Mining industry

[Copper Strike Information Bureau.]

SITUATION FACING COMPANIES IN PRESENT COPPER STRIKE

AN INDUSTRY PERSPECTIVE ON THE ISSUES AND REASONS WHY SOLUTION IS NOT IN SIGHT

No practical formula for settlement of the nationwide copper strike which began July 15, 1967, was in sight as November began. The 100-day plus strike has spread until it now has shut down over 90 per cent of all copper mining in the United States, a number of zinc and lead mines, some secondary metals plants, including aluminum plants, and all but a few of the nation's major copper smelters and refineries. In addition, a large proportion of U. S. copper fabricating capacity has been closed down.

In the past, the nonferrous industry has suffered a number of drawn-out strikes, particularly at the western copper mines. The most extended ones in recent years took place in 1946 and 1959. But the present strike is intrinsically different, both in issues involved and in their implications.

The traditional collective bargaining patterns between the copper industry and its workers have been radically altered. The new situation has resulted in an impasse at the bargaining table.

[New York, 1967]

THE UNION APPROACH TO NEGOTIATIONS

The industry is faced today by a totally new power mechanism forged by the United Steelworkers of America, with the help of the AFL-CIO's Industrial Union Department, headed by United Auto Worker President Walter Reuther.

In early 1967, the Steelworkers assembled a coalition of 26 separate unions with bargaining rights somewhere in one or more of the major nonferrous metals companies' overall operations. Later, on July 1, the Steelworkers absorbed the old-line Mine, Mill and Smelter Workers of America, whose membership among the copper mining employees had been far the larger of the two. (1)

The takeover of the Mine, Mill union, accomplished just before the strike began, placed the Steelworkers in undisputed ascendance over workers in all the metal producing industries of the United States. (2)

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(1) See Appendix No. 1 for list of unions in coalition.

(2) United Steelworker contracts will expire in 1968 with the can manufacturing, aluminum, and steel industries. Total Steelworker membership is officially listed as 1.1 million, including the newly-merged Mine, Mill membership.

Prior to the merger, in March of 1967, Steelworkers and Mine, Mill representatives at a conference in Salt Lake City assembled a document which then was published as "1967 Nonferrous Bargaining Policy Goals." Representatives of other unions in the industry were in attendance at the conference and later adopted the same bargaining goals.

At the negotiating tables, this document setting forth the union demands came to be known as the "Best Seller." The idealized goals it contained were termed by the unions "Heaven in '67."

One of the copper companies estimated the cost of the original "Best Seller" demands to be in excess of $2.85 per hour. Percentage-wise, applied to copper company operations, this would be some four times the recent UAW-Ford settlement.

While companies and unions often differ in their estimates of the costs of particular proposals because each side uses different assumptions, it is doubtful that the unions, using their own assumptions, could arrive at a cost of less than $2.00 per hour for their "Best Seller" package.

This perhaps explains why the unions never publicly attached any dollars and cents cost estimate to their original demands.

Each of the four major copper producers made an economic counterproposal to its mine unions before the strike; at three of the four companies these offers were made several weeks prior to July 15. (3) In establishing the levels of these offers the companies took into account the indisputable fact that settlements in industry today cost more than settlements did in prior years. The companies felt that their offers represented sound bases for economic bargaining, and there was no implication from any company that its offer was not subject to upward revision. Nevertheless, the unions flatly rejected the offers and made no counteroffers to any of the companies until the strike had run for more than 10 weeks.

Late in September, Governor Calvin Rampton of Utah called a series of conferences between Kennecott and the Steelworker-led Kennecott unions. At the conferences Governor Rampton finally elicited a promise from the unions to present to Kennecott an economic counterproposal costing less than $1.00 per hour. When the counterproposal was unveiled, however, it contained wage and fringe benefit demands that would cost Kennecott $1.47 an hour, according to the

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(3) See Appendix II for details of company offers.

company's calculations. The union negotiators later deleted an insurance demand costing 12¢ an hour, but to date have been adamant concerning the costs of the remaining items. (4)

NATURE OF THE UNION DEMANDS

The original "Best Seller" package, which includes a demand for "industry-wide wage uniformity," still is the union proposal to American Smelting and Refining Company. As stated above, the unions have modified their demands downward somewhat at Kennecott but still are demanding highly inflationary wage and benefit increases. Anaconda and Phelps Dodge received revised proposals in October that are generally similar to the revised proposal to Kennecott. The union coalition continues to insist also on wage uniformity for the entire industry. It now wants to disregard all of the factors that led to creation of wage differentials in the industry in spite of the fact that their elimination could result in the closing of marginal mines and plants and inevitably would inhibit the opening of new mines and plants.

