DECENTRALIZED BARGAINING IN THE BITUMINOUS COAL INDUSTRY? 
EMERGING SHIFTS IN POWER RELATIONS

by

Katina Cummings

B.A., Marshall University
(1978)

Submitted in partial fulfillment of the requirements for the degree of

Master of City Planning

at the

Massachusetts Institute of Technology

December 1980

© Katina Cummings 1980

Signature of Author

Department of Urban Studies and Planning
December 19, 1980

Certified by

Alan M. Strout
Thesis Supervisor

Accepted by

Langley C. Keyes
Chairman, MCP Committee

MASSACHUSETTS INSTITUTE OF TECHNOLOGY
MAR 19 1981
LIBRARIES
Abstract

Collective bargaining is a social process which defines and is defined by the distribution of power between two adversarial groups. As labor and management engage in bargaining over material rewards, they also compete over procedural issues that are not distributive in nature -- such as the structure of the bargaining machinery. Opposing developments in the bituminous coal industry are producing conflict which points to the collapse of the thirty-year-old national wage agreement, signed by the United Mine Workers of America (UMW) and the Bituminous Coal Operators Association (BCOA), the bargaining arm of the industry. 1) Through merger and acquisition activity, steel firms and (more recently) oil companies are penetrating the economic structure of coal ownership and production. This movement toward greater economic concentration has afforded highly integrated, non-coal corporations the opportunity to consolidate their political influence within the BCOA. 2) The UMW has instituted recent reforms that have "democratized" the collective bargaining process, evoking a 3) counter-response by the largest member corporations to legitimize their authority at the collective bargaining table and beyond. It appears that in the near future, pattern bargaining and/or individual company negotiations will replace the national contract in coal -- the UMW's major source (and product) of collective power.

The oil and steel coalitions are deliberately creating the conditions necessary to achieve a shift in power relations, providing management a more advantageous bargaining position, at the direct expense of UMW strength. Increasing western U.S. operations (largely surface) while maintaining production covered under the national wage agreement allows the large corporations to determine the collective bargaining rules used in both the East and the West. Evidence suggests that the growing non-union status of western mines coupled with management's historic endorsement of company-by-company negotiations will carry over to national contract talks.

Given the declining economic strength of the UMW, the competition between the UMW and other unions for members, and the growing impotence of a national strike policy, the probability of the UMW becoming a regional union increases. This would reduce the UMW's national status as an advocate of worker health and safety laws and its influence in formulating national energy policy. The use of joint labor-management committees to handle non-monetary issues restricts the formal bargaining agenda and serves to regulate group conflict. "Bargaining by committee" institutionalizes an already deteriorated relationship and escalates the conflict even further -- calling for power interventions to restore bargaining parity.
Acknowledgements

This exploratory project was shaped by the creative thinking and cooperation of many individuals. I express deep appreciation for invaluable assistance, first to members of my thesis committee -- David Noble, for his perceptive feedback during the extended conceptual "birthing" stage and for reminding me of the larger context; Frank Emspak, for channeling my observations into addressing the right questions; and to Alan Strout, for his persistent and critical questioning. Thanks also to Penelope Johnson for typing the manuscript, and to my family for their continued patience and moral and financial support. Finally, this thesis is for the mine workers in the Appalachian coalfields, whose struggle has become a part of me.
# Table of Contents

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title Page</td>
<td>1</td>
</tr>
<tr>
<td>Abstract</td>
<td>2</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>3</td>
</tr>
<tr>
<td>Table of Contents</td>
<td>4</td>
</tr>
<tr>
<td>Introduction</td>
<td>5</td>
</tr>
<tr>
<td>Notes</td>
<td>12</td>
</tr>
<tr>
<td>Chapter 1: Bargaining Structure and Power Relations:</td>
<td>13</td>
</tr>
<tr>
<td>The Entrance of New Coal Managers</td>
<td>36</td>
</tr>
<tr>
<td>Notes</td>
<td></td>
</tr>
<tr>
<td>for the United Mine Workers</td>
<td>62</td>
</tr>
<tr>
<td>Notes</td>
<td></td>
</tr>
<tr>
<td>Chapter 3: Management Ideology: Home-Grown and Imported</td>
<td>65</td>
</tr>
<tr>
<td>Notes</td>
<td>103</td>
</tr>
<tr>
<td>Chapter 4: Movement Toward a Pattern Contract</td>
<td>108</td>
</tr>
<tr>
<td>Notes</td>
<td>123</td>
</tr>
<tr>
<td>Chapter 5: Movement Toward Regional and/or Separate Company Contracts</td>
<td>125</td>
</tr>
<tr>
<td>Notes</td>
<td>144</td>
</tr>
<tr>
<td>Chapter 6: Prospects for the 1981 Contract Talks:</td>
<td>147</td>
</tr>
<tr>
<td>Precipitating Events</td>
<td>167</td>
</tr>
<tr>
<td>Notes</td>
<td></td>
</tr>
<tr>
<td>Chapter 7: Conclusions and Policy Implications</td>
<td>170</td>
</tr>
<tr>
<td>Notes</td>
<td>182</td>
</tr>
<tr>
<td>Epilogue</td>
<td>183</td>
</tr>
</tbody>
</table>
Introduction

