

REMARKS PREPARED FOR  
KAY McMURRAY  
DIRECTOR

*File  
Barrett*

FEDERAL MEDIATION AND CONCILIATION SERVICE

AN OVERVIEW OF COLLECTIVE BARGAINING:1987

SIXTH ANNUAL

COLLECTIVE BARGAINING CONFERENCE

JOINTLY SPONSORED BY THE

INLAND EMPIRE CHAPTER

INDUSTRIAL RELATIONS RESEARCH ASSOCIATION

AND THE

FEDERAL MEDIATION AND CONCILIATION SERVICE

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RIDPATH HOTEL

SPOKANE, WASHINGTON

## INTRODUCTION

THANK YOU FOR THE KIND INTRODUCTION.  
FOR A NUMBER OF REASONS, I AM DELIGHTED TO  
BE HERE WITH YOU AT THIS CONFERENCE. FIRST,  
IT PROVIDES ME WITH AN OPPORTUNITY TO VISIT  
AGAIN WITH OUR MEDIATORS IN THIS PART OF  
THE COUNTRY, WITH NORM LEE AND OTHERS,  
WHO CONTINUE TO DO AN OUTSTANDING JOB  
FOR YOU AND FOR THE SERVICE.

A WELCOME  
INVITATION:  
(1) VISIT  
WITH MEDIATORS

(2) RETURN WEST

SECOND, AN INVITATION TO SPEAK AT AN  
IMPORTANT GATHERING OF PRACTITIONERS  
IN THIS PART OF THE COUNTRY IS ALWAYS  
RECEIVED WITH A SPECIAL WELCOME IN MY  
OFFICE. I'M NOT SURE IF THAT IS BECAUSE  
MY STAFF KNOWS I'LL BE AWAY FOR A BIT  
LONGER OR BECAUSE THEY UNDERSTAND MY REAL  
DELIGHT IN GETTING WEST OF THE ROCKIES.  
WHATEVER THEIR REASONS, I KNOW I'M  
GLAD TO BE HERE.

CHANCE TO  
BE WITH  
PRACTITIONERS

MY THIRD AND MOST IMPORTANT REASON,  
OF COURSE, IS THE OPPORTUNITY YOUR  
INVITATION PROVIDES TO SPEND SOME TIME  
WITH PEOPLE WHO ARE WORKING AT COLLECTIVE  
BARGAINING AND INDUSTRIAL RELATIONS.

CONGRATULATIONS  
TO IRRA FOR  
HOLDING THE  
CONFERENCE

MY CONGRATULATIONS TO THE IRRA AND TO ALL OF YOU LABOR AND MANAGEMENT LEADERS WHO DEMONSTRATE A GREAT DEAL OF WISDOM AND CONCERN FOR THE PROCESS BY SPONSORING THIS FORM OF MEETING. IT BRINGS US ALL TOGETHER TO SHARE IDEAS AND TO BECOME BETTER ACQUAINTED WITH ONE ANOTHER. THOSE ARE INGREDIENTS FOR SUCCESS.

NOW LET'S TALK ABOUT COLLECTIVE BARGAINING.

EVERY ONCE IN A WHILE, IT'S NECESSARY, IN ANY ACTIVITY, TO STOP, STEP BACK AND TO TRY AND GET WHAT YOU ARE DOING INTO SOME PERSPECTIVE. WE ARE ALL AWARE THAT LABOR RELATIONS HAVE BECOME COMPLEX. AND I THINK IT'S PAST THE TIME TO ASSESS WHERE WE HAVE TAKEN THE PROCESS AND WHERE WE ARE TAKING IT IN THE FUTURE.

STEP BACK  
TO GET  
PERSPECTIVE  
ON CURRENT  
BARGAINING

WHERE WE ARE  
TAKING IT

BARGAINING  
HAS SERVED  
US WELL

SYSTEM IS  
ENVY OF  
OTHER  
COUNTRIES

DEMOCRACY  
IS BEST  
FORM OF  
GOVERNMENT  
AVAILABLE

IN SPITE OF ITS FAULTS, THE PROCESS OF COLLECTIVE BARGAINING HAS SERVED THE INDUSTRIAL RELATIONS NEEDS OF LABOR AND MANAGEMENT QUITE WELL. TO ARRIVE AT THAT CONCLUSION, WE NEED ONLY TO COMPARE WHAT WE HAVE DONE AND CONTINUE TO DO IN THE UNITED STATES WITH WHAT IS HAPPENING IN THESE SAME AREAS IN OTHER COUNTRIES. THE AMERICAN COLLECTIVE BARGAINING PROCESS, CONTAINING SO MANY OF OUR AMERICAN RIGHTS AND VALUES, IS THE ENVY OF PRACTITIONERS THE WORLD OVER. WITH ALL ITS FAULTS, IT IS THE MODEL FOR OTHER SYSTEMS AND A GOAL FOR OTHER PRACTITIONERS.

