Labor-management bargaining in 1995

*Causes favored by organized labor fared poorly in the political arena in 1995; internally, a leadership shift and an announced merger signaled the intent of the union movement to remake itself to attract more members.*

The year just ended was a hectic one for organized labor, capped by a leadership battle within the AFL-CIO and the announced merger of the Nation's three largest industrial unions. The actions reflected the labor movement's struggle to reinvent itself to become more relevant to the circumstances faced by a growing fraction of the work force. Also a factor was labor's frustration with its recent failure to block the North American Free Trade Agreement, to persuade Congress to reform labor law or enact a ban against permanent strike replacements, to push through legislation enacting a national health care program, to elect pro-labor representatives to the U.S. Congress, and to attract a more diversified, younger work force to its ranks.

Signs of the waning power of unions and the continued decline in their political and economic fortunes in 1995 included:

- A 300,000 decline in AFL-CIO membership over the preceding 2 years;
- the United Automobile Workers' failed strike at Caterpillar;
- organized labor's reversals in the rubber industry;
- baseball players' return to work without a contract;
- the Hotel Employees and Restaurant Employees' agreement to terms of a consent decree settling civil racketeering charges that gives a court-appointed monitor oversight and disciplinary powers over the union; and
- the signing of an agreement with the Justice Department by Arthur A. Coia, president of the Laborers' International Union, giving him 90 days to demonstrate his willingness to purge the union of alleged longstanding corruption and organized crime influences, or face a government takeover, as happened with the Teamsters union in 1989.

Some other important events affecting collective bargaining in 1995 are described in the sections that follow. The discussion includes information on significant bargaining situations and on administrative decisions and organizational changes that occurred during the year.

Rubber

The United Rubber Workers (URW) was founded in 1935, during the Great Depression, a time of despair, turmoil, and conflict. Sixty years later, the union found itself in a similar climate as a result of an out-and-out "war" with Japanese-owned rubber companies—Bridgestone/Firestone Corp., Pirelli Armstrong Tire Corp., Dunlop Tire Co., and Yokohama Tire Corp.—during the 1994-95 bargaining round, which was punctuated by the most pervasive strike action in the industry in 18 years. Union members returned to work at Pirelli, Dunlop, and Yokohama under negotiated contracts that contained several...
changes advantageous to the company; their counterparts at Bridgestone/Firestone agreed to unconditionally return to work under terms of the company's final offer, but were frustrated when the company refused to fire permanent strike replacements and recall striking Rubber Workers.

Following the failed strike against Bridgestone/Firestone, the executive board of the Rubber Workers approved a merger with the United Steelworkers of America (USA). In a joint statement, union leaders said the merger will “combine our strength and resources in the political and legislative arenas, at the bargaining table, and...will open the door wide for aggressive organizing among workers wanting to join a growing force in democratic unionism.”

Both unions have suffered declining membership in recent years. The current URW membership of 98,000 is down from a peak of 180,000 in 1980, while USA membership has steadily fallen from more than 1 million in 1980 to its current level of 565,000. The new union resulting from the merger has approximately 663,000 members.

The merger gave URW members access to the USA strike fund, currently at $162 million. This financial support was important because the walkout at Bridgestone/Firestone had exhausted the URW’s strike fund in December 1994, and the union subsequently was forced to borrow $3 million and raise membership dues to continue paying strike benefits.

_Bridgestone/Firestone._ The last round of contract talks stalled at Bridgestone/Firestone in June 1994, when the company balked at the Rubber Workers’ continued insistence on an agreement patterned on others in the industry. Bridgestone/Firestone said it would refuse to sign an agreement unless it addressed the firm’s specific needs. The union broke off negotiations on July 11, after the company floated its final offer, which the union characterized as unacceptable. On July 12, the union struck five Bridgestone/Firestone plants, idling some 4,200 workers. In August, the company began hiring permanent replacements at three struck facilities: 50 production workers for its plant in Oklahoma City, OK; and 30 production and maintenance workers at both the Decatur, IL, and Des Moines, IA, plants. Although Bridgestone/Firestone had maintained production levels at seven nonunion facilities, the company stated that it needed to hire permanent replacements to resume normal production levels at the strike-affected plants.

On November 7, Bridgestone/Firestone hired replacements for some suiters at its Noblesville, IN, plant, the last of its facilities struck by the Rubber Workers. Unlike replacements hired at the other three struck plants, these new hires would not permanently replace strikers, the company said.

On January 4, 1995, Bridgestone/Firestone announced that it was hiring more than 2,000 permanent replacements for striking workers at plants in Oklahoma City, Decatur, Des Moines, and Noblesville. The company said the decision was made because it needed to resume full production and initiate 7-day-a-week production schedules at the plants. A few days later, Local 7 of the Rubber Workers, which represents about 150 workers at Bridgestone/Firestone’s racing tire production and research facility in Akron, OH, broke ranks with other locals and agreed unconditionally to return to work.

In mid-January, the 6-month dispute entered a critical juncture after political leaders began putting pressure on the company. President Clinton, four U.S. Senators, the Japanese Prime Minister, and the Japanese Ambassador became embroiled in the dispute. The President issued a statement on January 13, in which he said that, “Ily bringing in permanent replacements for their workers who are on strike, while refusing to come to the bargaining table, the management of Bridgestone/Firestone is flagrantly turning its back on our tradition of peaceful collective bargaining to solve labor disputes.”

On January 18, the Rubber Workers, hoping to end its 6-month dispute with the company, reportedly offered major concessions to the tiremaker in the first face-to-face meetings in several months. Among the union’s proposals were new work schedules and employee contributions towards health insurance premiums, two key sticking points in the dispute. The union also agreed to allow the company to pay new hires 70 percent of normal base rates, with progression to full rates over 3 years; and to reduce warehouse workers’ wages to $11 an hour, although current warehouse workers’ rates would be grandfathered. Bridgestone/Firestone said it would study the union’s proposal.

On February 28, company and union negotiators returned to the bargaining table to try to hammer out a settlement. Additional negotiation sessions were held on March 23–24 and April 7, but little progress was made in the talks.

On May 7, members of Local 713 of the Rubber Workers in Decatur agreed to end their 10-month strike and accept the terms of the tiremaker’s final offer. According to the local’s president, Roger Gates, the action was not a capitulation on the part of the union, but a strategic attempt to forestall a union decertification election, to keep the company from hiring more replacement workers, and to stop union members from crossing picket lines at the plant. According to press reports, the union also was worried about its inability to pay strike benefits to its members, who had been without paychecks for 10 months.

On May 23, the remaining strikers at Bridgestone/Firestone unconditionally agreed to return to work under terms of the imposed agreement. As in the case of the Decatur workers, the company said it intended to retain replacement workers and would study the effect of the union’s offer to return to work.

Under terms of the imposed agreement, wages for most job classifications were slashed by $5.34 an hour, to around $12. Pay for new hires was cut 30 percent, and incentive rates
were reduced. Pension benefits were frozen at their existing levels. The work schedule was amended to allow for continuous operations with 12-hour shifts, that is, 12 hours on followed by 12 hours off.

Meanwhile, on March 15, Bridgestone/Firestone, along with several other business groups, went to court to block President Clinton's executive order of March 8, which authorized the Secretary of Labor to cancel government contracts where contractors had permanently replaced lawfully striking workers, or to bar the contractors from future work. The company alleged that the executive order "has injured and will continue to injure Bridgestone/Firestone, Inc. because it forces it to surrender its lawful right to hire permanent replacements during a work stoppage. To the extent Bridgestone/Firestone, Inc. wishes to remain a government contractor, it is compelled to forfeit its right to hire permanent replacements, which has the deleterious effect of placing Bridgestone/Firestone, Inc. at a comparative disadvantage in negotiations with it employees' union."

On June 26, the Department of Labor notified Bridgestone/Firestone that it was investigating whether the company had permanently replaced lawfully striking employees. If Bridgestone/Firestone is found guilty, the company's Federal contracts may be terminated, and it eventually may be barred from future contracting with the Federal government.

On July 18, the Steelworkers—which had absorbed the Rubber Workers union—announced that they would begin a nationwide consumer boycott against Bridgestone/Firestone and Sears Roebuck & Co., the largest domestic retailer of the company's tires. The union said it was taking the action because Bridgestone/Firestone insisted on retaining permanent strike replacements instead of recalling some 2,000 strikers who agreed to return to work.

On Labor Day, Steelworkers members from across the country held a national protest at Bridgestone/Firestone's U.S. headquarters in Nashville, TN. Steelworkers president George Becker, who headed the protest, castigated the company for not recalling all strikers and for refusing to agree to a new master contract that would restore workers' previous terms of employment.

On November 6, Bridgestone/Firestone and the Steelworkers resumed negotiations for the first time since the July merger of the Rubber Workers and the Steelworkers. The parties said that they hoped to reach an agreement by mid-December.

In late November, the NLRB announced that it intended to issue a complaint against the company if a settlement was not reached soon. The complaint will allege that the tiremaker violated section 8 (a) 1 and 3 of the National Labor Relations Act by sending letters to strikers telling them that they had been permanently replaced, although there were vacancies in the strikers' job classifications, and by refusing to reinstate the strikers.

Because the parties were unable to reach an agreement by mid-December, they recessed contract talks until the first of the year.

Pirelli Armstrong Tire Corp. On July 15, 1994, about 1,700 union members struck Pirelli Armstrong tire plants in three States after a stalemate was reached in negotiations. The company had demanded deep concessions similar to those in the Bridgestone/Firestone final offer, including delays in some cost-of-living adjustment (COLA) payments, cuts in pensions and health care benefits and holiday premium pay, hiring of temporary workers at below union wage rates and without benefits, and takeaways in provisions dealing with plant closings, seniority, and grievances.

On February 28, 1995, the Rubber Workers unconditionally agreed to end the strike at Pirelli and return to work after the National Labor Relations Board (NLRB) found that the company had acted improperly in September 1994, when it unilaterally imposed new contract terms (its final offer) at its struck plants. The NLRB ruling converted the strike to an unfair labor practices dispute, in effect forcing Pirelli to reinstate the strikers or potentially face fines of up to $1 million a week. On March 13, the striking employees returned to work.

On March 26, union members at Pirelli approved a tentative agreement that had been reached 3 days earlier. According to press reports, the settlement cut average hourly wages from $17 to $16.34; continued the COLA provision, but suspended COLA payments for eight fiscal quarters; maintained lifetime medical benefits for current and future retirees; required employee cost sharing (10 percent) of health care expenses, but not health insurance premiums; increased the monthly pension rate by $4 over the term of the agreement, to $34 for each year of credited service; and required the recall of employees discharged during the strike.

Farm and construction machinery

"It was the best of times and it was the worst of times" in the industry. The United Automobile Workers and Deere & Co. reached a peaceful settlement without a lot of hoopla or fanfare, but the union and Caterpillar Corp. continued their adversarial relationship until the new UAW leadership abruptly decided to end the strike on December 3.

Deere & Co. In early August 1994, Deere and the UAW began formal contract talks for about 11,000 workers at plants in Iowa, Illinois, Kansas, Georgia, Minnesota, and Colorado. The parties had held low-key, cordial contract talks during the summer, but had been unable to reach an agreement before their contract expired. On October 1, the parties extended their contract for 6 days to allow negotiators time to reach a settlement. When the 6-day extension expired, the parties
extended the contract on a day-to-day basis. On October 11, Deere offered a proposed settlement, but it was overwhelmingly rejected by the rank-and-file. The parties suspended negotiations on October 12, but expressed a willingness to go back to the bargaining table "if additional discussions would be productive."

