Collective bargaining in 1989: old problems, new issues

Some problems which plagued negotiators throughout the decade continue into the next, and are joined by additional issues such as rising cost of health insurance, family care, and health and safety concerns

George Ruben

Collective bargainers closed the decade of the 1980's still facing some of the same problems they did at the beginning of the decade. But certain aspects of 1989 bargaining may be a prelude to the issues likely to be at the forefront of bargaining in the 1990's.

Problems stemming from overseas competition and from new or expanding operations of foreign-owned facilities here at home continued to plague some industries, such as steel manufacturing and automobile manufacturing. Deregulation of the airline industry near the start of the decade contributed to its disarray at the end of the decade. Deregulation of the telephone communications industry a few years into the decade and the breakup of the Bell System in 1984 continued to affect negotiations in the industry.

Rising health insurance premiums were even more of an issue this year. Bargainers in many industries had to deal with this problem, especially in the telephone, airline, and longshore industries. Concern over workers' need to care for family members, including young children, elderly parents, and disabled family members, drew more attention, and new or improved plans addressing such care were adopted in the auto, steel, and telephone communications industries. Health and safety issues, which were of particular concern to bargainers in the meatpacking industry, became prominent in other industries, including auto and tire manufacturing.

Work stoppages were more prominent in labor-management relations this year than in earlier years of the decade. After 9 years of virtually steady decline, the number of major stoppages (those involving 1,000 workers or more) increased; by the end of October, there already had been 45 stoppages, more than the record low of 40 in 1988. Other measures of work stoppage activity also were higher—the number of workers involved in stoppages, at 522,000, was sixth highest in the decade, and the number of days of idleness, 10.5 million, was fifth.

The improving conditions in some industries were reflected in the size of wage adjustments in major collective bargaining settlements reached during the first 9 months of the year. Wage rate adjustments averaged 3.1 percent annually over the life of the contracts, compared with 2.4 percent the last time the same parties settled, typically 2 or 3 years ago. If the same pattern holds through the fourth quarter, 1989 would be the first year since 1981 (when the measure was introduced) in which over-the-term wage adjustments were larger in new contracts than in expiring contracts.

Other characteristics of labor-management relations in 1989 are not easily measured in statistical terms, but are evident in the following

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discussion of developments in individual industries and firms.

Telephone industry

Collective bargaining results in the telephone industry continued to show increasing diversity, as AT&T and the seven regional companies that had made up the Bell System prior to its 1984 court-ordered breakup adjusted to competing with each other. But, there were common aspects to the talks and settlements. One was the adoption of "family care" benefits, which has become of national interest because of the growth of two-earner families and the resulting difficulty in obtaining care for children and elderly or disabled family members. Another common feature of the talks was the interest in containing the rise in medical care insurance costs.

To some extent, similarities in contract terms result from the companies negotiating with only two unions, the Communications Workers and the International Brotherhood of Electrical Workers, which jointly formulated demands and coordinated their bargaining.

The unions' leadoff settlement, with AT&T in June, included family care provisions:

- A $5 million company obligation to finance efforts to increase the number of professional organizations able to meet the child care and elder care needs of employees.
- Up to 12 months (from 6 months) of unpaid leave for the birth or adoption of a child and a provision permitting employees to take up to 12 months of leave within a 2-year period to care for seriously ill family members. AT&T will pay the full premium cost of life insurance for up to 1 year and employee medical insurance for up to 6 months; employees will pay the cost of their supplemental life insurance as well as health insurance for dependents.
- A company payment up to $2,000 to employees adopting children under age 18.
- Resource and referral organizations, engaged by AT&T, to aid employees in locating and evaluating care for children under age 13 and relatives older than 50.
- New dependent care reimbursement accounts, into which employees may deposit up to $5,000 a year, free from Federal income and Social Security taxes. The money is used for providing care within or outside of the employee's home—but not in a nursing home—for dependent children under age 13 and for elderly dependents not capable of self-care.
- A trial revision of the existing excused workday plan: employees may now take 1 of the existing 4 annual days off in increments of at least 2 hours and on short notice.

AT&T will continue to pay full premium costs of employees' health insurance, but the $150 per person annual deductible was extended to additional services. In another cost-control move, employees who do not shift to preferred provider organizations when such plans become available in their area will have to pay 20 percent of expenses after a $200 annual deductible.

Over the 3-year contract term, wages were increased by about 8.75 percent for the 115,000 operating employees. The 60,000 manufacturing employees received a lump-sum payment equal to 8 percent of their earnings during the preceding 12 months, and two wage increases totaling about 6.5 percent.

Other provisions included a new profit-sharing plan and an increase in the employees' and the company's payments into the savings and security plan, which enables workers to accrue shares of AT&T stock.

