



BULLETIN

FEDERAL MEDIATION AND CONCILIATION SERVICE

SUBJECT: Press Roundup #4

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To: All FMCS Professional Staff

From: Norman Walker, Director
Office of Information *NW*

Here's some more reading material pertinent to our work. We'll keep the items moving to you - press reports about mediators and mediation.

We are getting good response by way of material printed in the regions. Keep it up. Send in the original, rather than a Xerox, if possible. It enables us to put out a clearer product.

Attachments

Bell System, CWA Union Agree on Tentative Pact

By Helen Dewar
Washington Post Staff Writer

The Bell System and the Communications Workers of America reached tentative agreement on a new three-year contract late yesterday, just hours before a nationwide strike by 700,000 telephone workers was to start.

In announcing the pact, CWA President Glenn E. Watts told reporters the \$3.3 billion package will finance a 31 per cent increase in wage and benefit costs over the next three years—roughly comparable to recent contracts won by steel and auto workers.

The average switchboard operator's pay will increase by about \$50 to \$275 a week by 1980. Overall wage increases will rise by 7.8 per cent the first year, 7 per cent the second and 6.7 per cent the third, assuming a 6 per cent inflation rate.

Pregnancy will be treated as a benefit-financed disability for the first time. Pensions, time-off provisions and job-reassignment protections will be broadened as part of a new effort to protect Bell's work force—which dropped by 100,000 over the past three years—from automation.

The agreement, reached after all-night bargaining and grim strike predictions by Watts, is subject to ratification by the CWA's 500,000 telephone workers later this month, although Watts said he foresees no problems.

Two other unions representing 200,000 Bell employees, the International Brotherhood of Electrical Workers and the Telecommunications International Union, settled late last night.

Watts conceded that the money package would contribute to higher consumer bills. But he said other factors such as construction and equipment costs would be the main cause of telephone rate increases.

He predicted that telephone rate hikes would continue to lag behind overall cost-of-living increases.

The agreement—the second in a row to be reached without a telephone strike—was hailed as “remarkable” by Watts and as “good” by Rex

Reed, labor relations vice president for the American Telephone & Telegraph Co.

Wayne Horvitz, director of the Federal Mediation and Conciliation Service, which entered the talks Friday night after the CWA rejected a second company offer, called it a “victory for collective bargaining” and an example of the kind of agreement that “two responsible parties” can reach without a strike.

A strike, which Watts had called “almost inevitable” two days ago, would not have shut down the highly computerized Bell System, the nation's largest employer and the supplier of phone and other services to 125 million customers. But it could have caused some disruption, especially in operator-assisted calls and installations, AT&T officials conceded.

The Bell-CWA pact is the second major settlement without an industry-wide strike this year. Steelworkers, operating under a no-strike rule, settled earlier this year, although 15,000 iron ore workers are currently on strike over what the union regards as a local-issues dispute. An estimated 70,000 coal miners are out on wildcat strikes and a national coal strike is expected in December.

Work days lost through strikes are generally lower this year than in 1976. Wage settlements also are slightly lower, according to government statistics.

While the overall Bell contract cost is 31 per cent higher than the existing three-year agreement, about 3 per cent of the increase is attributable to financing the same health benefits at today's inflationary costs, Watts said. Actual wage and benefit improvements amount to a 28 per cent increase, he said.

Union officials said pay increases will range from zero for newly hired employees to 8 per cent for workers after they reach top scale in four to five years regardless of job classification—thus, they said, treating jobs normally filled by women the same as traditionally male jobs. The union had previously accused Bell of trying to downgrade “women's jobs” in its earlier pay offer.

Pensions are to increase by 28 per

cent over three years. In addition, pension supplements of \$250 a month for four years or until Social Security eligibility is reached were provided to encourage workers to take advantage of existing early retirement provisions.

Other incentives to spread work among more workers include five additional days off annually by 1980, three of them paid, and limits on forced overtime. Workers reassigned because of job reductions will con-

tinue to receive their previous wages for more than a year.