Existing wage differentials in the industry can be attributed to a number of factors. Among these are:

- Differences in the economics of operating a mine as compared with operating a fabricating plant;

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(4) See Appendix III for comparative analyses of the union counter-offer to Kennecott by employer and union spokesmen.

Differences in the economics of operating a lead mine or lead smelter as compared with operating a copper mine or copper smelter;

Differences in the economics of operating an underground mine as compared with operating an open pit mine;

Differences in the economics of operating a particular mine or plant as compared with operating some other mine or plant;

Differences in the levels of living costs and general wage rates between one region and another.

In furtherance of their aim of industry-wide wage uniformity, the unions have persisted in pressing each company to bargain on a company-wide basis. In the past, the bargaining units covered in any set of negotiations generally have been limited within each company to similar or closely related worker groups.

Contracts for fabricating plants, in general, have been negotiated separately from those for mining properties, a recognition of the fact that work differs between the two types of operations and that they face different competitive situations.

Contracts negotiated since August 1, 1967, at six copper products fabricating plants accentuate the independent position of such plants from other operations in the copper industry. (5) All these settlements were for less than the 50.6 cents an hour initial package offered to the coalition by Kennecott prior to the beginning of the strike. (6)

All of the principal companies have insisted that recognized bargaining groups be maintained. The unions' reply to Kennecott's stand on the matter (on October 13, 1967, at Salt Lake City) was simply this:

"No (Kennecott) employee will return to work anywhere until a satisfactory and simultaneous agreement is concluded for all (Kennecott) workers."

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(5) Recent fabricating and secondary metals plant settlements have been concluded at Essex Wire, General Cable, Okonite, Kramer Co., Lavin Co., and the Benjamin Harris Co.

(6) The unions publicly valued Kennecott's offer at anywhere from 35 to 42 cents per hour. Part of the difference between the company and union figures is the item copper people call "impact;" it refers to the automatic raises that occur in overtime premiums, vacation pay, holiday pay, etc., every time basic wages are raised. In other industries this effect is called "creep" or "roll-up." Whatever it is called, it represents real money.

This declaration ties the settlement terms for Kennecott copper miners in Utah, Arizona, Nevada or New Mexico to "satisfactory and simultaneous agreements" covering Missouri lead and zinc mines, a Maryland refinery, Ohio copper and brass fabricating plants, and a Utah lead and zinc property.

A parallel declaration also has been made to Anaconda in Montana. In the latest union proposal to Phelps Dodge, settlement in Arizona is made contingent upon simultaneous agreements being reached with plants of Phelps Dodge subsidiaries at El Paso, Texas, and Fordyce, Arkansas.

Kennecott has charged the unions before the National Labor Relations Board with violating the National Labor Relations Act by insisting on company-wide bargaining. If the Board agrees with the company, it has the authority to seek a Federal court injunction against the continuation of such a stand by the unions. Anaconda may file similar charges against the unions in the near future.

EMPLOYER POSITIONS STYMIED

The position of the companies clearly has been that their initial offers are open to negotiation whenever the unions show readiness to bargain in a realistic manner. But the unions have refused to engage in realistic bargaining. They have thrown roadblocks in the way of settlement by keeping their economic demands at astronomical levels, by continuing to press for unacceptable changes not directly involving money, and by insisting on company-wide bargaining.

It is notable that in industries where company-wide settlements prevail, the disposition of local issues more and more is becoming a major problem which sometimes prevents resumption of production for more than a month after the basic national settlement is agreed to. Two years ago an example of this form of strike extension was seen at General Motors and this year Ford production was deferred long after company-wide settlement.

COPPER AS A WORLD COMMODITY

Complexities of copper supply, demand and price are worldwide. Most U. S. producers' selling prices have been substantially below world quotations for the past two years to avert potential shifts by customers to alternate materials. There also has been Washington pressure against price increases.