Formal contract talks resumed on February 24, 1995. Two days later, the UAW and Deere settled on a 3-year master contract. The settlement did not provide for a general increase in base wages, but it did include income gains in the form of an immediate $500 ratification bonus; a lump-sum payment in the first year of the contract equal to 4 percent of qualified earnings paid in the preceding 12 months, and similar 3-percent bonuses in the second and third years; and cost-of-living adjustments, with a diversion of 21 cents an hour to help defray the cost of benefits.

The pact replaced the old wage incentive plan with a new wage payment system that links wages to productivity. The new plan was designed to generate additional compensation to workers who achieve continuous improvements in work by using their experience, knowledge, and training to institute changes and to more efficiently manage the workplace. In addition, the settlement called for new hires (except skilled trades workers) to start at 70 percent of regular pay for their job classification, with advancement to the full rate after 3 years.

Other terms provided "substantial" gains in pension coverage; introduced several changes in health care coverage, including a requirement that new hires be enrolled in a managed care health plan; continued the current job security program; and improved 401(k) tax-deferred savings, profit-sharing, and life insurance plans. (See Monthly Labor Review, June 1995, p. 55, for additional details of the settlement.)

Caterpillar, Inc. Meanwhile, union members at Caterpillar conducted their second company-wide strike in 3 years. The underlying cause of the two disputes was the clash between the union's insistence on a pattern agreement and Caterpillar's desire for terms reflecting its economic position in a highly competitive, global economy.

In November 1991, about 2,400 Auto Workers at two Caterpillar plants in Illinois walked off their jobs after a stalemate was reached in negotiations. Over the next 5 months, the job action spread to other plants, idling 12,660 workers. After the company threatened to hire permanent replacements, the strikers returned to work "unconditionally" on April 14, 1992, under terms of a final contract offer that earlier had been unilaterally imposed by the company. (The final offer, according to Caterpillar, included wage increases, fully paid health benefits, enhanced pension and job security benefits, and limitations on employer contributions to retirees' health insurance premiums.) After returning to work, union members conducted an in-plant campaign to force the company back to the bargaining table.

The parties made little progress in resolving the dispute, and did not hold formal contract talks for months. Instead, they engaged in a "cold war" resulting in a rash of unfair labor practices and complaints issued against both of them by the National Labor Relations Board.

After the union threatened to conduct a company-wide strike if Caterpillar did not agree to hold meetings or if the meetings did not lead to a resolution of "the unfair labor practice crisis" at the company, Caterpillar agreed on June 16, 1994, to return to the bargaining table for the first time in 2 years. The parties held a perfunctory 40-minute bargaining session on June 20. Apparently, the stumbling block to serious negotiations was the parties' disagreement over the reinstatement of 14 union members who, the union alleged, had been illegally discharged because of union activities.

Although the union had set a strike date for the third shift on June 21 if an agreement had not been reached by then, some 8,000 workers at plants in Peoria, Ill., and Pontiac, Mich., walked off their jobs on June 20. An additional 6,000 workers joined the strike on June 21. Press reports indicated that about 20 to 25 percent of strikers at the Peoria plant returned to work by June 23.

In early January 1995, the UAW asked the Federal Mediation and Conciliation Service (FMCS)—the Federal agency that mediates labor disputes in most industries—to arrange formal contract talks with Caterpillar. After sparring over ground rules, the parties agreed to meet on January 20, in the first formal negotiation sessions since June 1994.

On February 3, the FMCS recessed negotiations after 4 days of fruitless meetings. Caterpillar accused the union of orchestrating "a charade" with meaningless talks, because the UAW had submitted an economic proposal that was little different from the one it had made in 1991 when the dispute began, according to the company. Caterpillar said, "We remain miles apart from the union on all major economic issues." The union disagreed, saying its proposal contained "significant modifications" from its previous offers.

On March 16 and 17, Caterpillar and the UAW resumed contract talks with the assistance of FMCS mediators. Unlike February's meetings, these negotiations centered on noneconomic issues. The union reportedly amended its position on some 40 issues. Press reports indicated that the parties felt that the meetings were useful and that some progress was made in the talks. The parties agreed to hold further meetings, but did not set the date for resumption of bargaining sessions. After a 2-month break in negotiations, the UAW requested that contract talks be resumed on May 13. Caterpillar rejected the overture, saying the proposed meeting was "hastily planned."

On May 18, a National Labor Relations Board administrative law judge ruled that Caterpillar's UAW-represented work-
ers did not have "the protected right to impair production through such tactics as work-to-rules," thus dealing a blow to the union's future use of such nonstrike actions to pressure Caterpillar into an agreement. (In a work-to-rules campaign, employees work precisely according to the language of the collective bargaining agreement in an attempt to slow or impede production.) The union said it was appealing the decision because it "flies in the face of the facts and the law."

At the same time, the judge found Caterpillar guilty of interfering with union members' rights to distribute and display union-related materials and to talk with union officials on the worksite. He also ruled that the company was guilty of discharging an employee for conducting union activities that are protected under the law. The judge dismissed several other allegations of unfair labor practices filed against the company since the dispute began in 1991.

The next formal meetings were held on August 29-31. The contract talks were the first for new UAW vice president Richard Shoemaker, who replaced the recently retired UAW secretary-treasurer Bill Casstevens as chief negotiator for the union's agricultural implements divisions. Subsequent negotiation sessions were conducted on September 14-15 and 18-22. Neither the company nor the union was willing to discuss what progress, if any, had been achieved.

In late September, the press reported that the UAW might soon end the 15-month strike. The reports indicated that, although the union and company were far apart on key issues, some union leaders were discussing the possibility of strikers returning to work without a new contract.

Following a series of "discrete," high-level meetings that had been held since August, Caterpillar on November 28 presented the UAW with a comprehensive proposal to end the strike. Although the rank-and-file rejected the tentative agreement in voting held on December 2 and 3, top-level union officials called off the 17-month strike. According to press reports, terms of the proposed settlement differed little from the proposal that had been on the table before the strike began. The 6-year contract offer included language that would have restricted job security, required participation in a managed health care plan, established a two-tiered wage scale, restricted union activity, and allowed the company more discretion to schedule employees to work odd hours without overtime pay.

**Telephone communications**

About 168,000 company jobs have been lost since the breakup of the Bell System 11 years ago. As the Bell companies have downsized, their unions have been unable to win the type of job security provisions that effectively would guarantee jobs for union members. The unions have not been able to enforce their demands by conducting successful strikes, given the nature of the industry. Because the industry is highly automated and has a large managerial work force, a strike would have to last several weeks before there would be any significant deterioration in customer service. Although several strike deadlines passed during contract negotiations between AT&T and six regional Bell operating companies and their two major unions—the Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW)—the unions, in all but one case, chose to avoid strike action. In the end, the unions received some improvements in job security provisions and acceptable economic terms, and the companies got the flexibility they needed to stay competitive in the rapidly changing multimedia industry.

The 1995 round of collective bargaining actually began in March 1994, when for the second straight time, Nynex and the CWA and the IBWE extended their contracts prior to the expiration of their existing agreements. The new 3-year pacts were designed to protect union members against layoffs, downgrades, and involuntary transfers as Nynex downsizes its work force by 16,800 over the next 3 years. In addition to providing a number of transfer options for adversely affected employees, the agreements included education assistance to allow employees to upgrade their skills and advance their formal education. Other terms called for wage increases of 4 percent in the first and second years of the contract, and 3.5 percent in the third year; employee bonuses if Nynex meets service standards established by State regulators; a cost-of-living adjustment; early retirement incentives; and maintenance of health care benefits. (See *Monthly Labor Review*, January 1995, p. 35, for additional details of the settlement.)

At a strategy session on December 9, 1994, CWA set bargaining goals for upcoming negotiations with other phone companies. These included:

- Enhanced job security through protection against layoffs and other employment guarantees, transfer rights, and union recognition at new units;
- Bans on subcontracting and the use of temporary workers;
- Company neutrality in union organizing drives, union access to unrepresented workers at worksites, and use of card checks at new units. (A card check is a procedure whereby signed cards authorizing a union to represent employees are checked against a list of workers in the bargaining unit to determine if the union has cards from a majority of workers in that unit. If it does, the company will then voluntarily recognize the union as the bargaining agent for those employees;)
- One-paid education/training day each week for all workers who volunteer for training;
- Pension enhancements and company-paid health care benefits for retirees; and
- Wage and benefit increases.
The opening round of bargaining in 1995 occurred on April 3, when AT&T and the CWA (representing 90,000 workers) and the IBEW (20,000 workers) began negotiations. After contract talks stalled, the members of both unions authorized a strike if a settlement was not reached by May 27, but talks continued beyond the 27th without a walkout.

On June 9, AT&T and the unions averted a strike when they reached agreement on new 3-year master contracts. Terms of the pacts, which were similar to those negotiated by the unions at NYNEX in 1994, were expected to serve as a framework for settlements at the regional Bell telephone companies negotiating new agreements with the unions. The major sticking points in the AT&T negotiations were the levels of wages, health care premiums for retirees, and union access to AT&T subsidiaries for organizing purposes.

The contracts provided an immediate $1,000 ratification bonus; wage increases ranging up to 3.6 percent in the first year, up to 3.5 percent in the second year, and up to 3.4 percent in the third year; and $800 lump-sum payments in 1996, 1997, and 1998, which will be converted into AT&T stock with a share price equal to AT&T's average stock price during the week of August 28, 1995, or the then-current price, whichever is lower.

The accords improved health benefits for active workers, particularly those enrolled in managed care plans; protected retirees from having to contribute to health insurance premiums; and implemented several other changes in benefits, including increasing pension benefits for both active employees and retirees and obligating AT&T to contribute $67 million over the term to improve employees' skills.

In the area of job and union security, the company agreed to give union members who are laid-off or are facing a facility closing greater access to jobs in AT&T units that are not unionized, and to strengthen the concept of "union values" to help nonunion workers to organize. The parties adopted a list of "do's" and "don'ts" for future organizing campaigns at AT&T units, and agreed to a process for organizing campaigns at two affiliates, AT&T Transtech and Universal Card Services. They also agreed to create a joint committee to annually review issues of inclusion or exclusion of certain AT&T affiliates for organizing purposes, the applicability of card checks and the company's pledge of neutrality in the unions organizing efforts, and the use of joint participation models established by other bargaining partners.

The settlement also expanded employees' rights under the AT&T Transfer System by giving surplus and laid-off workers simultaneous access to job openings at AT&T and all its affiliates, except McCaw Cellular. It also gave these employees greater access to available jobs when plants are closed. (See Monthly Labor Review, September 1995, pp. 45-46, for additional details of the settlement.)

Meanwhile, on May 22, more than 3 months before their contract was set to expire, Bell Atlantic Corp. and the IBEW reached agreement on a 5-year contract covering some 9,500 employees, most of whom work in New Jersey and Pennsylvania. Bell Atlantic hoped that the settlement would serve as a pattern for its other unionized employees, including 37,000 represented by the CWA.

The accord called for a $1,000 ratification bonus, plus wage increases of 3 percent in the first year of the contract, 2.75 percent in each of the second and third years, and 3 percent in each of the final 2 years.