WINSTON CHURCHILL ONCE SAID SOMETHING ABOUT DEMOCRACY BEING A POOR FORM OF GOVERNMENT, BUT IT'S BETTER THAN ANYTHING ELSE AVAILABLE. I THINK THE SAME THING COULD BE SAID ABOUT COLLECTIVE BARGAINING.

BARGAINING  
IS A MEANS  
OF DEALING  
WITH HUMAN  
PROBLEMS

I HAVE HEARD IT SAID THAT SOME ECONOMIC POLICY MAKERS ARE NOT TOO IMPRESSED WITH COLLECTIVE BARGAINING. THEY VIEW IT AS A HINDRANCE TO ECONOMIC GROWTH. THEY SAY THAT THE EXISTENCE OF COLLECTIVE BARGAINING INTERFERES WITH THE FREEDOM OF THE MANAGER TO DIRECT THE FIRM TO MAXIMUM ADVANTAGE. THAT MAY BE VERY TRUE IN THE ABSTRACT WORLD OF ECONOMIC THEORY. THE FACT IS THAT WE LIVE HUMAN LIVES AND THERE ARE HUMAN DIMENSIONS WHICH MUST BE DEALT WITH IN WHAT IS ULTIMATELY A HUMAN ENDEAVOR. COLLECTIVE BARGAINING, TO MY MIND, REMAINS A TRIED AND TRUE WAY FOR INCLUDING AND BALANCING THE VARIOUS CONCERNS OF LABOR AND MANAGEMENT IN THE WORK PLACE.

WE HAVE ALL HEARD REPORTS THAT THE INDUSTRIAL RELATIONS SYSTEM IS IN DECLINE. WE HAVE HEARD THAT THE UNIONS ARE LOSING THEIR STRENGTH; THAT COLLECTIVE BARGAINING IS OBSOLETE AND THAT ITS PLACE WILL BE TAKEN BY ENLIGHTENED APPROACHES MORE SUITED TO THE NEEDS OF THOSE WHO WORK AND THOSE WHO MANAGE.

BARGAINING SAID TO BE OBSOLETE

FRANKLY, I AM NOT SO SURE THAT'S THE WAY IT WILL GO. WHAT I AM SURE OF IS THAT ANY NEW RELATIONSHIPS OR NEW APPROACHES BEING BUILT UPON THE INDUSTRIAL RELATIONS SYSTEM IN A GIVEN WORK PLACE WILL BE PRODUCTIVE SO LONG AS THE RELATIONSHIPS OF THE PARTIES ARE SOUND. YOU CAN'T BUILD NEW STRUCTURES ON SHIFTING SANDS. THE COLLECTIVE BARGAINING SYSTEM WE HAVE WAS NOT DEVELOPED BY MEDIATORS OR LAWYERS OR ACADEMICS OR CONSULTANTS. IT WAS DEVELOPED BY THE PARTIES WHO NEEDED A PRACTICAL AND WORKABLE MECHANISM TO DEAL WITH PROBLEMS OF WAGES AND HOURS AND WORKING CONDITIONS WHICH WOULD MEET THEIR NEEDS. WHAT THEY DEVELOPED WAS A SIMPLE BUT EFFECTIVE SYSTEM. AND IT HAS WORKED FOR THEM AND FOR US. THE POINT TO REMEMBER IS THAT IT WAS THE PARTIES,

ANY NEW APPROACH REQUIRES SOUND BASIS

BARGAINING INVENTED BY THE PARTIES

SEPARATELY AND TOGETHER, WHO CAME UP WITH THE DEVICE LONG BEFORE ANYONE THOUGHT TO NAME IT "COLLECTIVE BARGAINING."

AND THE OTHER IMPORTANT PART OF THAT POINT IS THAT THE PROCESS THEY DEVELOPED WAS ESSENTIALLY SIMPLE. IT WAS NOT COMPLICATED, IT WAS NOT A PARTICULAR RESPONSE TO A SPECIAL NEED. IT WAS SIMPLE, IT WAS WIDELY APPLICABLE AND IT WAS CAPABLE OF USE BY THE PARTIES THEMSELVES.