The pregnancy clause provides women with regular sickness absence benefits for up to six weeks, along with other maternity benefits. The Supreme Court ruled recently that employers do not violate antidiscrimination requirements by denying such benefits.

The company also agreed to partial matching of worker contributions to a savings plan.

APPLIANCE PARK HAS SHED IMAGE AS STRIKE-PRONE

By MARTIN E. BIEMER

Louisville Times Staff Writer

Three years ago, General Electric Co.'s giant Appliance Park here had a national reputation for labor troubles.

Strikes over local problems were routine. More than 500,000 man-hours of work were lost each year because of the walkouts, and it looked like the total would reach a million lost man-hours in 1974.

The company had to allow for strikes in planning its long-range production schedules. Employees had to allow for strikes in planning their family budgets.

And then, in the fall of 1974, the atmosphere changed.

The number of strikes dropped sharply, then dwindled almost to nothing in 1975. Since then, the number of man-hours lost because of local strikes has stayed below 5 per cent of the 1971-74 level.

Appliance Park and Local 761 of the International Union of Electrical Workers have a new national reputation — a reputation for finding ways to solve difficult problems without resorting to strikes.

Company and union officials, and many employees, seem to agree there has been a change in attitude at Appliance Park, from top to bottom. The company, the union and the employees came to realize that frequent strikes weren't really solving any problems.

The change may have started several years before, when General Electric's national executives started turning away from the company's traditional hard-line approach to the unions.

It came to Louisville in the fall of 1974, with the coincidental arrival of a company executive whose mission was to end labor strife, and a nationwide recession that substantially reduced appliance sales and Appliance Park jobs.

Hundreds of people were directly involved in making the change; thousands were indirectly involved. Three people were among the key figures:

➤ Bill B. Ballance, manager of the

Louisville relations operation at Appliance Park for the past three years.

➤ Kenneth Cassady, president of Local 761 for more than six years.

➤ Joe M. Kirkham, a federal mediator who has been dealing with Appliance Park's labor problems for more than a decade.

In separate interviews over the past several months, they and others involved in the change discussed what happened, how it happened, and why.

The reason for the old attitude, they seem to agree, was "Boulwareism" — GE's old labor-relations philosophy, defined by former GE vice president Lemuel R. Boulware.

Basically, Boulwareism declared that the company knew best, and shouldn't budge in disagreements with the unions. If this led to a strike, Boulwareism declared the company should hold out as long as necessary.

One of the remnants of Boulwareism is the grievance provision in GE's national contract with the International Union of Electrical Workers.

The provision says that if a grievance can't be settled between the union and the company at the local or national level, the union can strike. This provision is what allowed so many strikes at Appliance Park — and still allows them if the union and company can't solve their problems.

When Ballance returned to Appliance Park in the fall of 1974, he was fully aware of the situation. He had been manager of labor relations here from 1963 to 1968, and had kept in touch with Appliance Park while dealing with labor problems elsewhere in the company since then.

"When I returned here, my number one priority was to improve labor relations," he says. "It was obvious that something had to be done."

The major problem, he says, were the "day-to-day problems were

escalating to the highest levels of management."

Ballance says the objective was not labor peace for its own sake, but labor peace as a means to increase productivity.

"You have to have an annual improvement in productivity just to stay even in this inflationary spiral," he says. "You have to minimize lost production time due to labor disputes if you're going to improve productivity."

Ballance and other Appliance Park executives started breaking with tradition, and trying to solve problems at the lower levels. At the same time, they were helped by the recession.

"I think the recession had a very sobering impact, but it was by no means a controlling factor," Ballance says.

'. . . Could really stick it to them'

"The employees and the union officials really appreciated the fact that management could really stick it to them in a recession. We did many things to demonstrate to the union officials and the membership that we were in the recession together . . . and when we came out we wanted to be stronger than when we went in.