Studying group and class behavior requires an understanding of the forces of change which interact to produce conflict. The introduction of particular changes in an organization is neither a natural process nor an act independent of predetermined ends. Instead, change is purposely introduced through manipulation of the formal (structural) mechanisms of the organization and/or of its more informal characteristics (e.g., shift in work schedules). Where a mechanism exists to represent the common interests of members from two distinct groups (such as collective bargaining), change is sought to alter the existing power relationship between parties. In this context, changes are introduced in one organization to counteract changes already implemented by the other organization that alter the operation of the joint mechanism. In short, intraorganizational change both leads to and results from interorganizational conflict. Often, the "reforms" follow an evolutionary course that goes undetected by one of the parties, and therefore can lead to submerged (but nevertheless intense) group conflict.

Industrial change is no exception. There are two rival developments in the bituminous coal industry producing a tense confrontation between the two major parties. The first development is the substantial transformation of the economic structure of the coal industry over approximately the past fifteen years. Oil companies and other non-coal companies now dominate the ownership and production of bituminous coal in this country as a direct result of continual coal industry merger and acquisition activity. Consequently, the industry
of the 1970s and 1980s can be described as more heterogeneous than ever before. Previously, coal production was operated by numerous smaller coal companies which held no other energy investment interests and served local or neighborhood markets. No single producer accounted for more than 5 percent of the annual total tonnage, though a few large firms did control a significant proportion of output. Because entry into the bituminous industry was relatively easy, thousands of mines operated on the margin, threatening price instability. Furthermore, strike activity directed against individual mines often resulted in the closing of the mine and sometimes the company.

The entrance of new corporate ownership in coal has meant the penetration of a new school of managers and different management policies toward organized labor. It has been argued that as certain companies become more horizontally integrated, a revised set of management tools should be applied to "fit" particular characteristics of the newly acquired industry. For example, in reference to utility companies buying coal companies, "many utility executives do not fully appreciate that the management requirements for the effective operation of an electric utility are radically different from those necessary for the effective operation of a coal business." ² "Cross-fertilization" of industrial behavior appears, then, to be taking hold in the coal industry. In addition, more centralized decision-making at the highest levels of the corporate hierarchy appears to be a manifestation of the penetration of outside industries.

A second series of changes can be observed within the United Mine Workers of America (UMWA) and points to a development antithetical to that of the industry. Since the early 1970s, measures to "democra-
tize" the Union have been implemented by UMW leadership to increase the input of rank-and-file members in national Union policy-making and at the mine site. Moreover, the age distribution of the UMWA membership has shifted, becoming more bimodal "with a median age that has been falling relatively rapidly in the past few years." It is believed that the younger mine worker (who, moreover, tends to be more highly educated than his/her predecessors) is more radical and therefore demanding both of the Union leadership and company management in achieving improved working conditions and economic benefits.

It is the convergence of these two opposing developments that is apparently inducing conflict between parties at the collective bargaining table. In response, business is mobilizing against the rising democratic tide within the UMW by taking advantage of the Union's declining economic and bargaining power in order to make the Union's subordinate position permanent. Much of the conflict resulting from the shifting pattern of UMW power and business response is centering at the collective bargaining table. More specifically, this thesis will show that labor-management policies which have proved successful or advantageous to managers in other industries (namely oil and steel) are being imposed upon the coal industry, and in particular, on the bargaining institution itself. The desires of industry executives to decentralize the national bargaining arm that currently operates in coal is meeting resistance from the Union. This conflict epitomizes the current power struggle between the UMW and the Bituminous Coal Operators Association (BCOA), the collective bargaining unit of the industry. It is worthwhile to point out that decentralization of collective bargaining has not occurred up to now and that this research
is designed to argue that initial forces underlying the movement's success are now in motion.