Regional settlements. Unlike the AT&T settlement, some of the unions' settlements with the regional companies were preceded by work stoppages. At the peak, nearly 200,000 workers were off the job: 40,000 at Ameritech, 48,000 at Pacific Telesis, 44,000 at Bell Atlantic, and 60,000 at Nynex Corp. By early September, all of the companies had settled and the employees had returned to work, except at Nynex where the stoppage did not end until early December.

Companies that settled peacefully were Bell South Corp. (63,000 employees), US West (41,000), and Southwestern Bell (45,000).

All of the settlements provided for continued employer payment of health insurance premiums, partly offset in some cases by increased deductible and coinsurance obligations for employees, and transfers to preferred provider plans.

The provisions for family care benefits closely resembled those at AT&T.

Wage provisions were generally considered moderate and varied greatly among the companies. They consisted of various combinations of specified (guaranteed) wage increases, lump-sum payments, and possible automatic cost-of-living adjustments. Most of the settlements also provided for possible payments to workers under profit-sharing plans or incentive plans intended to increase efficiency and improve service to the public. (See *Monthly Labor Review*, November 1989, pp. 79–81, for a more detailed description of the individual settlements.)

Steel

In bargaining with four major steel producers, the Steelworkers more than regained compensation cuts accepted in 1986, when the industry was experiencing financial problems. Conditions were much better at the start of the 1989 negotiations, as the industry—still faced with competitive difficulties—was earning profits, attributable to the closing of marginal facilities and the opening of new ones utilizing more efficient processes. Other factors were the lower value of the dollar in international trade and the cuts in steel exports to the United States resulting from voluntary restraint agreements negotiated in 1984 and extended in 1989.

In justifying their 1989 bargaining demands, the Steelworkers emphasized that, in addition to the cuts called for in the 1986 contracts, the workers had also suffered under the 1983 contracts which had temporarily cut compensation. Also, union officials maintain that since 1982, straight-time average hourly pay of steelworkers had increased only 2.5 percent (to $14.76), compared with a 24-percent rise (to $16.09) for automobile workers.

The first of the 1989 settlements, at Bethlehem Steel Corp. for 20,000 workers, influenced the subsequent settlements with National Steel Co., Inland Steel Industries, and Armco, Inc., but not to the extent that occurred prior to 1986, when the companies used a unified bargaining approach that resulted in essentially identical contract terms.

The Bethlehem contract led off with restoration of the 8.09-percent wage cut the workers had accepted in 1986, followed by "new money" average hourly increases of $1 in January 1991 and 50 cents in January 1992.

Under the new Inflation Recognition Payments provision, which replaced the automatic quarterly cost-of-living provision which was operative in the 1983 contract but inoperative in the 1986 contract, employees will receive quarterly lump-sum payments if the BLS Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) rises more than 3 percent in a contract year. The lump sums will equal the employee's hours worked in the quarter multiplied by 1 percent of the employee's standard hourly wage rate for each percentage-point rise in the CPI-W above the 3-percent requirement. The money generated by this provision will not be part of wage rates, allowing Bethlehem some cost savings. If Bethlehem does not earn a profit for the quarter for which a lump-sum payment is due, employees will receive a comparable value in company stock.

A new family care provision permits employees to take 30 days of unpaid leave to care for a family member suffering from a catastrophic or terminal disability requiring full-time care. This leave is also available for the birth or adoption of a child.

A career development program, jointly administered but financed by Bethlehem at the rate of $300,000 a month, is intended to improve the education, training, and personal development of employees, on and off the job. Financing of the program and union efforts to open new jobs by curtailing overtime work were enhanced by a requirement that Bethlehem pay penalty amounts into the fund for each hour worked by an employee in excess of 56 a week. The penalty amount is $5 in August 1990, rising to $7.50 in August 1991, and to $10 in August 1992.

The Employee Investment Program, established in 1986 to compensate employees for their wage and benefit cuts, was continued, even though the 1989 accord restores the cuts. Employees received an immediate $500 payment under the program because some of the restorations were not effective at the beginning of the contract. They will receive an additional $500 payment in March 1990; however, this payment will be offset by the 1989 profit-sharing distribution scheduled in that month.

The profit-sharing formula was revised to give employees 10 percent of Bethlehem's entire annual pretax profits; previously, they received 10 percent of the first $100 million and 20 percent of any excess. Also, 60 percent of each distribution will be divided more or less equally among all workers, based on their straight-time hours worked plus paid time off; the remaining 40 percent will be allocated among divisions in proportion to their contribution to overall company profits and then will be divided among each division's employees, again based on hours paid for.

There were no further restrictions on Bethlehem's right to contract out work, but the company did agree to extend to white-collar employees the job protections for production workers.

Settlement terms differed at the other three major companies that settled in 1989 because of variations in the wage and benefit cuts that the employees accepted in 1986:

- At National Steel, differences from Bethlehem included a 31-cent immediate wage increase (42 cents for office workers) and continued distribution of the entire profit-sharing amount to all 7,300 employees.