The settlement included several changes in benefits and work rules, including a requirement that employees who retired after 1989 contribute 2 percent of their annual pension benefits to a trust fund to help pay for health insurance premiums, beginning in 1997. The accord also improved job security by providing protection against layoffs for many bargaining unit employees and guaranteeing "virtually all" work on feeder and distribution facilities on the company's new broadband network to bargaining unit employees. (See Monthly Labor Review, August 1995, p. 74, for additional details of the settlement.)

Separate negotiations between the two unions and the remaining regional Bell telephone companies (Ameritech, Bell Atlantic, BellSouth, Pacific Telesis, Southwestern Bell, and US WEST) began in June. The contracts expired without the parties reaching an agreement. Four of the contracts—at Ameritech, BellSouth, Pacific Telesis, and Southwestern Bell—were extended on a day-to-day basis, although employees had authorized strikes at some of the companies.

In August, five of the six Bell telephone companies signed tentative 3-year collective bargaining agreements with one or both of the unions. These contracts, which settled disputes over wages, job security, pensions, and health insurance costs, covered more than 200,000 telephone operators, clerical employees, sales and business representatives, linen workers, and other production and maintenance workers at Ameritech, BellSouth, Pacific Telesis, Southwestern Bell, and US WEST. The settlements provided wage increases of about 11 percent, plus pension benefits and more options for employees adversely affected by downsizing. Those options included enhanced relocation allowances, greater opportunities for voluntary transfer within the companies, and improved severance packages providing continued medical coverage.

Southwestern Bell. The first of the five tentative settlements came at Southwestern Bell on August 7, when the company and the CWA agreed to a contract covering some 39,000 workers in Texas, Arkansas, Missouri, Oklahoma, and Kansas. The pact provided wage increases averaging 11 percent over the term of the contract, "significant job upgrades," and a two-tiered wage system for telephone operators.

The settlement increased employee cost sharing of health care benefits; established a "variable pay plan"; and intro-
duced a pretax medical reimbursement account. Other terms increased flexibility in scheduling time off; eliminated the differential for working nights; and added a new employment security provision that increased employees' flexibility in "surplus situations."

On September 20, CWA announced that its members had rejected the proposed agreement by a 2-to-1 margin. The rank-and-file reportedly were unhappy with three aspects of the pact: The two-tiered wage system for operators hired in the future; increases in employee costs for health care, including higher deductibles, higher copayments, and potentially higher costs for spouses; and elimination of the differential for working nights.

Contract talks resumed on September 21. On October 3, the company and union announced that they had reached agreement on a new settlement, which was approved by the rank-and-file. According to press reports, the second contract offer included higher wages, improved benefits, and more flexible time-off provisions.

Pacific Telesis. On August 8, Pacific Telesis negotiated an accord with the CWA for 35,000 workers in California and Nevada. The settlement called for wage increases of up to 3.6 percent in the first year of the contract, up to 3.5 percent in the second year, and up to 3.4 percent in the third year. In addition to the wage increases, the accord called for a 14-percent boost in pension benefits, a $16 million training and retraining program, enhancements in work and family life provisions, improved health care benefits, and replacement of the "team award" program with a short-term incentive plan based largely on customer service results.

The pact also included a number of provisions protecting employees adversely affected by downsizing, including an enhanced severance package with continuation of health care benefits for a specified period, and a new voluntary retirement option that credits employees with 4 additional years of age and service and provides retirees with an additional 30 percent in pension benefits to be paid as a supplement until they reach age 62. Other employment security-related provisions enhanced employees' transfer rights and relocation allowance packages.

BellSouth. On August 8, BellSouth and the CWA also negotiated a 3-year accord. The agreement covered 58,000 workers in nine southeastern States, including North Carolina, South Carolina, and Georgia.

The contract called for an immediate $1,100 lump-sum payment; wage increases of 3.6 percent in the first year, 3.5 percent in the second year, and 3.4 percent in the third year; and lump-sum payments of $1,100 in cash or BellSouth stock in August of 1996 and 1997. The settlement eliminated annual cost-of-living adjustment reviews and team incentive awards, and introduced a discount stock purchase plan in April 1996, allowing employees to allot up to 10 percent of their pay for stock purchases, with BellSouth providing a discount of 10 percent in the first year, 15 percent in the second year, and 20 percent in the third year.

The pact also reportedly strengthened employees' job security by expanding reassignment options within the company, improving training programs to assist employees to qualify for jobs at BellSouth or its subsidiaries, and enhancing "income protection options" for laid-off workers. Other terms phased in a primary care network; enhanced pension coverage; and increased dental benefits.

Ameritech. On August 11, the CWA and the IBEW signed separate but similar 3-year contracts with Ameritech for about 43,000 workers in Michigan, Ohio, Wisconsin, Illinois, and Indiana. The pact provided a $500 ratification bonus and annual wage increases ranging between zero for employees at the bottom of the wage progression and 3.5 percent for employees at the top of the progression.

In the area of job security, the settlement provided workers with protection from involuntary layoffs by expanding opportunities for employees to fill available jobs at all locations within their geographic market area. The contracts also gave the unions new rights to organize Ameritech subsidiaries.

Other terms guaranteed that employee payments for health insurance premiums would not be raised during the term of the agreement; increased normal and "30-and-out" pension benefits; and enhanced the "success-sharing" incentive program, giving employees a minimum of $300 and a maximum of $1,500 in Ameritech stock each year. The agreements also increased the reimbursement for adoption expenses from $3,000 to $3,500 effective in August 1996; and established a career and development program, with annual reimbursement of up to $3,500 for expenses such as tuition, books, workshops, and counseling.

US WEST Communications. On August 18, US WEST Communications reached agreement with the CWA on a new 3-year accord covering nearly 33,000 employees in 14 western and midwestern States. Similar to other Bell contracts, the pact provided a $1,500 signing bonus and wage increases of 3.6 percent in the first year of the contract and 3.5 percent in the second and third years.

In the area of health and welfare, the pact guaranteed that retirees will not pay health insurance premiums until at least the year 2002. It instituted a copayment medical plan in 1996, with employee copayments of $10 for a doctor's office visit, $20 per visit for outpatient mental health services, and $10 for chiropractor visits (up to 40 visits). The contract also increased pension benefits by 12 percent.
Other terms changed work rules to give the company more flexibility in serving customers; strengthened a company-paid retraining program designed to upgrade employees' skills so that they can qualify for new jobs in the company; provided up to $2,500 for expenses associated with adoption of a minor child and an additional $1,000 for expenses of adopting a "special needs" child, effective in 1996; and established a $600,000 jointly administered family and work development fund.

Bell Atlantic Corp. The Bell Atlantic-CWA contract expired on August 5 without the parties reaching an agreement. Unlike the other regional Bell contracts, the Bell Atlantic-CWA agreement was not extended, leaving the parties free to use "self-help." The two key sticking points in negotiations were sharing of health care costs by retirees and continued subcontracting of bargaining unit jobs, although wages and more flexible work rules also were cited as major bargaining issues. The pact covered some 37,000 workers in the District of Columbia, Virginia, Maryland, Pennsylvania, and three other States.

On August 31, some 2,000 Bell Atlantic employees represented by the CWA conducted a "sick out" in protest of stalled contract talks. The parties reportedly were still far apart on key issues, including cost-sharing of retiree health care, access of union members to new jobs, employment security, and wages.

On December 4, Bell Atlantic presented the CWA with a contract proposal that increased the wage offer and added security guarantees not contained in previous proposals. The offer would have provided wage increases of 2.1 percent in the first year of the contract, 3.6 percent in the second year, and 3.9 percent in the third year, plus an immediate $1,500 ratification bonus and a lump-sum payment in the first year equal to 0.9 percent of annual earnings. It also included three alternatives for health care cost-sharing for employees who retired after 1989.

In the area of job security, the proposal would have assigned virtually all broadband work on the distribution elements of the company's network in Maryland, Virginia, West Virginia, Delaware, and the District of Columbia, plus all copper splicing work in Maryland, Virginia, West Virginia, and the District of Columbia to CWA-represented technicians. It would have upgraded all outside plant technicians to a newly titled position, "facilities technician," and guaranteed them "absolute protection" against layoffs, downgrades, or forced relocations during the term of the agreement. The proposal also would have provided cash incentives of up to $60,000 (was $30,000) for employees who voluntarily quit prior to a layoff within their work group.

A day later, the union presented the company with a counterproposal, which was rejected by the company. Notwithstanding, press reports indicated that the parties were close to agreement on the issue of retirees' health care cost-sharing, giving hope that they might soon reach an agreement.

Aerospace

In 1995, the aerospace industry continued to feel the pressure created by defense cutbacks, a continued soft commercial aircraft market, and a highly competitive global economy. The result was the layoff of several thousand workers as aerospace companies cut costs to become more competitive. Negotiations during the year reflected the clash between the companies' need to be competitive and the unions' struggle to reverse declining membership.

During the year, Boeing Co., McDonnell Douglas Corp., and United Technologies Corp. bargained with the International Association of Machinists (IAM), the United Automobile Workers (UAW), and the Seattle Professional Engineering Employees Association (SPEEA), representing 100,000 workers. Contracts expired in April 1995 for the IAM at United Technologies (Hamilton Standard Division) and the UAW at McDonnell Douglas; in October 1995 for the IAM at Boeing and McDonnell Douglas; and in December 1995 for the SPEEA at Boeing and the IAM at United Technologies (Pratt & Whitney Division).

Boeing. On August 4, Boeing Co. and the IAM opened contact talks for some 34,650 workers—about 26,000 in the Puget Sound, WA, area; 7,400 in the Wichita, KS, area; and 1,200 in the Portland, OR, area. The union identified job security as the key issue in negotiations.

The mood of the union negotiators reportedly was hostile. They claimed Boeing had eliminated about 30 percent of union jobs and more than 40,000 jobs in total over the past 6 years, even as company profits soared. IAM president George Kourpisou criticized Boeing for "punching holes in America's future" by cutting high-paying production jobs in the United States and buying from low-cost foreign suppliers. He also complained about Boeing's outsourcing of work to other American companies.

Boeing said that the increased use of foreign suppliers and subcontractors was necessary if the company is to stay competitive and retain foreign airline customers. The company said that it had downsized because of a sharp decline in business and a massive restructuring of its operations.

On September 13, IAM members approved a strike authorization, giving their union leaders the authority to call a strike if contract talks stalled. According to press reports, the union was pushing for a 3-year contract with annual wage increases, lump-sum payments, and improvements in the cost-of-living adjustment formula, shift differentials, safety and health provisions, and medical, dental, and pension plans. In addition,
the union proposed a new income protection plan for laid-off workers, including cash payments and continuation of medical, dental, prescription drug, and life insurance coverage, plus comprehensive language prohibiting subcontracting and giving the union the right to grieve the transfer of work out of the bargaining unit.

On October 2, the company presented its “best and final” offer, which called for a lump-sum payment in the first year equal to 5 percent of earnings paid in the previous 12 months and a similar 3-percent payment in the second year; a 2-percent wage increase in the third year; cost-of-living adjustments estimated to generate 2-percent increases each year; employee cost sharing of health insurance premiums; and increased health care deductibles and copayments. The proposal was characterized as “inadequate” by union leaders, who submitted the offer to the rank-and-file for a vote with a recommendation that it be rejected. On October 5, the rank-and-file rejected the contract offer and again approved a strike. Union members reportedly were disgruntled because Boeing would not agree to limit outside contracting of bargaining unit work and would abandon its demands for employee cost sharing of health insurance premiums and increased health care deductibles and copayments.

