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## COLLECTIVE BARGAINING IN THE TELECOMMUNICATION INDUSTRY

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**Introduction** — The telecommunication industry is experiencing structural changes due to industrial deregulation and divestiture. The stated objective of these policies is to provide a more competitive environment so customers can obtain more efficient service at competitive prices. However, the combination of the new industry structure coupled with the introduction of new labor saving technology will make it more difficult for specific telecommunication employees to obtain settlements comparable to those negotiated in the past. These events illustrate the impact of the changing industrial environment and the adaptations required by unions like the Communication Workers of America (CWA) the industry's largest union, the International Brotherhood of Electrical Workers (IBEW), and the Telecommunications International Union.

**The Impact of Deregulation and Divestiture on Contract Negotiations** — Industrial deregulation of the long distance segment of the telecommunication industry has changed the bargaining structure primarily by allowing the entry of partially unionized firms. The divestiture of A.T.&T. will change the bargaining structure primarily by allowing the divested local companies to negotiate for separate contracts.

Three regulatory events have been significant in changing the market structure of the long distance telecommunication industry: the 1969 MCI decision, the 1971 Specialized Common Carrier (SCC) decision, and the 1977 Execunet decision. The 1969 MCI decision permitted private line service for business customers in competition with A.T.&T. The 1971 SCC decision permitted qualified applicants to enter the long distance carriers field. The 1977 Execunet decision allowed competitive, shared network, direct dialing, long distance service. These deregulatory events have resulted in the entry of partially unionized companies such as MCI to compete with unionized A.T.&T.

The entry of partially unionized companies can promote greater resistance among employers to grant wage and supplemental compensation contracts that are comparable to past contracts. The entry of partially unionized companies can also cause greater resistance to wage and benefit increases from A.T.&T., because competitive pricing policies will put greater pressure on long line costs, including labor costs.

One objective of unions like CWA will obviously be to organize the new entrants. Another objective will be the development of uniformity in wages and other contract benefits among employees of different companies. Both objectives will be essential to reduce price advantages based on labor cost differentials, and to reduce the resistance of unionized firms to wage and benefit levels which are comparable to those negotiated in the past.

The 1984 divestiture of A.T.&T.'s operating companies may also result in the collapse of the practice of national bargaining by the CWA. The union may not be able to bargain with the local operating companies in a multi-employer unit, which will make it more difficult for the union to achieve uniformity in wages and benefits. Also, the local companies will no longer be subsidized by A.T.&T., so their profit rates are likely to be lower, compared to A.T.&T.'s profit rates, and their pressure on labor costs is likely to be greater.

To contend with these ramifications of divestiture, the CWA recently negotiated nationally a 16.4% wage increase during the three year term of the contract, and an extended medical coverage plan for employees with five or more years of service who leave the company under certain circumstances. These wage and benefit agreements can be used as a benchmark for later negotiations with the local operating companies.

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**The Introduction of New Technology** — Job displacement due to technological innovation was a major issue during the recent negotiations. The impact of labor saving technology on the job security of specific CWA members is revealed by a comparison of the employment of telephone operators and industry growth. The ratio of experienced telephone operators to total telecommunication employment declined during the period 1971 to 1981 from 17.7% to 9.75%. The total number of experienced telephone operators during the same period declined from 148,604 to 88,996. However, industry growth increased by 53% during this period.

The decline in union membership from displacement of operators alone will weaken the union's bargaining strength, unless the CWA is able to stop such displacement and continue to organize employees engaged in construction, installation and maintenance. To reduce the impact of displacement of operators, the CWA negotiated a company funded retraining program for employees whose jobs are being phased out or downgraded. The program will provide better job security for CWA members, and may help to maintain union membership.

The continued organization of employees engaged in construction, installation and maintenance will also be necessary to maintain union bargaining strength, in light of job displacement caused by automation.

As the operators' jobs have disappeared, industry-wide jobs associated with the manufacturing, installation, servicing and replacement of telecommunication equipment have increased in importance. It is significant that CWA and IBEW sought to meet this combined impact on their jurisdictions by negotiating simultaneously with A.T.&T. for the contract just concluded.

**Conclusion** — Unions in the telecommunication industry face the combined impact of automation, deregulation policy, and legal divestiture--all of which will lead to unprecedented changes in market structure and competition in the industry. These changes will also force unprecedented changes in the approach which the industry's unions must take to organizing, collective bargaining structure, job security issues and retraining programs, and inter-union relationships.

The recent collective bargaining agreement negotiated on a national basis may give some breathing space, but further changes and adaptations will have to take place, if the workers in the industry are to achieve in the future the wage and benefit levels, the working conditions, and the job security that has been negotiated in the past.

--James Peoples

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