In the absence of strikes or other disruptions of production, world copper production capacity appears to be substantially in excess of world demand. Even with the present U. S. strike, copper continued to be reasonably available to consumers at least through October.

By that time, the loss of U. S. refined production as a result of the strike was approaching 500,000 tons.

Most U. S. copper is produced from large low-grade ore deposits. Producers have attempted to offset cost increases by the use of larger and more efficient equipment, but further economies, particularly in such processes as refining, await new breakthroughs in technology that are not now in sight.

A few U. S. producing properties that are not really profitable have been kept in operation by companies that have substantial production elsewhere. They are being maintained to keep as strong a productive base as possible within the United States. From a strategic and economic standpoint internal copper supply is a national essential.

GOVERNMENT INVOLVEMENT TO DATE

Copper mining is the keystone in the economies of several western states. So damaging has been the impact of the strike on states such as Arizona, Montana, New Mexico, Nevada and Utah, that their governors, senators and congressmen actively have been seeking to expedite a settlement of the extended dispute. Official Washington has expressed deep concern, but has tended to leave developments to the courses normally followed in strike disputes, including the participation of federal mediators.

Taft-Hartley action has drawn only limited advocacy. If the Taft-Hartley Act were invoked, the strikers would be sent back to work for 80 days under Federal injunction. Some industry leaders believe, however, that such an action probably would delay rather than hasten a settlement. Less than 80 full days of production would be realized under an injunction, since some of the struck properties have seriously deteriorated during the strike and there will be delays before actual production can begin.

COALITION OBJECTIVE IS CLEAR

The union strategy in calling the strike apparently was based on the assumption that copper was in such short supply that pressures from consumers and government, particularly in view of continuance of the Vietnam war, would bring a quick end to the strike. At some of the mining properties local union leaders, in soliciting a strong strike authorization vote late in June, assured the members that the government would not let a strike run longer than two or three weeks.

But it turned out that copper was not in short supply at all. It was only after more than 15 weeks of strike that some consumers began to experience difficulty in securing enough copper for their needs. In the meantime, more and more plants had been struck as the contracts expired. The coalition's current position was expressed on October 28 by I. W. Abel, President of the Steelworkers: "No progress is being made and the union is ready to sit it out."

Some observers have noted that the Steelworkers concluded a strikeless settlement for what was represented as a 75 cent an hour package (more than 80 cents with impact) with the Pima Mining Company, operator of a small mine in Arizona. The same benefits, particularly pensions, would cost a great deal more when applied to the longer-established major companies, but even an increase of 75 cents an hour is highly inflationary and represents a sharp rise percentage-wise compared with this year's labor gains in other industries.

Control of the situation from the labor side clearly is in the hands of Steelworkers' headquarters in Pittsburgh. That strategic center looks ahead to major campaigns in 1968. Contracts in the can industry expire in January 1968, aluminum in June, and steel in August.

It is obvious that an effort is under way in the copper negotiations to set a foundation for 1968 that will permit the Steelworkers to rival or exceed Walter Reuther's Detroit-based UAW in its performance at the bargaining table. I. W. Abel said so in Chicago on October 28: "As far as the dollar an hour increase with Ford is concerned, we still reckon the nonferrous metals men should get more than that, so they can catch up with the auto workers."

On the other hand, the 1968 negotiation deadlines are coming closer and closer, and, unless the Steelworkers are to be simultaneously involved on many fronts, they may soon have to call for emergency assistance from the Government.

INDUSTRY RESPONSIBILITY

The copper industry, mindful of critical national needs and the urgency of problems beginning to beset its customers, nevertheless seeks to prevent a disastrously inflationary settlement which cannot be justified either by current wage levels among its employees or by the trend of the national economy. Inflationary benefits to workers cancel out their own value, injure retired workers and dependents of all kinds, and generally reduce what the dollar will buy.

> Raising costs of United States production to a point that is out of reason exports jobs to other countries and reduces national security.

The interest of all parties concerned lies in reasonable settlements, promptly concluded.