In the first chapter, a general review of bargaining processes and structure will be presented, followed by an assessment of the changes in the economic structure of the coal industry. Political advantages accrued to the largest producers within the BCOA by way of their economic positions will conclude the chapter. Chapter Two will identify the long-standing interests of the UMW in creating and maintaining a national collective bargaining structure. By contrast, the growth of a management ideology in the coal industry rooted in traditions of the more capital-intensive oil and steel industries will be discussed in the third chapter. To the extent that a number of leading oil and steel firms were instrumental in obstructing efforts toward industry-wide contracts in these industries, their interests in influencing existing industry-wide bargaining structure in coal should be assessed. In Chapter Four, recent trends that point to the development of "pattern negotiations" will be presented, while Chapter Five will look at the potential for individual company negotiations with the UMW. Both of these structures are seen as possible substitutes for the existing national bargaining unit in coal. In Chapter Six, it is argued that the BCOA's adoption of new bargaining guidelines was designed not only to reconcile dissident members and centralize authority within the organization but to legitimate the formal authority of top corporate (non-coal) executive officers within the bargaining structure. In the final chapter, the impact of structural changes on the process and outcomes of bargaining will be generally assessed with concluding observations on policy implications -- both long and
short-term -- such issues suggest for different actors.

In short, this thesis will address the general question of the functioning of the collective bargaining mechanism following the formation of a severely imbalanced power relationship between parties. The following pages will show that the economic leadership of a few oil and steel companies within coal affords them the political opportunity to unilaterally determine the joint bargaining procedures to be used during collective bargaining. The fact that the policy-setters in the BCOA are producing an increasing proportion of non-union coal suggests a weakened commitment to the collective bargaining institution, in general, and national bargaining, in particular. Moreover, these managers are subtly communicating a willingness to use their authority to decentralize the national bargaining structure in order to institutionalize an unequal bargaining relationship with the Union.

Some of the major conclusions reached in this analysis include: 1) Two pattern agreements, one each for underground and surface mines, may likely develop in the relatively near future, 2) A type of "pattern bargain" may be the result of the next (and possible future) round of contract talks, since only the nine largest company representatives (three of whom compose the bargaining team) within the 130-plus-member BCOA will be responsible for the creation and final ratification of the wage agreement, 3) Over the longer term, a "hybrid arrangement" involving both national and company-wide bargaining is likely to be instituted, 4) as a consequence, the survival of the UMW as a strong, national representative of mine workers is at stake, and 5) power
interventions by a third party are probably necessary to restore a more balanced, healthy collective bargaining relationship between parties.

It is rather disconcerting to this author that while a myriad of researchers sponsored by various government agencies have investigated the impact of oil companies on the economic status of the coal industry (such as degree of competition, size of product markets), none has asked qualitative questions linking this movement to effects on the labor force (especially the unionized segment) -- either at the mine site or the bargaining table. The intent, purpose, and future actions of corporations whose decisions are shielded from the public view quite obviously are difficult to measure. Because the questions raised in this thesis presented problems in meeting the empirical research requirement of hypothesis generation and testing, many researchers have failed to address such issues of power relations within the coal industry in a systematic way. The conceptual base was developed out of careful observations of and insights into recent collective bargaining in coal. A review of social science and labor-management relations in literature on coal industry negotiations proved the literature deficient in the development of either the conceptual framework or methodology used in this work. The methodology incorporated data from original sources, unpublished manuscripts and speeches, and drew heavily on personal interviews with both union and industry representatives.

It is hoped that the reader will be sensitive to both the limitations and potentials of the qualitative nature of the questions asked and to the flexibility of the design structure. In addition, it
is my hope as a student of industrial relations and as a future practitioner in the labor relations field that this research will be considered an initial step in engaging academicians and practitioners alike in research designed to resolve those underlying power issues of managerial control which are associated with unequal ownership of the means of production.
INTRODUCTION -- Notes


Chapter 1: Bargaining Structure and Power Relations: The Entrance of New Coal Managers

The character of labor-management relations is based on a dialectical process shaped by opposing forces of stability and instability, conflict and consensus. These dynamics, which generate and are generated by changes in the power relationship between parties, are at work during collective bargaining. Two general types of bargaining processes can be identified: 1) substantive bargaining or "bargaining for bucks" and other tangible rewards, and 2) procedural bargaining or "bargaining over bargaining."

The first type of bargaining fills most of the literature on collective bargaining, since it analyzes the formal activity through which labor and management jointly decide terms and conditions of employment at the workplace for a given period of time. Because collective bargaining establishes a body of "law", it can be studied as a contract-making process between parties with distinct sets of interests. Moreover, the collective agreement assumes the function of creating a "framework for a system of industrial jurisprudence" which defines the institutional "rights" of workers and managers in the bargaining relationship and provides for the administration of the agreement, including adjudication of grievances. During this "series of continuous transactions," flexibility in "negotiation and maneuver, for trading elimination of some items against concessions on others," usually exists.