BARGAINING  
IS A SIMPLE  
PROCESS AND  
THEREFORE  
ADAPTABLE

FURTHER, THAT SIMPLE MODEL FOR LABOR MANAGEMENT NEGOTIATIONS COULD BE ADAPTED TO DEAL WITH NEW ISSUES AND NEW PROBLEMS.

LOOK AT WHAT HAS HAPPENED. OVER THE YEARS, WE HAVE SEEN MORE AND MORE PLACED ON THE TABLE TO BE A SUBJECT OF COLLECTIVE BARGAINING. COMPARE THE SIZE OF CONTRACTS OF THE THIRTIES AND THOSE WE HAVE TODAY. THAT'S ONE MEASURE OF THE INCREASED VALUE OF THE PROCESS. LOOK AT THE KINDS OF ISSUES AND THEIR COMPLEXITY FOR ANOTHER MEASURE. LOOK AT THE LABOR LAWS PROTECTING AND GOVERNING COLLECTIVE BARGAINING AND WE HAVE ANOTHER DEMONSTRATION OF THE VALUE OF THE PROCESS NOT ONLY TO THE PARTIES BUT TO THE NATION ITSELF.

AND YET, COLLECTIVE BARGAINING, AS IT IS PRACTICED, REMAINS THE SIMPLE AND USEFUL TOOL IT WAS ORIGINALLY INTENDED TO BE. IT IS TRUE THAT WE HAVE THE VERY LARGE AND COMPLICATED BARGAINING SITUATIONS WHICH CROWD THE HEADLINES. YET, THE VAST MAJORITY OF BARGAINING IS DONE BY SMALLER EMPLOYERS AND SMALLER UNIONS. THE SIMPLE PROCESS THEY USE HAS BEEN EXPANDED SIMPLY BECAUSE THE ISSUES THEY ARE ADDRESSING IN BARGAINING BECAME COMPLEX. IN SPITE, OF THAT, THAT PROCESS HAS REMAINED AS USEFUL AS IT EVER WAS.

MY POINT IS THAT IF BARGAINING IS TO SURVIVE AS AN IRREPLACEABLE TOOL IN THE HANDS OF LABOR AND MANAGEMENT, THE PARTIES MUST RETURN TO THE TABLE WITH A RENEWED COMMITMENT TO DEAL WITH THEIR PROBLEMS AND DIFFICULTIES THROUGH COLLECTIVE NEGOTIATIONS. THAT MEANS THAT THEY WILL HAVE TO BEGIN AGAIN TO UNDERSTAND THEIR MUTUAL PROBLEMS AND DEAL WITH THEM AS ISSUES THROUGH NEGOTIATIONS. HAD THEY DEALT WITH THE OBVIOUS PROBLEMS IN PENSIONS, OF WHICH THE PARTIES HAVE BEEN MOST AWARE, WE MIGHT NOT NOW HAVE AN ERISA LAW; HAD THE PARTIES DEALT ADEQUATELY WITH HEALTH AND SAFETY ISSUES, WE MIGHT NOT NOW HAVE

SURVIVAL  
OF COLLECTIVE  
BARGAINING  
REQUIRES  
RENEWED  
UNDERSTANDING  
AND DEDICATION



OSHA LAWS; IF THE PARTIES ADEQUATELY USED COLLECTIVE BARGAINING IN DEALING THEMSELVES WITH GRIEVANCE MATTERS, WE MIGHT NOT HAVE AN OVER UTILIZED ARBITRATION SYSTEM.

AS MEDIATORS, WE HAVE A SERVICE ADDAGE, THAT IS: "THE PROCESS BELONGS TO THE PARTIES." THAT MOTTO GOES A LONG WAY IN KEEPING A MEDIATOR ON TRACK. SOMETIMES, THE PARTIES ASK MEDIATORS TO DO SOMETHING WHICH BREACHES THAT PRINCIPLE. IT IS IMPORTANT THAT, AS MEDIATORS, WE KEEP THAT PRINCIPLE IN MIND AS A GUIDE TO WHAT WE CAN AND WHAT WE CANNOT DO IN ASSISTING THE PARTIES AT THE BARGINING TABLE.