On October 6, the 33,000 IAM-represented workers walked off their jobs. After the walkout, Boeing said that it had no plans for further contract talks and that it was going to conduct business as usual. Later, a company spokesperson said, “We’re willing to sit down and talk when they (union leaders) have something to say. But, before they call to set up a meeting, they should recognize that there is a realistic offer on the table.” To date, there has not been a settlement of the dispute.

On October 30, the NLRB said that there were “reasonable grounds” to conclude that Boeing had failed to bargain in good faith with the IAM on some issues. In particular, the Board pointed to the company’s alleged refusal to provide information on subcontracting and health care costs. Six days later, the Board issued an unfair labor practices complaint against Boeing, saying that the company must provide more information on subcontracting related job security issues, and health care proposals, or must “enter into appropriate limited negotiations on the information.”

At a meeting between the IAM and Boeing on November 8—the first meeting since October 2—the company submitted some data on health insurance, but not on subcontracting. At that time, the parties said there were no formal meeting scheduled to resolve their 1-month-old dispute.

On November 9, the IAM charged the company with additional unfair labor practices. The union alleged that the company had illegally threatened striking workers with the loss of their recall rights, provided strikers with misleading information on their rights to extended health insurance coverage, and failed to bargain in good faith on medical plan proposals.

On November 19, a tentative agreement was reached between Boeing and the IAM. Although the IAM bargaining committee unanimously recommended acceptance of the pact, the rank-and-file soundly rejected it. Union members said that they were dissatisfied with the contract offer because it still called for increases in employee contributions towards health care and contained weak job security language.

On December 11, Boeing and the IAM reached agreement on a 4-year contract that reportedly contained union gains in wages, health care cost-sharing, and job security protection, compared with previous contract proposals. A union spokesperson said that the settlement was a “victory on every major issue,” while a company spokesperson said that it represented “the limits of a prudent contract.”

Terms provide a lump-sum bonus in 1995 equal to 10 percent of an employee’s annual base pay, plus a similar lump-sum payment of 4.5 percent in 1996; 3-percent wage increases in October of 1997 and 1998; and continuation of the cost-of-living adjustment (COLA) provision, with a COLA prepayment of 30 cents an hour. Boeing agreed to several concessions in the area of job security. The settlement requires Boeing to meet with the union twice each year to discuss job security and the impact of subcontracting on bargaining unit jobs. It stipulates that the company must give the union 90 days’ advance notice of its intention to contract out work that would result in specified job losses at the company’s facilities in Seattle, Wichita, or Portland, and must allow the union to bid on such work. The pact includes a letter stating that “bargaining unit employees should not be laid off as a result of subcontracting.” It guarantees that employees adversely affected because of subcontracting will be reassigned and trained, if necessary, to other work in the company. In addition, terms called for 7-year recall rights for laid-off workers who have been in their job classification for at least 90 days.

The company backed down from its demands that employees pay part of health insurance premiums, at least for the first 31 months of the contract. Effective in July 1998, if Boeing’s health care costs are above the national average, indemnity plan subscribers would be required to contribute towards premiums—$10 for individual coverage, $20 for coverage for an employee and one other person, and $30 for family coverage. The settlement also included monetary incentives for employees to switch to company-paid, optional managed health care plans—cash payments of $1,200 over the term of the agreement.

While media attention was focused on the IAM dispute, formal negotiations between Boeing and the SPEEA—the company’s second largest union—began on October 23, to replace a contract covering about 20,500 engineers, scientists, and technicians, most of whom worked in the Puget

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Sound, WA, area. The union had been meeting informally with the company since February.

On November 16, the SPEEA and Boeing announced that they had extended their contract, due to expire on December 1, until a date 17 days after the company presents its final offer to the union. The parties also said that they had reached tentative agreement on almost all noneconomic issues and were continuing talks on benefits and compensation.

According to press reports, SPEEA's top bargaining priorities were wages, benefits, and job security. The union was expected to ask for general wage increases instead of the merit-based raises that were featured in the last contract, maintenance of current health care benefits without increased employee cost sharing of premiums, and a reversal of the company's so-called "make/buy" strategy, which aims to reduce the proportion of airplane components assembled in-house.

McDonnell Douglas. On April 23, members of three UAW locals approved a 5-year contract covering some 8,600 workers at McDonnell Douglas' aircraft manufacturing plants in Long Beach, CA; Melbourne, AR; and Tulsa, OK. The settlement substantially increased the probability that the aircraft manufacturer will build its new MD-95 commercial jet in southern California.

According to the parties, the agreement guaranteed that workers would receive adjustments of 4 percent annually in some combination of wage increases, lump-sum payments, and cost-of-living adjustments.

The settlement included several benefit changes. The contract called for an $8 increase over the term of the agreement in the monthly pension rate, to $40 for each year of credited service. It added an optional point-of-service health care plan, with lower employee copayments towards premiums than under the traditional indemnity plan. The pact also boosted life insurance, accidental death and dismemberment insurance, weekly disability benefits, and extended disability benefits. Other changes required additional health care contributions by employees retiring after January 1, 1997; established a network of preferred pharmacies under the drug plan; and added a preferred provider organization for dental care. (See Monthly Labor Review, July 1995, p. 73, for additional terms of the settlement.)

United Technologies. On April 30, members of the Machinists union approved a 3-year agreement covering some 1,550 production and maintenance workers at United Technologies Corp.'s Hamilton Standard Division plant in Windsor Locks, CT. The contract provided a $300 ratification bonus; 2.5-percent annual wage increases; and continuation of the COLA provision.

The settlement introduced several changes in benefit provisions, including weekly employee copayments towards health insurance premiums of $3 for single coverage, $6 for 2-person coverage, and $9 for family coverage, increasing to $4, $8, and $12, respectively, in 1997. It increases the monthly pension rate from between $23 and $33 to between $26 and $36 per year of credited service. The pact also boosted life insurance, accidental death and dismemberment insurance, weekly disability income, and monthly total and permanent disability income benefits.

Meanwhile, a hostile climate for negotiations between the IAM and United Technologies' Pratt & Whitney Division—whose contract, which covers some 9,000 workers, expired in December—was created when the company eliminated certain departments and subcontracted work performed in its East Hartford, CT, plant. The union filed an unfair labor practice charge against the company with the National Labor Relations Board, which, in turn, filed a complaint against Pratt & Whitney in September, alleging that the company had breached its 1993 labor contract with the IAM. (See Monthly Labor Review, January 1994, pp. 23-24.)

On December 3, union members narrowly ratified a new 3-year agreement. Although details of the settlement were sketchy, it reportedly called for wage increases of 3.5 percent in the first year of the contract, 3 percent in the second year, and 2.5 percent in the third year; maintained language dealing with work rules and seniority; and provided for an immediate 20-cent-an-hour cost-of-living adjustment (COLA) payment, to be followed by COLA reviews every 6 months, capped at 18 cents an hour semiannually.

Trucking Industry—Car haulers

Unlike the last round of bargaining, during which International Brotherhood of Teamsters president Ron Carey orchestrated a corporate campaign using community leaders to bring pressure on car hauling companies to conclude a peaceful settlement, the 1995 bargaining round was won at the bargaining table and in the streets after a 1-month work stoppage. (Car haul companies transport new automobiles from auto plants, ports, marshaling yards, and railheads to car dealers' showrooms.)

Car haul contract talks began on January 5, to replace a master agreement that was set to expire on May 31, 1995. The negotiations involved 12,000 drivers, dockworkers, and mechanics represented by some 70 Teamsters locals at 17 car hauling companies. At the bargaining table, car haul firms were represented by the National Automobile Transporters Labor Division (NATLD); and the Teamsters locals were represented by the union's National Automobile Transporters Industry Negotiating Committee. In their initial proposals, the carriers said they were seeking changes to "achieve operating flexibilities and efficiencies and increase the transport-

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ers’ ability to meet mounting competition from railroads and nonunion rivals.” The union’s initial demands included pension changes, greater job security, improved health care benefits, and reform of the grievance procedures.

After 4 months of intermittent negotiations, the parties narrowed their differences to a few key issues, but did not reach a settlement by May 31. The union agreed to continue negotiations on a day-to-day basis, after asking the rank-and-file to authorize a strike if progress was not made towards negotiating a “good” contract.

On or about May 31, the NATLD presented its final offer to the Teamsters negotiating committee. According to the NATLD, the final offer was a 4-year contract providing a 13.3-percent increase over the term in wages and benefits, a guarantee that nonunion subsidiaries of NATLD-member companies would not compete for work against unionized companies, adoption of the “innocent until proven guilty” assumption during grievances and a “Bill of Rights” for grievances, “full contributions” to health and welfare and pension plans, and creation of a joint health and safety committee to resolve disputes over working conditions and operation of equipment.

The union submitted the final offer to the rank-and-file, but recommended that it be rejected. On July 31, the union announced that its members had overwhelmingly turned down the proposal. At that time, an IBT spokesperson said that he did not anticipate an immediate walkout. The spokesperson said, “A strike is not our only weapon.” He added that the union could use “a variety of creative tactics” to achieve its ends.

Contract talks resumed in mid-August after a 2-month recess. The parties wrangled about several key issues, including economic terms and job security. On September 7—the beginning of the new car sales season—some 5,000 Teamsters members went on strike at Ryder’s Automobile Carrier Group, the largest of the carhaul companies, because, the union contended, the company had refused to provide economic and operational information that the union needed to evaluate various contract proposals. Press reports indicated that the union was disgruntled because Ryder was the only car hauler holding out on key issues, particularly “double breasting” (a term used when a member company uses a nonunion subsidiary to perform some of its carhauling business). Ryder reportedly had made double breasting a major issue of negotiations with the union, which had consistently sought contract language to bar NATLD-member companies from shifting work to nonunion subsidiaries. The 16 other carhaul companies did not lock out the Teamsters after the union struck Ryder “because they did not feel as strongly about the (double breasting) issue.”

On September 13, Ryder filed suit against the Teamsters in a Federal district court, claiming that the union had violated labor law during negotiations by trying to extend the contract to the company’s nonunion subsidiaries. The lawsuit was in addition to unfair labor practice charges that Ryder had filed against the union 1 week earlier. Ryder alleged in the charges that the union threatened to strike in an attempt to force it and other carhaul companies to agree to a work preservation provision (the so-called “hot cargo” clause) prohibited under Section 8(e) of the National Labor Relations Act. On September 20, the National Labor Relations Board dismissed the charges.

Contract talks resumed on October 5. Two days later, negotiators for Ryder and the Teamsters reached agreement on a tentative 4-year contract that provided wage and benefit increases and strengthened the current contract’s job security provisions. In a prepared statement, a spokesperson for the NATLD said the organization was “pleased that we were able to reach a mutually acceptable car-haul contract that will ensure our employees job security and allow our industry to meet business challenges from our rail and nonunion competition.”

The terms, which also were accepted by the 16 other carhaul companies, called for:

- A bar on using non-Teamsters to compete for current or future work done by Teamsters members;
- A 7.3-percent pay raise that would increase drivers’ current average hourly rate of $17.72 an hour by $1.35;
- Increases in drivers’ per-mile rates;
- Annual increases in companies’ contributions to the pension fund;
- Annual cost-of-living adjustments equal to 1 cent per hour for each 0.3-point increase above 5 percent in the Consumer Price Index for Urban Wage Earners and Clerical Workers;
- An option to participate in the Teamster National 401(k) Tax Deferred Savings Plan; and
- Reforms in the grievance procedures.

