Mining industry

BRIEF UNION SUMMARY

OF THE

1967 COPPER STRIKE

United Steel Workers of America (AFL-CIO)

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PREFACE

The enclosed document is a summary of the current nonferrous metals strike, prepared by the USWA Research Department and approved by representatives of all of the more than 18 unions involved in the struggle.

It outlines the major factors that have caused the strike, which on Sept. 15 reached the two-month mark. A brief history of the 1967 negotiations which preceded the walkout is given, clearly indicating the industry's refusal to recognize and adapt to this year's changed bargaining posture of the unions in the industry.

Most importantly, perhaps, the summary contains an explanation of the unions' major bargaining goals. Spelled out are the reasons why employees in the industry, now lagging behind workers in most American industry in terms of contract benefits, sorely need the gains being sought.

The document recently was sent to a group of U.S. Senators, several of whom had indicated a concern with the continuation of the strike. This was done so that these public officials will be aware of the facts in the present situation. Clearly stated is the unions' position of bitter opposition to the use of a Taft-Hartley injunction in the dispute, which would in no way lead towards its settlement, but instead almost certainly would result in a second strike at the end of 80 days.

Public pressure on the industry to adopt a more realistic bargaining attitude, rather than continuing to wait for either an injunction or a supply situation in which the prices of metals could be raised, could help to shorten the strike. Hopefully, the summary may help heighten public awareness and develop such pressure.

In any event, the document provides important background information, both to the employees directly involved in the strike and to those American consumers who eventually may feel the impact of the dispute.

Sept. 25, 1967

THE 1967 COPPER STRIKE— ITS BACKGROUND, CAUSES, AND ISSUES

There have been nearly 20 years of fragmented collective bargaining in the basic copper industry and in the copper and brass mills. Every plant has a separate agreement. Termination dates vary. There are no company-wide agreements such as long since have become commonplace in most industries. The industry has successfully resisted granting cost-of-living protection to its employees. Its wage levels are inadequate. Its pensions are among the lowest in American industry. With one exception, all major companies have refused to install a job classification program to rationalize their wage structures. In many plants, rates for the same jobs are different. Even within each company, nearly every plant has a different level of wages. These are but a few of the products of the inter-union rivalry which the industry has seized on to divide and conquer its employees.

This nonferrous bargaining posture has now been sharply altered. Merger of the two largest unions (Steelworkers and Mine-Mill) in early 1967 and a successful effort to unite all other unions in coordinated bargaining has confronted the industry this year, for the first time in two decades, with a strong, united, and determined opposition. More than 18 unions have banded together to get from this industry and its major companies a fair and equitable economic settlement and some catchup of past lags, both in terms of money and working conditions.

Shortsightedness of an Arrogant Industry

It is, in part, the shortsightedness of the industry in failing to adapt to this change in bargaining situation that has produced the strike. The industry was convinced that it could do business at the old stand, and in the old way. It was sure it could split these new allies. It has tried to do so in every fashion possible. Its efforts have misfired and its gross miscalculation of the meaning of the changes in the bargaining posture of the unions has contributed greatly to this strike.

The industry is a powerful and arrogant one dominated by four major companies: Kennecott Copper Corp., Anaconda Co., Phelps Dodge Corp., and American Smelting and Refining Co. These four, as of the end of 1966, have nearly 83% of the industry's smelting capacity, more than 77% of its refining capacity, and a substantial portion of its mining and its copper and brass mill capacity. They rule the roost. The largest of the domestic producers and the dominant force in the industry is Kennecott.

It is evident in these negotiations that the four companies are coordinating closely all major bargaining moves made by each separate company.

1967 Negotiations—A Brief History

As early as December 6, 1966, USWA President I. W. Abel and Mine-Mill President A. C. Skinner addressed requests to each of these four companies asking for a substantial body of wage, pension, and other data to facilitate the eventual collective bargaining process. This is information to which the Union is entitled by law. The company responses varied. One company has, even to date, supplied no information. Another has supplied only sparse and seriously inadequate data.

Early last spring, March 14-16, 1967, the Steelworkers and Mine-Mill convened a Nonferrous Industry Conference in Salt Lake City to discuss the forthcoming bargaining. It was co-chaired by

Vice President Joseph P. Molony of the Steelworkers and President Skinner of Mine-Mill. All other unions involved in the industry were invited to attend and participate. Out of the conference came a document entitled "1967 Nonferrous Bargaining Policy Goals." It was given informally to the companies at that time, and officially later. It was also given to the Federal Mediation & Conciliation Service. It contained the basic bargaining goals of all of the participating unions and the basic supporting rationale.