PROCESS  
BELONGS  
TO THE  
PARTIES

BUT IT IS MORE IMPORTANT, INDEED VITAL, THAT THE PARTIES KEEP THAT PRINCIPLE IN MIND THEMSELVES. THEY MUST BE VIGILANT TO SEE THAT THEY PRESERVE THE PROCESS AS THEIR OWN MECHANISM. IT IS THEIR INSTRUMENT FOR MUTUALLY DEVELOPING ANSWERS TO PROBLEMS WHICH THEY CAN LIVE WITH AND ADMINISTER. IT SHOULD BE THE YARDSTICK THEY USE TO MEASURE JUST HOW FAR CONSULTANTS AND ATTORNEYS AND EVEN MEDIATORS ARE ALLOWED TO ASSIST IN COLLECTIVE BARGAINING. IT WOULD BE THE GREATEST

DISSERVICE TO BARGAINING AND THOSE THE PROCESS SERVES TO HAVE ANYONE OTHER THAN THE PARTIES BECOME SO MUCH A PART OF THE BARGAINING SCENE THAT NOTHING CAN BE DONE WITHOUT THEM. EXPERTS ARE LIKE SOME PLANTS, USEFUL IN CERTAIN SITUATIONS BUT NECESSARY TO KEEP LIMITED AND UNDER CONTROL.

SO, I AM ARGUING FOR A RETURN TO THE SIMPLE DAYS OF YESTERYEAR. THAT IS NOT A FUNCTION OF NOSTALGIA; IT IS A FUNCTION OF NECESSITY. THE COLLECTIVE BARGAINING PROCESS SHOULD INVOLVE REPRESENTATIVES OF BOTH SIDES WHO HAVE A VITAL INTEREST IN THE OUTCOME, AND WHO COME TO THE TABLE FULLY PREPARED TO NEGOTIATE. THAT MEANS INFORMED PREPARATION; THAT MEANS VESTED INTEREST IN THE OUTCOME; THAT MEANS UNDERSTANDING AND RESPECT FOR THE OTHER SIDE, THAT MEANS BARGAINING SKILLS, AND THAT MEANS A WILLINGNESS TO NEGOTIATE.

BARGAINING  
REQUIRES  
DEDICATION  
AND A  
WILLINGNESS  
TO USE THE  
PROCESS

LET'S LOOK AT WHAT IS HAPPENING IN COLLECTIVE BARGAINING TODAY.

WHILE THE LIST OF MAJOR NEGOTIATIONS APPEARS IMPRESSIVE FOR 1987, THIS YEAR IS ACTUALLY A LIGHT YEAR IN RELATION TO THE LAST TWO BARGAINING YEARS.

THE POSTAL SYSTEM AND THE AUTO INDUSTRY HEAD THE LIST FOR 1987 WITH NEGOTIATIONS COVERING OVER ONE MILLION WORKERS BETWEEN THEM. GM AND FORD WILL MEET THE UAW WHICH REPRESENTS HALF THOSE PEOPLE. THAT WILL BE FOLLOWED IN OCTOBER WITH THE EXPIRATION OF MAJOR CONTRACTS IN AGRICULTURAL EQUIPMENT (NAVISTAR) AND TRUCK MANUFACTURING (MACK). IN JULY, THE TEAMSTERS AND UNITED PARCEL WILL BARGAIN OVER A NEW CONTRACT FOR MORE THAN 100,000 PEOPLE.

WHILE WE SPEAK OF THESE AS 1987 NEGOTIATIONS, THE TEMPO OF THESE DISCUSIONS WON'T BEGIN UNTIL JUST ABOUT NOW WITH SUCH NEGOTIATIONS AS MARITIME. SHIP BUILDING IS ALREADY EXPERIENCING WORK STOPPAGES. THE STEELWORKERS MEET THEIR COUNTERPARTS AT NEWPORT NEWS OVER TERMS FOR 18,000 IN MAY.

1987: LIGHT  
BARGAINING  
YEAR

LATER THIS  
YEAR,  
POSTAL,  
AUTO,  
CONSTRUCTION,  
MARITIME  
INDUSTRIES  
AEROSPACE  
HEALTH CARE,  
AIRLINE,  
FOOD,  
PAPER,  
PUBLIC SECTOR

OTHER MAJOR CONTRACTS EXPIRING THIS YEAR INCLUDE CONSTRUCTION, AEROSPACE, AIRLINE, APPAREL, FOOD, HEALTH CARE SERVICES, PAPER AND OTHERS. IN THE PUBLIC SECTOR, THERE WILL BE HEAVY NEGOTIATIONS THIS YEAR, PARTICULARLY FOR TEACHERS.

