19-year history of this series. Comparable historical data are not available for State and local government. Some workers will receive lump-sum payments during the year, but such pay-

ments are not included in this series.

Contracts with COLA's generally provide smaller deferred wage increases than those without because the COLA clause is expected to generate additional wage increases. In 1987, deferred adjustments will average 2.9 percent for those agreements with COLA's, compared with 4.1 percent for those without such clauses.

THE MIX OF INDUSTRIES bargaining this year differs somewhat from that of recent years. The problems facing negotiators, however, are similar to what they have been since the turn of the decade: in the private sector, dealing with competitive pressures, maintaining or restoring company profitability, and assuring job security; in government, maintaining services to the public and attracting and keeping competent employees while operating within sometimes stringent fiscal constraints. How bargainers try to deal with these problems, and how successful they are in resolving them, will depend in large measure on the circumstances surrounding individual bargaining situations. □

— FOOTNOTE —

¹Regions comprise the following: *New England*—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut; *Middle Atlantic*—New York, New Jersey, and Pennsylvania; *Midwest*—Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas; *South Atlantic*—Delaware, Maryland, District of Columbia, Virginia, West Virginia, North

Carolina, South Carolina, Georgia, and Florida; *South Central*—Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, and Texas; *Mountain*—Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada; *Pacific*—Washington, Oregon, California, Alaska, and Hawaii.

Shiskin award nominations

The Washington Statistical Society invites nominations for the eighth annual Julius Shiskin Award in recognition of outstanding achievement in the field of economic statistics.

The award, in memory of the former Commissioner of Labor Statistics, is designed to honor an unusually original and important contribution in the development of economic statistics, or in the use of economic statistics in interpreting the economy. The contribution could be in statistical research, in the development of statistical tools, in the application of computers, in the use of economic statistics to analyze and interpret the economy, in the management of statistical programs, or in developing public understanding of measurement issues, to all of which Mr. Shiskin contributed. Either individuals or groups can be nominated.

The award will be presented, with an honorarium of \$250, at the Washington Statistical Society's annual dinner in June 1987. A nomination form may be obtained by writing to the Julius Shiskin Award Committee, American Statistical Association, 806 15th Street, NW, Washington, DC 20050. Completed nomination forms must be received by April 1, 1987.