**Railroads**

National railroad contract negotiations began on a low note—with lawsuits aimed at enforcing the parties’ views on bargaining structure—and progressed little over the year. The result was bitter frustration in rail talks that seem, in general, to be going nowhere. The commuter segment of the industry also saw its share of labor woes during the year, as President Clinton appointed two emergency boards in an attempt to resolve a thorny dispute at Metro-North Commuter Railroad in the New York City area.

With their industry-wide contracts set to expire on January 1, 1995, 32 railroads, including 8 large freight railroads, and their 13 unions, representing some 160,000 workers, exchanged bargaining demands on November 1, 1994. The
unions reportedly were seeking 3-year agreements with wage increases of more than 21 percent over the term of the contracts; uncapped cost-of-living adjustments (COLA's); restrictions on branch-line sales and the introduction of new technology; improvements in vacations, personal leave days, and bereavement leave; an additional paid holiday (Dr. Martin Luther King, Jr.'s birthday); the elimination of lower entry wage rates for new hires; and several work rule changes particular to each craft.

On the same day that bargaining demands were exchanged, eight large freight rail carriers and several smaller carriers represented by the National Carriers Conference Committee (NCCC)—the bargaining arm of the National Railway Labor Conference, which represented the carriers in national negotiations—sued the Brotherhood of Maintenance of Way Employees (BMWE) to force the union to engage in industry-wide bargaining. The BMWE countered the carriers' suit, asking the courts to enjoin the carriers from interfering with the union's right to bargaining separately with each of them.

The BMWE wanted to bargain separately with each carrier because it felt that strategy would preserve the strike threat as a bargaining tactic. The union believed that Congress would not tolerate a nationwide rail strike, but probably would allow a strike against a single carrier. Although the BMWE sought to abandon industry-wide bargaining, the union said it would try to coordinate bargaining strategy and use the first large settlement as a pattern for subsequent agreements.

On February 21, a U.S. District Court judge issued a decision that rejected both the union's position that the carriers have to bargain individually with the union and the carriers' position that the Railway Labor Act (RLA) requires a union to bargain on a multi-carrier basis with the carriers' chosen representative. The judge held that, "...the RLA does not necessarily compel multi-employer handling of certain issues." In effect, the court said that the structure of bargaining would depend on the issues to be negotiated—that is, some issues must be negotiated on a multi-carrier basis and others not. BMWE president Mac Fleming said the union would appeal the decision because it "makes collective bargaining impossible." Fleming accused the carriers of "following a course of behavior designed to protract negotiations in the belief that they can ultimately provoke a national strike or lockout, which would force Congress to end any dispute between labor and management in the rail industry." The NCCC neither praised nor condemned the decision, but said that the committee "remains very anxious to begin negotiations with BMWE without prejudice to either side's position."

To date, only the BMWE and two other unions have progressed through direct negotiations to mediation. On or about March 6, the Transportation Communications Union (which represents some 28,000 clerical employees) and the United Transportation Union (which represents some 40,000 engineers, conductors, brakemen, and yard workers) requested that the National Mediation Board (NMB) intervene in their disputes with the carriers represented by the NCCC and conduct mediation. (The NMB is the Federal agency that administers labor law in the railroad industry.) The NMB docketed the case.

In early April, the NMB docked a request from 29 rail carriers represented by the NCCC to mediate their disputes with the BMWE. The carriers hailed the action, saying it would prevent the union from striking one or more of them and whipsawing the others into accepting a pattern settlement. Notwithstanding the docketing of the disputes by the NMB, the BMWE announced in April that it would strike one or more of the rail carriers. The carriers went to court to stop the threatened walkout. On April 28, the court barred the union from striking, saying that it had not exhausted the procedures of the Railway Labor Act.

A breakthrough in national negotiations occurred on December 1, when the UTU and carriers represented by the NCCC reached tentative agreement on a 5-year contract. Details of the settlement were not made public, pending a ratification vote that is expected to be completed in January.

As of this writing, no other disputes have been resolved, and some negotiations—like the BMWE's—are hardly off the ground. The parties apparently have made little headway on the tough issues—wages, productivity, and health and welfare benefits.

In another development, two emergency boards were established by President Clinton to report their findings and recommendations for an unresolved dispute between 12 unions and the Metro-North Commuter Railroad, the nation's second largest commuter railroad. The carrier was formed in 1982 by the Metropolitan Transit Authority (MTA) to operate commuter passenger lines in the New York City area previously run by the Consolidated Rail Corporation (CONRAIL). Metro North operates about 737 miles of track and carries some 107,000 passengers each day. The carrier employs approximately 5,900 workers, of which some 4,000 (in 17 crafts or classes) are involved in this dispute.

The origin of the dispute was the 1992-94 bargaining round between the carrier and its unions. The parties made little progress in reaching a settlement either in direct negotiations or in mediation until October 25, 1994. At that time, with assistance from NMB mediators, the carrier and the unions agreed to use expedited negotiations and mediation to conclude both the 1992-94 bargaining round and the subsequent 1995-97 round. The parties also agreed to jointly request an NMB proffer of arbitration if they failed to conclude agreements by a self-imposed deadline of January 12, 1995.

By January 12, all but three unions had reached agreement with the carrier on 1992-94 contracts; however, no agreements had been signed for the 1995-97 bargaining round.
The major stumbling block to settlement in both cases was a disagreement over reducing or eliminating the disparity between the wages and benefits of Metro-North's workers and those of workers at the Long Island Rail Road, one of the other transportation companies in the New York City area operated under the umbrella of the MTA. The union insisted that such equity was needed to ensure "equal pay for equal work." The carrier claimed that actual and anticipated cuts and delays in Federal and State funding made increased employee compensation impossible.

On January 12, the NMB proffered arbitration, which was rejected by both the carrier and the unions. On January 23, the NMB released the parties from mediation, triggering a 30-day "cooling-off" period. With no settlement in sight, the NMB notified President Clinton on February 16 that an emergency dispute existed. To help resolve the dispute, the President created Emergency Board No. 226 on February 22.

In its report dated April 21, the Board made the following recommendations:

- For the three unions that had not settled during the 1992-94 bargaining round, wage increases of 2.5 percent retroactive to January 1 of 1992 and 1993 and 3.5 percent retroactive to January 1, 1994. For all unions, wage increases of 3 percent on both July 1, 1995, and January 1, 1996, and 4 percent on January 1, 1997;
- For employees located outside New York State, "the same (health care) coverage on the same financial basis" as other employees; and
- Work rule changes that would provide greater flexibility in scheduling; allow for part-time assistant conductors, car cleaners, and service attendants; change service attendants' seniority rosters to rule out duplicative assignments; streamline grievance procedures for conductors and yardmasters; establish break periods for rail traffic controllers; allow for additional road days for rail traffic controllers; synchronize the scheduling of swing time and meal periods for conductors and locomotive engineers; and implement biweekly pay periods for all employees. (See Monthly Labor Review, July 1995, pp. 76-77.)

The carrier and all but two unions rejected the panel's recommendations, forcing the parties to return to the bargaining table.

In late May, the carrier decided to forgo both further mediation under the auspices of the NMB and the appointment of a second emergency board to resolve the dispute. (Under the RLA, an unresolved emergency dispute involving a commuter rail carrier can be subjected to a second emergency board by request of the carrier or the Governor of the State in which the commuter line runs.) The union also was not in favor of further mediation sessions, but did agree to extend the "status quo" until July 15, while continuing negotiations.

Although contract talks broke off on July 16 without a settlement, the union ignored its self-imposed July 15 deadline. Negotiations resumed on July 18 and were recessed on July 19, although considerable progress had been made in resolving a number of work rule issues with several unions. Later that day, the carrier requested the appointment of a second emergency board to resolve all outstanding issues.

On July 20, Metro-North announced that it had reached tentative agreements with four unions (Transport Workers, Machinists, Sheet Metal Workers, and Firemen and Oilers) representing about 1,000 workers. Terms of the pact reportedly included an immediate bonus equal to 1.5 percent of earnings and wage increases of 3 percent retroactive to July 1995, 3 percent in May 1996, and 4 percent in July 1997.

On July 28, Metro-North announced that two of the four tentative agreements (with the Machinists and the Firemen and Oilers) had been rejected by the rank-and-file. Members of the other two unions subsequently rejected the proposed settlement.

On July 31, President Clinton created a second Emergency Board (No. 227) at the request of Metro-North and two of the unions, triggering a 120-day cooling-off period. The Board was authorized to make final offer selections—that is, in each of the separate disputes, the Board was to select either the company's or the union's final proposal. When the Board's ground rules were established, it was agreed that the Board would pick a final offer in its entirety, instead of making recommendations issue-by-issue.

On August 1, three unions (the Transportation Union, the Locomotive Engineers, and the Teamsters) filed suit in U.S. District Court, alleging that the President had exceeded his authority under Section 9(a) of the RLA because he had established the Emergency Board after the 120-day cooling-off period triggered by the first Emergency Board had expired.

On September 29, the panel issued its report with recommendations that included all of the labor unions' final offers, except for those of the Teamsters, representing maintenance of way employees, and the Electrical Workers, representing electrical supervisors. In the latter two cases, Metro-North's final offers were accepted. Among the general recommendations issued by the Board were: A 3-year agreement, with wage increases of 3 percent in both July 1995 and January 1996 and 4 percent in January 1997; and life insurance benefits of $28,000 effective in 1996. The Board made several other recommendations dealing with individual union-specific issues, such as skill differentials, sick leave, personal days, holidays, and work rule changes dealing with work force scheduling, part-time employees, swing time, meal time, extra lists, break periods, and road pay.

In its report, the Board concluded, "These recommendations should provide the basis for resolving the differences.
and permit the parties to reach an amicable settlement without disruption to the commuting public. We are confident that meaningful negotiations will take place following issuance of our Report and Recommendations."

As of December 4, all but six unions had tentatively agreed to new contracts—the last being the Teamsters, probably the most strident organization on the property, which struck a deal that contained enough sweeteners to imperil contract ratification by members of other unions with tentative agreements.

**Airlines**

The financial profile of the airline industry improved in 1995 as many carriers realigned routes to eliminate unprofitable ones, instituted drastic cost-cutting measures, and restrained capacity growth. As part of the cost-cutting measures, several airlines asked their unions to agree to wage and benefit concessions, as well as work rule changes that would give them more operational flexibility. The unions wanted something in return for those concessions—stock in the carriers, a greater voice in how the airlines are run, and improved job security. For the most part, airlines and their unions encountered enormous problems in trying to resolve their differences and, in most cases, were unsuccessful in reaching agreements.

**USAir.** In 1994, USAir presented its four unions—the Air Line Pilots Association, the International Association of Machinists, the Association of Flight Attendants, and the Transport Workers Union—with its plan to reduce personnel expenses by $500 million a year through wage cuts and productivity improvements. Although the carrier and the unions floated a number of proposals and counterproposals, no agreements were reached that year.

On February 6, 1995, the Pilots, Machinists, and Transport Workers presented USAir with a joint proposal offering wage and rule concessions that were expected to yield slightly less than the $500 million in annual savings the carrier sought. In exchange, employees asked for 20 percent of USAir's common stock, an undisclosed amount of preferred stock, profit sharing, and a seat on the carrier's board of directors. The Flight Attendants refused to participate in the joint proposal, but said it soon would submit its own proposal.

