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Up Against More Gloom and Doom

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Abstract

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Beset by a hostile management, the devastating effects of airline deregulation, a deep recession, and the general anti-union climate in the country, the leadership of IAM District 100 felt it had forged a way out of a vicious and debilitating cycle. The basic principles for this way out—or "model" if you will—included: exhaustive research on the actual conditions and operations of the company; an aggressive policy of taking the initiative rather than waiting to react; an insistence on reciprocal and equitable efforts and sacrifices; and the demand for a real augmentation of the decision-making role of workers and their union in the operations of the company.

Keywords

IAM, District 100, Eastern Airlines, negotiations, critique

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The signing on December 7, 1983, of the financial-relief-and-worker-role-in-management agreement at Eastern Air Lines marked the culmination of a four-year effort by IAM District 100 to respond effectively to Eastern management and to an abruptly changing environment in the airline industry. It was also the beginning of a new phase.

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The Eastern agreement represents the first conceptual breakthrough in collective bargaining to occur in many years. It

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provides a framework for confronting some of the most difficult issues facing the labor movement today. It contains the seeds of a coherent, expanded definition of the legitimate role of unions in today's economy. It pushes back the frontier of management rights significantly, and establishes a whole new set of workplace practices—which cannot easily be revoked—which enhance the role of both the union and the worker.

One of the key aspects of this agreement is that it was accomplished through the existing union structure and through the collective bargaining process. It built on the union's strengths and worked to shore up its weaknesses. On a broader level, the Eastern agreement offers hope that unions will be able not only to make the transition in a changing environment, but that they will actually be able to keep ahead of those changes and take the initiative in areas where they have previously only reacted.

This model, when applied, allows the union and its members to make informed, independent judgements about a host of issues previously left either to blindly following a company's line or reflexively reacting to company assertions. It recognizes that unions must learn much more about an employer and the employer's business operations.

Not to be ignored, this specific agreement saved 37,000 jobs, providing Eastern workers with a measure of ownership, dignity and authority that they were not previously accorded.

It is also true that the agreement carries with it additional burdens and risks for the IAM membership and leadership. But, as we hope to demonstrate, this is a trade-off which was not only unavoidable, it is one that offers immense opportunities as well.

How The Agreement Emerged

An agreement of the magnitude of the Eastern accord cannot be considered outside of the context in which it occurred. This is especially true if it is being viewed as a model for others to emulate. As was documented in the previous issue of Labor Research Review (No. 4, Winter 1984), for several years District 100 conducted a broad and aggressive campaign against Eastern's management style and techniques. This campaign included a series of financial research and training programs, a highly visible and effective use of the media, internal communications, and creative actions at the workplace.

District 100 President Charles Bryan had consistently argued that the key problem at Eastern was that the company did not treat its workers with any respect or consideration, thus depriving them of any possibility of dignity or feelings of security at the job. The almost unbroken string of confrontations, strike threats and generally hostile workplace relations were bound to create severe difficulties for the company, he mainta "negatives" and the developing a "positiv dealing with challenge.

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By September 1983, however, Bryan thought that there would be something of a respite from the confrontation syndrome. Earlier in the year, the IAM had finally achieved its goal of an “industry standard” wage package; it had agreed to a small, interest-bearing wage investment program to help the company with cash-flow problems; and it was in the process of establishing with the company an “employee involvement” program in which the union had secured iron-clad protections against management abuses.

Then, on September 15, 1983, in the midst of the District 100 Convention, Bryan received a message that Eastern Air Lines Chairman Frank Borman had an “urgent” matter to discuss and wished to schedule a meeting as soon as possible. At the meeting four days later, Borman feverishly argued that Eastern was in severe financial straits; all of Eastern’s workers would have to take a direct 20% pay cut, contributions to their pension funds would have to be postponed, and hard-won work rules would have to be scrapped. If the workforce did not accept this ultimatum by October 13th, Eastern would file for protection under the bankruptcy laws.

If Bryan was stunned, he was doubly incensed. Here was yet another example of Eastern’s “business as usual,” one shrill threat after another. It seemed that management was incapable of settling down to run an airline and allowing its workers some peace of mind. Moreover, Borman’s threat was transparently double-edged: October 13 was the strike deadline for resolution of the long-running contract talks with the airline’s flight attendants’ union, Transportation Workers Union Local 553.

