Collective bargaining, 1991: recession colors talks

The 1991 economic downturn compounded problems facing negotiators since the 1980's—competition, deregulation, and spiraling costs for health care; effects of the Persian Gulf war influenced some talks

The bargaining calendar for private industry and State and local government was a little lighter in 1991 than it had been in recent years. In 1991, 33 percent (2.8 million) of the 8.5 million private and State and local government workers under major collective bargaining agreements (covering 1,000 workers or more) were covered by contracts that expired or reopened. The proportion was 35 percent in 1990, 36 percent in 1989, and 39 percent in 1988. In addition to contracts that were scheduled for negotiation during the year, there were carryovers from negotiations that had begun earlier and at least one critical contract that was not scheduled for renewal until 1992 but was opened early and resolved.

Despite the light bargaining, there were significant developments on the labor-management scene in 1991. Among the positive highlights were the following:

- Agreement on a master contract in trucking, which was reached without a hitch, despite expectations to the contrary;
- The signing of mutually beneficial ("win-win") master contracts in the rubber and electrical and electronic products industries, reflecting the parties' recognition of each other's problems;
- Completion of bargaining, 11 months before the current contract was to expire, between NYNEX (parent company of the New York and New England Telephone companies) and its two major unions, the Brotherhood of Electrical Workers and the Communications Workers, avoiding a work stoppage such as the rancorous one that marred their 1989 negotiations.

Not all the news was good, however. The protracted round of national negotiations in the railroad industry was concluded, but only after a 1-day work stoppage prompted Congress to enact back-to-work legislation mandating a settlement to the dispute. Eastern Airlines was forced into liquidation, ending a nearly 3-year work stoppage by the International Association of Machinists. Two other airlines closed down, two more filed for bankruptcy protection, and yet another seemed on the verge of doing so. Negotiations between Caterpillar Tractor Co. and the Auto Workers union failed to produce a new contract, and some 2,400 employees at two plants in Illinois walked off the job. A couple of days later, Caterpillar locked out nonstriking employees at its five other plants.

Many of the problems that faced negotiators in 1991 stemmed from the 1980's: competition from overseas and from nonunion firms at home; deregulation of the trucking, airlines, and telephone communications industries; technological changes; and the spiraling cost of health insurance. They were compounded by new developments: the Persian Gulf war and the recession.

In many cases, union and management sought mutually acceptable ways to reduce labor costs, increase productivity, retain jobs, and assure the economic viability of the company. In other cases, where companies were profitable, union members pressed for improved pay and benefits, the elimination of two-tiered wage or benefit systems, or the substitution of wage increases for lump-sum payments. Job security and safety and health were also the focus of negotiations. Probably the most common and most contentious issue, however, was dealing with rapidly increasing health insurance premiums that reflected rising health care costs.

Efforts to eventually resolve the health care cost problem went beyond the bargaining table, as both organized labor and employer organiza-

tions urged the public and Congress to address the issue. Unions and employers took opposing positions, however, on other labor issues being dealt with in the political arena, including the use of replacements for striking workers, mandated parental leave and health insurance, and increased unemployment insurance benefits.

Two numerical indicators of the state of labor-management relations last year were the Bureau of Labor Statistics data on major work stoppage activity (strikes and lockouts involving 1,000 or more workers) and on major collective bargaining settlements. Some measures of work stoppages showed that such activity dropped from the previous year. By the end of October, there were 41 work stoppages that involved 400,000 workers and 3.8 million days of idleness (amounting to about 2 days out of every 10,000 available workdays during the 10-month period). Comparable figures for the same period a year earlier were 46 stoppages, 185,000 workers, and 5.5 million days of idleness (2 out of every 10,000 available workdays). Data on major collective bargaining settlements showed that the average wage rate change under settlements in private industry during the fourth-quarter period ending September 30, 1991, was an increase of 3.1 percent annually over the life of the contract, compared with 2.4 percent when the same parties last settled, typically in 1988 or 1989.

These statistics conveniently summarize some of the results of the interaction between organized labor and management last year. They mask, however, the assortment of problems the parties faced, as well as the variety of solutions they adopted. Some of these are described in the following discussion of developments in individual industries and firms.

**Railroad industry**

A 3-year bargaining stalemate involving 11 railroad unions, representing some 230,000 workers, and the Nation's railroads ended in 1991, with both negotiated and imposed settlements. The disputes began in early 1988, when the parties began exchanging bargaining proposals. After deadlocks in bargaining, the parties (singularly or jointly) invoked the mediation services of the National Mediation Board, the Federal agency that administers the Railway Labor Act. (The Act provides a step-by-step process, including mediation and voluntary but binding arbitration, to resolve labor disputes.) After mediation sessions bogged down, the Board, in April 1990, proffered arbitration, which was rejected by the carriers and the unions. Following a 30-day cooling-off period, President Bush

established Emergency Board No. 219 to resolve the dispute. The emergency board made its report to the President on January 15, 1991.

During the cooling-off period, 3 of the 11 unions—the Transportation Communications International Union, the American Train Dispatchers Association, and the Brotherhood of Railroad Signalmen—negotiated tentative 42-month settlements, covering about 43,000 workers. For the most part, the agreements incorporated the emergency board’s recommendations on wages, cost-of-living adjustments, and health insurance—including cost-sharing and cost-containment measures. (The emergency board’s report called for general wage increases of 3 percent in July 1991 and 1993 and 4 percent in July 1994; lump-sum payments in July 1992, January 1993, and January 1994, equal to 3 percent of an employee’s earnings for the previous 12 months, with a similar 2-percent payment in January 1995; a $2,000 signing bonus; a cost-of-living clause, effective January 1, 1995, when the contract expires, with semiannual payments set at 1 cent an hour for each 0.3-percent increase between 1.5 percent and 2.5 percent in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W); and an employee cost-sharing formula for health insurance, including the diversion of up to 50 percent of employees’ lump-sum payments to offset the first 25-percent increase in annual medical insurance costs.)

The Transportation Communications Union’s agreement, which covered some 35,000 clerical, computer, and white-collar employees, complied with the emergency board’s recommendations to consolidate more than 1,400 separate wage rates into 15 wage grades. However, the agreement deviated somewhat from the board’s recommendations in the area of wage restructuring and cost-of-living adjustments. (See *Monthly Labor Review*, April 1991, p. 32, and August 1991, p. 40, for details and the emergency board’s decision.)