On March 25, USAir and the Pilots, bargaining for 5,100 flight crew members, reached a tentative agreement calling for a 20-percent cut in wages and benefits and changes in work rules that would save the carrier $190 million annually for 5 years. In exchange, the union would gain profit sharing, a seat on USAir's new 12-member board of directors, and a 20 percent equity stake in the company to be distributed among all employees. The agreement had to be approved by several parties, including the union's rank-and-file, USAir's board of directors and stockholders, and other unions at USAir.

In May, USAir signed agreements with the Machinists and the Flight Attendants. The Machinists represented some 14,500 workers, including 6,000 mechanics and related employees and 6,500 fleet service employees. The Flight Attendants bargained for 8,300 flight attendants.

The major terms of the Machinists' cost saving plan called for union members to take a 12.9-percent pay cut in exchange for 20 percent of USAir's common stock and $400 million in preferred stock to be distributed among all employees, four employee-selected members on the company's new twelve-member board of directors, and a profit-sharing plan. The accord also would enhance job security by including a no-layoff clause for the duration of the agreement, banning the transfer of work to foreign-based maintenance facilities, and providing job protection in the event of an asset sale or merger.

The Flight Attendants' agreement reportedly contained corporate governance and financial terms similar to those in the Machinists' pact. The agreement called for a 4.9-percent wage cut, or labor cost savings of about $54 million a year, to be achieved by forgoing scheduled wage increases. Other terms of the settlement were not released pending approval of the tentative agreement by union members.

On July 12, the Flight Attendants rejected the tentative pact reached in May. The union's Master Executive Council said it "remained committed to returning USAir to profitability by restructuring the airline" and would return to the bargaining table to hammer out a settlement that would be acceptable to its members.

On July 30, USAir terminated wage concession talks. The abrupt collapse in negotiations reportedly was due to several roadblocks, especially the seeking by the Pilots of "sweeteners" not included in their tentative agreement so that the pact would stand a better chance of being accepted by the rank-and-file. The carrier also was stymied by the Flight Attendants' rejection of its tentative agreement in mid-July and the Machinists' subsequent postponement of its ratification vote. USAir said it would seek concessions as contracts with its four unions expire over the next 17 months. To date, no settlements have been reached.

**American Airlines.** American asked its 55,000 unionized workers to accept productivity and pay concessions of $750 million annually, so that it could compete with more efficient carriers. American made it clear that, without concessions from its three unions, it might continue to cut back its operations. So far, the Transport Workers Union has acceded to changes. The Flight Attendants has avoided making substantive concessions because of a favorable arbitration award, and the Allied Pilots Association has balked at making concessions. American considers an agreement with its pilots to be crucial to its cost-cutting plan; however, negotiations with the union have been going on for almost a year and a half.
without substantial progress.

On April 24, American Airlines and the Association of Professional Flight Attendants reached an agreement that resolved many of the less contentious issues that had led to the union’s 1993 strike against the carrier. (See Monthly Labor Review, January 1995, p. 32–33.) However, the accord did not address some of the more controversial (that is, cost-related) issues that had sparked the dispute, such as wages, staffing, duty rigs, vacations, prefunding of retirees’ health care benefits, and workers’ compensation—all of which had been submitted to arbitration.

The accord reportedly instituted a new weight standard for flight attendants, modified language dealing with standby and scheduling, and provided per diem rates equal to those paid to pilots. Terms also guaranteed that flight attendants who had gone on strike in 1993 would not be disciplined by the carrier, and that those who had crossed the picket lines during the stoppage would not face retaliation from the union.

On October 10, an arbitration board established to decide the 14 outstanding issues in the 1993 flight attendant strike issued its award. The panel members decided on a 6-year agreement with pay increases averaging 17 percent over the term of the contract. Their award allowed American to cut staffing by permitting it to provide the minimum number of flight attendants required by the Federal Aviation Administration (1 flight attendant for every 50 seats) on flights with few passengers and minimal service requirements. In addition, the board members agreed to retain current contract language dealing with vacations, scheduling, and most of the other work rules American had sought to change, and rejected the carrier’s proposal to require retirees to contribute towards health insurance premiums.

Meanwhile, on August 11, American and the Transport Workers Union (TWU) signed tentative 6-year contracts for eight bargaining units, composed of some 27,000 mechanics and related workers, fleet service employees, dispatchers, meteorologists, stock clerks, flight instructors, flight simulator technicians, and guards. The settlement froze wages during the first 3 years of the contract, and provided wage increases of 3.5 percent in the fourth year and 3 percent in the sixth year. Other terms created new job classifications recognizing variations in skill levels, with pay scales fixed for an extended period; allowed greater use of part-time employees; encouraged early retirement by crediting employees aged 45 or older with at least 15 years of service with 5 additional years of age and service; and strengthened job and pay protection for employees, while providing the carrier with work rule changes that are expected to result in substantial cost savings.

On September 25, the TWU announced that the fleet service unit had rejected their tentative accord, but the seven other units had ratified their contracts. Fleet service employes reportedly were opposed to contract provisions giving the carrier the right to institute the new job classification system and to make greater use of part-time workers. A week later, the fleet service employees approved a new settlement. Among its terms—which were extended to the other units—were lump-sum payments in the first 3 years of the contract equal to 2 percent of gross earnings or the payout from the profit-sharing plan, whichever is greater; assurances that laid-off workers would be recalled to fill certain new entry-level positions; and language requiring one new full-time position for every new part-time position.

Delta. As part of the “Leadership 7.5” program that Delta announced in April 1994, the carrier stated its goal of reducing operating costs by $2 billion over 3 years. The carrier said the cuts would include reductions of up to 15,000 jobs and $320 million to $340 million in flight operations costs. Delta asked the Pilots union, which represents the carrier’s 8,500 pilots, to make wage and productivity concessions. The union said it would agree to terms if Delta gave it concessions in return—a representative on the airline’s board of directors, stock options, profit sharing, recall of 484 furloughed pilots, and a scope clause to prevent work being subcontracted or performed by non-Delta pilots.

The parties exchanged several proposals and counterproposals from October 1994 to April 1995, without success. On April 17, the carrier requested mediatory assistance from the National Mediation Board (NMB)—the Federal agency charged with administering labor law in the airline industry—in an effort to reach agreement with the Pilots. The union called the airline’s request “premature,” saying that its latest contract proposal met the company’s stated goals and objectives while providing pilots with equity in the company and enhanced job security in exchange for the concessions.

An NMB mediator joined the negotiations in July, and asked the parties to focus on specific issues instead of package settlements. On December 7, Delta and the Pilots reached a tentative agreement that reportedly would allow the carrier to establish low-cost operations, using lower paid crews who will fly under new work rules, to compete with other airlines doing business on the East Coast.

Continental. With the assistance of a Federal mediator, Continental Airlines and the Independent Association of Continental Pilots (IACP) signed a 2-year agreement—the first in 12 years—for some 3,800 pilots in the Houston-based air carrier’s system. In July 1993, IACP had won an election conducted by the NMB to represent pilots working at Continental, the now-defunct Continental Lite, Continental Express, and Air Micronesia. The pilots had been without representation since 1983, when former CEO Frank Lorenzo declared the airline bankrupt and terminated all labor contracts, including...
one with the pilots' former representative, the Air Line Pilots Association.

The settlement called for a combination of wage increases and lump-sum payments designed to bring pilots' salaries closer in line with industry standards. It provided general wage increases of 13.5 percent retroactive to July 1, 1995, and 5 percent on June 30, 1997. The pact also included a longevity "snap-back" of 2.5 percent on January 1, 1996, restoring pilots to full service credit on the wage scale. Due to financial difficulties, the carrier had frozen annual longevity increases in 1990, and had only partially restored longevity pay since then. With the snap-back, pilots collectively would receive about $20 million upon ratification and $10 million on April 1, 1996—with the actual distribution among individual pilots yet to be determined.

As part of the agreement, the Pilots would be included under the airline's "on-time" bonus program, which was begun during the time Continental was negotiating with the IACP. The program provides payments of $65 per employee in any month that the carrier is among the top five airlines in on-time performance. The Pilots collectively are owed about $300,000 in bonuses as a result of past on-time record performance. (See *Monthly Labor Review*, October 1995, pp. 46-47, for additional terms of the settlement.)

Postal bargaining

Before the beginning of the 1994 round of negotiations, the postal unions' Joint Bargaining Committee was dissolved when the National Association of Letter Carriers (NALC) withdrew from the coalition because of differences in bargaining goals and strategy, leaving the American Postal Workers Union (APWU), its bargaining partner since 1971, to negotiate on its own with the United States Postal Service (USPS). As usual, the National Post Office Mail Handlers and the National Rural Letter Carriers Association (NRLCA) bargained separately with the USPS.

In August 1994, the USPS and the three unions, representing some 570,000 workers, began contract talks to replace labor agreements that were scheduled to expire on November 20. The key issues in dispute reportedly were wages, cost-of-living allowances (COLA's), benefits, and union-specific work rules.

When the parties were unable to reach a settlement by the contracts' expiration date, they were obligated under the Postal Reorganization Act of 1970 to submit the unresolved disputes for arbitration. The Postal Reorganization Act, the Federal labor law regulating collective bargaining for postal workers, prohibits postal unions from striking when bargaining impasses are reached and requires that all unresolved disputes be subjected to "interest" arbitration, in which a 3-member Federal arbitration panel decides the terms and conditions of employment. The panel's award is binding and is supposed to be issued within 45 days after arbitration begins, subject to an extension by the neutral panel member.

On August 19, a Federal contract arbitration panel issued an award that set the terms for a new 4-year collective bargaining agreement between the NALC and the USPS for some 240,000 city letter carriers. The award included language providing workers with wage increases, lump-sum payments, and semiannual COLA's.

The major economic terms of the arbitration award included an immediate $950 lump-sum payment, wage increases of 1.2 percent in November of both 1995 and 1997, a $400 lump-sum payment in November 1996, and six COLA reviews. Other terms increase uniform allowances by 10 percent; permit employees to use up to 80 hours of sick leave to care for a sick or injured family member; and limit the number of casual workers to 3.5 percent of city letter carriers. The panel also called on the parties to voluntarily resume talks on several matters, including a step-less pay structure, pay issues related to promotions, annual leave buy-back provisions, and overtime distribution. (See *Monthly Labor Review*, November 1995, p. 89, for additional details.)

On October 1, another Federal arbitration panel issued its award, setting the terms between the USPS and the APWU for some 365,000 workers. The award called for a 4-year pact, based largely on the NALC award, that included a lump-sum payment in the first year of the contract equal to 2.78 percent of annual base salary, a 1.2-percent wage increase and a COLA review in the second year, a $400 lump-sum payment and a COLA review in the third year, and a 1.2-percent wage increase and a COLA review in the fourth year. It also reduced the night-shift differential, but provided a one-time payment to employees who worked the night shift in fiscal 1995.

On November 20, the NRLCA and the USPS tentatively agreed to extend their current contract for 4 years, with economic terms similar to those reached in arbitration earlier in the year between the USPS and the APWU and the NALC.

Postmaster General Marvin T. Runyon, who has come under severe criticism for not decreasing the USPS's cost structure, lashed out against the awards, saying that the mandatory arbitration process handicaps him in attempting to cut costs. Runyon said that he may ask Congress to amend the law to eliminate mandatory arbitration. For their part, the unions accused Runyon and top management of relying on the arbitration panels to set the terms of postal contracts instead of hammering out settlements in direct negotiations.

At press time, the Mail Handlers were still in negotiations with the USPS.