Joint Negotiations Proposed

On April 14, 1967, Vice President Molony and President Skinner addressed letters to the presidents of each of these companies, advising them of the then affiliation and pending merger of Steelworkers and Mine-Mill, requesting negotiations for all Steelworker and Mine-Mill units of each company starting during the second week in May, and proposing that such negotiations be conducted jointly with the other unions involved who wished to participate. Within the next few days, formal contract opening, or termination notices, went to each company and later, as required, to the Federal Mediation and Conciliation Service and the appropriate state agencies. Many of the locals proposed starting local issues negotiations in the first week of May.

Initial bargaining meetings were held with Kennecott starting on May 8; Phelps Dodge, May 10; American Smelting and Refining, May 15; and Anaconda, May 22. The latter two companies, particularly, threw roadblocks in the way of meeting. American Smelting and Refining refused to meet and bargain at one location for any properties except a group of some of the former Mine-Mill locals. Anaconda similarly refused to meet in central negotiations except in Montana and then only for the Montana locals. Phelps Dodge refused to include its Texas or Rhode Island plants in its Arizona negotiations. Kennecott refused to include its Utah and Missouri lead and zinc operations in its Utah negotiations.

Despite these handicaps, negotiations did proceed at most companies at an early date. At Kennecott and Phelps Dodge, several subcommittees were set up and arrangements were made for negotiation of local plant issues with local plant managements. These subcommittees worked diligently, supplemented by meetings of the full bargaining committees when appropriate.

July 13 Offer Termed "Premature"

The unions made their opening presentation of their proposed contract improvements to Kennecott on May 8; the company responded on May 9. Other meetings followed. Finally on June 7, Kennecott made a formal three-year proposal. It was rejected as grossly inadequate. It was followed by a one-year proposal on June 19. This proposal was, however, withdrawn promptly in recognition apparently of the fact that a one-year arrangement could not possibly accommodate the many pressing needs. American Smelting and Refining never made an offer across the central bargaining table; though it did make an identical offer on May 23 at each separate location. Phelps Dodge made an offer on June 22. It was not until July 13 that Anaconda made what it termed a "premature" offer for its Montana properties. It has not yet made any offer for its other operations.

On June 20, a strike authorization vote was conducted at each of the nonferrous locals. More than <u>92%</u> of those voting and a majority from every local favored a strike, if necessary, to achieve a just settlement. On June 27, the Steelworkers Union's Continuations Committee then recommended to the Union Executive Board and officers that a strike be called. It recommended, however, that strike action be delayed for <u>another 14 days</u> past June 30, the contract termination date, in a final further effort to achieve settlement. Throughout this additional period and in many negotiating meetings, each of the companies hinted that another company offer would be forthcoming. It never appeared.

Attitude Shift by Companies Needed

Certainly, the lack of a settlement has not been because of the lack of sufficient meetings. The unions have stood ready to meet at any time day or night that meetings could be productive. But mere meetings are not enough. It will take a drastic change of approach and attitude on the part of the companies -- and more money -- to produce a settlement.

Rationale for the Unions' Bargaining Goals

The reasons underlying the unions' demands are set forth in the Bargaining Policy Goals booklet, pages six through ten. As there set forth they are:

- The loss of purchasing power of our members.
- The economic needs of our members.
- The needs of the nation's economy.
- Productivity and profitability of the industry.
- The market prospects of the industry.
- The general levels of major recent economic settlements by other unions.

Since that presentation, which showed that the unions' 1964, '65 and '66 wage increases had been wiped out by increases in living costs, the unions have been more and more impressed with the need for cost-of-living protection as the cost of living has continued to increase by leaps and bounds — <u>3 to 3.5%</u> per year. It is increasingly clear that wage increases must cover both cost-of-living increases <u>and</u> a share in productivity if workers are to avoid being seriously shortchanged.

Major Settlements in Recent Months

In addition, major settlements negotiated during the last few months give clear additional proof that 1967 settlements can and should significantly exceed those appropriate and acceptable in periods when living costs rose only about 1% a year. The Teamsters' national trucking settlement involved a three-year package of more than <u>87¢</u>. The Rubber settlement exceeded <u>85¢</u> for three years. Major nonferrous settlements in Canada, by the Steelworkers at International Nickel Co., Cominco, and Falconbridge, were in the <u>90¢</u> range for three years and that at Alcan was an even higher annual average in a two-year agreement.