The terms of the Dispatchers’ agreement, which covered some 1,600 workers, for the most part tracked the emergency board’s recommendations. It adopted, with minor modifications, the board’s recommendations on employee cost sharing but deviated from the board-recommended cost-of-living clause.

The Signalmen’s settlement, covering about 7,000 workers, also basically followed the emergency board’s recommendations. The three primary exceptions were a cost-of-living clause, an agreement to submit the issue of special wage adjustments to a labor-management study committee, and an increase in supplemental sickness benefits, an issue that was not presented to the emergency board.
The board’s report, however, did not provide the basis for a settlement with all the unions, and in mid-April, the eight unions without agreements struck the carriers. (The three unions that had negotiated tentative settlements honored the picket lines set up by the others.) Less than 24 hours after the nationwide stoppage began, Congress enacted back-to-work legislation mandating a settlement to the dispute. (See Monthly Labor Review, June 1991, p. 45.) The stoppage affected much of the Nation’s core rail freight system.

The back-to-work legislation established a three-member special board, one member from Emergency Board No. 219 and two members appointed by President Bush from a list of arbitrators compiled by the National Mediation Board. Its major functions were to:

- Resolve ambiguities in the report issued by Emergency Board No. 219;
- Consider specific recommendations issued by Emergency Board No. 219 on which there was disagreement between labor and management;
- Clarify other issues as requested by the parties.

The legislation effectively imposed most of the emergency board’s recommendations on wages and benefits, and it gave the unions a chance to modify the board’s recommendations on work rules, the issues that reportedly led to the stoppage.

Under the terms of the bill, the first 55 days after the panel was appointed would be devoted to hearings, followed by a 9-day cooling-off period during which the parties would have an option to continue negotiations. Starting on the 56th day, the parties could submit any unresolved issues to the panel. The panel would have to grant a presumption of validity to the recommendations of Emergency Board No. 219. The party requesting a change in any of the emergency board’s recommendations would have to prove that the recommendation in question was “demonstrably inequitable or was based on a material error or material misunderstanding.”

On the 65th day, all unresolved issues would be decided by the special panel and would be binding on the parties.

In July, the special panel issued its report dealing with requests to amend Emergency Board No. 219’s recommendations on wages, work rules, and health care that had led to the 1-day stoppage in April. The panel rejected all 40 challenges by the union to the emergency board’s recommendations, the majority of which included:

Union challenged the constitutionality of the legislation establishing the special board and requested the courts to set aside the emergency board’s recommendations. To date, a court decision has not been issued.

**Trucking**

The 1991 National Master Freight contract was negotiated between the Teamsters National Master Freight Industry Negotiation Committee and Trucking Management, Inc., the major employer group involved in national freight contract talks. The 1988 agreement had been strongly criticized by some segments of the union, particularly Teamsters for a Democratic Union, a dissident group. Criticism intensified when Teamsters leaders announced the acceptance of the 1991 tentative agreement—after 64 percent of the voting rank and file had rejected it—by invoking the two-thirds rule, which required that at least 66 percent of voting members vote against a settlement for it to be rejected. Ratification of the 1991 agreement would be under a majority rule.

Any settlement in 1991 was expected to be a political issue within the union, which in 1989 had agreed in Federal court to direct elections of top officers, the policing of corruption in the union, and court-appointed monitors to oversee its activities. To complicate matters, union leadership was in disarray, with a number of top officials either retiring, resigning, or losing elections, often after being faced with charges of racketeering or corruption.

Two weeks before the expiration of their contract, negotiators for the Teamsters and Trucking Management reached agreement on a 3-year master contract, covering some 160,000 over-the-road and local truck drivers and warehouse, office, maintenance, and garage workers nationwide. (The master contract covers economic issues, such as wages, pensions, and health care benefits, and certain working conditions, while 31 local supplements—negotiated concurrently with the master agreement—cover work rules, local wage rates, and operating conditions.)

The new master contract called for gains in wages and pension and health benefits, as well as improved equipment safety standards. Employees received a general wage increase of 50 cents an hour retroactive to April 1, 1991, and will get wage increases of 45 cents an hour on April 1 of 1992 and 1993, generated by guaranteed “cost-of-living” adjustments. Mileage-based wage rates for over-the-road drivers were increased 3.5 cents over the term of the contract. In addition, employers’ weekly combined health and welfare contributions were increased...
the contract. (The wage and benefit package was lower than that reached in the Teamsters-United Parcel Service settlement in 1990, which had been expected to set the pattern for the master freight agreement.)

Safety provisions included a prohibition against disciplining drivers who refuse to operate equipment because of a reasonable apprehension of serious injury to the driver or the public; and requirements that speedometers work with reasonable accuracy, new road tractors have heated mirrors, and city-driven tractors have power steering and air-ride seats. (See *Monthly Labor Review*, July 1991, p. 36, for other terms of the contract.)

Later, the Teamsters concluded settlements with Yellow Freight, a nationwide trucking company, and the two remaining employer associations that were signatories to the National Master Freight Agreement (Regional Carriers, Inc., and the Motor Carriers Labor Advisory Council). These agreements reportedly contained the same wage, benefit, and nonmonetary provisions as did the Trucking Management accord.

Teamsters locals involved in national bargaining talks with car-hauling firms rejected a proposed 4-year agreement, covering some 18,000 drivers, clerks, and maintenance employees nationwide. The car-hauling firms were represented by the National Automobile Transporters Labor Division, the Teamsters locals by the union’s National Automobile Transporters Industry Negotiating Committee. (Car-hauling companies transport new automobiles from auto plants to car dealers’ showrooms.) The tentative agreement would have provided for annual wage increases of 1.8 percent, a new lower rate structure for automobile plants that come under the agreement for the first time, and the use of non-Teamsters union companies to perform work falling under the scope of the contract. In mid-November, negotiators for management submitted a “final” offer that reportedly included “small” improvements in wage and mileage rates. Negotiators for the Teamsters submitted the proposal to the rank and file, with a recommendation that it be rejected. To date, the parties have not concluded a settlement.