The second type of bargaining process extends beyond a give-and-take of "union demands and management reactions." In procedural bar-
gaining, the parties focus their attentions less on material matters such as pensions and more on intangible issues such as defining the "rules of the bargaining game" (which include the size and composition of the bargaining team, use of technical experts during negotiations, scope of issues to be negotiated, structural mechanisms available during a possible impasse, and choice of bargaining tactics). In other words, just as labor and management bargain over the level of wage increases, the parties can negotiate on whether or not pensions should be contained in a separate supplemental contract or within the major (master) agreement.

Procedural bargaining is a more subtle, less visible, and informal activity which often occurs simultaneously during substantive bargaining. It can even occur outside the collective bargaining environment and before negotiations formally begin. Unlike substantive bargaining, procedural bargaining does not produce a written contractual commitment. Instead, it creates a code of behavior defining how each party ought to behave in manipulating the mechanics of bargaining so as to enhance its own interests and restrict the agenda of the opposing party. Thus, in the "bargaining for bargaining" process, authority is used to institute particular procedures, rules, and structural mechanisms which will maximize one party's strategic advantage over the other.

One element of procedural bargaining which is "bargained over" is the structure of the collective bargaining mechanism itself. Bargaining structure can be defined as the scope of the bargaining units -- that is, the employees and employers covered or affected by the terms of the agreement, plus the "distribution within unions and
management of the power to make bargaining decisions."

The collective bargaining literature has largely ignored the role of bargaining structure on the outcomes of substantive bargaining and on the success of the contract's implementation. In short, bargaining structure has been treated only as an end product, rather than a vehicle to affect interorganizational (and interpersonal) change. By viewing bargaining structure as a physical consequence of other parts of the bargaining "system", researchers side-step important issues of the origins of its development and sources of structural change.

For example, it has been argued that the structure of bargaining is determined by various environmental elements, both economic and non-economic, which in turn mold bargaining performance or conduct. Moreover, bargaining structure "tends to reflect the structure of business on the one hand and structure of unionism on the other." Kochan argues one step further that the structure of bargaining reflects the inter-relationships of structural characteristics in both the union and industry:

...the factors influencing choices or decisions concerning the structure of bargaining, the structure of the union, and the structure of the employer are tightly intertwined ...changes in the structure of bargaining, in the structure of management, and in the structure of the union are likely to set off a chain reaction in the other two.

It should be emphasized that this thesis defines bargaining structures having two inter-locking components: 1) the circumscribed area of the bargaining or negotiating unit and 2) distribution of decision-making power between parties. It will be demonstrated here that the first component is largely a function of the second. Con-
sequently, bargaining structure does not merely reflect the interplay of union and company structural characteristics -- it is a competitive social relationship in which parties seek to gain advantages in bargaining power. We can therefore see the inherent contradiction of bargaining structure -- it is both a tool used by parties to establish a mutually acceptable agreement and a product of procedural and substantive bargaining processes. If it can be assumed that bargaining is a social process between parties, then bargaining structure is determined by and determines the quality of that relationship.

In regard to the first part of the bargaining structure definition, structure is a dual construct of size and location and therefore takes on a physical or territorial property of inclusion or exclusion. The degree of centralization or decentralization of the bargaining structure is a major item of contention between labor and management. Procedural negotiations include determining whether a single contract that covers workers in the entire industry should be negotiated (centralized) or whether union representatives (often of more than one union) should meet with company officials to negotiate a company-wide agreement (less centralized).

The variation in structure of bargaining among American industries is wide, ranging from decentralized to centralized types. Bargaining structure can be generally classified on a continuum according to the contract negotiated, from industry-wide to company sub-unit, as sketched below.
This continuum suggests that two dimensions of interest converge to form a bargaining unit: 1) broadness or narrowness of union participation and 2) level of employer participation. Employee or union interests are expressed in bargaining either on a single plant or multi-plant level. The degree of centralization of employer interests depends on whether or not the company negotiates individually (single-employer) or together with other firms (multi-employer). In terms of the continuum presented above, a decentralized bargaining unit would consist of a single plant or work-site that is under contract with a single company, such as the unit used in the chemical industry. An example of a more centralized bargaining unit would be a multi-plant single-employer unit, such as those found in the auto and copper industries. Probably the most centralized bargaining structure that exists today takes the form of a relationship between a multi-employer body and a single national union, as has traditionally operated in the bituminous coal industry. The institutional nature of the bargaining structure mentioned above also influences which issues should be negotiated as part of the major (wage) contract and those which will be treated in a supplemental contract (usually more plant-specific topics such as work rules).
What is important here is that the extent of centralization of the bargaining structure is considered more advantageous to the interests of one party and less advantageous to the interests of the other. Put simply, there is an understanding between labor and management that more centralized bargaining structures give greater benefits to the union while imposing greater costs on the companies. The reasoning is that centralization of bargaining provides situational parity with industry negotiators. Then uniform contracts can be implemented that treat workers in the same occupation as doing work of equal value, no matter where they happen to work. Centralized bargaining also allows more potent collective pressure to be applied against industry actions. Alternately, decentralized bargaining accrues greater benefits to the management team while imposing costs on the union. These benefits and costs are both actual and perceived, as will be examined in subsequent chapters. The centralized or decentralized nature of the bargaining structure, then, is believed to define who "loses" and who "wins" what during substantive bargaining.