Just five days after the meeting with Borman, Continental Air Lines announced its bankruptcy ploy. Subsequently, Eastern made its threat public. Borman had made strong threats before, but none had the impact that this one had. During the last days of September, company-sponsored flight attendants began circulating “no strike” petitions and held demonstrations at the TWU Local 553 office. The national media went wild with special reports on the “next Continental.” The workers at Eastern were beginning to believe that the company was really crazy enough to do this. A frightened public decided not to fly EAL, and bookings took a nose-dive. To many workers at Eastern, management’s threat of bankruptcy was becoming a self-fulfilling prophecy.

In order to demonstrate to the public that it was not merely threatening bankruptcy to break the unions, the company brought in labor relations consultant and former mediator, IAM official and
Secretary of Labor William Usery. Without even informing the unions, Usery announced to the media that he had called in the investment banking firm Lazard Freres & Co. to conduct an “independent” investigation of Eastern’s finances.

The momentum was in EAL’s favor. The press was even speculating that the militant Machinists union would have to cave in. Instead the union decided to fight back. The first step would be to make it clear that Usery was an Eastern representative, not a mediator, and that Lazard Freres was not “independent.” The second step would be to reverse the momentum by demonstrating to the world that the IAM leadership was not going to accept Borman’s ultimatum and that IAM members were behind their leaders. This would be difficult because the fear level at Eastern was at an all-time high.

The IAM immediately began researching Lazard Freres. The union found that Lazard senior partner Felix Rohatyn had served on Eastern’s board of directors and that Lazard Freres had acted as Eastern’s investment bankers for years. In fact, Lazard Freres had helped design Eastern’s first worker concessions program back in 1976.

Bryan exposed this to a hungry press corps. No longer would the press refer to Usery as a mediator, rather he became “Eastern’s labor consultant.” After the IAM charges hit the press, Lazard immediately contacted Bryan, stating that it would perform no analysis unless the unions agreed that the firm could be “impartial.”

A meeting with the Lazard team was arranged. At that meeting, Bryan demanded that the union be allowed to pair management’s research team (Lazard) with its own consultants, Locker/Abrecht Associates (a firm that has conducted research exclusively for progressive social causes for the past 12 years). Together, they would perform a “balanced and credible analysis.” Moreover, Bryan made it clear that it was the union’s position that if indeed Eastern was in financial straits it was not the fault of its workers but rather the responsibility of those who made the decisions on how to operate the company. Part of the task of a Lazard-Locker/Abrecht investigation would be to scrutinize management’s role in bringing on the current crisis.

While this was going on, the company was stirring “let us vote” sympathy among some flight attendants and non-contract employees. Eastern conducted a “vote” on the concessions among non-union clerical workers. To no one’s surprise, this vote was overwhelmingly in favor of Borman’s demands.

Now the union had to demonstrate its own credibility to the public and to Eastern’s workforce. This meant it had to show that the members were behind District 100’s interpretation of the current crisis and willing to stick with their union. It was important for union members to tell the wo: (sic) incompetent management

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forming the members to tell the world that the real issue at Eastern was incompetent management not greedy union workers.

On Wednesday, October 5th, with less than 24 hours notice, more than 3,000 Eastern Machinists, joined by members of the Flight Attendants and Pilots unions, marched down Miami's busy 36th Street during lunch hour. Their picket signs carried only two messages. On one side they read "I VOTE NO TO CONCESSION FEVER" and on the other side they said "BORMAN MUST GO." At the head of the picket-line, Bryan pointed to the sea of workers and told the national media: "We just voted."

During all this, more meetings with Lazard and Usery took place. In addition, the three unions began meeting together and drew up conditions for an analysis of Eastern's financial status. These conditions included: 1) Borman must publicly renounce the bankruptcy threat, in order to keep it from becoming a self-fulfilling prophecy. 2) The company must settle the flight attendants contract. 3) The investigation would go a lot further than just analyzing Eastern's financial difficulties. The unions insisted that they wanted to know what management practices had caused the problems at Eastern. The financial investigation would make no recommendations and propose no solutions; solutions would be worked out through traditional labor/management negotiations. Lazard and Locker/Abrecht would work as one team and would have total and complete access to all company information. The unions would have daily contact with the team, and the final report would be jointly agreed upon. There would be no public statements on the study without the approval of all parties. The unions, for their part, agreed to do whatever was necessary to ensure the continued viability of the company.