**Electronic and electrical equipment**

In 1991, collective bargaining was heavy in the electronic and electrical equipment industry, where major contracts covering approximately 121,000 workers were subject to renegotiation. As in the past, the leadoff settlement in the industry was at General Electric Co. in June. General Electric’s new 3-year agreements with its two major unions, the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers (representing 37,000 workers) and the United Electrical Workers of America (representing 6,700 workers), set a pattern for an additional 21,000 employees represented by 12 other unions in the company.

The major issues in dispute were health care, job security, wages, and pensions. (The Coordinated Bargaining Committee of General Electric and Westinghouse Unions coordinated the bargaining activities of the 14 unions representing employees at General Electric. Historically, the two major unions have negotiated master contracts covering their members who work at General Electric nationwide, and the other unions have negotiated separate local agreements that are patterned after the master contracts.)

The new contracts called for general wage increases of 3.5 percent July 1, 1991, and 2.25 percent June 29, 1992, and June 28, 1993. In addition, employees in skilled jobs paying more than $12.40 an hour received special adjustments that reportedly averaged one-half percent.

Health insurance enhancements included additional coverage for nurse-midwife obstetrical services, chiropractic services, and preventative procedures; an increase in the major medical lifetime maximum; a mail-order prescription drug plan; improvements in dental, vision care, mental health, and substance abuse benefits; and the establishment of an optional long-term care insurance program. Health care cost-containment measures included increased employee copayments, increased maximums for out-of-pocket expenses, and the establishment of a weekly payment for employees whose employed spouses decline coverage under their employer’s health care plans.

Enhancements in retirement benefits included a new pension option that provides lifetime income for employees ages 50 to 59 who are adversely affected by plant closures. (See *Monthly Labor Review*, September 1991, p. 30, for details of the contract terms.)

In August, after 5 weeks of contract talks, negotiators for Westinghouse Electric Co. and three of its largest unions signed 3-year agreements, covering some 5,300 hourly workers. The agreements set a pattern for an additional 9,200 workers represented by 10 other labor organizations that bargain as part of the 13-union coalition (Coordinated Bargaining Committee) at Westinghouse. As occurred in the previous bargaining round, the terms of the accords deviated somewhat from the General Electric settlements.

The contracts provided wage increases of 2.5 percent in the first and second years and 3 percent in the third year. In addition, employees
would receive five quarterly cost-of-living adjustments: two would equal 1 cent an hour for each 0.15-percent increase in the CPI-W, and the last three would equal 1 cent an hour for each 0.125-percent rise in the CPI-W.

Changes in the health insurance area included a restructuring of the alternate care option to include a 15-percent employee copayment and an annual deductible of $300 and annual maximum of $1,200 for out-of-pocket expenses for family coverage; a new managed care option; establishment of a long-term care assistance insurance program; establishment of a $1.5 million lifetime maximum for medical benefits (previously, there was no limit); and a program of preventative medicine. (See Monthly Labor Review, December 1991, p. 56, for additional terms of the contract.)

Telephone industry

Collective bargaining in the telephone industry took a surprising 180-degree turn in 1991. Before the court-ordered 1984 breakup of the Bell System, American Telephone & Telegraph Co. (AT&T) settled with its two major unions—the Communications Workers of America and the International Brotherhood of Electrical Workers—on uniform terms that set a pattern for settlements by the two unions and others with the Bell System operating companies. In the 1986 round of bargaining, AT&T settled first with the Communications Workers and Electrical Workers on essentially the same terms. But the regional companies (“Baby Bells” that had formerly been Bell System operating companies) did not negotiate uniform agreements strictly patterned on the AT&T settlement. In 1989, collective bargaining terms in the industry showed increasing diversity. The leadoff settlement again was at AT&T, with the seven Baby Bells settling on similar terms for some issues, but deviating on other issues. The settlements did not come easily—four agreements were preceded by work stoppages. The last of these agreements, with NYNEX, the parent company of the New York and New England Telephone companies, was reached after a 15-week stoppage.7

In September, 11 months before their labor contracts were to expire, NYNEX and its two major unions, the Communications Workers and the Electrical Workers, extended their contracts for 3 years. The Communications Workers represented about 39,000 workers, most of whom are employed at the New York Telephone Co., and the Electrical Workers bargained for the other 18,000 employees, most of whom work at the New England Telephone Co.

The unprecedented $240 million pact may serve as a pattern for an additional 400,000 workers involved in the 1992 bargaining round at AT&T and at the other regional Bell telephone companies. Terms called for wage increases of 4 percent retroactive to September 7, 1991 (including a 3.26-percent increase that was implemented under the previous contract), 4 percent August 9, 1992, 4.25 percent August 8, 1993, and 4 percent August 7, 1994. Some workers would receive additional increases, because of zone reclassifications and because of the doubling of an allowance for working in New York City.

Fully paid health care benefits were continued, the dental plan was enhanced, and preferred provider services, run by NYNEX, were established in specific medical areas, such as cardiac care, cancer care, and diagnostic testing. (See Monthly Labor Review, December 1991, p. 60, for details of the contract terms.)

Farming, construction, heavy equipment

In the agriculture, construction, and heavy equipment industry, Caterpillar Tractor Co., the world's largest manufacturer of earthmoving and construction equipment and a major producer of farm equipment, faced stiff foreign competition and slumps in the construction and farming sectors. The company was operating in the red, in contrast with the profits it had earned since the mid-1980's. Complicating the situation, the company reorganized in 1990, creating a number of profit centers with "different competitive needs... [and] different cost and labor needs that [would] have to be met in a single contract."3 Deere & Co., the other major domestic firm in the industry, posted record sales and earnings in 1988, 1989, and 1990, but since had suffered through the subsequent recession and had expected to post a loss in its farm and construction equipment operations in 1991.

The 1991 round of master contract bargaining began in July, when negotiators for the United Automobile Workers and Caterpillar met to discuss the ground rules for renegotiating their collective bargaining agreement. The contract, covering some 17,000 workers at seven plants in Illinois, Pennsylvania, Tennessee, and Colorado, was scheduled to expire on September 30. Job security, health care, wages, pensions, and subcontracting were expected to be key issues during the talks.