The second component of bargaining structure, distribution of decision-making power over bargaining issues, can be studied as a vehicle for changing the balance of power between parties. Especially during procedural bargaining, the relevance of bargaining structure takes on a different meaning. It suggests both a distribution of decision-making authority and the exercise of that authority to define the relative bargaining positions between the two parties.

One of the operating assumptions adopted in this research is that parties in a collective bargaining relationship seldom negotiate from positions of equal strength. Usually, one party has been able to
achieve greater access to and control over material resources, specialized personnel/staff, bargaining skills, information, etc., creating a disequilibrium of power at the bargaining table. Such disparities lead to relations of inequality, widening the adversarial relationship between the parties. The "ownership" of bargaining power, then, and the consequent ability of the holder of power to obstruct the subordinate group in attaining its legitimate goals, can create determinate relations of domination and subordination.

Furthermore, unequal relations inevitably lead to conflict -- both overt and covert -- which is continually altering the power relationship between parties. Some have argued that the competitive relationship between employers and employees is "necessarily conflictual." Conflict over bargaining structures arises when one side does not accept the bargaining unit of the other. Moreover, engaging in procedural bargaining with the purpose of shifting the bargaining structure can be a way for one party to compensate for losses (perceived or actual) suffered as a result of substantive bargaining. This compensation may take the form of one party seeking to use its power or authority over the opposing party by de-legitimizing the institutional rights of the latter.

The important point here is that structural changes extend beyond processes of bargaining -- they are part of a struggle for power. "Conflict groups," according to Dahrendorf, "engage in conflicts that effect structure changes." Put another way, conflict between groups over power becomes manifested in operating rules and standards that jointly guide the organizations, thereby becoming "institutionalized". Mills' definition of power is fitting for the
context at hand: "a facility for getting what one group, the holders of power, wants by preventing another group, the 'outs', from getting what it wants." In the collective bargaining context, the meaning of power is most clearly brought to light by identifying the existence and use of "withholding power." The employer derives bargaining leverage from the capability of firing/hiring workers, opening and closing of plants, management prerogatives in discipline, etc. The worker, on the other hand, has historically relied on withholding his/her labor from the employer, whether through strike activity or "slow-down" of production.

Coercive power, which uses negative incentives to influence the other party, becomes relevant to the struggle over bargaining structure between mine workers and coal operators for several reasons. First, the employer is becoming increasingly less dependent on the organized segment of the mining force and consequently, more dependent on non-unionized employees and/or fewer total employees, for reasons to be explained in subsequent chapters. Second, as differentials authority and power grow more disparate between parties, coercion becomes a more attractive tool to the stronger party. One of the theses of this research is that management's efforts to legitimize its own decision-making power within the collective bargaining structure involves a type of submerged coercion -- containing and domesticating dissent of the unionized segment of the coal industry. Most likely, the range of permissible competition and conflict will be narrowed considerably both at the mine site and at the bargaining table. This raises serious questions as to the traditional function
of collective bargaining as a "conflict resolving" process.

Collective bargaining structure, then, should be viewed as inherently unstable and dynamic because it is responsive to economic and political contingencies of opposing parties. Changes in bargaining structure represent purposive and deliberate decisions and actions. In order for a group to realize its special interests (and legitimize its authority), it will try to manipulate structural mechanisms in the bargaining environment. In short, a change in bargaining structure signifies a change in the power relations between management and labor.

To show why these developments are currently taking hold in the coal industry, a number of propositions that provide the theoretical underpinnings of this research should be presented. First, changes in the economic structure of an industry, namely toward greater concentration of ownership and production, can become a major source of conflict in relations with unions. Second, the accumulation of material resources or economic power subsumes political strength. Third, changes in the structure and goals of management organization accompanying greater concentration also constitute a potential source of conflict, to the extent that "adapting" old habits to a different labor force and collective bargaining situation runs into resistance.

