same amount of work done with 400 fewer employees in the work force, I agreed that the union should receive this additional credit.

In retrospect, the Northwestern Steel & Wire/Steelworkers Restructuring Agreement seems to have accomplished significant efficiency gains. They were obtained with substantial input from the union, and without resort to layoffs. Moreover, the combination of the JDCs, JOC, and arbitration proved to be an effective process for obtaining the agreed-upon job reductions and encouraging the parties at the plant level to find creative solutions to the inevitable problems associated with attempts at efficiency enhancement.

A STEEL INDUSTRY PERSPECTIVE

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The integrated steel industry has taken enormous steps over the past 15 years to transform itself into an efficient, productive competitor in a very difficult and often unfair marketplace. Billions of capital dollars have been spent to create modern facilities and improve environmental performance. The United Steelworkers of America (USWA) has also worked hard on behalf of its membership within the industry. Political action, such as the recent "Stand Up for Steel" campaign, has been effective in drawing national attention to the damage being done to the domestic industry by unfairly traded imported steel products.

But from a labor utilization standpoint, which is the measure of how the labor-management relationship participates in productivity and efficiency, the collective performance of the industry and the union has not matched improvements in the industry's equipment and manufacturing processes. Change *has* occurred. However, it has too often come about as a result of disruptive labor disputes. Moreover, productivity-related change has many times come too late to make a difference. This paper briefly explores the history of productivity as an element of the collective bargaining process between the integrated steel industry and the USWA. It will describe the types of productivity-enhancing labor utilization methodologies that have been employed, as well as the circumstances

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that made change possible. Finally, the paper will examine from a retrospective and prospective viewpoint the role of arbitration as a part of the collective bargaining process related to workplace efficiency.

A place to start when assessing the ability of the industry and the USWA to effectively deal with workplace efficiency issues is the 1959 strike over local working conditions. The basic steel contract included a provision, which still exists today, preserving certain practices and agreements as local working conditions. The provisions can result in the preservation of restrictive work rules, such as craft jurisdiction demarcation lines and inefficient manning practices. Management's desire to eliminate this contract provision in the name of workplace efficiency resulted in a lengthy strike in 1959. At the end of the strike, the contract language remained. From that point, for the following 20 years, management and the union sparred around the periphery of workplace efficiency issues. The parties argued and frequently went to arbitration concerning specific applications of restrictive work rules and manning practices. The fundamental questions of whether such rules and practices should continue and whether labor utilization should be significantly changed were not seriously addressed by the parties as a comprehensive matter—until external forces compelled them to do so.

In the early 1980s, the domestic steel industry imploded in the face of a myriad of economic and political factors that included worldwide overcapacity. Management downsized the work force in reaction to the decrease in production and staggering financial losses. Many integrated steel manufacturers sought to increase efficiency through the use of outside contractors to meet the fluctuating demand for their products. The USWA took a dim view of the increased use of contractors at a time when its membership was plummeting due to plant closures and long-term layoffs. Thousands of grievances were filed, and many cases were arbitrated over the use of contractors under such circumstances.

The raging contracting-out dispute was fought under contract provisions that had been in the basic collective bargaining agreements since 1963. In the 1986 round of bargaining, the USWA insisted on changing those provisions to make it more difficult for steelmakers to utilize contractors. The USWA openly conceded that its aim was to buck the trend toward efficiency through contractor usage and preserve work for its membership. At U.S. Steel (USS), the USWA's insistence upon inefficient contractor

utilization rules resulted in a six-month strike—one that was resolved only upon the parties reaching a compromise on the overall question of workplace efficiency.

To end the strike, USS agreed to a modified version of the contracting-out provisions already adopted by the rest of the integrated industry. In exchange, the USWA accepted an "Employee Protection/Job Realignment Agreement" that provided for several labor utilization improvements. It included a one-time force reduction to be accomplished through the use of job combinations, seniority unit realignments, and trade and craft modifications. It further provided for the creation of Equipment Tender jobs (craft maintenance employees assigned to operating positions to perform both production and maintenance work) as part of the one-time realignment. The Agreement expanded the scope of certain trade and craft jobs and broke down jurisdictional barriers among them. It provided for assigning certain minor maintenance work to production employees and for utilizing bargaining unit employees as "Team Leaders." In addition to performing hands-on work while leading their crews, those so designated could also perform administrative duties previously done by supervisors.

These changes significantly improved workplace efficiency. However, because they were made to resolve a lengthy strike, they were accompanied by restrictive contracting-out language moving in the other direction. Looking at the 1986 USS experience in conjunction with the 1959 strike, it is clear that the steel industry and the USWA were unable to achieve significant workplace efficiency gains as part of master contract bargaining.

As noted, the collapse of the integrated steel industry in the early 1980s led to a confrontation with the USWA over contracting out. It also spawned a comprehensive productivity agreement, at least at USS. But the dire circumstances of the early 1980s did more. They caused the closure of many facilities and placed many more at risk. In that discouraging environment, local management and union officials, often with assistance and encouragement from their respective headquarters, were able to negotiate efficient labor utilization agreements specific to their facilities. Unfortunately, the impetus for such arrangements was almost uniformly a temporary cessation of operations with the possibility of permanent plant closure. At USS, there were many examples of this phenomenon.

USS Fairfield Works, located outside of Birmingham, Alabama, was shut down in 1981. In late 1983, management and the union

breathed new life into the plant by reaching a comprehensive agreement providing that, in conjunction with a renewal of the plant's equipment, the plant would be remanned, incentives would be revamped, contracting-out restrictions would be significantly reduced, and local working conditions would be eliminated. This agreement saved the plant, which is operating productively today as a result.