A sign of trouble came early, when Caterpillar and the Auto Workers could not agree on where to hold formal master contract talks, which were scheduled to begin in mid-August. Big problems were lurking in the background of the dispute. Caterpillar, through a series of ads in local newspapers, made known its concerns about
the prolonged slump in its domestic markets, its competitive position with respect to foreign companies, and being locked into a contract like the union's accords with the "Big Three" domestic automakers or being forced into a settlement similar to one the union might concurrently negotiate at Deere. Reflecting the contentious relationship between the parties, union members authorized a strike if the contract talks bogged down. In late September, negotiators for Caterpillar and the Auto Workers agreed to extend their contract indefinitely while continuing to bargain.

Meanwhile, in mid-August, Deere and the Auto Workers began talks on a new collective bargaining agreement that would cover some 14,000 workers at the company's plants in Illinois, Iowa, Colorado, Georgia, Minnesota, and Kansas. The key bargaining issues were job security (thought by the union to be eroded through the contracting out of components and parts manufacturing), health insurance costs, pensions, and wages.

After temporarily breaking off contract talks with Caterpillar, the Auto Workers intensified negotiations with Deere, which became the union's target for signing a pattern-setting agreement. In October, the parties reached agreement on a 3-year contract, which the Auto Workers hoped to use as a pattern for other companies in the agriculture, construction, and heavy equipment industry.

The pact provided for a 3-percent wage increase in the first year and lump-sum payments in the second and third years equal to 3 percent of an employee's qualified earnings in the preceding 12 months.

The settlement strengthened job and income security provisions and provided incentives for Deere to recall laid-off workers. The terms called for the protection of all current jobs against layoffs for most reasons, including market-related declines; job-creation incentives, such as a one-for-one recall of currently laid-off workers when bargaining unit employees retired or otherwise left the company; the establishment of a limit of 8 weeks per year on temporary inventory adjustment shutdowns or layoffs and the enhancement of income protection against such shutdowns or layoffs; improvements in the supplemental unemployment benefits plan; enhanced income, health care protection, and retirement and placement opportunities for employees laid off because of the shutdown of the company's foundry in Silvis, Illinois; written advance notice of subcontracting out of work and more opportunities for union input into such decisions; and a strengthening of the penalty on excess overtime by tying the penalty to additional paid days off.

Other terms included improved pension benefits for active and retired workers; several enhancements in safety and health provisions; improved health insurance benefits; the strengthening of seniority protections; the continuation of cost-of-living protection (quarterly adjustments equal to 1 cent an hour for each 0.26-point movement in the CPI-W); additional holidays; improvements in the profit-sharing and legal services plans; and increases in life insurance, survivor income, weekly indemnity, and long-term disability benefits.

After the settlement at Deere, the union intensified negotiations with Caterpillar. On November 4, immediately after the expiration of a strike deadline, about 2,400 Auto Workers at two Caterpillar plants in Illinois walked off the job. A couple of days later, the company locked out the Auto Workers at the five plants that were not struck. To date, no settlement has been reached.

Postal service

The genesis of the 1991 postal disputes was the 1990 bargaining round between the U.S. Postal Service and its four largest unions (the American Postal Workers Union, the National Association of Letter Carriers, the National Post Office Mail Handlers, and the National Rural Letter Carriers Association). The Postal Service and the unions, representing some 584,000 workers, began talks in August 1990 to replace labor agreements that were scheduled to expire November 20, 1990. (See Monthly Labor Review, September 1991, pp. 30-31, for detailed terms of the new contracts).

The major issues in dispute were wages, cost-of-living adjustment allowances, health insurance costs, safety and health, subcontracting, and automation. When the parties were unable to reach a settlement by the contract's expiration date, they were obligated under the Postal Reorganization Act of 1970 to arbitrate the unresolved disputes. (The Postal Reorganization Act, the Federal labor law regulating collective bargaining for postal workers, prohibits the unions from striking when bargaining impasses are reached and requires that all unresolved disputes be subject to "interest" arbitration, in which neutrals decide the terms and conditions of new collective bargaining agreements.) Under terms of the arbitration provisions, five-member arbitration boards would issue binding awards on new national contracts within 45 days after arbitration began, subject to an extension by the neutral panel member.

Although all four of the disputes initially were sent to arbitration, the Mail Handlers, breaking ranks with the other three unions, resumed
negotiations with the Postal Service and signed a 3-year contract in February of 1991. The pact included provisions for lump-sum payments (in lieu of general wage increases), plus complete cost-of-living protection and retention of the Postal Service’s current contribution rate (75 percent) towards insurance premiums; and a two-tiered wage system, in which new hires would receive 20 percent less than the previous starting rate for their first 96 weeks of employment.

The American Postal Workers Union and the National Association of Letter Carriers chided Mail Handlers for negotiating an agreement with a two-tiered wage system and lump-sum payments instead of general wage increases, saying, “This contract stinks . . . . [We were] offered more by management at the beginning of negotiations, and we turned it down.”

At midyear, a five-member arbitration panel issued an award that set the terms and conditions of employment in the Postal Service for the next 4 years for some 560,000 employees represented by the Postal Workers and the Letter Carriers. Terms of the arbitration award, retroactive to November 1990, included wage increases in 1991, 1992, and 1993, as well as a lump-sum payment (in lieu of retroactive wage increases and cost-of-living adjustment allowances).

Other terms included continuation of health insurance coverage; retention of the cost-of-living adjustment provision; a new starting rate for new hires; a decrease in the ratio of full-time to part-time employees in large post offices, from 90 percent to 80 percent for jobs held by Postal Worker members and from 90 percent to 88 percent for jobs held by Letter Carrier members; and the establishment of a new category of noncareer employees hired during the period of transition to automation to fill positions likely to be affected by automation.

A week later (10 days before arbitration proceedings were to begin), the Postal Service and the Rural Letter Carriers reached agreement on a 3-year labor contract affecting some 80,000 active and retired rural letter carriers nationwide. The agreement called for general wage increases of 1.2 percent effective June 15, 1991, and 1.5 percent November 16, 1991, and November 28, 1992, as well as a $351 lump-sum bonus (in lieu of retroactive wage increases and cost-of-living adjustments). In addition, effective January 1992, employees would become eligible for cash bonuses, based on customer satisfaction and the financial performance of the Postal Service.