As mentioned in the Introduction, the coal industry has been invaded by concentrated corporations -- primarily from other energy-related industries, such as oil and electric utilities. Since the 1960s, oil companies have been regularly acquiring coal companies (beginning in 1963, with the acquisition of Pittsburgh and Midway Coal Company by Gulf Oil Corporation; Continental Oil Corporation acquired
Consolidated Coal, 1966; Occidental Petroleum bought Island Creek Coal Company, 1968).\textsuperscript{12}

During the 1950s, Consolidated and Island Creek, along with Pittston, Bethlehem Mines and Westmoreland Coal, actively bought out their competitors (smaller coal companies). According to both government and oil industry figures, companies owned either partly or totally by oil and gas companies today produce approximately 25 percent of total coal output. By the end of 1985, the projection for steam coal production by this same class of companies is 50 percent,\textsuperscript{13} with 18 oil and gas companies projected to have 32 percent of total U.S. coal capacity.\textsuperscript{14}

The consolidation movement within the coal industry reflects a trend toward vertical and/or horizontal integration in the energy market. Aside from producing, transporting, and marketing of oil, petroleum companies are participating increasingly in mining, refining, and ownership of coal reserves, and uranium mining. In some instances, nuclear power plant construction and even solar energy development have become the "new frontier" for oil firms.

Today, of the top fifteen coal operating organizations, five are oil company subsidiaries. Ranking second and fifth, respectively, in national production are Consolidation Coal, owned by Continental Oil, and Island Creek Coal, owned by Occidental Petroleum. The third-largest producer, AMAX, is 20.6 percent owned by Standard Oil of California, and the eleventh-largest producer, Arch Mineral, is owned by Ashland Oil and Hunt Petroleum Corporation.\textsuperscript{15} The fifteen leaders collectively produced 42 percent of the estimated 1979 bituminous tonnage, compared with 37.5 percent for the top fifteen in 1978.
Also, it is worth noting that the top fifty operators increased their industry share to 65 percent in 1979, the highest level since 1974, when the acquisition and merger movements were at a peak. Moreover, the fifty biggest bituminous and lignite coal mines in 1979 produced 28.3 percent of estimated total production, an increase of over 110 million tons in 1978.\textsuperscript{16} Thus, the concentration of production by diversified firms is relatively high and appears to be on the upswing.

The frequency of coal properties and mineral rights being purchased by absentee energy companies is probably most clearly illustrated in West Virginia, the second-largest coal-producing state in the country.\textsuperscript{17} Three major types of ownership patterns characterize the historical development of the coal-rich state. In the northern areas, the ownership of surface and mineral rights has not changed hands for approximately 100 years. Valley Camp Coal Company, which became a subsidiary of Quaker State Oil in 1976, and Consolidation Coal control a large proportion of the coal rights in northern coal counties; mining their own reserves as opposed to leasing their properties to other firms. Valley Camp, however, leases several thousand acres of its holdings to its subsidiary, Kanawha Hocking Coal and Coke Company.

Like the northern counties, sales transactions are not common in the southern part of the state, where a few major land-holding companies have leased out their mineral rights since the early days of land-grant programs. In the seventh-largest coal producing county of the state, Wyoming County, Pocahontas Land Company, a wholly-owned subsidiary of Norfolk and Western Railway Company, owns 125,000 acres of land (out of a total county acreage of 324,672 -- a figure which includes rivers, highways, cities, and state parks). Together with
Georgia Pacific Corporation, a national lumber and paper company headquartered in Portland, Oregon, Western Pocahontas Corporation and Youghiogheny & Ohio Coal Company (the latter owned by Panhandle Eastern Pipeline Co.), approximately 90 percent of the county's mineral and surface rights are controlled. These land-holding companies lease their property almost exclusively to large companies, such as Consolidation Coal, Island Creek Coal, U.S. Steel, and Pittston Company. Coal lease information for Wyoming County from the West Virginia State Tax Department shows that Georgia Pacific leases several seams of minable coal to Island Creek Coal Company, a major producer in that area. Another recent example of the increasing trend toward ownership of coal rights by highly diversified integrated corporations occurred in October of 1979, when Bethlehem Steel negotiated a 35,000 acre sale of land in Logan and parts of Boone County to Dal-Tex Coal Corporation, a Delaware-based oil company. Sun Oil Company, the 20th-largest industrial corporation in 1979 according to Fortune 500, purchased 40,000 acres of coal rights in Nicholas, Braxton, and Webster counties from Tennessee-based Shamrock Coal Company.

In the middle part of the state, active sales and long-term leasing arrangements are characteristic of coal transactions with heavy participation from oil companies. For example, during the last five years, Carter Oil Company, an affiliate of Exxon, has leased/purchased approximately 100,000 acres of large blocks of uncommitted minable coal from individual landowners (including small farmers) in Braxton and adjacent counties. In nearby Randolph County, La Rosa Fuel and AMAX Coal Company (the latter under the name Meadowlark Farms) have leased/purchased thousands of acres for mining purposes. Much of this property
is owned by individuals. Eastern Associated Coal Company (a subsidiary of Eastern Gas), the Pittston Coal Company, and Mid-Allegheny are also listed as top owners of mineral rights in central West Virginia.