THESE ARE SOME OF THE NEGOTIATIONS WHICH WILL HIT THE FRONT PAGES. EVERY BIT AS IMPORTANT IS THE BARGAINING WHICH WILL INVOLVE THOUSANDS OF OTHER EMPLOYERS AND UNIONS. THEY ARE MUCH SMALLER IN TERMS OF NUMBERS OF PEOPLE REPRESENTED AND LESSER IN TERMS OF POTENTIAL NATIONAL IMPACT BUT EQUALLY IMPORTANT IN TERMS OF JOBS AND COMPETITIVENESS, EQUALLY IMPORTANT IN USE OF THE BARGAINING PROCESS.

THOUSANDS  
OF SMALLER  
NEGOTIATIONS

THAT'S THE LAY OF THE LAND IN BARGAINING IN 1987. THAT DOES NOT BEGIN TO DESCRIBE THE CURRENT CONDITIONS OF BARGAINING.

CONDITION OF  
BARGAINING;  
SHRINKING  
UNIONS

COLLECTIVE BARGAINING HAS TAKEN A DIFFERENT TURN IN RECENT YEARS. THE UNIONIZED PORTION OF THE WORK FORCE HAS DECLINED IN TERMS OF PERCENTAGE AS A RESULT OF SHRINKING NUMBERS IN THE TRADITIONALLY UNIONIZED SECTORS AND INCREASES IN THE YET UNORGANIZED WORK FORCE. IT'S INTERESTING TO NOTE THAT WHILE THE PERCENTAGE IS GOING DOWN, THE ACTUAL NUMBER OF UNIONIZED WORKERS HAS NOT DECLINED SINCE 1985, HOVERING AROUND SEVENTEEN MILLION.

PERHAPS MORE IMPORTANT, BARGAINING HAS EXPERIENCED A SHIFT IN INITIATIVE DURING THE LAST DECADE. MANAGEMENT IS MAKING THE MAJOR DEMANDS AND THE UNIONS HAVE BEEN MAKING IMPORTANT CONCESSIONS.

ALL OF THIS HAS LEAD TO THE DEBATE OVER THE PERMANENCY OF THE RECENT CHANGES AND POSSIBLE DECLINE IN THE USE OF COLLECTIVE BARGAINING. I'LL HAVE SOMETHING MORE TO SAY ABOUT THAT IN A FEW MINUTES.

SHIFT IN  
BARGAINING  
INITIATIVE

CONCESSION  
BARGAINING

STARTED  
WITH  
CHRYSLER-  
UAW IN '79

ONE OF THE MOST STRIKING CHARACTERISTICS OF OUR RECENT EXPERIENCE IS THAT OF CONCESSION BARGAINING. IF MEMORY SERVES ME, CONCESSIONS FIRST APPEARED AS PART OF THE CHRYSLER - UAW NEGOTIATIONS IN 1979. THE COMPANY HAD EXPERIENCED SOME MAJOR SET BACKS AND DEMANDED A TWO YEAR FREEZE ON WAGES TO HELP AVOID BANKRUPTCY. THE UAW, HAVING EXPERIENCED MAJOR LAYOFFS AT CHRYSLER, AGREED TO THE CONCESSIONS, PASSING UP THE ANNUAL IMPROVEMENT AND COST OF LIVING INCREASES, ACCEPTING LOWER PENSION GAINS THAN HAD BEEN WON AT GM AND FORD THAT YEAR AND CONCEDING A NUMBER OF PAID HOLIDAYS. THESE CONCESSIONS AMOUNTED TO ABOUT \$2.50 AN HOUR. THE UNION AGREED TO THE CONCESSIONS IN RECOGNITION OF THE COMPANY'S DIFFICULTIES AT THE TIME. THE COMPANY OFFSET THESE CONCESSIONS BY AGREEING TO PROFIT SHARING AND STOCK OWNERSHIP KEYED TO INCREASED PROFITS, EQUAL COMEPENSATION TREATMENT FOR NON-UNION EMPLOYEES, A VOICE FOR THE UNION IN MANAGEMENT AND SPECIAL INVESTMENTS OF THE PENSION FUNDS.

WHAT WAS AN EXTRAORDINARY EXCEPTION QUICKLY BECAME A PATTERN. FIRST THE OTHER AUTO COMPANIES AND THEN OTHERS TOOK UP THE PRACTICE OF CONCESSIONARY DEMANDS. THAT TREND HAS CONTINUED UNTIL TODAY. IN SOME CASES, COMPANIES ARE BACK TO THE TABLE WITH SECOND AND EVEN THIRD ROUND CONCESSION DEMANDS.