"A lot of the management attributed the lack of labor problems to the downturn in the economy," Ballance adds. "I can assure you it wasn't the primary reason. This union will walk out just as quickly with 6,000 people on layoff as it will when everyone is working overtime."

Cassady, president of the union, says

it is well that the company understands this. "If we had a problem, we would have struck, even during the recession," he says. "They know me well enough to know that."

But, he says, the recession made "a lot of our people become not so hot about going out on strike." And at the same time, he says, "the company (became) a little more responsive" in trying to deal with problems.

"The company could have had us over a barrel if they wanted to, but they kept negotiating and trying to solve problems," he says.

But changes at the top aren't enough, especially in a complex that employs between 12,000 and 20,000 people, and especially in an atmosphere of traditional strife.

The problems, say Ballance and Cassady and federal mediator Kirkham, were starting on the plant floor. If possible, they say, the problems should be solved there.

"A lot of times a shop steward would approach a foreman to point out that the wrong person was allowed to work overtime or something, and the foreman would just tell him to write up a grievance," says Cassady. "And a lot of times a steward would just write up a grievance without discussing it with the foreman, or would just cuss the foreman out."

The result was the same: a formal grievance was filed and started wending its way toward the top. There were so many grievances that it sometimes took months just to get around to discussing them.

"We had a backlog of more than 480 grievances at one time," Cassady says.

"The longer a problem goes on, the more upset the person becomes."

And the more likely a strike. Kirkham suggested a new approach.

The Federal Mediation and Conciliation Service, he told Cassady and Ballance, had been conducting classes in problem-solving for foremen and shop stewards in other industries.

"The whole concept," says Kirkham, "is that you present them with the kind of problems they're faced with — but not the specific problems they face in the plant."

"Almost invariably, if you approach it this way, a foreman and a shop steward will come up with the same kind of solution."

Ballance convinced the company to give the idea a try, and nine pairs of foremen and shop stewards went through a special test program in May 1976.

When the test program was over, the foremen and stewards were enthusiastic.

"When I got elected a shop steward, I thought it was my job to represent the people in my shop regardless of whether they were right or wrong," said one steward. "Now I can go back . . . and if the man really doesn't have a grievance, I can tell him and show him why."

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APPLIANCE PARK SHED IMAGE....

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that session to realize the only thing I had on my mind was winning," he said.

Another steward summed it all up: "It gives you the idea that both sides can go in, and both sides can be a winner."

The first class went so well that GE decided to put all 1,100 stewards and foremen through it, at a cost of around \$200,000.

It was the largest such program the mediation service had ever conducted. Kirkham and five other mediators conducted classes eight hours a day, two days a week, for six weeks in November and January.

Immediate results

The difference in the plant was apparent almost immediately. Some of the people who had been the most aggressive and unyielding in dealing with problems became the most active in trying to solve them.

"You can't have a good relationship unless the people at the grass-roots level are committed to solving problems," says Kirkham. "The top management sets the tone, but the basis is at the foreman-steward level."

And with the foremen and stewards solving many of the day-to-day problems, the higher-level executives and union officials have more time to devote to solving the more difficult problems.

The recession has ended now; Appliance Park has hired back the people it laid off during the recession. Problems are cropping up, but strikes are still few.

"I'm not saying everything's rosy," says Cassady. "There have been some wildcat walkouts. There could be a strike tomorrow."

"But this has taught the stewards how to approach problems, and they're winning more. If someone's got a problem, we get on it right now. We're going to have a hell of a lot fewer problems get past the foreman-steward level than before."

"We haven't been pulling any strikes," Cassady says. "As long as we can get the problems resolved, there'll be no need for strikes."

MEN IN THE MIDDLE: MEDIATORS WALK TIGHTROPE, BUT LOVE IT.

By MARTIN E. BIEMER

Louisville Times Staff Writer

It was a cold day in Eastern Kentucky a few years ago, and federal mediator Charles Baumgardner had been called to help settle a mining labor dispute.