- At Inland Steel, where wages were not cut in 1986, employees will receive "new money" wage increases totaling $1.50 an hour, the same as at Bethlehem, but paid in three stages, instead of two. In a difference in benefits, each Inland employee will receive a special 1-week vacation at some time during the 4-year contract period.
- At Armco's Baltimore, MD, and Kansas City, MO, plants, a 4-year contract provided for a $1 an hour wage increase and a $500 signing payment, both payable immediately, followed by wage increases averaging 35 cents an hour in August 1991 and 40 cents in August 1992. At the Ashland, KY, mill, terms included wage increases of $1 an hour in January 1991 and 25 cents in January of 1992 and 1993. The Ashland settlement also terminated the 1987 agreement by its 3,200 workers to divert to the company 65 cents of hourly wages to aid the company in financing a new continuous caster. Money already diverted was returned to the employees, with interest.

In a related development, USX Corp. rejected the Steelworkers' request for immediate reopening of their current contract (scheduled to expire January 31, 1991) to bring compensation of the 18,500 workers up to the levels at Bethlehem and the other companies. In its response, USX said there was no longer a settlement pattern in the industry, and that the USX workers were covered by a profit-sharing plan instituted to restore concessions through possible cash payments. The plan generated payments averaging 90 cents an hour in 1988 and $1.70 through the third quarter of 1989.

Airlines

Continuing the trend of recent years, 1989 labor-management developments at some airlines could only be viewed as chaotic and bitter.

Eastern Air Lines' difficulties with its unions, which date back to the 1970's, were heightened in March when 8,500 employees represented by the Machinists walked out after rejecting a company demand for compensation cuts and changes in work rules it claimed were necessary for its survival. Initially, Eastern planned to continue operating, but this became impossible when virtually all of its 3,500 cockpit crew members, represented by the Air Line Pilots, refused to cross Machinists' picket lines. A similar degree of support came from 6,000 flight attendants, represented by the Transport Workers.

This unified stand forced Eastern to lay off 10,000 nonunion employees, and the company also filed for protection under Chapter 11 of the Bankruptcy Code. An important aspect of Eastern's plan to emerge from bankruptcy was to sell operations and assets and continue as a smaller airline. A major step toward this goal occurred in July, when the carrier sold its Boston–New York City–Washington, DC, shuttle to entrepreneur Donald Trump for $365 million.

As time passed, the situation became gloomier for both Eastern and the unions. Eastern tried various strategies to sell assets and downsize to about one-third of its prestrike size, but encountered opposition from creditors who contended that the airlines had substantially overestimated its possible income from asset sales. Eastern also reeled from an arbitrator's ruling that it must pay at least 3,600 pilots $60 to $100 million as a result of a pay grievance filed in 1986.

The unions were concerned that the work stoppage was losing effect because some strikers were returning to work and available jobs were dwindling, a result of the hiring of nonunion replacements and the movement toward a smaller airline. They helped to advance a congressional bill to set up a board to investigate labor-relations problems at Eastern and other airlines and recommend solutions.

On November 21, President Bush vetoed the bill. Employees represented by the Air Line Pilots and the Transport Workers then voted to return to work, despite the limited number of jobs actually open as a result of cuts in operations, the hiring of replacements, and the earlier unauthorized return of some union members.

Meanwhile, the 8,500 mechanics represented by the Machinists continued their stoppage.

American Airlines, the Nation's largest airline, settled with the Transport Workers for 21,000 mechanics, baggage clerks, guards, meteorologists, and aircraft cleaners. In addition to general wage increases totaling $1.80 an hour, terms included increases in premiums for licenses and skills, accelerated progression to maximum wage rates, and lump-sum retroactive pay of $538 to $631. Other provisions included new quarterly productivity payments, ranging from 20 cents an hour if the local goal is met to 40 cents if the goal is exceeded by 20 percent; extension of lifetime job guarantees to workers hired prior to January 1, 1987; adoption of a flexible health insurance plan permitting employees to select their benefits, with employees and American Airlines sharing premium costs above the June 1, 1990, level (the airline will pay any rise up to 5 percent and above 12 percent, with workers paying the intermediate

amount); increased health insurance deductibles and coinsurance; and a new requirement that employees "prefund" their retirement health benefits by making monthly contributions during their active career ranging from $12 at age 30 to $91.50 at age 40 or older, subject to increases in premiums similar to those for their active service coverage.

Northwest Airlines was involved in battles on two fronts: various suitors seeking to purchase Northwest's parent, NWA Inc., and unions seeking new labor contracts. Further complicating the situation was the fact that two of the unions, the Machinists and the Air Line Pilots, contended that some of the purchase offers were unsatisfactory and prepared their own offers. Finally, NWA accepted a $3.65 billion "friendly" offer from Wings Holdings Inc., a group of investors.

In August, the airline settled with the Air Line Pilots, ending $2\frac{1}{2}$ years of negotiations and 9 months of strike threats. A major issue resolved in the dispute was how to blend into the work force the pilots who had flown for Republic Airlines before that airline was purchased by Northwest in 1986.