EXCEPTION  
BECAME  
A PATTERN

I CAN'T RECALL WHEN COMPANIES HAVE HAD THE CONCERNS THEY HAVE TODAY ABOUT COMPETITION, PROFIT LEVELS OR PRODUCTIVITY. THEY ARE ARGUING FOR WORK FORCE REDUCTIONS AND OTHER MEASURES THEY NEED FOR SURVIVAL. THEY HAVE EXPRESSED THESE CONCERNS IN THE FORMS OF DEMANDS FOR WAGE FREEZES AND CUT BACKS; IN ONE CASE MOVING WAGE LEVELS OF 12-13 DOLLARS AN HOUR OF A FEW YEARS AGO TO CURRENT RATES OF 6 TO 7 DOLLARS AN HOUR.

COMPANIES  
ARE  
CONCERNED  
ABOUT  
SURVIVAL

AND IN MOST CASES, THE UNIONS HAVE GONE ALONG, RELUCTANTLY, WITH THESE DEMANDS. WHERE MANagements AND UNIONS HAVE HAD GOOD RELATIONSHIPS, AND WHERE MANagements HAVE BEEN WILLING TO SHARE INFORMATION AND MAKE A REAL EFFORT TO CONVINCe THE UNIONS OF THE NEEDS FOR CUT BACKS, A DEAL HAS BEEN WORKED OUT.

BASED ON  
UNDERSTANDING  
OF THE PROBLEM

THAT DOES NOT MEAN THAT EVEN THE MOST REASONABLE CONCESSIONS HAVE BEEN WON EASILY. AS MEDIATORS, WE ARE WITNESSES TO THESE NEGOTIATIONS. I MUST TELL YOU THAT THEY REPRESENT SOME HARD BARGAINING. THE UNIONS ARE WILLING TO UNDERSTAND THE ECONOMIC FACTS OF LIFE BUT THEY ARE NOT BACKING DOWN QUICKLY OR EASILY. THEY HAVE TO BE CONVINCED OF THE NEEDS EXPRESSED AT THE TABLE. TOO, THEY HAVE COUNTER-DEMANDS OF THEIR OWN IN THE AREAS OF ASSURANCES OF WAGE RESTORATION AND JOB SECURITY AND RE-TRAINING, TO MENTION A FEW.

UNION RESISTANCE OCCURS IN PART BECAUSE SOME FIRMS ARE VIEWING CONCESSION BARGAINING AS SOMETHING TO WHICH THEY HAVE A RIGHT EVEN THOUGH THEY MAY HAVE LITTLE OR NO JUSTIFICATION ON THEIR PROFIT AND LOSS STATEMENT. WITH INCREASING FREQUENCY, UNFOUNDED CONCESSION DEMANDS ARE RESULTING IN VERY STRONG UNION RESISTANCE AND EVEN WORK STOPPAGES.

SOME  
CONCESSION  
DEMANDS  
MEETING  
RESISTANCE  
BECAUSE  
LITTLE  
JUSTIFICATION



IN AUTO, WHERE THE PROFIT PICTURE HAS AGAIN TURNED AROUND, WE HAVE WITNESSED A SERIES OF RE-NEGOTIATIONS IN RECENT YEARS, EVEN A SIX DAY SELECTIVE STRIKE, RESULTING IN AGREEMENTS WHICH PROVIDE NO CONCESSIONS, A RETURN TO PRE-1979 FORMULA BARGAINING, RESTORATION OF COLA AND OTHER RECAPTURED BENEFITS. THE AUTO EXPERIENCE MAY NOT BE SETTING A PATTERN FOR THE REST OF AMERICAN INDUSTRY AS YET BUT IT IS AN INTERESTING DEVELOPMENT IN LIGHT OF PREDICTION THAT CONCESSIONS ARE A PERMANENT TREND.

AUTO HAS SINCE  
TURNED AROUND:  
NO CONCESSIONS,  
RESTORATION OF  
COLA  
OTHER BENEFITS

SUMMARY:

TO SUMMARIZE SOME OF THIS:

- WE HAVE HAD AND CONTINUE TO HAVE CONCESSIONS IN WAGES AND CONDITIONS OF EMPLOYMENT

- CONCESSIONS, EVEN THOSE WITH CLEAR JUSTIFICATION, RESULT IN HARD BARGAINING

- CONCESSIONS ARE BALANCED BY UNION DEMANDS AND GAINS IN JOB SECURITY, RESTORATION OF WAGES, INCOME SECURITY AND OTHER ISSUES

- IN SOME CASES, A RESTORATION OF ECONOMIC VIABILITY IS ACCOMPANIED BY A RETURN TO TRADITIONAL BARGAINING

BOTTOM  
LINE:  
ALL THIS  
HAS BEEN  
DONE IN  
BARGAINING

THE BOTTOM LINE IS THAT ALL OF THESE SHIFTS, ALL THESE ACCOMMODATIONS HAVE OCCURRED THROUGH COLLECTIVE BARGAINING. CONCESSIONS ARE NOT SPELLING THE END OF BARGAINING. RATHER, CONCESSIONS WERE GAINED, ALONG WITH THE UNION COUNTER-DEMANDS, THROUGH BARGAINING.