At a press conference on October 7, the three unions and Eastern jointly announced their "agreement to agree" and the Lazard-Locker/Abrecht team began its work.

As the results of the Lazard-Locker/Abrecht analysis began to materialize, the IAM became convinced, ever-so-reluctantly and after as complete an examination as has probably ever been attempted by a labor organization, that Eastern was, in fact, on the brink of bankruptcy. And worse than even the Continental "bankruptcy," the particulars in the Eastern situation meant that it was highly unlikely that EAL would ever be able to reorganize and fly again. Simply put, if Eastern closed its doors, its assets would be liquidated and 37,000 workers would be without work. The IAM was acutely aware that the problems it faced were largely the fault of Eastern's management and of forces much greater than just this one company. Deregulation and its accompanying fare wars had fostered a vicious downward pressure on labor rates. The economy was behaving erratically under
the influence of Reaganomics, resulting in lighter air travel than would have been expected. The general anti-union environment (and the specific post-PATCO environment in the airlines) had put workers on the defensive. And Eastern's banks played a crucial role in precipitating the crisis by refusing to grant waivers on loan covenants unless the company could project break-even for 1984.

The IAM negotiators felt they had only two choices: 1) Refuse to provide the company any "relief" and almost certainly see 37,000 jobs destroyed; or 2) agree to provide the company with relief, but minimize the duration and extract major concessions from Eastern management.

While the Lazard-Locker/Abrecht analysis was being conducted, the IAM negotiating team began to discuss these issues. They were also raised in meetings with the other two unions. In each discussion the same central question arose: How do we ensure that anything we grant East management/ have to get a 1 business in on will be makin the specifics The IAM te own proposal "books" it felt Action'"). The approval’ of (business plan were proposal had been ince the augmenta
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we grant Eastern is not wasted by an ineffective and self-destructive management? The answer to that question was always the same: We have to get a broad range of "hooks" into the way the company does business in order to protect the "investment" that Eastern workers will be making. Increasingly, the conversations turned on examining the specifics of such "hooks."

The IAM team then decided to take the initiative and present its own proposals for financial relief, inextricably linked with the "hooks" it felt were essential (to be called the "Programs for Positive Action"). These proposals included demands for "review and approval" of a broad range of corporate decisions and policies (business plans, capital expenditures and so forth). In addition, there were proposals for the reduction of the number of supervisors (which had been increased by Eastern in anticipation of a strike) and for the augmentation of the authority of the "leads," a seniority-driven group leader position. Even a management review committee—whereby workers could grieve managerial decisions—was developed and proposals covering a number of other key workplace and benefit policies were drafted.

On November 10, these proposals were formally presented to the company and formed the basis for the discussions among all parties over the next month. They were also substantially represented in the final agreement between Eastern and the union.

What The Agreement Achieved

The IAM-Eastern agreement contains many unique elements. The agreement provides for 25% of Eastern's stock (12 million shares), plus a "no interest loan" preferred stock that is convertible into 3 million shares of Eastern common and has a "liquidation preference" which would return all of the $260
million placed into the preferred if Eastern went bankrupt (this is not, as Compa and Baicich argue, "worthless"; based on Eastern's net worth, all of this money is in fact secured). The union agreed to a 5% productivity increase, but informed the company that it would show Eastern how that's to be done (and certainly not through the gutting of work rules).

The agreement provides for ongoing and unlimited access to information; direct involvement in a range of management prerogatives; dramatically increased roles for elected union officials, from top to bottom; an agreement to reverse a previous policy and place a priority on the contracting-in of work; forcing Eastern to participate in a financial restructuring to provide additional capital and so forth.

The IAM certainly didn't get everything it demanded or wanted, but it got far more than anyone else we are aware of. Further, the agreement has in fact altered the internal balance of power in favor of the organized workforce at Eastern.

The Skeptics' Fears Are Misplaced

A recurring tragedy in history is that, often, those who are most active in promoting positive change are unwilling or unable to recognize and take advantage of the possibilities for real change when they appear. Rather, they focus on the risks, the imperfections, not on the potential gains and the opportunities. Instead of being agents of change, they become defacto defenders of the status quo. Compa and Baicich seem to fit this mold with their fear-laden criticisms of the Eastern agreement.