The 54-month contract provided for an immediate wage increase ranging from 3 percent to 29 percent, with former Republic pilots at the top of the range to equalize their pay with the other employees in the 5,200-member bargaining unit. This increase, which averaged 9.3 percent, will be followed by 4-percent increases for all of the pilots in September of 1990, 1991, and 1992. After the 1992 increase, annual pay will range up to $220,000 for pilots flying wide-bodied jet aircraft on international routes. In return for the increases, the union agreed to a "B-scale" under which new employees will be paid at 70 percent of the rates for pilots already on the payroll. This will end after 5 years, when the new pilots will move to the upper or "A-scale." During the negotiations, the union had strongly resisted two-tier pay, hoping to retain a single scale that could be used as a bargaining wedge to eliminate two-tier pay plans adopted at other carriers as cost control measures in the wake of airline deregulation in 1980.

The union agreed to an 80-hour-a-month flight schedule for all pilots. The ex-Republic employees were already at that level, while the other pilots had been flying 75 hours a month. This change was offset to some extent by a cut in the pilots' "nonflying" duty hours. Other provisions included a no-layoff guarantee for current pilots until March 1995, certain promotion guarantees, and a union right to retain or renegotiate contract terms if Northwest is purchased. Blending of the two (Northwest and ex-Republic) seniority lists was accomplished by an arbitrator.

Earlier in 1989, Northwest and the Machinists settled for 10,500 ticket clerks, reservation clerks, and related employees. The agreement, running to April 30, 1992, provides for general wage increases totaling more than 9 percent and additional "equalization" increases of about 7 percent to 500 former Republic employees.

Changes favorable to Northwest included increases in the number of part-time employees and lengthening of their workweek, more flexibility in scheduling for peak travel periods, and for continuing negotiations on broadening employees' duties.

USAir and the Association of Flight Attendants negotiated a contract for a single unit of 8,500 employees resulting from the August merger of Piedmont Airlines and USAir. The accord assured the Piedmont employees of pay parity (with previous USAir employees), raising their monthly top scale by $152.25, to $2,760, and cutting the progression time to the top scale to 13 years, from 14; higher, matching international flight pay; carryover of accrued sick leave, vacation bids, and credit for payments made to satisfy health and dental insurance deductibles; and guarantees that, for 3 years, their compensation would at least equal their average just prior to the merger.

Automobile manufacturing

Current contracts between the United Auto Workers and the "Big Three" automakers—General Motors Corp., Ford Motor Co., and Chrysler Corp.—expire in late 1990, but in 1989 the parties attempted to counter the results of a sales slowdown that was exacerbated by an increase in worldwide production capacity, particularly by Japanese firms opening plants in the United States. As a result, the Big Three companies closed some domestic plants to cut excess capacity. Some single-plant settlements called for changes that could influence the 1990 national talks. One such settlement was at Diamond-Star Motors Corp., a Chrysler-Mitsubishi Motors Corp. joint operation. A notable provision of the company's contract with the Auto Workers permits layoffs only when the "long-term viability of the company is at stake." This exceeds the protection of employees at the Big Three companies, where layoffs are permitted during sales slumps. Also, the contract allows Diamond-Star to combine all jobs into three classifications, permitting fuller utilization of employees' worktime. The Big Three

companies still have dozens of job classifications, despite some reductions in recent years.

Overall, the 3-year Diamond-Star agreement provides for the 2,400 employees to attain compensation parity with Chrysler employees, who just moved back to parity with General Motors and Ford employees after accepting cuts necessitated by the financial problems the company had experienced beginning in 1979.

Activities at the Big Three. Chrysler and the Auto Workers began constructing a child care center at the company's Electronics Division plant in Anniston, AL. The center will be the first onsite, jointly operated child care establishment in the auto industry.

A legal development with implications for other auto producers—as well as other industries—involved Chrysler, the Department of Labor's Occupational Safety and Health Administration (OSHA), and Auto Workers Local 1268 in Belvidere, IL. The parties negotiated a plan to control repetitive motion injuries at five assembly plants. Initially, the plan will be implemented at the Belvidere plant, where OSHA had cited the company in 1987 for permitting work practices and methods which result in cumulative trauma disorders such as carpal tunnel syndrome.

Under the plan, Chrysler will study all jobs in the plant and make changes needed to alleviate or eliminate disabling conditions, such as by rotating duties among workers, redesigning tools or modifying the way they are used, and substituting machines for employees in some operations. (The first major agreement calling for revamping jobs to protect employees' health and safety was in 1988 at IBP, the meatpacking industry's largest firm.)

