

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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\*General Counsel, United Steelworkers of America, Pittsburgh, Pennsylvania.

market virtually invites dumped imports, particularly when a financial crisis such as the one in Asia shrivels foreign demand. Third, there is the challenge posed by unorganized mini-mills.

This paper briefly traces the collective bargaining history that played an important role in improving steelmaking productivity over the past two decades. It begins with the 1983 contract and concludes with the current “partnership” structure.

### 1982–1985

Disaster struck the basic steel industry in the years 1982 through 1985. Surging imports and declining prices drove the industry into a state of depression. By January 1983, it was operating at a capacity utilization rate of 43.4 percent. When it was over, hundreds of thousands of steelworkers had permanently lost their jobs.

Against this backdrop, the union’s bargain with the Coordinating Committee Steel Companies in 1983 provided for cuts in wages and wage-related benefits (most restored over the life of the contract). More significant in its long-term impact, the industry agreement also empowered parties at the plant level, in conjunction with retrieval of contracted-out work, to agree upon “changed arrangements . . . that would improve the efficiency of the maintenance and repair functions.” The agreement provided for certain expanded craft jobs as well. In the settlement’s wake, steel companies pressed hard on cost and efficiency matters at every facility. They succeeded at some and failed at others.

In the 1983 through 1985 period, USX Corp. made two local agreements worth mentioning, one at the Clairton Coke Works and the other at the Fairfield Steel Works. The Clairton agreement is significant because it introduced the concept of a master craft, combining virtually *all* mechanical crafts into a single mechanical repairman position and virtually *all* electrical crafts into a single electrical repairman position.<sup>1</sup> Broader in scope is the 1983 Fairfield Agreement, pursuant to which the company reopened a shutdown plant and committed to the installation of a caster. In return, the union agreed to (1) eliminate *all* past practices and local working

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<sup>1</sup>Craft combinations had been agreed to in some companies’ steel producing plants before 1983. In theory, such combinations provide the company greater flexibility to perform maintenance functions and to reduce the number of craft persons the company will ultimately need. For affected workers, craft combinations mean higher earnings and broader responsibility, whether or not they perform work beyond their incumbent craft.

conditions concerning manning, crew size, job assignments, wash-up time, and breaks; (2) merge then phase out nearly all the maintenance shops; (3) install the job of maintenance utilityman and certain expanded crafts jobs; and (4) drastically curtail incentive earnings.

### 1986–1987

In this round, the steel companies abandoned the multi-employer bargaining structure through which they had bargained since 1956 in favor of a company-by-company format. Agreements were reached with the other major producers, but at USX the company's demands for mammoth job reductions and increased flexibility faced off against the union's contracting-out demands. A six-month work stoppage ensued, ending in 1987. I discussed the contracting-out side at one of your earlier conferences.<sup>2</sup> Here, I'll describe the company's end of the 1987 bargain.

Based on its own analysis, the union recognized that some change in the structure of work was inevitable if the steel industry was to survive. Where the union and USX parted company was on the extent and nature of the changes and whether the determination should be made at the plant or company level. On a mediator's recommendations, the parties agreed to reduce the USX work force by a fixed aggregate number of employees. They allocated to each plant (except those previously restructured) a specified number as its share of the commitment. The local parties were given a menu of changes from which to select in order to reach the plant quota. It included trade and craft revisions (expanded and combined crafts), one-time remanning, performance by production workers of minor maintenance, and installation of "equipment tender" jobs that combine production and maintenance functions. The company agreed to earnings, seniority, and training protections. Vitally, it also agreed to the granting of *two* special pensions (with \$400 monthly supplements) for each employee removed from the work force. For every two pensions granted, one laid-off employee was recalled.

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<sup>2</sup>Frankel, *The Steel Contracting Out Provision: A Strong Clause Negotiated From "Weakness,"* in *Arbitration 1996, Proceedings of the 49th Annual Meeting*, National Academy of Arbitrators, ed. Najita (BNA Books 1996), 247–265.

### 1993–Present

In 1993, concern for security led the union to embark upon a “New Directions Bargaining Program,” founded on two core beliefs. Those two beliefs are: First, that no one has a greater stake in the ongoing success of an enterprise than its workers; and second, that the best way to bring about that kind of success is to involve workers and their union in the management and decisionmaking processes. Ultimately, these principles would translate into a dramatic new set of programs, the most significant being employment security guarantees and “partnership” agreements providing for union and worker input.

The key elements in the employment security plan are a no-layoff, 40-hour guarantee for the term of the contract. Exceptions were made for defined disaster circumstances and temporary suspensions during an extended outage. Employees who otherwise would have been laid off are instead put in a pool from which they can be assigned to training, temporary vacancies, and a wide range of nontraditional tasks, all in accordance with local rules.

As indicated, the new Program brings the union and its members into the decisionmaking process. Although the union does not enjoy veto power, it can exercise the right to participate along with company managers in decisions previously off limits to it. The union must first have full and timely information to participate. Accordingly, subject to confidentiality safeguards, the Program requires the company to give union representatives all relevant information about its business plan; regular operating and financial results; advance notice of acquisitions, sales, joint ventures, or new facilities; *and* details about new technology planning.

There is authority to create, in every department of every mill, a “joint area committee” equipped to tackle workplace challenges of concern to employees or supervisors. Such committees are given the tools to plan jointly all significant technological changes within the facility, insofar as those changes affect the bargaining unit. At the corporate level, a “joint strategic partnership committee” brings union leaders and company executives together over such matters as facilities utilization, capital expenditures, and product mix. At the very top, there now sits a union nominee on the board of directors. Beyond this, the Program authorizes the joint committees to study and develop work restructuring programs. One requirement is that any work redesign plan that involves operating groups or self-directed teams must “be a joint endeavor;

cause the work place to be more open, more safe, more equitable, less authoritarian and less stressful; reduce supervision; and give workers greater influence, responsibility and input into day-to-day operations.” Where appropriate, such input includes “planning, scheduling and administrative functions not traditionally performed by the bargaining unit.”

To equip our local union leaders to handle their responsibilities under the new Program, the union has conducted a series of seminars at which we have taught such subjects as the function and formulation of business plans and the interpretation of profit and loss statements and balance sheets. There is special emphasis on problem-solving techniques as well.

In design, the partnership structure does have the potential for improving both productivity and the quality of work life. But in truth, the Program draws mixed reviews on the union side. The fear persists that partnership committees are being manipulated by management at some facilities to bypass the established local union structure. I suspect some management representatives may harbor their own reservations. Unless the parties can resolve these issues and win the continuing support of workers on the mill floor, this experiment cannot succeed in the long run.

#### SESSION II—TRANSPORTATION

##### INTRODUCTION TO THE ROLE OF WORKPLACE EFFICIENCIES IN THE AIRLINE AND TRUCKING INDUSTRIES

ROBERT O. HARRIS\*

Efficiency in the workplace in the two industries our panelists will be discussing presents unique problems, because in both airlines and trucking, the workplace is a collection of small, moving sites. Although each of these industries has a number of large, fixed locations, the primary business in each case is the movement of goods and/or individuals from one place to another. In both industries, an individual or several individuals are directed to go from point A to point B.

Whether the employees are pilots or truck drivers, their hours of work are regulated to a much greater extent than those of individuals in more sedentary occupations. The U.S. Department of Trans-

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\*Member, National Academy of Arbitrators, Washington, D.C.