After a nerve-jangling ride over icy mountain roads, he arrived at the meeting place to face another tense situation: Both union and company representatives were carrying guns.

"I told them all I couldn't conduct a meeting with everybody carrying guns," Baumgardner said.

Finally, both sides agreed to leave their guns outside and Baumgardner helped them reach an agreement about 2 a.m.

The federal mediator is the man in the middle of a potentially dangerous dispute, the man who must somehow bring about a compromise among people who seem to take uncompromising positions.

The public usually doesn't hear of the mediator until a big strike is threatened. But the mediator usually is involved long before matters reach the strike stage — studying the personalities and the issues involved, and trying

to find the key to a peaceful settlement.

There are four federal mediators stationed in Louisville, responsible for "promoting labor-management peace" in most of Kentucky and in Clark and Floyd counties in Indiana.

They are Baumgardner, Joe M. Kirkham, Al Wathen and Herb Fetty.

All four had extensive labor-relations experience before joining the Federal Mediation and Conciliation Service. All have represented either labor or management (or, in Kirkham's case, both) before joining the service. Baumgardner, Kirkham and Wathen served as directors of the Louisville Labor-Management Committee, a local mediation service, at one time.

They all are fascinated by their jobs.

Says Kirkham: "If you're a negotiator, and this is what you've been trained for, you have an opportunity to use our skills in mediation as much or more than you do in representing partisan interests. I firmly believe in collective bargaining."

Says Baumgardner: "I love my work. If I know that personally I'm responsible for saving the incomes of 500 people or that through my efforts a company is going to be able to survive in-

stead of going out of business... there's a lot of satisfaction."

Baumgardner, 56, and Kirkham, 59, are the senior men in the local office. They became federal mediators the same day in 1961. Wathen, 60, joined in 1968, and Fetty, 37, started in 1974.

Work won Kirkham an award

Kirkham's work on the project won him the mediation service's "sustained superior performance" award — the only such award given to a federal mediator this year. And the program has

become a nationwide example of the mediation service's ability to help labor and management "achieve labor peace."

"Many times you have to play a role... you almost have to be a psychologist in (the way you) deal with people," says Baumgardner.

During the public negotiations between the city of Louisville and the police and fire fighters' organizations, Kirkham and Baumgardner were serious, attentive and quiet, speaking only occasionally to try to clarify a point.

After a negotiating session adjourned, their faces would change like the faces of men who had just finished a hard-fought poker game. They were full of smiles, stories, small talk and banter.

But even in the midst of this tension-breaking conversation, they seemed ever alert for the stray comment that might give a clue toward a possible compromise.

Office has no director

The local office has no director, no official pecking order. The mediators take their orders and assignments from the regional office in Cleveland, and work out their day-to-day problems among themselves.

They are in touch with practically every major labor dispute in the area, even if not directly involved. Federal law requires a union and company to notify the mediation service if an agreement isn't reached 30 days before a contract will expire. The Cleveland office assigns a local mediator to the case, and he contacts company and union officials.

Nationally, the mediation service says, 95 per cent of the cases never need the help of a mediator. Among those that

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do, 90 per cent are settled without a strike.

While the mediators get a lot of public attention for the strikes they've helped settle, they seem to get more personal satisfaction from the strikes they've helped avoid.

Baumgardner, for instance, still recalls the epic American-Standard negotiations of 1969.

"In those days, you negotiated with each union separately," he says. "There were 15 contracts with 15 unions, and all of them expired at the same time. We did all the negotiations at a motel. The company and each union had a suite. We'd be going from room to room; as soon as we'd get done in one place we'd get started in another.

"There were several 24-hour sessions, and toward the end there was one 36-hour session. We got it settled just in time; we didn't have a strike."

Kirkham takes pride in a special program that has helped to sharply reduce the number of strikes at General Electric Co.'s Appliance Park.