Increased vehicle output and employee involvement in a Voluntary Input Program which allows them to assist in setting production methods were reported at General Motors' Oklahoma City, OK, plant. However, there was some resistance to the program from bargaining-unit members and from company supervisors. Employee resistance stemmed from the increase in the assembly-line speed (a management precondition incorporated into the 1987 agreement that authorized the program) and from difficulties in reaching a consensus with supervisors on daily plant operations. The resistance from some supervisors apparently resulted from concern that their role was being diminished by the increasing employee involvement in decisionmaking. In October, 67 percent of the plant's 5,300 production workers were participating in the program, and in return for accepting the additional responsibilities, received from 20 cents to 27 cents an hour above the standard rates in the General Motors-Auto Workers national agreement.

Ford and the Auto Workers launched a joint program to redesign work stations to reduce employee injuries and improve their efficiency. Also, the parties undertook a pilot program to provide long-term care for employees and dependents suffering from reduction of their functional capacity that is not severe enough to qualify them for skilled care in hospitals or nursing homes under medicare. Initially, the program would apply only to Ford workers in the Louisville, KY, area, but if the program is successful, the union indicated that in 1990, it would press for similar programs at all facilities of the Big Three automakers.

Organizing activities. Early in the year, Japanese manufacturers extended for another 12 months their 2.3 million vehicle limit on exports to the United States. Of more concern to U.S. producers—because the Japanese companies had not quite reached the limit for the preceding 12 months—was the continuing expansion of Japanese production in the United States. For the Auto Workers, the expansion offered the opportunity to organize the Japanese-owned plants, thereby offsetting membership losses stemming from employment losses in domestically-owned plants. However, the union was unsuccessful in its major 1989 organizing test: employees of the Nissan Motors Manufacturing Corp. plant in Smyrna, TN, chose to remain "nonrepresented" by a vote margin of more than 2 to 1.

The Auto Workers union vowed to continue its efforts to organize foreign-owned plants. To lead the drive, the union established a Transnational and Joint Ventures Department. Initially, the department will have 8,000 already organized workers under its jurisdiction, including those at Diamond-Star, New United Motor Manufacturing Inc., and Mazda Motor Manufacturing Corp.

Aerospace

Bargaining in the aerospace industries led off with a November settlement between The Boeing Co. and the Machinists that ended a 7-week work stoppage. About 57,000 workers were involved at plants in the Seattle, WA, area and in other States.

Initially, the union pressed for elimination of the practice of giving employees lump-sum payments in lieu of specified wage-rate increases, which occurred in the two preceding contracts. The employees finally accepted lump-sum pay-

ments in the 3-year 1989 contract: 10 percent (of the employee's earnings in the preceding 12 months) immediately, followed by a 5-percent payment in December 1990 and a 4-percent payment a year later. However, the workers also won a 4-percent immediate wage increase and 3-percent increases in October of 1990 and 1991.

They also received an immediate 60-cent-an-hour prepaid cost-of-living adjustment, to be offset against any regular quarterly adjustments otherwise due to occur in the first contract year. During the balance of the agreement, workers will receive quarterly adjustments, if warranted by the movement of the CPI, without prepayments.

A major point of dispute was resolved when Boeing agreed to limit mandatory overtime work to 144 hours in a quarter (formerly 200), to no more than two consecutive weekends (formerly four) and to pay double time after 160 hours of overtime in a quarter. In effect, these changes amounted to family care benefits because they eased some employees' concern about being unable to spend adequate time with their families.

The accord also established formal family care benefits: provision for referral, consultation, and educational materials regarding child and elder care.

Based on past practice, these terms, and negotiated changes in pensions, insurance, and other benefits, could be expected to influence the outcome of the negotiations currently underway at other aerospace companies.

Longshore developments

The International Longshoremen's Association (ILA) and Atlantic and Gulf coast shippers agreed to extend their existing contract for 14 months, to November 30, 1990. The parties described the extension (which did provide for a 45-cent-an-hour increase in employer financing of benefits) as a "holding action" to give them time to deal with major unresolved problems without the threat of a work stoppage. Leading the list of problems to be solved was replacing the rules on container cargo, invalidated by the Federal Maritime Commission in a 1987 decision which was upheld by the Supreme Court in January 1989. The rules had required that packing and unpacking of all container cargo within 50 miles of an ILA port be performed by employees represented by the union.

Following the Supreme Court ruling, the ILA and shippers agreed on a substitute program to preserve and attract work. Under the program, shippers pay 30 cents into a fund for each ton of container cargo moving through ILA ports. The money is used to pay part of the wages of unemployed ILA-represented workers who might be hired at new dockside Container Freight Stations established to expand the amount of cargo handled by existing stations. In return, the ILA agreed to cost-reducing changes in work methods and crew sizes.

In local negotiations, the parties agreed to other cuts in costs in an attempt to counter increasing competition from nonunion ports, other ILA ports, and West Coast ports, where the International Longshoremen's and Warehousemen's Union represents cargo handlers.