The take-over of coal by outside "non-coal" corporations and the trend toward concentration in ownership and production have led to a decline in the number of active mines. During the mid-1940s, when the coal industry was economically healthy due to the demands of World War II, roughly 8000 mines producing 1000 tons or more annually were operating in a "highly competitive market." Between 1950 and 1955, the first major acquisition period, the number of active mines dropped to under 6,000. Between 1969 and 1974, marking the second period of ownership transition, there was a decline in the number of operating underground mines from 4,000 to 1,400. Preliminary figures for 1979 show that approximately 6,000 underground mines and surface operations were active in that year.

The acquisition movement led by big oil has also created distributional effects on the size of operating companies. For example, the number of companies producing three million tons and over increased from 74 in 1970 to 127 in 1979, with the percentage of total production by this group (Class I) increasing steadily from 59 to 66 percent. The absolute number of small and medium-sized producers (from 100,000 to three million tons) declined, as did their share of total production, during the same period of industry growth. Thus, increased levels of production are due to fewer small producers and a greater number of larger, more diversified companies. Furthermore, the influence of the larger companies is often obscured by these figures, primarily in Appalachian states, where companies as a matter
of regular economic policy, lease a portion of their lands to other firms for mining purposes.

Another standard used to measure the extent of non-coal companies' influence is the distribution of ownership of coal reserves capable of being mined or "uncomputed productive capacity." Slightly more than one-fourth of total recoverable U.S. coal reserves were owned by oil companies in 1978. The Department of Justice reported in 1978 that the four and eight firm concentration ratios (a numerical estimation of the degree to which the largest firms dominate the marketplace) for uncommitted non-federal reserves were 25.5 and 34.9 percent, respectively. (These blocks of reserves are neither owned nor leased by the U.S. government and have not been committed to sale.) Other sources indicate that for the top twenty coal reserve owners in 1979, we see a four firm and an eight firm concentration ratio at 29.4 and 47.3 percent, respectively. Of these twenty, eleven are oil companies or oil affiliates.

Many studies have analyzed (documented) in lengthy detail the extent of changes in ownership, production trends, concentration reserve ratios, and size of market variables in the coal market as a result of oil company penetration. The central point here is that the link between ownership and production concentration in the coal industry and the stability of the current bargaining structure have not yet been determined. The idea that concentrated economic control translates into other non-material advantages such as increased authority did not originate with American unions. Marx was probably the first to write of the inseparable identification of material domination with social control, authority, and political power. On the
concept of cultural and ideological "hegemony", Gramsci traces the origins of "imposed value consensus" on a specific social group to that group's material domination. More recently, W. Wimpsinger, current president of the International Association of Machinists and Aerospace Workers Union (IAM), argued that the "disease" of the corporate state is already a reality because "economic power means political power. They are virtually synonymous."  

By participating in more than one industry, conglomerates widen unequal patterns of ownership and control of property. This behavior gives the firms the capacity to "balance adverse developments in one industry with favorable developments in others." In effect, unions come to represent a smaller proportion of the total workforce employed by diversified firms. In more practical terms, owners' prerogatives cast in managerial authority to create hiring and firing policies, fix wage rates, close and open operations, and control disciplinary regulations, are inevitably extended to the collective bargaining table.

To illustrate that political advantages accompany economic concentration in the coal industry involves two steps: 1) the companies that operate from positions of economic leadership possess the political tools to potentially change the bargaining unit and 2) behavioral indications of managers' intent and practices to alter the bargaining unit and the balance of employer-employee power in collective bargaining. The first stage of this process will be taken up in subsequent chapters.

Because the United Mine Workers Union negotiates an industry-wide contract every three years with the industry's multi-employer
association, the Bituminous Coal Operators Association (BCOA), the interorganizational distribution of decision-making power among members will be studied. The National Bituminous Coal Wage Agreement (NBCWA) covers approximately 130 members of BCOA and is also signed by another 2,000 operators who are typically small producers. One method to measure formally the relationship between economic and political advantages is simply to compare individual company's voting powers within the organization over a given period. Since the inception of BCOA, the number of votes assigned to each company has been based on total production tonnage from the previous year. As a result, the larger producers have historically carried the most votes. For example, according to the BCOA by-laws, a company (or association of companies) producing up to one million tons receives one vote, two million gets two votes, and so on. Though the absolute number of votes has changed over the years as a result of demand and supply changes for coal and of membership additions and subtractions, it is useful to observe the proportional changes in the distribution of votes in the BCOA over time and the proportion of votes controlled by the largest producing companies.30

