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## THE BASIC STEEL INDUSTRY SETTLEMENT

In mid-April, the United Steelworkers of America signed new three-year agreements with the major basic steel companies. This was the third settlement reached under the Experimental Negotiating Agreement (ENA), without resort to the binding arbitration which ENA requires in the event of impasse. These agreements were made in 1974, 1977, and now in 1980. The latest was achieved in the face of federal pay guidelines and severe economic pressures afflicting the industry.

There was speculation earlier this year that ENA would finally result in a settlement too expensive for the industry, even in its basic steel operations. The 1980 settlement was costly, but it is not likely that it would have been any less costly to the industry if there had been no ENA. Even if there had been no ENA and no strike, there would have been a costly impact on the steel market of a strike deadline--and that alone could have done permanent harm to the industry. These were the considerations that led the parties to establish the ENA in the first place, and they proved to be still pertinent this year.

### 1. Major Provisions of the Settlement

The 1980 settlement will add a dollar an hour in direct wage increases plus cost of living adjustments over three years, all on top of what was already the highest industrial worker earnings in the nation. The increases are 25¢ on May 1, 1980, 20¢ on August 1, 1981, 15¢ on August 1, 1982, and a one cent increase in the spread between each of the 32 job classes in each of the three years. This totals 84 cents, plus about a 20 percent impact on meantime earnings, plus whatever COLA adjustments are made. More than \$3 was due in COLA during the term of the 1977 agreement. The adjustments under the 1980 contract will be no less than \$25 a month and no more than \$250.

Present pensioners will receive increased benefits between 10 percent and 70 percent. The greater increases go to pensioners who retired on specified earlier dates, and the 10 percent will apply to the most recent retirees. Because this adjustment is very costly, the Union agreed to forego the May 1, 1980 COLA payment in order to help finance the increases for those already retired. This adjustment would have been 32¢. The use of COLA for this purpose rather than for wage increases was made because COLA does not apply to pension base or to incentive calculation rates, and is applicable to fringes on a delayed basis.

The minimum pension of present retirees will be \$12 per month per year of service as of August 1, 1980; the basic pension minimum will be increased \$2 per month per year of service in 1980, and another \$1 in 1981, and another \$1 in 1982.

### 2. Details of the Settlement

Extended vacations (13 weeks once each five years for the senior half of the work force) were liberalized for 25-year employees, and an extra week was negotiated in a plan applicable to the junior half of the work force.

Premiums were increased from 20 to 30 cents an hour for afternoon shift workers and from 30 to 45 cents for the night shifts.

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Iron ore miners who struck in 1977 to obtain incentive coverage won an increase in target earnings from the present 15% to 23%.

SUB and Sickness and Accident benefits were increased to reflect higher wage levels. Life Insurance was raised \$4500. Health care coverage was extended to home care and non-hospital facilities in an effort to reduce overall costs.

The controversial contracting out issue remained unresolved despite a comprehensive study by a special tri-partite task force. However, a joint two-person team will seek to retrieve work for the bargaining unit at a pilot plant to be selected, and if the local union agrees, will determine if certain craft organizations can be combined. If productive, this effort could provide a model for other plants.

The parties also provided for local programs dealing with a wide range of matters considered urgent by management or the union. Such local efforts will be made only if both parties agree, and the results would be only those jointly accepted at the plant level. This appears to be a new and very different approach to the joint productivity committees of the early 1970s.

### 3. The Future of ENA

On balance, the settlement is clearly comprehensive and imaginative. It does, however, leave open two major issues--the future of ENA, and the industry's insistence that the non-basic steel operations of the companies be detached from the basic steel umbrella. It appears that these two unresolved issues are inter-related, with the industry making continuation of ENA contingent on resolution of its position on the so-called fabricatory plants. It should be noted that these plants are in competition with a large number of plants with lower employment costs.

ENA is an extraordinary and so far highly successful experiment with innovative collective bargaining techniques designed to minimize the adverse economic impact of strikes on both parties, and on the national economy. That its future is now in doubt is a matter of serious concern to many labor relations practitioners and analysts who had expected to see the experiment extended--especially to public sector situations in urban areas, involving vital health, safety and transportation services.

- Ben Fischer, Assistant to the  
President, United Steelworkers  
of America; 1980 Regents'  
Lecturer, University of California.

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