In the Port of New York and New Jersey, the parties agreed to:

- Retain the Guaranteed Annual Income plan, which assures employees of annual pay as high as $34,200 even if a full year's work is not available.
- Cut the number of employees eligible for the income plan by offering increased pensions and other benefits to those retiring during the last quarter of 1989 (about 2,600 of the 6,000 workers were eligible for the offer).
- Retain the four health clinics with no changes in treatment levels (shippers had sought to close two of the clinics).
- Create a joint panel to initiate actions to improve cost competitiveness with neighboring ports.

At Virginia's Hampton Roads ports, changes in staffing of a container freight station included cutting the crew size from four members to two when only one container is involved. Overall, this and other work rule changes were expected to save costs equivalent to a $3 an hour reduction in wages.

In New Orleans, LA, local settlement terms included new rules intended to prevent favoritism by supervisors in selecting crew members and a $1 an hour wage increase for most employees.

Forest products

The United Paperworkers International Union and International Paper Co. ended the work stoppages at four mills around the end of 1988 (see *Monthly Labor Review*, January 1989, p. 32), but the bitterness between the parties did not abate and continued into 1989. The union and the company continued to trade legal charges regarding their conduct during and after the stoppage. The Paperworkers, joined by other unions, also pressed a boycott campaign

against the International Paper, and in a move to solidify its bargaining front with the company, formed all local unions into a single council (previously, there were separate councils for employees in primary mills and converting operations).

At three plants, the stoppage was deemed to be a strike and the company was only required to take back the strikers as openings occurred through attrition among replacement workers. By December 1989, only about 160 of the 2,350 strikers had been called back to the mills, located in Jay, ME, Lock Haven, PA, and DePere, WI.

At the fourth plant, in Mobile, AL, however, the stoppage was deemed a lockout and, under Federal law, International Paper was required to take back all of the affected employees. The return of the union-represented workers led to the dismissal of 350 workers hired as replacements during the stoppage. Further, the returning workers filed suit against the company, claiming that it had illegally shifted maintenance work to an outside contractor. The employees who originally replaced the locked-out workers also filed a suit seeking severance pay because they were denied access to their jobs.

The Paperworkers' 1988 return-to-work offer (generally viewed as a win for the company) affected 1989 settlements at other International Paper facilities, and other companies in the industry. Employees of International Paper facilities in Camden, AR, accepted 4- or 5-year contracts that included cuts in premium pay for work on Sundays and holidays and changes in mealtime and job assignment scheduling favorable to the company. Local union officials said they were forced to accept such changes because the various locals in the company's national chain of plants would not support a strike. (These changes were the core of the 1988 dispute, and were implemented then by the company.)

The Camden contracts also included compensation gains for the employees. A 5-year contract for some employees represented by the Paperworkers union and the International Brotherhood of Electrical Workers called for production workers to receive wage increases totaling 8 percent and lump-sum payments totaling $1,250 or $1,950 (varying by job classification) and for mechanics and instrument electricians to receive wage increases totaling 4 percent and lump sums totaling $2,000 or $4,500. Other changes included a new 401(k) savings plan, with the company matching half of the employee's investment, which can be up to 4 percent of earnings.

Elsewhere in the paper industry, the concept of employee involvement in production decisions was stretched almost to the ultimate, as the employees of a new James River Corp. plant in Richmond, VA, operated essentially without supervision. The plant has about 30 employees, all represented by the Paperworkers; employment is projected to rise to 150 in 5 years. The employees print custom napkins and placemats for restaurants. In general, the labor contract provides for:

- Production goals determined by members of the two 14-member employee teams.
- Specific schedules of tasks to meet the goals, developed in weekly meetings of the teams in which members rotate leadership roles.
- Adherence to five operating criteria or standards: safety, housekeeping, reliability requirements, contribution as "team players," and a commitment to learning.
- Wage rates based on the average negotiated by the Paperworkers at two similar James River operations and five other operations in the industry.
- Development of "job stories" (job classifications) by team members, as well as criteria for evaluating employee progression to the top pay level, which is 28 percent higher than the starting level. Actual promotion decisions are made by a seven-member board drawn from the operating employees and management.
- Participation in management interviews to select new people for the teams and for some related jobs outside the bargaining unit.

A less radical, more structured team approach to production is in effect at a Kimberly-Clark Corp. mill in Coosa Pines, AL (see *Monthly Labor Review*, February 1989, p. 53).

Rubber

There was little bargaining activity in the tire industry, but there was evidence of the growing foreign investment in the U.S. market, and resulting changes in operating procedures and employer-employee relations.

A costly change of ownership was Michelin Group of France proposal to buy Uniroyal Goodrich for $690 million cash and assume $800 million in debts. The acquisition would raise Michelin to world leadership in tire sales and to the number two position in the United States, behind Goodyear Tire & Rubber Co. The purchase would give Michelin 31,000 employees in North America in 11 plants in the United States, 5 in Canada, and 2 in Mexico. Of

the 26,000 U.S. employees, 7,300 are represented by the Rubber Workers.