APPENDIX I

UNIONS IN COALITION

Steelworkers (including former Mine, Mill and Smelter Workers)
United Auto Workers
International Union of Electrical Workers
International Brotherhood of Electrical Workers
Machinists
Teamsters
Operating Engineers
Laborers
Brotherhood of Railroad Trainmen
Order of Railway Conductors and Brakemen
Brotherhood of Locomotive Firemen and Enginemen
Brotherhood of Railway Carmen of America
Boilermakers
Carpenters and Joiners
Painters and Decorators
Plumbers
Office and Professional Employees International Union
Pattern Makers
Sheet Metal Workers
Switchmen's Union of North America
Bricklayers
International Chemical Workers
Iron Workers
Brotherhood of Locomotive Engineers
Molders
Office Employees Independent Union

APPENDIX II

COMPANY OFFERS

Summary of the initial company offers:

KENNECOTT COPPER CORPORATION

THE PACKAGE	COST TO KENNECOTT (to the nearest 1/2 cent)
General pay increases . . .	18 cents per hour
6¢ an hour for each of 3 years.	
Increment increases. . .	7 cents per hour
Raises in the difference between job grades.	
Job upgrading . . .	1/2 cent per hour
Raising some occupations one or more classes.	
Pension improvements . . .	13 cents per hour
Hospital-medical - surgical . . .	2 cents per hour
Improvements in other group insurance . . .	2 1/2 cents per hour
Job and income security plans . . .	2 cents per hour
Impact . . .	5 cents per hour

When hourly wages go up, the cost of overtime, vacations and holidays become more expensive.

The initial offer came to 50.6 cents per hour.

AMERICAN SMELTING & REFINING COMPANY

(Earliest offer in the nonferrous industry this year during the week of May 21.)

Wages - Effective 7/1/67	8 cents per hour across the board.
Effective 7/1/68	7 cents per hour across the board.
Effective 7/1/69	7 cents per hour across the board.
Vacation -	
Effective 7/1/67	3 weeks for 10 years service 4 weeks for 20 years service
Health and Welfare -	
Effective 7/1/67 - weekly	
sickness and accident benefit	$65 per week (up from $60 per week)
Shift differential -	
Effective 7/1/67	8 cents per hour and 16 cents per hour (up from 6 cents and 12 cents)
Security and Severance Plan -	
Effective 7/1/67	$30 in the formula replacing $25
Life insurance -	
Effective 7/1/67	$4,000 replacing $3,000
Pension agreement -	
Effective 7/1/67 through 6/30/72	
A. Basic benefit	$4 per month per year of service, replacing $2.50

B. Widow's benefit	For active employe, minimum age 55 and 10 years service, 50 percent of pension earned as of date of death.
C. Permanent and Total Disability Benefits Plan Effective 7/1/67	
Basic benefit	$150 per month, replacing $100 per month

ANACONDA COMPANY

Anaconda's offer, largest in its history, amounts to approximately $8 million for Montana employes. The three year contract offers across-the-board wage increases totaling 28-1/2 cents -- 7-1/2 cents first year, 9 cents second year, and 12 cents third year. The base wage increase in days pay per employe is a minimum of $2.28 to a maximum of $3.40 per shift over the three year period.

The pension agreement would be extended 5 years, and the monthly benefit rate would be increased by 60 percent. The disability pension would also be improved. The contract would apply to the Steelworkers Union, crafts unions, Butte Teamsters and Butte Operating Engineers.

PHELPS DODGE CORPORATION

Phelps Dodge offered on June 22 to raise wages and fringe benefits already costing the company $4.15 per hour by 47.7 cents per hour over a three-year contract. The offer was as follows:

	1st Year	2nd Year	3rd Year	Total
Wages	7.0¢	9.0¢	11.0¢	27.0¢
Impact	1.5	1.9	2.4	5.8
Pensions (1)	6.4	3.2		9.6
UB - RD & DB (2)	2.0			2.0
Holiday Premium (Worked)	2.0			2.0
Vacations	0.4			0.4
Group Insurance		0.9		0.9
Totals	19.3¢	15.0¢	13.4¢	47.7¢

NOTES: (1) Raise pension benefit from $2.50 to $3.75 per month per year of service in first year, in second year raise to $4.25 and increase disability pension from $80 to $100 per month; five-year pension agreement.

(2) For improvement to be negotiated in Unemployment Benefit Plan and Retirement, Death, and Disability Benefits Plan.