Many of their financially-based criticisms serve as inadvertent object lessons on the urgent need for more financial training for union activists and leaders. Correct-sounding rhetoric that doesn't bear any relation to reality serves no one, least of all workers whose jobs are at stake.

Of course unions should not meekly accept employer assertions of need; they should not allow companies to further worsen the internal balance of power between management and workers; and unions should not shrink from confronting a company directly, militantly and in effective new ways. Unfortunately, inflexible and unthinking "fightback" and "no concessions" rhetoric leads, we believe, to another form of paralysis which is no more useful to workers than is the meek acceptance of concession demands.

Compa and Baich have four main objections, not only to viewing the Eastern agreement as a model, but to the actual agreement itself. They argue:

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2) The bargain
3) The employee of the agree power-shari
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1. Compa and Baichich claim the agreement is too expensive; the stock ownership plan is unsound.

2) The bargaining situation at Eastern was unique.

3) The employee involvement and workplace democracy provisions of the agreement are exaggerated; there is the appearance of power-sharing with no real substance.

4) The concessions-for-participation trade-off is not a solution to labor's crisis; it only diverts attention from the real task at hand.

Because of space limitations, we can neither fully describe the Eastern agreement and its aftermath, nor can we fully respond to the assertions of Compa and Baichich. However, we feel compelled to answer some of their more serious charges and distortions.

1. Compa and Baichich claim the agreement is too expensive; the stock ownership plan is unsound.

The central objective for the IAM during negotiations was to minimize the risk of losing money while maximizing the workers' chances of recouping their investment in the company. In this sense the Eastern agreement clearly shows that labor has broken new ground. John Peterpaul, IAM Transportation Vice President and a key player in the negotiations, termed this as "upside and downside bargaining." In other words, if by chance the company made a miracle recovery (Chrysler comes to mind here) there would be provisions that workers would get paid back. On the downside, if the company did go into liquidation the workers would recoup their money from the sale of Eastern assets.

While the IAM did not at all welcome it, the union had made a clear determination that a specific amount of financial relief would be required to keep the company from going over the edge. The calculation of how much to grant was completely driven by the size of the problem. In fact, the amount of relief that was finally agreed upon was definitely at the low end of the Lazard-Locker/Abrecht team's range of projections for losses.

Compa and Baichich argue that workers were given "watered" stock. This is an absurd assertion, since the unions negotiated for one quarter of the company's stock, however many shares that might represent. Eastern issued sufficient shares to provide that percentage of ownership, but the only people whose shares were diluted in the process were the existing stockholders. One-fourth ownership of a company is one-fourth ownership, no matter how many shares that means.

Another issue that requires clarification involves the necessary delays in giving workers access to the stock they have purchased. The common and preferred stock for IAM members is being placed into a trust (completely controlled by the IAM). Why? Because the
union arbitrarily decided that it didn't want them to be able to recover some of their money for two years? Obviously not! The stock is blocked for two years because that is the minimum time required under the Internal Revenue Code to ensure that Eastern workers don't have to pay taxes in 1984 on money they will not receive during that year. The two-year delay was for tax purposes, simply and purely. Throughout the negotiation, the IAM insisted that workers receive "full value" for their investments and that they be able to have access to their securities as soon as possible.

The issue of potential price depression in Eastern securities as workers sell their shares in large numbers is a real one. The IAM has attempted to avoid this problem in a number of ways. The trust provides for a cap on distributions from the trust, at the discretion of the IAM-appointed trustee, if it appears that such a large volume of stock will come into the market that it will significantly drive the price of the stock down. Obviously, the union would rather not see that cap exercised at all, but it also feels that it is important to do whatever necessary to protect the value of workers' securities. One way of reducing this problem was incorporated into the trust: there will be a mechanism for "in trust trading" among Eastern workers which may eliminate the need for the cap. Also, the union feels that at least some workers will decide to leave their stock in the trust, since it will continued to be sheltered from taxes. While this issue is clearly a concern to the IAM, distorted criticisms that offer no alternatives certainly do not contribute to this debate.