Rubber Industry

Companies in the rubber industry sought economic stability in 1991, but overcapacity, intense competition for market share, price wars, the effects of recent mergers and acquisitions, and the globalization of markets continued to wrack the industry. In addition, several changes in leadership had occurred since the last bargaining round, including changes at the top management levels of the three largest companies and the election of Kenneth Cross as president of the United Rubber Workers, the major union in the industry. The question was, How would these conditions affect negotiations?

The Rubber Workers adopted several goals to be used as guidelines for bargaining during the next 3 years, including the 1991 negotiations with the “Big Three” (Bridgestone/Firestone, Inc., Uniroyal Goodrich Tire Co., and Goodyear Tire Co.). The goals included:

- “Meaningful” general wage increases;
- Retention of existing cost-of-living adjustment provisions and negotiation of such provisions where they did not exist;
- Enhanced pension benefits, including protection against inflation and plant closure;
- Improved job security provisions, including protection against plant closings, mass layoffs, relocation of work, and technological change;
- Continued health care cost containment;
- Education programs that enhance employees’ skills, career development, and alternative job opportunities.

In the first settlement in the 1991 bargaining round, negotiators for Bridgestone/Firestone, the union’s target company for the contract negotiations, and the Rubber Workers reached agreement on a 3-year master contract, covering some 4,900 workers at six plants nationwide, that set the pattern for other tire companies.

The terms of the pact included several changes in the areas of retirement and health and welfare. Among the major pension changes were an increase, from $23.50 to $30, in the monthly pension rate for future retirees for each year of credited service; a $200 lump-sum payment for current retirees, a $1,300 increase (to $9,700) in the postretirement earnings limitation; and a cap on company contributions to the cost of medical coverage for retirees. (See Monthly Labor Review, July 1991, pp. 36-37, for detailed terms of the contract.) Later, the Uniroyal Goodrich Tire Co. and the Rubber Workers signed a new 3-year master collective bargaining agreement, covering workers at plants in Alabama, Indiana, and Wisconsin. The agreement generally tracked the Bridgestone/Firestone settlement. (See Monthly Labor Review, August 1991, pp. 40-41.) The major deviations were:
Larger increases in life and accidental death and dismemberment insurance benefits to catch up to the pattern;
• A $1,250 increase in the survivor’s spouse death benefit to catch up to the pattern;
• A 3-cent-an-hour inequity adjustment to be used locally;
• A 2-cent-an-hour increase in the employer’s contribution to the supplemental unemployment benefit fund at two plants, in addition to the 3-cent-an-hour industry increase;
• A 3-cent-an-hour increase in Uniroyal’s contribution to the health, safety, and education fund;
• Six months’ military leave for employees involved in Desert Shield or Desert Storm.

The Goodyear Tire and Rubber Co. and the Rubber Workers agreement reached a week later covered some 12,500 workers at 10 plants in eight States. Like the Uniroyal Goodrich pact, it basically followed the terms of the Bridgestone/Firestone settlement. (See Monthly Labor Review, August 1991, pp. 40-41.)

Major differences from the Bridgestone/Firestone settlement included the following: a $990 (previously, $795) monthly early retirement benefit (age 55 with 30 years of service), plus an additional $39 (previously, $32 40) for each year over 30 years of service and $10 for each year of age over 55; an 8.5-cent-an-hour increase in the company’s contribution rate to the supplemental unemployment benefit trust fund; a $200 to $1,200 increase (to $1,200 to $3,200) in optional life insurance benefits for retirees; a $500 lump-sum payment to current retirees; a $1,320 increase (to $9,720) in the limitation on outside earnings; various enhancements in health care benefits; no advance cost-of-living adjustments; and diversion of 12 cents generated from cost-of-living adjustment payments to help fund pension increases.

Airline industry

The past year was another difficult one for airlines. Financial losses in the industry deepened, primarily because of sharp increases in jet fuel costs, decreases in passenger traffic due to the Persian Gulf war and the recession, and widespread fare discounting. Eastern Airlines was forced into liquidation in January, Midway Airlines closed down in November, Pan American World Airways closed its doors in December, and two other carriers—Continental Airlines and America West—filed for Federal bankruptcy-law protection, with Trans World Airlines tottering on the brink of bankruptcy. However, some industry analysts noted that the stronger airlines, such as American Airlines, United Airlines, and Delta Air Lines, were in a position to benefit from the resulting consolidation because of increases in assets, routes, and market share, as well as capital market and consumer tendencies to stick with more stable carriers. As in the past, labor-management relations in the industry were strained.

American Airlines and the independent Allied Pilots Association reached agreement on a contract, ending a 17-month contract dispute. The 56-month contract allowed the pilots at American to approach wage parity with pilots at Delta Air Lines, the current benchmark in the industry. The settlement covered some 8,700 pilots and was reached during mediation sessions conducted by the National Mediation Board.


The parties agreed to accept the National Mediation Board’s offer of arbitration for all unresolved issues. The primary issue was the sharing of health care costs; most of the others involved work rules.

American and the Transport Workers Union extended their seven collective bargaining agreements, covering mechanics, instructors, flight dispatchers, meteorologists, guards, and ground service employees, to March 1, 1995. In addition to a wage increase of 50 cents an hour scheduled for February 29, 1992, the contract provided for wage increases of 4 percent on March 1, 1993, and September 1, 1994, and reductions in the service requirements for vacation accrual and in wage progressions for some job classifications.

United Airlines and the Air Line Pilots Association reached agreement on a 42-month contract, covering some 7,500 pilots. A failed attempt at a buy-out of United by three unions representing the carrier’s employees—the Air Line Pilots, the International Association of Machinists, and the Association of Flight Attendants—delayed renegotiation of the pilots’ previous contract, which expired in April 1988.

The new contract amended the interim agreement reached in November 1989. Under the new accord, the highest hourly rate would increase from $189.18 to $222.27 and the lowest hourly rate from $25.27 to $33, effective in October 1993, bringing United’s pilots up to parity with the pilots at Delta. Other terms included several
changes in the health care area, including the introduction or enhancement of several cost-
containment measures, such as increased deductibles and increased maximums for out-of-
pocket expenses; an enhanced pension formula; improvements in life insurance coverage; and
the establishment of a tax-deferred 401(k) savings plan. (See Monthly Labor Review, July
1991, p. 37.)