Also, in the rubber industry, Bridgestone/Firestone reported $1.5 billion in facility improvements at the Firestone unit and announced a change in labor-management relations at its Lavergne, TN, plant. Participating in the change was Local 1055 of the Rubber Workers, which represents nearly 1,000 employees at the plant, which operates under the Bridgestone name.

The change features a cooperative approach including the establishment of:

- More than 15 employee involvement groups, which meet before or after their shift to discuss plant problems and suggest solutions to management. They also make semiannual presentations on major projects and innovations they are working on. Employees are paid time and one-half for participating in the 1-hour meetings which are held at least once a week
- A union-management steering committee to oversee the cooperation program and make necessary changes.
- A suggestion committee, with one union representative, that gives cash payments for ideas that work.

Elsewhere, Pirelli Armstrong Tire Corp. announced that it was expanding its Hanford, CA, plant, and was considering expanding its Des Moines, IA, and Madison, TN, plants. Production workers at all three plants are represented by the Rubber Workers. The company is a unit of Pirelli S.p.A. of Italy, which bought Armstrong Tire Co. in 1988.

Newspaper publishing

The major development in this industry was the Supreme Court's decision to permit the *Detroit News* and the *Detroit Free Press* to merge their circulation, advertising, and production operations to cut operating costs and save the *Free Press* from failing. The consolidation of functions, which would apparently cut employment, and possibly lead other papers to merge operations, did not extend to editorial functions.

Opposition to the joint operating agreement came from a group of advertisers and citizens in the area who claimed that the merger would reduce competition. The case arose in 1986, when the attorney general approved the merger under authority of the Newspaper Preservation Act of 1970.

In Los Angeles, CA, *The Herald Examiner*, an evening paper that opened in 1903, closed, succumbing to competition from its morning rival, the *Los Angeles Times*, and from suburban newspapers. Organized labor will remember the *Herald Examiner* for its adamant opposition to a strike that lasted from 1967 to 1977.

In other collective bargaining activity, newspapers and their unions continued to negotiate lengthy contracts. One example is *The Washington* (DC) *Post*, which settled with The Newspaper Guild on a 5-year agreement, ending 3 years of bitter negotiations. In St. Paul, MN, the *Pioneer Press Dispatch* and Local 29C of the Graphic Communications Union agreed to a $9\frac{1}{2}$-year contract, joining its sister Local 229, which negotiated a 10-year agreement with the *Minneapolis* (MN) *Star and Tribune* in 1986.

Union affairs

During the year, unions continued their efforts to prove their worth to workers and the general public as part of their struggle to reverse the long-term decline in union membership. On a positive note, settlement of 1988 government corruption charges against the Teamsters possibly signaled a reversal of the union's history of domination by leaders found to be in violation of the law. In another positive development, the AFL–CIO gained strength as a representative of organized labor as a result of the affiliation or reaffiliation of several unions: the United Mine Workers and the United Transportation Union reaffiliated with the AFL–CIO, and the Locomotive Engineers and the Writers Guild-East affiliated with the AFL–CIO. Another consolidation was the National Brotherhood of Packinghouse and Industrial Workers merger into the United Food and Commercial Workers union, which is an AFL-CIO affiliate.

Leadership changes during the year included:

- William W. Winpisinger, president of the Machinists, retired and was succeeded by George J. Kourpias.
- John E. Lawe, president of the Transport Workers, died and was succeeded by George Leitz.
- Juel Drake, president of the Iron Workers, retired and was succeeded by Jake West.
- Andrew T. Haas, president of the Asbestos Workers, died and was succeeded by William G. Bernard.
- George M. Parker, president of the Flint Glass Workers, retired and was succeeded by Lawrence Bankowski.
- Cornelius Healy, president of the Plate Printers, did not run for a fifth term and was succeeded by Neil Bradley.

Federal pay

A proposal by the Commission on Executive, Legislative, and Judicial Salaries for 50-percent

pay increases for members of the Congress, Federal judges, and high ranking political and career employees triggered much criticism from citizens and within the government, leading the Congress to reject the proposal. The Commission was established by law in 1967 to make impartial pay recommendations every 4 years devoid of political influences.

Later, President George Bush proposed increases of up to 25 percent for executive branch employees and as much as 200 percent for certain employees in particularly hard-to-fill jobs. The President suggested that the Congress decide on increases for its own members and cut members' income from honoraria. The resulting pay legislation was signed by President Bush in November.

Members of the House of Representatives opted for a 7.9-percent "cost-of-living" increase in January 1990, a 25-percent increase in January 1991, and annual cost-of-living increases thereafter. The salary increases also apply to the Vice President, Cabinet members, other officials, and Federal judges. The act also imposes new standards of ethical conduct on House members and other officials and prohibits them from receiving honoraria.

Members of the Senate decided on smaller salary increases—a 10-percent cost-of-living increase in January 1990, followed by the annual cost-of-living increases matching those for House members. However, the Senators will be permitted to continue to accept honoraria, but the amount—equal to 40 percent of their $89,500 salary at the signing of the bill—will be reduced dollar-for-dollar by the cost-of-living increases.