Sports

Unlike 1994, when there was little labor peace in the sports
industry, 1995 saw the beginning of a healing process. In 1994, baseball ended in mid-season after players struck their clubs, the hockey season was suspended when players were locked out on opening day, and negotiations in basketball were heading nowhere. Club owners and players fought over salary caps, free agency, reallocation of revenues from more prosperous to less prosperous teams, salary arbitration, and other contentious issues. In 1995, club owners and their unions signed formal settlements ending disputes in hockey and basketball and crafted a return-to-work agreement in baseball.

Hockey. Narrowly averting the unprecedented cancellation of an entire season, some 650 players represented by the National Hockey League (NHL) Players Association ratified a 6-year contract with NHL team owners that ended the owners’ 103-day lockout of the players. Following the settlement, teams played an abbreviated 48-game regular season schedule, which was followed by the playoffs. The two sides compromised on a range of issues including free agency, salary arbitration, and the rookie salary schedule, but the new contract did not contain the controversial salary cap that owners had sought to control escalating labor costs.

The settlement provided some patients with unrestricted free agency—whereby players may move to another team for a higher salary without their former teams receiving compensation—for the first time. During the first 3 years of the accord, any player aged 32 or older with at least four seasons of NHL experience can become an unrestricted free agent. The age requirement would drop to 31 or older during the final 3 years of the contract. The NHL had previously been the only major professional sport that did not have any form of unrestricted free agency.

The pact modified the rules governing arbitration of unresolved salary disputes, whereby a player and a team submit separate proposals for the player to a neutral arbitrator, who must choose one of the two figures. Most players would be eligible for salary arbitration after 5 years in the league or after reaching age 25. Teams would have the option to choose whether an arbitration award will have a 1- or a 2-year term, except in those cases in which players are within 1 year of unrestricted free agency. If an arbitrator decides in favor of a player and the award is of at least $550,000 per year, the team can reject the award. Teams can reject arbitration awards three times over a 2-year period and may exercise a “walkaway” option in the first or second year of any arbitration award. If management walks away from an arbitration award, the affected player must decide within 7 days to accept the team’s salary offer at the time of arbitration or become an unrestricted free agent.

A rookie salary cap was set at $850,000 for 1995 and will increase in each year of the agreement, progressing to $1,075,000 in the final year. Included under the cap are signing, reporting, and other nonperformance bonuses, which may not total more than 50 percent of the established cap, and any bonuses based on games played. “Legitimate performance bonuses,” to be defined by the NHL and the union, will not count against the cap. (See Monthly Labor Review, April 1995, pp. 46-47, for additional terms of the settlement.)

Baseball. The 1994 baseball season came to a halt on August 12, when players walked off the field, and ended on September 14, when the team owners canceled the remainder of the season, including the World Series. Players returned to work without a new contract after a Federal district court injunction ended the 231-day strike.

The 4-year collective bargaining agreement between the team owners and the Major League Baseball Players Association expired on December 31, 1993. Early on, the prospects for a quick settlement were dim. When asked how contract talks were going in March, Donald Fehr, the executive director of the baseball players union, said, “It looks like we are in for very rough, long negotiations.” Management concurred. In addition to their differences over a salary cap and revenue sharing, the parties disagreed on the number of years of service required for players to qualify for salary arbitration and the level of minimum salaries.

It began to look like a repeat of the last seven contract negotiations, which had led to either a strike or a lockout. The owners were attempting to change the “system” and to test the solidarity of the players, who consistently said they would not accept a salary cap and seemed determined to strike over the issue. But there was a subtle, yet important difference in this round of negotiations. The league owners had just agreed that, during a strike, a labor contract had to be approved by three-quarters of the owners, not a simple majority as in the past. The rule change would make it more difficult for the players to force management to capitulate during a work stoppage, as the players had repeatedly done in the past.

What was the dispute all about? Money. According to financial data given to the union, 19 of 28 clubs lose between $3 million and $12 million each year. Interim baseball commissioner Bud Selig said, “We need a fairer allocation of revenues between clubs and the players.” Owners said that the present system of free agency and salary arbitration had pushed the average salary up to about $1.2 million. They claimed that it was becoming impossible for clubs in smaller markets to compete—and, in the long run, to survive—because of payroll disparities. According to the owners, a salary cap was the answer.

The owners’ proposed salary cap called for a 50-50 split of total revenues between owners and players, with $1 billion guaranteed to the players over a 7-year period if revenues do not decrease during that period. The cap would be grand-
fatherted in gradually and would not affect players currently in the major leagues. At the time of the strike, players reportedly were receiving 58 percent of total revenues.

The union countered, saying that a salary cap would hurt free agency and lead to cuts in players' salaries. Besides, the union said, "rich" owners should help "poor" owners, instead of asking the players to make concessions. The union claimed that smaller-market clubs were in jeopardy because the clubs' past revenue-sharing arrangement depended heavily on national television revenues, which had declined after the negotiation of a new television deal in 1993, while local revenues had increased. The union suggested that the teams should more equitably share their national and local TV and radio revenues.

The Players Association, which originally had proposed that the current system be continued, presented an 11th-hour counterproposal that called for a "luxury tax" of 1.5 percent of the revenues of the 16 richest clubs, with funds to be distributed to the 10 poorest teams to create parity without cutting players' salaries through a salary cap.

When there was no movement on the proposal, the union, fearing that the owners would eventually declare that an impasse had been reached and unilaterally impose contract terms, decided to strike early in the 1994 season, while they still had leverage. With the strike beginning in mid-August, the union felt there would be enough time to reach an agreement, especially considering that some $5 million of $7.5 million in national television revenues would be on the line.

Sporadic meetings were held between August 24 and September 9, when talks broke off—initiating a 6-week lull in negotiations. On October 14, the 61st day of the strike, President Clinton appointed former Secretary of Labor William J. Usery as a special mediator to help resolve the dispute. Usery resumed negotiations on October 19, the first formal contract talks in 6 weeks, to discuss procedural rules for the sessions. Over the next 3 months, Usery held several informal and formal meetings, with the parties exchanging proposals and counterproposal without success.

On December 22, the owners declared that an impasse had been reached in negotiations and implemented the salary cap. Five days later, the players filed unfair labor practice charges against the owners with the National Labor Relations Board (NLRB), alleging, among other things, that the owners had not bargained in good faith. The owners filed countercharges, alleging that the union had "engaged in surface bargaining" and had otherwise "shown bad faith."

On January 27, 1995, President Clinton asked Usery to "intensify his mediation efforts." The President also gave the parties until February 7 to reach an agreement or face possible intervention by the Federal Government. After the President had extended the deadline by 22 hours, Usery presented a recommendation for a settlement of the then 6-month-old strike to the President. In turn, on February 8, the President asked Congress to grant him authority to establish a 3-member arbitration panel to recommend a binding settlement of the dispute. Congress gave the request a cool reception.

Negotiators met sporadically over the next few weeks, with little success. Usery reportedly was becoming frustrated because there were not enough joint negotiation sessions.

Ironically, the break in the dispute was to come not at the bargaining table, but from the NLRB General Counsel Fred Feinstein, who announced in mid-March that he would ask the NLRB members to issue a complaint against club owners accusing them of bad faith bargaining, and to go to court to seek an injunction restoring free agency, salary arbitration, and the antitrust provisions of the expired agreement, as a means of ending the strike.

On March 29, the union announced that players would end the strike and return to work if a Federal judge issued an injunction reinstating salary arbitration and free agency. One day later, owners formally adopted a plan to play the 1995 baseball season with players who would temporarily replace striking union members.

On March 31, at the behest of the NLRB, a Federal judge ordered owners to restore free agency, salary arbitration, and the antitrust provision of the expired contract. The owners sought a stay of the injunction, but a U.S. Court of Appeals denied it.

Prompted by these events, negotiators hammered out a back-to-work agreement on April 5, paving the way for the baseball season to start on April 26, with an abbreviated schedule of 144 games instead of the usual 162. To date, the parties have not been able to craft a formal settlement of the dispute.

Basketball. The 1994–95 round of bargaining created the first serious labor crisis in the National Basketball Association's (NBA) history. It involved a battle among players, a lockout of the players by the owners, and a decertification vote. The crisis also threatened to delay the opening of the basketball season.

The NBA's labor contract expired on July 1, 1994. Although an agreement had not been reached by that date, the parties agreed to play out the season and pledged not to use "self-help." The stalemate in negotiations resulted over one issue: How to divide ever-increasing revenues between owners and individual players.

After several months of negotiations, the National Basketball Players Association (NBPA), the union that represents basketball players, reached a tentative agreement with NBA club owners on June 21, 1995. The 6-year pact would have guaranteed players 57.5 percent of defined revenues, including suite revenues and broadcasting fees; increased the salary cap from $15.85 million to $23 million, but tightened it by
use of a so-called “luxury tax,” which would be triggered if the share of league revenues devoted to salaries exceeded 63 percent; allowed teams to exceed their salary caps to re-sign their own players; eliminated restricted free agency; and set a rookie salary scale, with 3-year contracts, based on the average salary for the last seven contracts for corresponding draft positions.

Although the deal was approved by club owners, it was opposed by a group of 17 dissident players, including Michael Jordan, Scottie Pippen, and Patrick Ewing, who reportedly were encouraged by several top-player agents who serve on a panel that advises the union. The dissident players reportedly felt that the agreement was too favorable to owners.

On June 21, the dissident players filed a petition asking the National Labor Relations Board to hold an election to decertify the NBPA, in an effort to undermine the settlement. Responding to the petition, on June 23, the union’s player representatives tabled the tentative agreement and voted to resume negotiations. Negotiators met for about 4 hours on June 29.

On July 1, immediately after the expiration of a no-strike, no-lockout agreement that the parties earlier had signed, team owners locked out the players. It was the first work stoppage in basketball—but the third in professional sports in 12 months. Contract talks resumed on July 10, but were quickly recessed. A major sticking point in the negotiations was the owners’ proposal for the luxury tax.

On July 31, the NLRB ordered that a decertification vote be held. Three days later, the NLRB sought a stay of a lawsuit filed on July 28 by the dissident players against the NBA, challenging the tentative agreement and claiming that the lockout was in violation of antitrust laws; the NLRB maintained that the suit could not go forward unless players voted to decertify the union.

Negotiations resumed on August 1, one day after the union announced that it would not oppose the decertification vote if an agreement were not reached by August 8. Contract talks broke off on the 3rd after the league had made several counterproposals to the players’ demand to abolish the luxury tax provision. Meetings resumed on August 8, when an agreement was reached.

On August 30, after months of debate and intense lobbying by the parties, players began two separate votes—balloting on decertification and the tentative agreement. Seven days later, the players finished voting on decertification. On September 12, the NLRB announced that the players had voted against decertification. A day later, player representatives approved the tentative agreement.