A significant productivity-enhancing agreement was negotiated at the Edgar Thomson Plant under circumstances similar to those at Fairfield. Edgar Thomson is located in Braddock, Pennsylvania. It produces slabs that are transported across the Monongahela River to the Irvin Plant in West Mifflin, where they are finished into products for the appliance and automotive industries. The Edgar Thomson Plant was shut down during the early 1980s. Its blast furnaces were resurrected, in part, by a productivity-enhancing agreement. Among other things, the agreement provided for consolidation of the various mechanical and electrical craft jobs into two comprehensive classifications: Mechanical Repairman and Electrical Repairman. This consolidation broke down traditional jurisdictional barriers to workplace efficiency. A similar "Mastercraft" type agreement was negotiated at the Clairton Coke Works in Clairton, Pennsylvania, during the same time frame. Although Clairton had not been shut down prior to its agreement, production had been substantially reduced and the plant's future was very much in doubt.

A further example of local parties' ability to negotiate efficient labor utilization agreements when confronted with potential disaster is the USS experience at its Fairless Works, in Fairless Hills, Pennsylvania. In its recent past, Fairless had been an integrated steel plant employing more than 8,000 workers. The 1980s took their toll, and the Fairless hot end was shut down through the hot-strip mill in 1990. It has struggled mightily to survive as a finishing facility, but results have been marginal at best. Confronted with a very bleak future, local management and union representatives negotiated two restructuring agreements, one in 1996 and the other in 1997. Both were aimed at improving productivity. The agreements provided for a major force reduction accomplished by contracting out work peripheral to the operation, creating an "OpTech" multitask position, and consolidating maintenance into a single seniority unit that permitted the free flow of maintenance employees throughout the plant.

The plant productivity agreements described above involve some extremely important and helpful workplace efficiency concepts. Unfortunately, it has taken near disaster to convince local representatives that such measures are both prudent and necessary. Telling in this regard is not only the history of the USS plants with significant productivity agreements, but also the absence of a productivity-enhancement agreement at the Irvin Plant. Although the Edgar Thomson Plant was shut down during the early 1980s, Irvin, its complementary finishing plant, was sourced from other USS facilities. Irvin's future was not obviously and directly threatened, so no "Mastercraft" agreement was negotiated by its local representatives. But meaningful productivity-improving methodologies should be negotiated and implemented at ongoing, healthy operations to improve their competitive status and profitability. The challenge before the industry and the USWA is to make that happen. How can it be accomplished?

To its credit, the USWA understands the necessity of ongoing productivity improvement. The "New Directions" bargaining strategy it ushered into the 1993–1994 round of steel industry bargaining reflects that recognition. In addition to a "Partnership" agreement that calls for an increase in collaboration and information sharing, the "New Directions" strategy ties the concept of "Employment Security" to productivity enhancement. "Employment Security" is a contract provision that precludes an employer from laying off its employees except under specified conditions. On its face, a "no layoff" clause is an anticompetitive contract provision. It requires employers to retain individuals in active employment even if there is no work for them to perform. But the Steelworkers argue that only with "no layoff" security will employees suggest and embrace productivity changes that otherwise could affect their livelihoods. Moreover, the union has noted, employees have the wisdom and experience to help design significant efficiency-enhancement measures.

From the industry's standpoint, experience since the 1993–1994 negotiations suggests that more than mere encouragement is required. Despite the security of a "no layoff" guarantee, union representatives have been no more willing than in the past to effect meaningful labor utilization changes. Real productivity-enhancing arrangements are not negotiated unless there are clear and present reasons to do so. Some additional mechanism is needed to facilitate change.

One avenue of hope may be the increased use of arbitration as part of the collective bargaining process insofar as labor utilization is concerned. Historically, the parties have used traditional grievance arbitration to police and enforce that which they have agreed upon. It can be more. Arbitration clauses can be used to ensure, pursuant to negotiated standards, that new productivity measures are needed and fairly implemented. Such clauses might render productivity experiments more politically palatable to elected union officials and to employees as well.

Use of a quasi-interest arbitration process is not unprecedented. The 1986–1987 "Employee Protection/Job Realignment Agreement" at USS contained an arbitration provision to oversee the implementation of the Agreement and decide the relative merits of the parties' respective proposals. Arbitration also has been used in the industry to deal with wage issues arising in midterm 1993–1994 contract reopeners. As part of the 1999 agreement, it will be used to determine employment terms and conditions in entities organized under the new neutrality provisions.

The integrated steel industry and the USWA must find a means to promote significant ongoing improvement in labor utilization at all facilities, not just those in immediate jeopardy. The increased use of arbitration to referee the method and impact of productivity-improvement measures may be the answer.

EFFICIENCY IN THE STEEL WORKPLACE

CARL B. FRANKEL*

Through a combination of capital investment and changes in workplace culture, the steel industry in the United States is today the most modern and among the most efficient in the world. We make a ton of flat rolled steel in something less than three hours. In the 1980s, we boasted that it took as "little" as seven hours. Moreover, the steel we make today is higher in quality and much more responsive to customer requirements than ever before. Indeed, industry and union representatives share the view that in our own market and assuming fairly traded product, U.S. steelmakers are more than competitive. We are up against three obstacles. First is world overcapacity, often subsidized by governments and sometimes financed by the World Bank. Second, our

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