Passage of the act marked the third time that salary levels differed in the Houses of Congress—earlier instances were in 1795 and, briefly, in 1982.

The 1.4 million Federal white-collar workers received a 4.1-percent salary increase in January 1989, as a result of procedures under the Federal Pay Comparability Act of 1970. In 1988, the President's Pay Agent (a triad consisting of the directors of the Office of Personnel Management and the Office of Management and Budget, and the Secretary of Labor), after reviewing the Bureau of Labor Statistics' 1988 annual National Survey of Professional, Technical, and Clerical Pay, determined that a 26.23-percent increase was needed to bring white-collar pay up to the level of comparable jobs in the private economy. Instead of accepting this recommendation, the President, under authority of the act, followed the practice of recent years and proposed a smaller increase—4.1 percent—effective in January 1989, rather than the "normal" date of October 1988, which was accepted by the Congress.

The 2 million military personnel received the equivalent of the increase under laws linking their pay levels to those for the white-collar employees. About 375,000 trades workers received an increase up to 4.1 percent during the fiscal year ending September 30, 1989. Their pay is raised at various times during a year, based on the results of local surveys of wages for similar jobs. However, their potential increase was again capped at the same percentage amount as for the white-collar employees.

Later in 1989, the Pay Agent presented to the President its finding on the next salary increase for Federal white-collar employees. The increase, based on the Bureau's 1989 survey, was an average 28.6 percent. However, President Bush proposed an alternate 3.6-percent increase, to be effective in January 1990, and the Congress accepted the decision.

Legal rulings

During the year, the Supreme Court issued decisions affecting employment, labor-management relations, and collective bargaining:

- Employees must now prove that racial imbalances in their employer's work force result from practices that have no valid business justification. Previously, a statistical indication of racial imbalance was sufficient for a finding of discrimination, even if there was no evidence that the employer intended to discriminate. (*Wards Cove Packing Co.* v. *Atonio*)
- Federal law barring age discrimination in employment does not prohibit employers from making age distinctions in pension, insurance, and other benefit plans. (*Public Employees Retirement System of Ohio* v. *Betts*)
- If a person is denied a promotion because of illegal "sex stereotyping," the employer may avoid a finding of liability only by proving that the same decision would have been made even if the person's gender was not taken into account. (*Price Waterhouse* v. *Hopkins*)
- Employees can challenge an affirmative action plan adopted earlier with approval of a lower court, even though they had been aware that the plan was being negotiated and did not participate. (*Martin* v. *Wilks*)
- Employees must file timely challenges—within 300 days, in the particular case—to

changes in workplace seniority systems to prevent disruptions of "settled expectations." (*Lorance* v. *AT&T Technologies Inc.*)

- The Constitution tightly limits the power of State and local governments to adopt affirmative action plans in the awarding of public contracts. (*City of Richmond* v. *J.A. Crosson Co.*)
- A State cannot require that a percentage of its contacts be awarded to minority or women-owned business. (*Milliken* v. *Michigan Road Builders Association*)
- A State cannot refuse unemployment benefits to a person who refuses to take a job requiring work on the person's Sabbath day, even if the person is not a member of an organized religion. (*Frazee* v. *Employment Security Department*)
- Divorced spouses of military retirees are not entitled to a share of any disability benefits received by the retiree. (*Mansell* v. *Mansell*)
- A State cannot exempt its employees' retirement benefits from its income tax if it does not offer an equivalent exemption to Federal Government retirees. (*Davis* v. *Michigan Department of Treasury*)
- After the end of a strike, an employer is not required to fire employees who returned to work during the strike in order to rehire employees with more seniority. (*Trans World Airlines Inc.* v. *Independent Federation of Flight Attendants*)
- Cities may be sued in Federal court by anyone whose constitutional rights have been violated as a result of inadequate training of city employees. (*Canton* v. *Harris*)
- Railroads have broad leeway to sell assets and restructure their business without having to bargain with unions. The decision apparently also can be applied to the airline transportation industry, because it was an interpretation of the Railway Labor Act, which covers both industries. (*Pittsburgh & Lake Erie Railroad Co.* v. *Railway Labor Executives' Association*)
- Railroad operating crews can be tested for drug use after being involved in accidents, because of the need to assure safe transport of the public. (*Skinner* v. *Railway Labor Executives' Association*)
- Railroads and airlines, under the Railway Labor Act, may add drug testing to employees' periodic physical examinations, without collective bargaining. (*Conrail* v. *Railway Labor Executives' Association*)
- The U.S. Customs Service's Drug Enforcement Administration may routinely conduct drug tests among employees who are involved in interdicting illegal drugs or who carry firearms. (*National Treasury Employees Union* v. *Van Raab*)
- An elected union official cannot be removed from office by union leaders for publicly disagreeing with their policies. (*Sheet Metal Workers' International Association* v. *Lynn*) □