Under Kirkham's direction, the mediation service, the company and Local 761 of the International Union of Electrical Workers cosponsored classes showing foremen and shop stewards how to discuss problems and keep them from escalating into strikes.

"It was probably the biggest task the mediation service has ever taken on in this field, in terms of numbers of persons," Kirkham says. "About 1,100 foremen and shop stewards took part, along with six mediators, including Herb Fetty and myself."

Company and union officials say the program has brought about a marked change in the way problems are handled in the plant. They say it deserves much of the credit for the reduction in grievance strikes at Appliance Park.

"The parties," says Kirkham, "look to the mediators to offer suggestions, arrange meetings and be sure that neither side miscalculates the other party's feelings about issues. They use us as a sounding board for their ideas.

"A lot of the job is to help the parties retreat from extreme issues — help them find a way to modify a stand so it's acceptable to the other side."

This, Kirkham says, is why he isn't comfortable with heavy publicity during negotiations. Representatives of both sides are too likely to take strong public stands and then be unable to compromise, he says.

"I view my role as stepping in only when necessary," Kirkham says. "If there are 15 issues, and the parties can get agreement on 14 by themselves, you let the parties resolve the issues they can. You can only inject yourself into the difficult issues."

"Sometimes," Baumgardner says, "you get a company that can't stand a strike — a strike would put it out of business — but the union demands would also put it out of business. You handle that a lot differently than you handle a large corporation that could stand a strike."

UNION SHOP ●



"Fogarty, how would you like to join our grievance committee?"

'Stagflation' stiffens bargaining positions

By DAVID SANDLER

Dual pressures of inflation and a stagnant state economy are hardening labor and management bargaining positions in contract talks in New Jersey this year.

With "stagflation" deteriorating both the workers' real income and the employers' ability to grant increases, concessions have been made grudgingly and generally not without a compensating trade-off from the other side.

"We bargain against a backdrop of real worker needs and real corporate limits. Negotiations are as tough, if not tougher, than ever," said Newark attorney Harold E. Grotta, whose firm, Grotta, Glassman & Hoffman is prominent as a management counsel in New Jersey contract talks.

The state's 1977 collective bargaining calendar has been dominated by negotiations at small- and medium-sized firms operating within competitive industries. By and large, these employers have not been able to match the pay hikes averaging about 10 per cent granted by big steel and big oil earlier this year, and by the auto makers, trucking firms, and national brewers in 1976 settlements.

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Their offers generally have been geared to allowing the worker to keep pace with the 6-7 per cent rate of inflation and the rising cost of pensions and hospital insurance.

"About the best the unions have been able to achieve at the smaller plants and companies is a package that keeps their standard of living from deteriorating," said Paul Yager, regional director of the Federal Mediation and Conciliation Service.

The biggest negotiation of the year, the Bell System talks, should prove to be an exception to the prevailing trend of "bare bones" settlements. AT&T report-

ed record earnings last year, and it is likely its employees will want a share of the prosperity.

"I don't see the unions being gentle on Ma Bell," Yager said.

The Bell System contracts, all scheduled to expire Aug. 6, cover close to 30,000 New Jersey workers, including 22,000 employees of New Jersey Bell Telephone Co., 1,600 employees of AT&T's Long Lines unit in Bedminster, and 6,600 employees of Western Electric in Kearny and Newark.

Citing the uniqueness of the Bell System service, Yager said he did not foresee the settlement setting patterns for succeeding negotiations, with the possible exception of the effect of the Western Electric settlement with manufacturing workers on other electrical equipment industries.

Following the settlement on wages, the first order of business in many contract talks throughout the state this year has been discussion of the sharply higher cost of funding pension and welfare benefits.

Facing stiffer retirement benefit standards imposed by the Employment Retirement Income Security Act (ERISA), as well as hikes in health insurance premiums, management has been pressing unions to accept these added costs as additional compensation.