United and the Flight Attendants reached agreement on a new 54-month labor contract,
covering some 16,000 flight attendants. Negotiations began in 1987 to replace a contract that
became amendable in November of that year. The 1991 settlement came after the National
Mediation Board refused to release the parties from mediation and brought them back to the
table. A release would have triggered a 30-day cooling-off period, after which the union would
have been free to strike and the carrier to lock out the employees or impose the terms and condi-
tions of employment. (The Board had been involved in the negotiations since 1988.)

The $400 million settlement called for $23 million in retroactive pay and provided wage
increases ranging from 6 percent for more senior flight attendants to 9 percent for less senior flight

The contract smoothed over a long-running dispute concerning the carrier’s policy regarding
the body weight of flight attendants, which requires monthly to annual weigh-ins with stand-
ards tied to height and age. The accord called for a 1-year moratorium on disciplinary action for
weight violations and continued talks on the issue. (Currently, Continental Airlines and North-
west Airlines are the only air carriers to have completely eliminated weight restrictions.) (See
Monthly Labor Review, December 1991, p. 57.)

Two days before a strike deadline, negotia-
tors for United and the Machinists Union reached agreement on a 61-month contract, covering
some 26,500 mechanics and ground service employees. The contract called for wage increases
of 4 percent retroactive to November 1989, 5 percent in December 1991, 4 percent in February
1993, and 5 percent in May 1994.

Delta Air Lines and the Air Line Pilots Asso-
ciation agreed to extend their contract, which
covered about 8,300 pilots, for an additional 16
months, to January 1995.

Trans World Air Lines (TWA), under a
snapback provision in an interim agreement nego-
tiated with the Machinists, restored pay for
about 5,200 passenger service agents to the lev-
els existing before $2-per-hour pay cuts were
imposed in 1985. At the time of the pay cuts, the
passenger service agents were not represented
by a union; the Machinists became their bargain-
ing representative in 1986. (Under the terms of
agreements reached after 1985, other TWA em-
ployees represented by the Machinists had the
$2 wage cuts restored.) (See Monthly Labor
Review, September 1991, p. 33.)

US Air Group, Inc., announced that it was
imposing wage cuts on its nonunion employees
and moved to extract similar concessions from
its three unions—the Air Line Pilots, the
Machinists, and the Flight Attendants—which rep-
resent some 23,500 workers. The carrier sought
the pay cuts to offset some of its losses, which at
the time of the announcement were expected to
total over $500 million for 1991.

The wage cuts range from 10 to 20 percent,
with higher paid workers receiving the largest
cuts. (Workers earning less than $20,000 a year
would be exempt from the cuts.) In addition, the
carrier asked for a 1-year freeze on promotions
and on increases in pension benefits; health care
concessions, including cost sharing of insurance
premiums; and limits on free companion travel
passes. In return, the carrier offered stock op-
tions and profit sharing. The concessions could
be dropped after 15 months if productivity in-
creased sufficiently to raise profit margins.

Automobile industry

Although collective bargaining agreements for
the major automobile companies were not up for
renegotiation in 1991, it was an eventful year in
the industry. Developments included the largest
losses ever posted by the “Big Three” automakers
(General Motors, Ford, and Chrysler) as the
recession and the Gulf war brought deep cuts in
sales and production, along with a number of
permanent and temporary plant closings and
other attempts to cut costs; the slow, trouble-
plagued introduction of the Saturn line of cars by
General Motors; a U.S.-Japan agreement to re-
solve the problem of American automakers’
inability to sell cars in Japan and to sell auto-
mobile parts to Japanese companies; and drops in
the sales of Japanese and other foreign producers.

Settlements reached at two “transplant” op-
erations may have an impact on future negoti-
atations with U.S. domestic automakers. In March,
negotiators for Mazda Motor Manufacturing
Corp. and the United Automobile Workers agreed
on a 3-year labor contract, covering some 2,900
workers in Flat Rock, Michigan. The Mazda
contract is the only Automobile Workers agree-
ment at a wholly Japanese-owned automobile
assembly plant in the United States.

The accord provided for wage rates and job
and income security provisions similar to those
negotiated last year by the Big Three domestic
Collective Bargaining, 1991

Automakers. The contract also renewed the company's commitment to job security and called for the establishment of a job bank similar to the ones at the Big Three. Under the job bank provision, Mazda employees who are no longer needed on the assembly line would be assigned to job duties not traditionally included in their job classifications. Contract language dealing with outside contracting and “insourcing” (use of Mazda employees to do work previously performed by a subcontractor) was strengthened. A successor clause was added, requiring any potential buyer of Mazda to assume all obligations under the 1991-94 agreement. In addition, in the area of technological innovations, the union won the right to get advance notice of any introduction of new technology, with affected employees being provided specialized training to perform new or changed duties traditionally performed by bargaining unit employees. (See *Monthly Labor Review*, June 1991, pp. 46-47.)

New United Motors Manufacturing, Inc., a joint venture between General Motors Corp. and Toyota Motor Corp., and the Auto Workers reached agreement on a new 3-year labor contract, covering about 2,500 production and maintenance workers in Fremont, California. (Workers at the plant manufacture Geo Prizm and Toyota Corolla cars.)

Terms of the settlement called for wage increases in the first year of 42 cents to 50 cents an hour, plus lump-sum payments in the second and third years equal to 3 percent of an employee’s gross earnings. In addition, employees would become eligible for performance improvement plan-sharing program bonuses, with a guaranteed payment of $600 in December 1991 and payouts in subsequent years based primarily on improvements in product quality and overall plant efficiency. (See *Monthly Labor Review*, October 1991, p. 45.)

The Automobile Workers union at Saturn (General Motors) modified its living agreement (so called because it does not have a specified expiration date). Under the revised agreement, the percentage of workers' pay tied to the attainment of training, quality, and production goals was cut back from 20 percent to 5 percent for 1992. The figure would increase by 5-percentage-point increments each year, until a 20-percent figure is reached in 1995.