THINK FOR A MOMENT WHAT MIGHT HAVE HAPPENED, GIVEN THE ECONOMIC PRESSURES ON THE COMPANIES, HAD THE MECHANISM OF COLLECTIVE BARGAINING NOT BEEN THERE. WHILE THE RESULTS MAY NOT BE THE SAME AS THEY HAVE BEEN IN THE PAST, IT IS BARGAINING WHICH HAS PROVIDED THE MECHANISM FOR THE PARTIES TO ADDRESS AND RESPOND TO THEIR MUTUAL PROBLEMS. HOWEVER BITTER THE PILL, THE ILLNESS MIGHT BE WORSE HAD IT NOT BEEN FOR THE FLEXIBLE AND DURABLE PROCESS OF BARGAINING.

TWO TIER  
PAY SYSTEMS

THERE ARE TWO OTHER DEVELOPMENTS IN PAY PRACTICES WHICH BEAR SOME EXAMINATION. TWO TIER PAY SYSTEMS HAVE BEEN FREQUENTLY USED IN THE LAST SEVERAL YEARS. NEGOTIATED IN THE FOOD INDUSTRY SINCE THE 1970'S, THEY HAVE

BEEN USED RECENTLY IN TRUCKING, AEROSPACE, AIRLINES AND IN EVEN IN SOME FEDERAL SECTOR NEGOTIATIONS, AMONG OTHERS. THE ATTRACTION OF TWO TIER IS THE MANAGEMENT NEED FOR LOWER WAGE COSTS WHICH COULD BE MET BY NEW HIRES WHILE CURRENT WORKERS COULD RETAIN THEIR WAGE LEVELS. IN SOME ARRANGEMENTS, THE LOWER RATES WOULD REACH FULL RATES LATER, WHILE OTHER CONTRACTS HAVE HAD NO SUCH PROVISION. SOME TWO TIER ARRANGEMENTS ARE TEMPORARY WHILE MORE WERE BECOMING PERMANENT. HOWEVER, THE 1986 NEGOTIATIONS HAVE SHOWN A CLEAR INDICATION OF ABANDONING TWO TIER APPROACHES WITH ONLY 8% OF THE CONTRACTS TAKING UP THE PROCESS. APPARENTLY, THE PROBLEMS SOME OBSERVERS IDENTIFIED HAVE COME HOME TO ROOST, THAT IS (A) THE CONCERN OF NEW WORKERS AT BEING PAID LESS THAN STANDARD WAGES (B) FEAR AMONG OLDER WORKERS OF BEING REPLACED BY LOWER COST NEW PEOPLE AND (C) A MANAGEMENT REALIZATION THAT THE ANTICIPATED COST BENEFITS WERE NOT FORTH-COMING.

LOWER WAGE COSTS

SOME PERMANENT

DECLINING USE IN 1986

ANOTHER WAGE DEVELOPMENT HAS LASTED LONGER, THAT IS THE USE OF BONUSES IN LIEU OF WAGE RATE INCREASES. THAT USE HAS BEEN INCREASING IN RECENT YEARS: 6% OF THE 1984 AGREEMENTS PROVIDED FOR BONUSES; 19% OF THE '85 CONTRACTS HAD THEM AND LAST YEAR, 33% OF THE CONTRACTS HAD BONUS PROVISIONS. BONUSES ARE POPULAR FOR A NUMBER OF REASONS: THEY ARE RELATIVELY FLEXIBLE, THEY AVOID ROLL UP COSTS IN BENEFITS AND OTHER COMPENSATION AND, FOR THE UNIONS, THEY PROVIDE AN INCREASE IN TAKE HOME PAY IN DIFFICULT TIMES. INTERESTINGLY, BONUSES ARE BEING USED MORE FOR EXEMPT AND MANAGEMENT PERSONNEL COMPENSATION AS WELL.