Equally distorted is Compa's and Baicich's discussion of the preferred stock. This security was never presented as a desirable investment. In fact, it is just the opposite. The preferred is where the relief to the company was really granted. It is an interest-free loan, repayable out of 20% of "profits available to common." The reason it was designed this way is that, because it is paid off only when there is a profit, the company was able to essentially wipe the $260 million that "purchased" the preferred off its profit and loss statement. This is the part of the agreement that allowed Eastern to project a break-even for 1984. The IAM was under no illusions that this was a "good investment." It couldn't have been if it was to serve its purpose.

But it is worth something, and much more than Compa and Baicich imply. First, assuming Eastern remains in business and begins making profits, it will pay a total of $260 million in dividends, however long it takes. While dollars may be worth less when they are paid, that sum is hardly something to sniff at. The preferred is convertible into 3 million shares of common at any time. While not equivalent to what was paid for it, this is also of monetary value to workers. Further, if Eastern were to go bankrupt or liquidate, the full $260 million would in fact be out of business tomorrow. stockholders are paid is a form of insurance to have been futile, investment back.

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million would in fact be repaid [less any dividends already paid]. One only has to examine Eastern's balance sheets (and its net worth) to see that the $260 million would be repaid if the company went out of business tomorrow, even after all creditors and other preferred stockholders are paid off. In essence, this "liquidation preference" is a form of insurance for Eastern workers: if their sacrifices prove to have been futile, they will at least get much of their wage investment back.

2. Compa and Baicich maintain the bargaining situation at Eastern was unique.

There were obviously many specific elements in the Eastern situation. But this is not an argument against viewing the entire process the IAM went through as a model for other labor organizations. Moreover, many of these unique elements are those that Compa and Baicich themselves urge other unions to emulate (the "real" District 100 model, as they would have it).

The "unusual balance of forces" and the mutual "downside risks" described by Compa and Baicich are not all that unique. Assuming a strong labor organization, most companies will indeed face risks when contemplating a total showdown with their workforce. The obvious fact is that whenever an employer acts to avert a strike, or whenever an employer "gives in" to a job action, it is doing so because the continuation of the situation poses unacceptable risks and costs. This is the essence of an effective labor organization! And citing examples of unsuccessful strikes and weak union positions only serves to reinforce the point that the District 100 model should be more widespread and emulated.

3. Compa and Baicich argue the employee-involvement and workplace-democracy provisions of the agreement are exaggerated; there is the appearance of power-sharing with no real substance.

The critique set forth by Compa and Baicich in this area is genuinely disappointing as much for what it omits as for what it
includes. Their discussion of this issue was not only hugely inadequate, it seems to be almost consciously distorted. First of all, their critique only focused on the board of director seats, union representatives on the pension fund, and a brief dismissal of some elements of the union’s right to review and participate in business decisions.

As to the board of directors issue: the IAM has never viewed the securing of a board member as the way in which effective power-sharing is achieved. It may represent an acknowledgement of that power-sharing, but it is not the tool for attaining or exercising it. While there is a utility, from the union’s perspective, in having a representative on the board, the IAM views this position very much as a back stop to ensure that the real gains under the Programs for Positive Action are protected (i.e., that the information being provided the IAM is complete). In terms of the negotiations, this issue was one of the least important to the union and was not at all a major focus of those protracted discussions.

When discussing the role of a union official on a company board of directors, Compa and Baichich completely miss the point. They cite a portion of Eastern’s proxy statement which says that Charles Bryan, and TWU Local 553 President Robert Callahan may have to “withdraw from decisions involving labor-related matters” (their words) due to “conflicting obligations” (Eastern’s language). What they failed to note is that the statement actually says that these union leaders “may” have to “limit” their role as directors in instances “directly” involving labor-related matters. There are two important points to be made here, points which were negotiated with the company when the proxy statement was drawn up. First, the statement does not say that they must withdraw from such deliberations, it says they may do so. Secondly, such an action is left totally to the determination of the two union leaders themselves.

There is another aspect of the board-of-directors issue which Compa and Baichich missed: unlike other union leaders who have been appointed to corporate boards as individuals, Bryan and Callahan were appointed as institutional representatives of their labor organizations. This is an important point, since it represents an explicit acknowledgement of their role on the board (as opposed to the sham Chrysler maintained in appointing Douglas Fraser but not Owen Bieber).