**Apparel industry**

Last year, the apparel industry continued to experience shrinking demand and a glut of cheap foreign imports. With the industry in economic stress, magnified by the recent recession, negotiators for employer associations and unions may have encountered their toughest bargaining in years.

The 1991 bargaining round started in March, when 11 locals of the International Ladies’ Garment Workers and 47 employer associations in the Northeast began negotiations to replace agreements, covering some 100,000 workers in the women’s apparel industry, that were scheduled to expire May 31. The employer associations represented companies that design and manufacture women’s apparel (dresses, sportswear, blouses, suits, coats, belts, rainwear, and other women’s outerwear).

Although the locals bargained separately with the employer associations, they were guided by a common set of negotiating goals established by the national union’s executive board and, thus, negotiated similar contract terms.

In May, settlements that would provide a pattern for other unions and employers were reached between the union and nine employer associations in the dress, coat, suit, and rainwear industry in New York, New Jersey, and Pennsylvania. Terms of the 3-year agreements, covering some 35,000 workers, called for wage increases of 4 percent in each year of the contracts. Employer combined contributions to the health and welfare fund (which pays for medical coverage and a prescription drug plan) were increased by 1-1/2 percent of payroll in the first year and 1/2 percent in the second and third years. (See *Monthly Labor Review*, August 1991, p. 41.)

Two weeks later, the union reached agreements with 10 employer associations representing employers in the women’s blouse and sportswear industry in New York, New Jersey, and Pennsylvania. The 3-year contracts, covering some 55,000 workers, followed the pattern set by the earlier agreements. By midyear, more than 100,000 union members at 2,000 companies were covered by new agreements based on the 1991 pattern. (See *Monthly Labor Review*, August 1991, p. 41; and December 1991, pp. 56–57.)

Elsewhere, negotiators for the Cotton Garment Manufacturers Association and the Amalgamated Clothing and Textile Workers Union began contract talks to replace agreements, covering some 38,000 workers nationwide, that were scheduled to expire in 1991. (Union members make men’s shirts, trousers, and other cotton garments or work in cotton garment distribution and retail centers in the South and in Maine, Illinois, Pennsylvania, and other mid-Atlantic and central states.)

In September, the Association and the union reached agreement on a new 3-year contract, covering the 14,000 workers involved in the initial negotiations. The settlement set a pattern for an additional 24,000 workers represented by the union in the 1991 round of negotiations.
Terms called for a 70-cent-an-hour wage increase over the term of the contract; enhancements in the company-paid health care plan, including a modified vision care plan, a new prescription drug plan, and increased benefits for doctors’ visits in the office, home, and hospital; and a 25-cent increase in the monthly pension rate per year of credited service.

Mining industry

The 5-year agreement negotiated in 1988 by the United Mine Workers of America and the Bituminous Coal Operators Association contained language giving the union the option to reopen bargaining on wages and pensions in February of 1991 and 1992 by giving written notice between November 1 and December 1 of the preceding year. In 1991, the Mine Workers opted not to conduct wage negotiations under the reopen clause of the 1988 agreement and also under the contracts with nonsignatory firms that were patterned after the agreement.

The union, however, did negotiate enhancements in pension benefits for the 50,000 workers covered under the reopeners. Pension benefits for miners retiring after February 1, 1991, were increased by $2.50 (previously, a maximum of $32) a month for each year of credited service. In addition, current retirees will receive a one-time lump-sum payment of $500, and miners’ widows who are currently collecting benefits under the 1950 and 1974 industrywide health and welfare trust funds will receive a one-time payment of $375. (The 1950 fund provides benefits for miners who retired before 1976; the 1974 fund provides benefits for retired, disabled, and laid-off miners whose last employer is no longer in business.)

A Court of Appeals for the State of Virginia vacated $31.3 million in fines levied by a Russell County Circuit Court against the Mine Workers for alleged picketing violations in the union’s strike against the Pittston Coal Co. in 1989.7 The Circuit Court imposed fines totaling $64.5 million for noncompliance with its injunction specifying the rules for picketing. Another $12 million in fines previously were dropped at the request of Pittston.

Negotiators for Magma Copper Co. and its 10 unions reached agreement on a labor contract that could extend for up to 15 years and that guarantees labor peace for at least 7 years. The unions, which represent some 3,150 workers at Magma’s copper mining, smelting, and processing facilities in the Pinto Valley Division in Arizona, bargained jointly with Magma.

Under the terms of this unique settlement, either party could request changes in the economic provisions of the agreement in 1997. If a joint problem-solving team negotiates new terms, the agreement would be extended for another 5 years, to 2002, whereupon it could be reopened for economic changes covering the final 5 years. If the parties cannot agree on new terms in 1997, the dispute would be submitted to an arbitration panel. The panel’s decision would set the economic terms for the next 2 years. If Magma and the unions cannot agree to terms after the end of this 2-year period, either party can terminate the contract.

Other terms included a wage increase of $1.50 an hour over the term of the contract, plus potential quarterly wage adjustments equal to 7 cents an hour for each 5-cent-per-pound increase in the price of copper between 95 cents and $1.20 per pound; a $4 increase (to $25–$28) in the monthly pension rate for each year of credited service; the establishment of a new 401(k) savings plan; an expanded joint labor-management work redesign program; and enhancements in health insurance and life insurance benefits.

Newspaper industry

The biggest story in the newspaper industry in 1991 was the survival of New York City’s strike-beleaguered Daily News. Climaxing 5 days of almost round-the-clock negotiations, the late British publisher Robert Maxwell and leaders of the unions representing workers at the Daily News reached final agreement on March 20 on concessions needed by Maxwell to complete the purchase of the newspaper from its parent firm, The Tribune Co. of Chicago.

The agreements, characterized by Maxwell as the “miracle of 42nd Street” (a reference to the newspaper’s Manhattan address), ended a bitter 15-month dispute between the unions and the newspaper’s former management. The unions were represented in bargaining by the Allied Printing Trades Council. The major issues in dispute were wages and benefits, job security, management rights, subcontracting, staffing levels, and grievance procedures.