ADVANTAGES  
FLEXIBLE  
NO ROLL UP  
INCREASE IN  
TAKE HOME PAY

THERE ARE ANY NUMBER OF OTHER DEVELOPMENTS AND PROBLEMS WE MIGHT DISCUSS, INCREASING FREQUENCY OF LOCK-OUTS, USE OF PERMANENT REPLACEMENTS, PAY-FOR KNOWLEDGE ARRANGEMENTS, WORK RULE ACCOMMODATION, USE OF PART TIME PEOPLE AND OTHERS. TIME PREVENTS OUR GETTING INTO THOSE AREAS. MANY OF THESE NEW DEVELOPMENTS HAVE BEEN CRITICIZED AND MANY OF THEM MIGHT NOT LAST.

OTHER  
DEVELOPMENTS

ALL OF THESE  
BEING WORKED  
OUT IN  
BARGAINING

WHAT IMPRESSES ME IS THAT MANY OF THEM ARE BEING WORKED OUT IN BARGAINING. AND WHILE THERE IS GREAT RESISTANCE TO SOME OF THESE INNOVATIONS, EVEN WORK STOPPAGES, MANY OF THEM ARE BEING WORKED OUT, IN LESS PUBLICIZED SITUATIONS, AT THE BARGAINING TABLE. THAT DOES NOT MEAN COMPLETE ACCEPTANCE AND THAT DOES NOT NECESSARILY MEAN THE END OF RESISTANCE. THERE ARE BARGAINING SESSIONS TO COME WHERE THESE SITUATIONS WILL BE DISCUSSED AGAIN.

CONTINUED  
VIGOROUS  
USE OF  
BARGAINING  
IS ENCOURAGING

THE SHOE MAY BE ON THE OTHER FOOT; THE NEW SETTLEMENTS MIGHT APPEAR TO FAVOR ONE SIDE OR THE OTHER BUT IT REMAINS THAT THEY ARE BEING WORKED OUT - THEY ARE BEING BALANCED OUT AT THE BARGAINING TABLE. TO ME THAT CONTINUED VIGOROUS USE OF THE BARGAINING PROCESS ITSELF IS ENCOURAGING.

I WANT TO MAKE ONE LAST POINT IN CLOSING. A NUMBER OF YEARS AGO, A FOREIGN VISITOR NOTED DURING A PROLONGED AND DIFFICULT STEEL STRIKE THAT THE UNION HAD LEFT CREWS AT WORK TO KEEP THE FURNACES TENDED DURING THE SHUT DOWN.

SOMEONE RESPONDED BY QUOTING THE OLD BARGAINING ADAGE: YOU HAVE TO BE CAREFUL WHAT YOU DO TODAY BECAUSE YOU HAVE TO CLIMB INTO BED WITH THEM AGAIN TOMORROW. I'D LIKE TO RECALL THAT ADMONITION TO BARGAINERS ON BOTH SIDES OF THE TABLE. WE HAVE DEVELOPED LONG TERM RELATIONSHIPS. IN SPITE OF SOME OF THE OCCASIONAL PROBLEMS, SOME OF THOSE RELATIONSHIPS REMAIN VERY VALUABLE AND VERY SOLID AT THEIR ROOTS. IT WOULD BE FOLLY TO ABANDON THAT VALUABLE RESOURCE FOR SHORT TERM GAINS BY EITHER SIDE. IF I CAN PREDICT ANYTHING, IT WOULD BE THAT MOST OF US WILL BE ENGAGED IN BARGAINING RELATIONSHIPS FOR A GOOD LONG TIME. USE CURRENT BARGAINING OPPORTUNITIES TO BUILD TRUST, TO BUILD UNDERSTANDING AND TO DEVELOP JOINT PROBLEM SOLVING APPROACHES. TO SEEK ONE SIDED ADVANTAGES IS TO SEEK LONG TERM DIFFICULTY. TO SEEK RESPONSIBLE ACCOMMODATION IS TO BUILD A FOUNDATION FOR INDUSTRIAL PEACE IN THE WORK PLACE.

I OFFER YOU AGAIN, AS I HAVE IN THE PAST, THE ASSISTANCE OF OUR MEDIATORS IN THAT EFFORT.

YOU HAVE TO  
CLIMB INTO BED  
WITH THEM AGAIN  
TOMORROW

FOLLY TO  
ABANDON GOOD  
FOR SHORT TERM  
GAIN

RESPONSIBLE  
BARGAINING IS  
ONE KEY TO  
INDUSTRIAL  
PEACE

-- THANK YOU --