It was amazing to read that the agreement providing for two union representatives on the Eastern-IAM pension fund was not a sufficient gain to qualify as power-sharing. First of all, the two union trustees will have a legal fiduciary responsibility, and as such, will certainly have much greater access to information about the investment and control of the fund’s assets, as well as its benefit policies. We agree that workers sho

find Compa’s assertions disingenuous: they have no control one. While there do so, we think bad faith.

As was mentioned earlier, elements of the IAM’s factual corrections to the 1984 Eastern Bus of a financial re-

Although Eastern has the first five months of the balance of po

the relations between workers and union leaders is this in fact.

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Several task forces on the Eastern Bus have brought millions in-house and are being vigorously addressed. The leads are committed and union leaders are working closely with stewards and supervisors to resolve issues.

At the other end, information, whether on all aspects or materials going (which is usually) unattended to information, has been systematically borrowed in-house jump-starting the leads and union leaders.

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that workers should control their pension funds completely, but we find Compa’s and Baich’s complaint in this area to be quite disingenuous: this is a real step forward by any measure. Most unions have no control or representatives at all on funds like the Eastern one. While there may be many reasons for a union deciding not to do so, we think that criticisms of others who do are effectively in bad faith.

As was mentioned, the Compa/Baicich discussion of the other elements of the Eastern agreement is hugely inadequate. By way of factual correction, the union did achieve the right of approval of the 1984 Eastern Business Plan (which includes capital expenditures) and of a financial restructuring program.

Although Eastern management is clearly still management, during the first five months of this agreement (early December to early May) the balance of power inside the company has unquestionably shifted, the relations between the company and the union are quite different than they ever have been, and the areas of acknowledged legitimate union interest has been dramatically expanded. This is not rhetoric, this is fact.

What specifically are we referring to? Here are a few examples: Several task forces are operating with the goal of reducing and/or eliminating the contracting-out of work. These groups have already brought millions of dollars worth of previously contracted-out work in-house and are working on several much larger projects now. A task force has been established to redefine the roles of supervisors and union leaders. The goal of the IAM is to establish the principle that the lead runs the show, and the purpose of this task force is to significantly expand the role of the lead, as well as of the elected stewards and chief stewards. As of this writing, the ratio of supervisors to workers has been reduced in a score of locations, and the leads are completely controlling the work process at several major Eastern stations. Not included in this list is the station at which Baich works, Washington National Airport, which has yet to be thoroughly addressed by the task force (although, the chief steward at the station tells us that significant strides have been made, largely, he says, because of actions taken by District 100).

At the other end of the spectrum, the IAM has had constant access to information, in as minute detail and as raw a form as it demands, on all aspects of the operation of the company. This includes all materials going to the board of directors (obviously), the lenders (which is usually much more detailed), and a vast array of detailed documentation covering a dozen different areas.

But the process hasn’t stopped there. The IAM has done much more than simply examine the information provided by the company. It has insisted on being directly involved in discussions concerning
major business decisions [to which it now has a contractual right]. These in-depth and ongoing discussions have included, to date, such areas as short and long-term planning, scheduling and pricing, capital expenditures, advertising, and financial restructuring.

In fact, the process has evolved to the point where various Eastern executives are now regularly approaching the IAM with new ideas about one topic or another. There have already been several instances where IAM opinions on or opposition to a particular decision have caused company executives to go back to the drawing boards or to alter a proposal before it even reached the board of directors.

The IAM is fully aware that this is a double-edged sword; that there are very real possibilities of being “set up.” But the union is convinced, first of all, that it has no choice but to become involved in order to adequately represent its membership, and, secondly, it is preferable to have the deepest understanding possible of the company’s strategies and operations.

To illustrate this whole process of bargaining for “hooks,” let us describe one of the minor bargaining issues during the fall negotiations. We say “minor” only because the issue was easily and swiftly resolved to the IAM’s satisfaction without much controversy.

Anyone familiar with modern union-busting methods knows that the focal point of these methods is to produce fear among the workers. Industrial psychologists and communications experts design a barrage of surveys, “fact” sheets, letters, video tapes and speeches. During the IAM’s four-year struggle with Eastern, these tools of the union-busting trade were constantly being used against the workforce.