Contracts for the 10 unions, covering almost 2,500 workers for what was once the Nation’s largest newspaper, expired March 31, 1990. At the start of negotiations in January 1990, the paper’s goal was “to regain management control of manufacturing and distribution operations” and to decrease payroll costs from about 50 percent of revenues to 25 percent in order to realize $70 million in annual savings.

In October, following 9 months of bitter contract talks, a strike ensued. After nine unions walked out (the Typographers, which had an agreement with a lifetime guarantee of jobs, did
not strike), management dismissed the striking employees and hired replacements. A stalemate occurred when the newspaper offered permanent jobs to the replacements. During the next 5 months, no real progress was made in negotiations, as both parties held to their positions on striking employees and replacement workers.

A breakthrough in resolving the dispute occurred when Maxwell agreed to purchase the Daily News if he could reach a reasonable settlement with the striking unions. The agreements called for dismissal of the replacement workers and reduction of the unionized labor force by approximately 800 jobs. The reductions would be accomplished through monetary payments to induce employees to quit voluntarily or through layoffs based on inverse seniority if too few employees left voluntarily. The monetary payments would be in the form of severance pay (2 weeks for each year of credited service) or buy-outs, whichever yielded a greater benefit, offered in order of seniority. Buy-outs for employees with lifetime job guarantees (members of the Printers and some of the Stereotypers and Photographer) reportedly were set at $50,000 and buy-outs for other bargaining unit employees at $40,000. (In recognition of the lifetime job guarantee in their contracts, “protected” members of the Printers and Stereotypers and of the Photographers would also receive medical benefits until age 65.) (See Monthly Labor Review, June, 1991, pp. 47–48.)

With the untimely death of Maxwell in November and subsequent revelations of alleged misappropriations of $1.2 billion in pension and other funds, Maxwell's debt-laden financial empire collapsed. As a result, in early December, the Daily News filed for chapter 11 bankruptcy protection.

Union affairs

During 1991, unions continued their quest to revitalize the labor movement and reverse their decline in membership and influence, while at the same time serving their current constituencies. Some important items on unions’ agendas were strike replacement legislation, national health care reform, freedom of association and organization, child care and family leave, safety and health, civil rights, fair trade, funding of cities and States, and environmental issues.

Several positive signs were noted during the year. A national opinion poll taken in 1991 showed the highest level of approval of labor leaders ever recorded by the American public. The Teamsters, often criticized for alleged corruption, held direct elections of top officers for the first time in their history. And organized labor continued to display a high degree of solidarity, which helped it to achieve breakthrough settlements such as those at the New York Daily News, SeaFirst National Bank, and Delta Pride Catfish, Inc. Leadership changes during the year included the following:

- Colleen Dewhurst retired as president of the Actors' Equity and was succeeded by Ron Silver;
- Robert Willis retired as president of the Grain Millers and was succeeded by Larry R. Jackson;
- James R. Herman retired as president of the International Longshoremen's and Warehousemen's Union and was succeeded by Randy Vekich;
- J. Martin Emerson retired as president of the Musicians and was succeeded by Mark Tully Massagli;
- Ted Elsberg retired as president of the School Administrators and was succeeded by Joe L. Greene;
- Joseph Misbrenner retired as president of the Oil, Chemical and Atomic Workers and was succeeded by Robert Wages;
- James Joy, Jr., retired as president of the Utility Workers and was succeeded by Marshall Hicks;
- Dominick D'Ambrosio retired as president of the Allied Industrial Workers and was succeeded by Nick Serraglio;
- Edward Adler retired as president of the Writers Guild of America, East, and was succeeded by Herb Sargent;
- Vernon Mustard retired as president of the United Textile Workers and was succeeded by Ron Myslowka;
- Robert Scardellitti defeated incumbent Richard Kilroy for the presidency of the Transportation Communications Union;
- Ronald P. McLaughlin defeated incumbent Larry D. McFather for the presidency of the Locomotive Engineers;
- G. Thomas Dubose defeated incumbent Fred Hardin for the presidency of the United Transportation Union;
- Dee Maki defeated incumbent Susan Bianchi-Sands for the presidency of the Association of Flight Attendants;
- Barry Rasner defeated R. Steve Bell for the presidency of the Air Traffic Controllers.

Organizational changes during the year included the following:

- Affiliation of the 7,000-member Independent Workers of North America with the United Paperworkers International Union;
- Affiliation of the 2,200-member Ameri-
can Train Dispatchers Association with the Brotherhood of Locomotive Engineers;
- Affiliation of the 5,000-member Independent Food Handlers and Warehouse Employees Union with the United Food and Commercial Workers Union;
- Separation of Local 1199 from the Retail, Wholesale and Department Store Union to form Local 1199 of the Drug, Hospital and Health Care Employees Union;
- Restructuring of the National Marine Engineers Beneficial Association/National Maritime Union's Unlicensed Division into the Industrial, Technical and Professional Employees Division and a separate Unlicensed Division;
- Affiliation of the 7,000-member Pattern Makers' League with the International Association of Machinists;
- Affiliation of the 3,000-member National Writers Union with the United Automobile Workers.

Legal rulings

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

- The National Labor Relations Board's 1989 determination that established, with three exceptions, eight bargaining units in acute care hospitals was not, on its face, invalid (American Hospital Association v. NLRA);
- Employers cannot bar women of childbearing age from certain jobs because of a risk to the unborn fetus (UAW v. Johnson Controls, Inc.);
- Railroad employers can "ignore" union contracts when completing mergers approved by the Interstate Commerce Commission under the Transportation Act of 1920 (Norfolk and Western v. American Train Dispatchers);
- A union must comply with a request by a bona fide candidate for union office for addresses of union members before the union's nominating convention so that the candidate can mail campaign literature (Masters, Mates & Pilots v. Brown);
- Public employee unions cannot use nonmembers' fees for lobbying or other political activities, but may require nonmembers to pay their fair share for many other activities of a national union, even if these activities do not directly benefit their local bargaining units (Lehnert v. Ferris Faculty Association);
- Union members may sue their union in Federal court for allegedly violating a collective bargaining agreement or the union's constitution and by-laws (Woodell v. The Brotherhood of Electrical Workers).

Footnotes

1 Joint Resolution (HJ Res 222), Sec. 3(d), dated Apr. 17, 1991.
6 Ibid.