On September 15, club owners ended the 76-day lockout when they ratified the tentative agreement. Major terms of the 6-year pact:

- Minimum salaries will increase over the term of the contract from $150,000 to $362,000;
- The salary cap—the ceiling on teams’ payroll—will increase from $15.9 million to $23 million in the 1995–96 season, and to $32.5 million in the 2000-01 season, so long as league revenues increase by 8 percent and players’ salaries do not exceed a set percentage of revenues;
- Salary caps can be exceeded under certain conditions:
  —A team can re-sign a free agent regardless of its salary cap if the player has completed at least three seasons. After two seasons, a player can be re-signed for a 75-percent raise or the average league salary, whichever is greater;
  —Each team has a $1 million slot, which can be used every other year for one or two players if the team is over its salary cap; and
  —A team can replace an injured player with another player whose salary is no more than half that of the injured player;
- A rookie salary scale was established for first-round draft choices. The scale will be based on the average salaries received by first-round picks at each position over the last 7 years, with an allowance for an adjustment of 20 percent above or below the averages. Contracts for first-round draft choices must be 3 years in duration, after which the players would be free agents;
- Players will receive revenues from sources previously closed to them, including money from luxury suites, parking, concessions, international television rights, and advertising sign in arenas;
- Players’ salary increases cannot exceed 20 percent in renegotiations. Large “balloon” payments cannot be added to the end of contracts;
- Players’ salaries can not be reduced in renegotiations; and
- Effective in 1998, the college draft will be reduced to one round.

The settlement cleared the way for training camp to open on time on October 6, and the 1995–96 season to start as scheduled on November 3.

Apparel

Last year, the U.S. apparel industry continued to face shrinking demand and a glut of cheap foreign imports. Unions battled to keep jobs from going overseas as several manufacturers closed plants during the year. As a result, some unions negotiated contracts that included sourcing agreements that allowed employers to outsource a percentage of their production but forced them to use contractors who adhere to international labor standards. Globalization of the apparel industry also led to the merger of the industry’s two largest unions, the Amalgamated Clothing and Textile Workers (ACTWU) and the

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Ladies’ Garment Workers (ILGWU).

In May, the Clothing Manufacturers Association, a national multi-employer bargaining group, and the ACTWU signed a 3-year agreement covering some 35,000 workers involved in the manufacturing of men’s tailored clothing. Citing the difficulties facing the industry and apparel union members, ACTWU president Jack Sheinkman said, “We believe that this contract will help keep jobs here in America and assist in stabilizing unionized plants. As always, ACTWU is committed to strengthening domestic production and providing job security for our members.”

Like the 1993–95 agreement, the new pact addresses the globalization of the men’s tailored clothing industry. The contract increased allowable outsourcing from 10 percent to 15 percent imported production as a percent of total production effective October 1, 1995, to 20 percent effective October 1, 1996, and to 22 percent effective October 1, 1997. The agreement restricted member companies from using partners, contractors, or other sources that do not observe international labor standards, including those dealing with “living” wages and benefits, reasonable working hours, freedom of association, and the right to organize or join a union, to bargain collectively, and to strike. Member companies also were barred from contracting with companies that employ child labor or forced or compulsory labor, engage in discriminatory practices, or fail to provide a safe and healthy work environment.

Other terms called for annual wage increases of 20 cents an hour, and continued the employer option to pay into a jointly controlled 401(k) plan for workers’ retirement or to pay bonuses to workers. (See Monthly Labor Review, July 1995, p. 73, for additional details of the settlement.)

In another development, the ILGWU and the ACTWU announced in June that they had agreed to merge to form the International Union of Needletrades, Industrial and Textile Employees (UNITE). Together the ILGWU and the ACTWU have 350,000 members in the United States, Canada, and Puerto Rico. UNITE, which will be based in New York City, will be headed by Jay Mazur, current president of the ILGWU. Arthur Loewy, secretary-treasurer of the ACTWU, will serve in that position in the new union.

The ACTWU and the ILGWU, which historically have been among the most politically active organizations in the American labor movement, have lost substantial membership in the last 20 years. Jack Sheinkman, who is retiring as president of the ACTWU, said that the unions could survive as separate entities, but had decided to merge in the face of what they believe to be a politically unfavorable climate.

Union affairs

AFL-CIO leadership changes. On August 1, the AFL-CIO Executive Council elected Thomas R. Donahue as president of the 78-member federation of national and international unions to serve out the remainder of the term of Lane Kirkland, who retired that day. The change of leadership took place because of pressure from leaders of some 20 unions representing 53 percent of the AFL-CIO’s 13.3 million members. Barbara Easterling, a Donahue supporter, was elected to fill the secretary-treasurer’s position vacated by Donahue. This set the stage in October for the first contested election for top positions at the Federation since it was founded in 1955.

In the October elections held at the AFL-CIO convention, the Donahue slate was defeated by a ticket headed by John J. Sweeney of the Service Employees International Union. Convention delegates elected Sweeney president of the AFL-CIO. Richard L. Trumka, president of the United Mine Workers, was elected secretary-treasurer. Linda Chavez-Thompson, another Sweeney ally, was elected to the newly established position of executive vice-president. Convention delegates also increased the number of members of the Federation’s policymaking Executive Council from 35 to 53, with 10 seats set aside for women and minorities.

Merger of industrial unions. In another development, the presidents of the Nation’s three largest industrial unions—the United Automobile Workers (UAW), the United Steelworkers of America (USWA), and the International Association of Machinists (IAM)—signed a “unity declaration” that commits the labor organizations to merge by 2001, subject to approval by their members. The unification would take place in stages; the unions will begin to coordinate membership service activities, such as lobbying, organizing, collective bargaining, legal procedures, communication, education, and training. While labor analysts agree that the merger can strengthen the unions’ bargaining and financial clout, they also agree that the unions face numerous problems in completing the unification.

The merger would create a behemoth—the largest union in the AFL-CIO—with nearly 2 million members in the United States and Canada. The UAW currently has a membership of about 771,000; the USA, 615,000; and the IAM, 474,000.

In a prepared statement, the union leaders said they were merging “[t]o better win a secure and prosperous future for working men and women in the global economy of the twenty-first century.” They also disputed the contention that unions have outlived their usefulness in today’s world. In their unity declaration, the unions said: “Left solely to their own devices, profit-driven multinational corporations and the governments subservient to them can neither be trusted nor expected to look out for the well-being of their workers or the welfare of the societies in which they operate. Without the countervailing power that only organized labor can achieve, the economic freedom and political democracy that are the
foundation of the good life we have come to enjoy are in serious peril." They concluded, "...our enduring vision of a world of dignity, security and prosperity for the many—not just the few—requires nothing less than that we create a new union for a new era."

Other changes. Other organizational changes during the year included the following mergers:

- The 98,000-member United Rubber Workers, the 3,400-member Amoco Employees Independent Federation, and the 300-member Independent Transportation Workers Union with the United Steelworkers;
- The 30,000-member Newspaper Guild with the Communications Workers;
- The 13,000-member Distillery, Wine and Allied Workers and the 15,000-member United Textile Workers with the Food and Commercial Workers; and
- The 3,800-member Independent Association of Continental Pilots with the Air Line Pilots Association.

In addition, in February, the AFL-CIO Executive Council agreed that the National Marine Engineers’ Beneficial Association would become two separate unions: the Marine Engineers’ Beneficial Association and the National Maritime Union; and the California Nurses Association disaffiliated from the American Nurses Association (Ind.).

Other leadership changes during the year:

- Stephen P. Yokich succeeded Owen Bieber as president of the United Automobile Workers;
- Charles L. Little defeated incumbent G. Thomas DuBose in an election for the presidency of the United Transportation Union;
- Robert E. Estep, Jr., succeeded Louis Jasmine as president of the National Federation of Federal Employees;
- Hermes Ruiz succeeded Miles Nekolny as president of the Novelty and Production Workers;
- Douglas McCarron succeeded Sigurd Lucassen as president of the United Brotherhood of Carpenters;
- Linda Foley succeeded Charles Dale as president of the Newspaper Guild;
- Cecil E. Roberts succeeded Richard L. Trumka as president of the United Mine Workers; and
- Richard W. Cordtz succeeded John J. Sweeney as president of the Service Employees.

Presidential Commission report. The Commission on the Future of Worker-Management Relations, commonly referred to as the Dunlop Commission, issued its final report and recommendations in 1995. (See Monthly Labor Review, August 1994, pp. 61–62.) The report included 15 specific recommendations, which the panel said would lead to more cooperative and productive workplace relations and give workers and managers the tools and flexibility they need to improve workplace performance. The specific recommendations were included under three major topics: New methods or institutions to enhance workplace productivity; changes in collective bargaining to enhance cooperation and reduce conflict and delay; and the parties’ responsibility in resolving workplace problems.

In the area of new methods or institutions to enhance workplace productivity, the Commission noted that employee participation and labor-management partnerships are good for workers, firms, and the national economy. Their expansion and growth, the panel said, required removing legal uncertainties affecting some forms of employee participation while safeguarding and strengthening employees’ rights to choose whether they wish to be represented by a union or professional organization. To accomplish this, the panel recommended: Clarifying Section 8(a)(2) of the National Labor Relations Act (NLRA) and its interpretation by the National Labor Relations Board (NLRB) to ensure that employee (non-union) participation programs are not found to be unlawful simply because they involve decisions of “terms and conditions” of work or compensation, so long as such discussions are incidental to the broad purposes of these programs. At the same time, the Commission said, the law should continue to make it illegal to establish or operate company-dominated unions. The panel also recommended updating the definition of “supervisor” and “manager” under the NLRA to ensure that only those persons with full supervisory or managerial authority and responsibility are excluded from coverage of the law. And, finally, the panel urged the reaffirmation and extension of protections of individuals against discrimination for participating in employee involvement programs and for joining or drawing on the services of an outside labor or professional organization.

The Commission said that the evidence presented to it demonstrated that current labor law was not encouraging collective bargaining or protecting workers’ rights to choose whether or not to be represented by a union. In light of this finding, the panel recommended four changes in collective bargaining procedures to enhance cooperation and reduce conflict and delay: Expedite representation elections after the NLRB determines that an election should be held; give the NLRB statutory authority to obtain prompt injunctions to remedy discriminatory actions against employees that occur during an organizing campaign or negotiations for a first contract; assist employers and newly certified unions in achieving first contracts through an upgraded dispute resolution system that provides for mediation and empowers a tripartite advisory board to use a variety of options to settle unresolved disputes ranging from self-help to binding arbitration; and
encourage railroad and airline management representatives—whose bargaining is covered under the Railway Labor Act and not the NLRA—to seek their own solutions for improving the performance of collective bargaining in their industries.

The Commission noted that it is increasingly important that the parties to collective bargaining solve their workplace problems peacefully. It endorsed developing high quality alternative dispute resolution systems to promote fair, speedy, and efficient resolution of workplace disputes; experimenting with workplace self-regulation procedures; and protecting the employment rights and standards of contingent workers. To achieve these aims, the Commission recommended that: Regulatory agencies expand the use of negotiated rule making, mediation, and alternative dispute resolution procedures for resolving cases; the parties voluntarily use high quality private dispute resolution systems; individual regulatory agencies develop guidelines for internal responsibility systems that would allow workplace participants to apply regulations to their circumstances; the parties develop safety and health programs that provide for employee participation; a single definition of both "employer" and "employee" be adopted for all workplace laws based on the economic realities of the employment relationship; a National Forum on the Workplace be created to continue discussing workplace issues and public policies; and improvements be made in the database for policy analysis of workplace developments, evaluation of labor-management experiments in the private sector, and the assessment of the economic conditions of contingent workers.

In another development, President Clinton issued an executive order on March 8, barring Federal agencies from contracting with employers who permanently replace lawfully striking employees: "In order to operate as effectively as possible, by receiving timely goods and quality services, the Federal Government must assist the entities with which it has contractual relations to develop stable relationships with their employees. An important aspect of a stable collective bargaining relationship is the balance between allowing businesses to operate during a strike and preserving worker rights. The balance is disrupted when permanent replacement employees are hired."