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## LESSONS FROM THE BLUE SHIELD STRIKE

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The clerical sector is one of the fastest growing in the economy and thus one in which the labor movement must seek new members. Blue Shield is representative of clerical employers: most of the work is low-skilled, computerized, and technologically advanced, and most of the workers are female. From the 1980-1981 Office and Professional Employees International Union (OPEIU) Local 3 strike against Blue Shield, in which the union was negotiating its fourth contract, we can study the possibilities and pitfalls of a clerical strike. While the union lost at Blue Shield, or at best won a Pyrrhic victory, it was not because of the workers' lack of union-consciousness or militancy; rather, it was mainly the result of government support of the company's runaway shop and the union's failure to anticipate this move. Unions can also look to the Blue Shield strike to evaluate the strength of office workers, the coordination of their own tactics, and the company tactics they will encounter during a clerical strike.

**Lesson 1: Militant Clericals**—The Blue Shield strike demonstrated that clerical workers can fight for a contract just as hard as workers in traditional union sectors. Seventy percent of the bargaining unit stayed out for the duration of the 19-week strike, and picket line activity was militant. Pickets were not intimidated by strike-breakers or company guards; they remained active despite a number of arrests and picket line incidents. Strikers organized successful fund-raisers, and they got office space, picketing assistance, and other donations from unions and community groups. They lobbied a supportive resolution through the city's board of supervisors and obtained numerous favorable articles and features from the community media. Some union members developed into leaders in the course of the strike. Thus the strikers did not lose because of lack of determination or resourcefulness.

**Lesson 2: The Company Moves**—Despite such militancy, several factors hampered the strike. The most important was the company's ability to relocate a large part of its operation out of the unionized San Francisco area to non-union locations in Woodland and Colton. This action was not only condoned but also supported by the Health Care Financing Agency, HCFA, which administers Medicare and grants Blue Shield the Medicare contract.

An HCFA report in October 1980, indicated that the agency considered a cost-cutting approach preferable to unionization, in the handling of California's Medicare claims. When the Blue Shield strike began in December 1980, HCFA aided the company in three major ways. First, HCFA reimbursed Blue Shield for the costs of moving its Medicare claims processing operations to the non-union locations. Such costs involved training the new staff, establishing computer lines, and moving files and equipment. The full impact of this assistance became clear only later, in early 1982, in hearings of the House Education and Labor Subcommittee on Labor Management Relations. At that time, a deputy administrator of HCFA, Paul Willging, stated that it was "administratively infeasible" and placed "undue burdens" on fiscal intermediaries like Blue Shield to force them to distinguish between ordinary costs for reimbursement and those aimed at influencing the behavior of employees regarding unions.

Second, HCFA helped the company fulfill its obligations during the strike by having the local Social Security office answer questions from Medicare eligibles. Third, HCFA turned the other cheek when Blue Shield failed to process claims fast enough to fulfill its federal contractual obligations. It tolerated delays in claims processing, overpayments, and underpayments.

Thus HCFA, a federal agency, helped Blue Shield during the strike by paying for the company's move to non-union areas, by tolerating noncompliance with contractual obligations during the strike, and by assisting the company to carry out the functions it was paying the company to perform. Congressional action or lobbying efforts to change HCFA's stance may have proved fruitful under Carter's administration; for instance, the late Congressman Phil Burton and AFL-CIO President Lane Kirkland might

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have been able to influence HCFA policy at least enough to keep the agency neutral. It was clear that would not be possible once Reagan was elected and the political climate had changed.

**Lesson 3: Evaluation of Labor's Strike Tactics**—A second factor in the strike's failure was the lack of organizing at the runaway locations. Such organizing occurred only in San Diego; few meetings and little leafletting occurred at the other locations.

In addition, an attempted boycott of Blue Shield was not effective during the strike. The boycott was directed at group policy holders, and organized labor in California is a primary purchaser of such group health insurance policies. Unions in this state negotiate and pay more than \$7 billion annually in group insurance. The boycott was not successful because such insurance policies are usually for a year at a time and because changing policies is a lengthy and complicated process.

Finally, comparable negotiations in Oakland between OPEIU Local 29 and Blue Cross failed to support the Local 3 strike. The parameters of negotiable contract terms are often set by the results of comparable agreements reached at the same time. Local 29 settled with Blue Cross during the second month of the Blue Shield strike, for a package similar to one which had been offered by Blue Shield to Local 3 members before the strike. When this happened, strike negotiations immediately centered on the Blue Cross settlement, hardening Blue Shield's position, and undermining the position of Local 3 employees.

Thus the Blue Shield strike failed because of (a) the company's mobility, (b) HCFA's support of the runaway shops, (c) the lack of organizing at the new locations, (d) the failure of the boycott, and (e) the Local 29 settlement with Blue Cross. These failures negated the notable fact that clerical workers can fight for a contract just as hard as workers in traditional union sectors.

**Conclusions From the Blue Shield Strike**— With militancy of clericals assured, the union should concentrate its efforts on gaining better information about company tactics, and in countering these tactics. One of the most important pieces of information is knowing who the union is opposing in a strike, since employers may have access to support not immediately visible, such as Blue Shield had from HCFA. Strikes should not commence until the union determines who it is striking. In the case of Blue Shield, the strikers were taking on not only the company, but also the federal government in the form of HCFA. In this case, and in any case in which workers would be opposing a hostile federal administration, strikes should be avoided, if at all possible.

Perhaps the most important tactic during a strike is gaining the cooperation and support of affiliates. In the case of Blue Shield, or any runaway shop, unions must be able to organize at the runaway locations. They must determine what is needed in the form of staff and materials in order to organize at these locations, and they must be sure they can gain such assistance.

Equally important is the coordination of comparable negotiations—particularly those in the same area. Employers today are organized to take quick advantage of any failure by labor unions to communicate and coordinate their efforts on behalf of their members.

Finally, the organization of effective boycotts is important. Potential boycotters of Blue Shield included many of the most important unions in the state, because they are a primary purchaser of Blue Shield coverage. But these unions needed coordinating assistance from organized labor. Information packets on how to find other insurers should accompany boycott appeals, and staff should help boycotters when problems arise in switching insurers. Arrangements should be made in advance, and should be set forth in appropriate contract language which can be negotiated in advance, to permit union members and their dependents to make alternative arrangements for health care, when anti-union employers seek to break up the labor organizations of fellow union members in the health insurance industry.

Thus the Blue Shield strike demonstrated that militancy among clerical workers was strong, and that with an analysis of company tactics, including company support and how to counter their tactics, clerical unions can win contracts in companies such as Blue Shield.

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