"It's becoming extremely costly just to maintain the existing level of benefits," Grotta said.

Early bird approach to labor pacts wins converts

By MARK LETT
News Labor Writer

The UAW and Detroit Broach & Automated Machine Co. negotiated three contracts from 1968 through 1974. Each time there was a strike.

This year there is labor peace at the Rochester cutting tool firm and the reason has stirred interest among area unionists and manufacturers.

The company and UAW Local 360 put together an "early bird" contract in March — settling their differences and signing a new pact more than three months before the previous contract was to expire.

Since then, three other Detroit-area firms — Apex Broach, McPherson Broach and U.S. Broach — have settled early with either Local 360, or UAW Local 155. Now Ben Delfin, Local 360 president, intends to try early bird bargaining at other companies employing his members.

"It's the best way," he says. "The trick is to develop the kind of communications that gets both sides to the table — seriously — without a crisis situation."

There are mutual benefits from successful early bird contract talks.

A company that wraps up its labor affairs sooner can guarantee delivery to its customers, confident that a strike won't halt production. Such a guarantee improves the company's position when it bids against competitors with unsettled labor contracts.

For Detroit Broach, it means the

company could assure its customers in the automotive and farm implement industries that it could continue to supply cutting machines and powerful lathes for removing metal at a high production rate on engines and drive train components.

Because of the early settlement, Detroit Broach workers were able to plan vacations and future spending because they knew their income wouldn't be cut by a walkout.

There was an added bonus at Detroit Broach and the three other Detroit firms where contracts were subsequently settled early. Newly negotiated pay schedules took effect immediately, meaning workers would not have to wait until the old contract officially expired before receiving their raises.

For the 210 UAW members at Detroit Broach, that meant immediate pay hikes of 50 cents an hour. The average worker there will collect more than \$300 in raises between the time the new contract was signed in March and the expiration date of the previous contract on July 1.

To make early bird bargaining work, union officials must explain to their members, that crisis bargaining — the last-ditch effort to reach an agreement before a strike deadline — is not necessarily the best way

to settle a contract. There is a tendency, Delfin says, for some unionists to believe the union could have won more concessions from the company by holding out longer.

Those workers might shout "sellout" if the union settles early, Delfin concedes.

"You've got to ask yourself whether you'll get more by waiting or by settling sooner and getting your increases then," he continues. "There's no guarantee, you know, that the company will ever increase its offer."

Adds Stephen P. Yokich, UAW Region 1 director and a former regional staff representative who shepherded the union bargaining team at Detroit Broach:

"We're not in the strike business. There's always a maybe in anything you do, but when you look at this contract in dollars and cents it seems to me it was worth the effort to go the route of early bird negotiations."

At Detroit Broach — where the three strikes from 1968-1974 cost the company eight weeks in lost production — bargainers agreed on an "artificial" contract deadline of March 14. If they had not reached agreement by then, they would have returned to the traditional bargaining process and worked against the July 1 deadline.

"We did have a very poor history," says Charles Stelter, division manager of labor relations for Babcock & Wilcox, a New York-based firm which operates Detroit Broach.

"The time was on us to try a different approach. This year, federal mediation was influential in convincing both parties of the need for a different approach which would avoid the type of showdowns experienced in the past."

Encouragement for early bird bargaining in this area has come chiefly from the Detroit office of the Federal Mediation and Conciliation Service, an independent agency of the federal government created by Congress to promote labor-management peace.

"Early birds are not new but they're growing," says Dave Tanzman, assistant regional director of the mediation service. "We've long suggested early bird negotiations but it takes a long time for the seed to grow into something."

"You take a place that has a history of strikes and ongoing labor conflict. To try something new, sometimes you need to hit that bottom point."

The chore of keeping lines of communication open during bargaining at Detroit Broach was given to federal mediator Elmer Parraghi, who had negotiated for the company and the union at various times at Detroit's Guardian Industries.