The Inadequate Company Offers

The offers were three-year offers, except for pensions (five years). The major provisions were:

	Kennecott	AS&R	Anaconda	Phelps Dodge
Wages, General	6¢, 6¢, 6¢	8¢, 7¢, 7¢	7.5¢, 9¢, 12¢	7¢, 9¢, 11¢
Wages, Increment (Cost)	2¢, 2¢, 2¢			
Pensions Improvements	Five-year agreements with basic pension amount per month, per year of service eventually reaching: $4.25	$4.00	$4.00	$4.25
Insurance Improvements	Yes	Yes	No	Yes
Catchup Changes	No	Vacations and and shift differentials	Extra increases to certain crafts	Vacations and pay for holidays worked.
SUB Improvements	No	No (no SUB plan in effect)	No (no SUB plan in effect)	Yes
Severance Pay Improvements	No	Yes	No (no plan in effect)	No

The Anaconda improvements were made contingent on the acceptance of several changes in benefits and working conditions which would have worsened existing arrangements. And Anaconda's wages, it should be noted, are already about <u>25¢</u> an hour on the average lower than those of its three major competitors.

Claimed Costs of Companies' Offers

The costs of the company "package" offers have been grossly exaggerated by the companies. Two major reasons for the cost discrepancies in the following table are: (1) in calculating the cost of the pension improvements the companies did not discount the cost by 40% as they must, because of the fact that pensions as proposed by the companies would be closed against further change for five years; and (2) the companies include so-called "impact" in their "package" costs. The inclusion of "impact" is both undemonstrated and inappropriate. These company claims and our evaluation follow:

	Claimed Company "Package" Cost	Union Estimate of Three-Year Value to Employees
Kennecott	51¢	35¢
AS&R	Not stated	30¢
Anaconda (Montana only)	Not stated	35¢
Phelps Dodge	48¢	35¢

Even if the company "packages" did represent in value to the employees the amounts claimed -- and they do not -- they would still be grossly inadequate.

Rosy Profits Picture

The net profits of these four companies are at or near all-time peaks. They made, as a group, a return on net worth last year of 13.7%. This is more than double the 6% usually considered a fair and reasonable return on investment. Profits in 1967 were running at as good a rate prior to the strike.

In 1964, when the last prior labor contracts were signed, the four companies earned $220,395,000 in net profits. In 1965, they earned $300,603,000; and in 1966, $409,186,000. In first-half 1967, they were earning at an annual rate of $406,696,000. Thus, for the last 2 1/2 years, net profits have averaged nearly 69% more than profits at the time of signing of the last agreements.

The Major Issues

Wage Increases— The company wage offers for three years total from 22¢ (AS&R) to 28.5¢ (Anaconda).

It is the union position that this is only about the amount of expected cost-of-living increase in the next three years. It would, therefore, permit no "real" wage increase, no sharing in the productivity increases of the economy, which alone average about 3.5% per year in "real" terms. It is wholly unreasonable to expect the employees to be satisfied merely to stand still wagewise in a period in which the companies are making the highest profits ever.

Neither the companies nor the unions can ignore the level of settlements of other major industries in recent months. In general wage increases alone, the Teamster settlement was 25¢, 15¢, 15¢ (a total of 55¢) plus 8¢ cost of living; the Steelworker Alcan settlement exceeded 25¢ in wages in each of the two years of that agreement; the Pittsburgh Building Trades settlement just reached produced $1.20 and up in wages alone for three years.

Cost of Living— The companies refuse any cost-of-living protection for the future -- any catchup for the cost-of-living increases which have occurred.

The unions' position is a simple one. When we negotiate wage increases, we expect our members to reap from them improvements in living standards. Cost-of-living rises rob them of their wage increases. We want protection. If the cost of living rises during the term of our agreements, we want an offsetting wage increase. If it does not rise, we are content to live with what we have negotiated. In addition to annual productivity increases, we need major additional cost-of-living increases of apparently 3% to 3.5%. This brings our needed wage increase into the 6.5% to 7% level per year under the economic circumstances of the last three years, those of today, and those in prospect for the period of new contracts.

Wage Structure— No company proposals were made for any significant wage structure changes except for the minor ones implicit in the Kennecott increment proposal.

The unions want a uniform minimum rate in all plants of the four companies and a spreading out of the rates so as to provide adequate differentials between unskilled and skilled jobs. The unions have made such a proposal to each company. At Kennecott, it could easily be accomplished at an average cost of about 10¢ per hour through a job class 1 and 2 combination and an increase in the existing wage spread between job classes. In the other companies, job classification programs would be needed and the minimum rates in certain plants would need to be raised.

Pensions— The companies proposed to increase the present pensions of $2.50 per month per year of service to $4.00 to $4.25, but contingent on five-year closed pension agreements.