During the investigation of Eastern’s books, the IAM research team discovered that Eastern had hired one of the most notorious union-busting consultants. Because of this discovery, the IAM now has prior review of all company communications to employees and review of the company’s hiring of consultants. We all know of many trade unionists who would give their eye teeth for this type of “participation” in the workplace.

During the first five months of this agreement the IAM raised strong objections to several of Eastern’s pieces of communication. Because of these objections the communications were either withdrawn or revised.

4. The concessions for participation trade-off is not a solution to labor’s crisis; it only diverts attention from the real task at hand.

Compa and Baich imply that the IAM somehow sought a “concessions for participation trade-off.” While District 100 obviously believes that the IAM demanded only after the point is that they solve the problem.

While the size of the mentioned previously entered into any agreement convinced that many internally generated from Borman’s sabre-toothed workers and their or structures, styles and continued to be run a relief would cure the wages down a rat-hole. The union argued the workers a decent wage able to make the corner Collective bargaining to say exactly how much will be willing to give there have been quasi to be another major management is still the IAM’s agreement “real control firmly for balance of power has against such an agreement complete control achieved? How would really want unions to.

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believes that the participation elements are crucial, they were

demanded only after it became clear that something had to be done.
The point is that they formed a part of the IAM's strategy to actually

solve the problem.

While the size of the relief package was determined by the process

mentioned previously, the IAM would almost certainly not have

entered into any agreement without the "trade-offs." They were

convinced that many of the problems facing the company were

internally generated [the disastrous impact on revenues stemming

from Borman's sabre-rattling, vindictive and hostile attitudes towards

workers and their organizations, inept and confused management

structures, styles and policies]. The IAM position was that, if Eastern

continued to be run as it had been in the past, no amount of financial

relief would cure the problem. Workers would just be pouring their

wages down a rat-hole in all aspects of the operation of the company.

The union argued that the company could be healthy and pay its

workers a decent wage, but this would only happen if the union were

able to make the company operate better than it had in the past.

Collective bargaining is an evolutionary process, and it is difficult
to say exactly how much authority (or management rights) a company
will be willing to give up at any particular point in time. Clearly,
there have been quantitative leaps in the past, and we believe this
to be another major advance. As we have acknowledged, Eastern
management is still management, but it is misleading to argue that
the IAM's agreement has no value simply by saying that it leaves
"real control firmly in management hands." As we have shown, the
balance of power has in fact shifted. Moreover, it is ludicrous to argue
against such an agreement on the grounds that the union did not

gain complete control of the company. Where has that ever been

achieved? How would one go about that? Do Compa and Baicich
really want unions to negotiate such a deal?

It is not "utopian" or "diversionary" for a union to respond
aggressively and creatively to a company, demanding that the
company accept responsibility for many of the problems it faces and
agree to cede some authority to the people who must bear the brunt
of the company's mistakes.

There is no question that deregulation, union-busting and the abuse
of bankruptcy laws are major problems, and arguably at the core
of the troubles at Eastern Air Lines. But would Compa and Baicich
have Eastern employees be the sacrificial lambs to dramatically make
this point? On a number of occasions, Bryan has indicated his
frustration at dealing with a situation that is larger than one company.
"The problem with confronting the deregulation issue directly," he
says, "was that when there might have been a chance to do something
about it [in late September and early October, when both Eastern
and Continental were hot news), I had a choice of either working to save 37,000 jobs or demonstrate how destructive deregulation really is. I just didn't think that I had the right to ignore what would happen to the people I represent, as well as to other Eastern employees, while I fought the battle of deregulation." Would Compa or Baicich argue differently?

The point is that the "sacrificial lamb" approach is not only devastating to workers, it can accomplish the opposite of what's intended. Instead of encouraging other workers to stand up to employer demands for concessions, the "sacrificial lamb" approach only puts another club in the unionbuster's arsenal of fear. Every worker in the country would love to have a dollar for every time the boss has pointed his finger at the fired air traffic controllers or the laid-off Braniff workers and said "if you don't behave, that's what is going to happen to you." On the other hand, not one airline has asked for the Eastern package during current negotiations in the industry. On the contrary, other airlines are vigorously fighting IAM demands which are similar to the Eastern accords.

One senses from Compa and Baicich a deeper hostility to union involvement in worker participation and problem-solving programs, a hostility which seems to be profoundly conservative and at odds with any understanding of the historic development of work relations.