The unions have proposed $6.00. They insist on a three-year agreement on pensions as on all other matters. They want a pension supplement to encourage early retirement, full pension after 30 years' service, widow's pension, and other needed improvements. These union proposals are in line with prevailing pension arrangements, including ones the USWA has achieved in other companies and major industries.

Insurance— Three of the companies propose insurance improvements or some pickup of employee contributions; one proposes no improvements.

The unions want greater improvements in benefits and eligibility, non-contributory insurance, appropriate insurance coverage for laid-off and retired employees. Such items as employee contribution have long since disappeared in most major company insurance arrangements.

Job and Income Security— The companies propose only minor changes in the supplemental unemployment benefits (SUB) and severance pay plan arrangements. Kennecott would rationalize existing different plans to get a single uniform plan. Phelps Dodge is willing to anticipate a mine closing and beef up its SUB plan to take care of it. American Smelting and Refining proposed a minor change in its individual account severance pay plan. Anaconda has no similar arrangements except for an individual savings account plan used in its brass plants and in its Perth Amboy and Tucson operations. It has no job and income security plans in its mining, smelting, and refining operations and opposes installing any such plans.

The unions feel that substantial improvement is needed in job and income security. This industry's existing arrangements are grossly substandard.

Other Issues— Included are such items as:

- Company-wide agreements
- Common agreement termination dates
- Non-discrimination clauses
- Union security
- Improvements in existing holiday, vacation, reporting pay, bereavement pay, etc. clauses

Concluding Comments

In our opinion, the unions are faced with a concerted refusal to bargain on the part of this industry. The reasons are not hard to find. Why should the industry bargain when it expects the Government to bail it out with a Taft-Hartley injunction? And it does.

Price Hike Sought

Further, the industry wants a major copper price increase. It is willing to wait until copper is in such short supply that it can force a price increase of 2¢ to 4¢ a pound. Despite a 2¢-a-pound price increase in early 1967, prior to the opening of negotiations, it wants more. The price increase already put into effect would finance a 20% "package" settlement. (This is backed up by a statement of Robert Page, chairman of Phelps Dodge, which appeared in the AMERICAN METAL MARKET on 3/8/67.)

Our members do not relish a strike. They resort to strikes only as last resorts. A strike costs them more and hurts them more than anyone. We are aware that there is a serious impact on the economies of a few of the states. This, however, is an inevitable and inescapable side effect of the operation of a free collective bargaining system when either party or both parties decide they must withdraw their labor or lock out their employees.

We regret the inconvenience that our strike has caused and will cause to third parties. But we could no longer continue to work at the old wages and conditions and we were unable to negotiate satisfactory improved ones without a strike. Most of the companies have apparently determined to try to starve their employees into submission. Most companies have cancelled insurance coverage or have insisted on employee payment, which they know is impossible. They have also refused to give the employees their earned vacation pay -- even though they admit that they will not let them take vacations after the strike is settled.

Meetings Are Not Enough

The unions stand ready to meet at any time to resolve this dispute. But meetings are not enough. The head of Kennecott, as recently as August 29, bluntly advised the unions and the Federal Mediation and Conciliation Service that the Corporation did not feel that the climate was right for settlement of the strike and that further negotiations at this time would be a waste of time. He stated that the only Corporation offer was the June 7 offer and that he expected it to remain the only Corporation offer for at least the next two or three months. The Corporation intended and expected to be able to settle on that basis.

It is ironic that presumably responsible Senators and Governors should urge imposition of Taft-Hartley under these circumstances. All Taft-Hartley would do would be to reward the industry for its intransigence. It would be a strike-breaking measure designed to force 80 days more work from our members at prior wages and conditions which they have rejected. It would not produce a settlement. It would force, instead, a resumption of the strike at the end of 80 days. Surely, two strikes, instead of one, would scarcely be a desired result; yet Taft-Hartley in this situation would almost ensure a second strike.

Use of Taft-Hartley Is a Blind Alley

There seems to be a general acceptance within the Administration that it is only a question of time before the Administration will be "forced" to resort to Taft-Hartley. Surely, the Government is not so bereft of avenues to promote settlement of industry disputes that it should drift into the use of a dead-end, futile measure which will settle nothing. Before the Government should even consider Taft-Hartley in this dispute, it should bring the top executives of these companies into Washington for some top level efforts to "persuade" the companies to move to a sensible economic position.

If this is not done, we will drift into Taft-Hartley, which the industry wants, into a resumption of the strike after Taft-Hartley, and into a referral of the dispute to the Congressional arena, where settlement is even less possible and likely.