One of the most interesting elements of the Eastern agreement is that it provides a wealth of ideas about how to get out of the killing dilemma of how to respond to a range of new management initiatives and techniques. Just as unions adapted to scientific management in the midst of unparalleled growth, they must develop ways to respond to the techniques of "decentralization" and "participative management" in an era of uneven but often rapid change, economic stagnation and industry upheaval. None liked time-and-motion studies, but unions had to learn to deal with them effectively in their collective bargaining demands. This process formed the basis of most contracts in existence today. It is a simple fact that, increasingly, the new management techniques do not follow this mode, and that new responses must be developed by unions if they are to effectively represent their members (not to mention organize new ones.)

The real test of any change in the ways that unions and workers, on the one hand, and companies, on the other, interact is whether it strengthens or weakens the union; whether it makes workers' jobs easier or more difficult, more fulfilling or more mundane. It is absurd to argue that all forms of change in company-union relations are bad, or that joint committees, problem-solving, less rigid work environments are, per se, destructive of workers' rights and inevitably disadvantageous to labor organizations. We believe that

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Another fear that is raised about these participative, problem-solving approaches is that they will effectively neutralize contractual provisions. There are certainly ongoing, less formal negotiations that take place at Eastern during the process of joint committees, problem solving and the like. And, there are trade-offs being made (not just by leadership, but by chief stewards, stewards and leads) in the process of dealing with a particular issue or set of issues. But to date the agreements, procedures and policies that have emerged have been to the benefit of the workers represented by the IAM and have strengthened, not weakened, the union as an organization and as an effective force.

The fact is that the IAM has not abandoned the basics so essential to developing and maintaining a strong and effective union. The agreement it reached with Eastern was the logical, and applaudable, outcome of the “District 100 model” given the situation the union confronted. Obviously, a different set of circumstances would have resulted in other outcomes. It would appear that the real problem that some have with the Eastern agreement is that it represents a threatening and potentially far-reaching development for those whose static solutions for the labor movement are clearly not producing demonstrable gains.

Why The Eastern Agreement Should Be Viewed As A Model

The Eastern agreement should not be unthinkingly viewed as a model for the labor movement in its particulars. The situation was unique in many ways and many of the specifics could not be duplicated elsewhere. But it can serve as a model on another level: the process through which it unfolded and the principles which it establishes are, in our opinion, very much worthy of emulation. Even at the level of specific elements of the agreement, many of the programs negotiated by District 100 could prove highly suggestive for other labor organizations.

To us, the District 100 Model includes the following elements:


This process, which District 100 pioneered, clearly provided it with the capacity to evaluate the company’s claims and to respond creatively.


By taking these initiatives—in the press, in negotiations, at the workplace—the union is able to establish the framework for a debate
or for a conflict. It is indeed true that such an approach entails risks, but not taking the initiative and its attendant risks simply allows someone else to set your risks for you.

3. An Insistence on Reciprocal and Equitable Efforts and Sacrifices.

The cure to "concession bargaining" is, in our opinion, "reciprocal bargaining." An insistence on the balancing of efforts and sacrifices can be attempted in almost any situation. It also clarifies many issues in the process.

4. The Demand for a Real Augmentation of Union and Worker Decision Making Roles.

We are convinced that the IAM did in fact achieve a real augmentation of union and worker authority at Eastern, and we believe that this is a goal which should be shared by all unions. It is not only a value unto itself, it is essential if unions are to adequately represent their members.

In sum, the District 100 Model is clearly worthy of emulation. That is not to say that there aren't risks or that there will not be serious problems in the future. And there will always be a tremendous tension between any management and representatives of its workforce, and such relationships are always subject to many forces which are in constant flux. It is possible that Eastern management will revert to its old ways, but, as one IAM official has observed: "We've taken our guns and put them in the closet. But they're still there, well oiled, and we know how to use them."

The alternative, however, is far worse. Skeptics would have unions paralyzed and fearful. Their gloom-and-doom approach to the very real challenges facing workers would only condemn unions to perpetual disarray and indecision.

Compa and Baicich urge unions to follow the "real" District 100 model and "look for a way out." We agree, and believe that this is exactly what the District 100 did at Eastern Air Lines. We hope that others will intelligently and flexibly examine the District 100 Model for the very real opportunities it can offer them.