Table 1-1. DISTRIBUTION OF VOTING STRENGTH IN BCOA, BY YEAR OF CONTRACT NEOTGIATION*

<table>
<thead>
<tr>
<th>No. of votes allocated to company/association</th>
<th>1971</th>
<th>1974</th>
<th>1977</th>
<th>1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>11</td>
<td>11</td>
<td>25</td>
<td>19</td>
</tr>
<tr>
<td>3-9</td>
<td>14</td>
<td>22</td>
<td>19</td>
<td>22</td>
</tr>
<tr>
<td>10-20</td>
<td>9</td>
<td>7</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>20+</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>43</td>
<td>54</td>
<td>50</td>
</tr>
</tbody>
</table>

*Based on previous year's production under contract certification.
Table 1-2. VOTE ALLOCATION OF FIVE LARGEST MEMBERS IN BCOA
BY YEAR OF CONTRACT NEGOTIATIONS*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Peabody Coal Company (Peabody Holding Company, etc.)</td>
<td>68</td>
<td>69</td>
<td>70</td>
<td>50</td>
</tr>
<tr>
<td>Consolidation Coal (Continental Oil Co.)</td>
<td>61</td>
<td>56</td>
<td>50</td>
<td>48</td>
</tr>
<tr>
<td>Island Creek Coal (Occidental Petroleum Corp.)</td>
<td>29</td>
<td>22</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>U.S. Steel (U.S. Steel Corp.)</td>
<td>20</td>
<td>17</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>AMAX/Pittston** (AMAX: AMAX Inc., Standard Oil-Cal.; Pittston: The Pittston Coal Sales Corporation)</td>
<td>24**</td>
<td>17</td>
<td>18</td>
<td>16</td>
</tr>
</tbody>
</table>

Total | 202 | 181 | 122 | 151 |

Percentage of total association votes | 50.9 | 50.3 | 48.0 | 44.1 |

* Based on previous year's production reported by member for dues paying purposes.
** In 1971, Pittston Was the fifth-largest coal producer in the BCOA. Thereafter, AMAX assumed this position.

In the first table, which traces the distribution of voting strength among BCOA members from 1971 to 1980, two significant shifts emerge. First, there are proportionately more companies in 1980 holding one or two votes than there were nearly a decade earlier. Of the fifty BCOA members listed for 1980, 19 or 38 percent are delegated only one or two votes in the Association, as compared with
percent in this category in 1971. This piece of evidence clearly suggests an increased diffusion of decision-making power toward the smaller producers, whose representation grew within the Association during this period. However, since 1977, this trend appears to be reversing as the relative influence of companies in the 1-2 vote category has dropped substantially.

Second, the number of companies holding more than 20 votes has decreased by half, from four in 1971 to two in 1980, as shown in Table 2-1, suggesting that fewer companies today, both absolutely and as a percentage of total BCOA members, each control a block of votes greater than 20. A decline in the "over 20" vote category indicates that even though two firms that left this category were absorbed by the next smallest category, the voting strength of these "medium-sized" companies stabilized rather than increased.

The second table depicts concentration of voting strength held by the largest firms in the industry. Nearly 45 percent of the total votes delegated to BCOA members in 1980 are controlled by the five largest producers. Of this heterogeneous group, only one (Peabody Coal Company) is a primary coal producer, and it is controlled largely by non-coal corporations, such as Peabody Holding Company, Equitable Life Insurance Society and Boeing Company. Moreover, the two largest coal producers, Peabody and Consolidation, together control nearly 30 percent of the entire membership's votes. The figures from Table 1-2 also illustrate that the vote allocation of leading coal producers since 1971 has declined steadily, from nearly 51 percent in 1971 to 44.1 percent in 1980. It is interesting to note the reason why the voting privileges of the top five firms, as a unit, declined at a
faster rate between 1977 and 1980. The answer is clear that Peabody Coal is producing approximately 20 million tons less under the upcoming 1981 bituminous agreement than under the current 1977 wage contract. Peabody has made up for this drop in production by increasing its Western (largely non-union) operations, which are not covered by the National Bituminous Coal Wage Agreement (NBCWA) and therefore are not included in BCOA figures. A representative from a Southern West Virginia independent coal operator claims that Peabody is primarily a "western outfit" which "doesn't care about underground Eastern" commercial development and therefore "has no business in negotiations."

Data from the 1980 Keystone Coal Industry Manual confirm the operator's first point. Peabody operates approximately 45 active mines in ten states, 8 of which lie in the West and Midwest (Arizona, Arkansas, Colorado, Illinois, Indiana, Missouri, Montana, and Oklahoma). Moreover, only 30 percent of its total 1978 tonnage came from underground mines (primarily in "eastern" areas of Kentucky and Ohio), with the large remainder from strip operations. The fact that nearly one-quarter of the company's production will not be covered by the 1981 NBWA indicates a correlation between an increase in western surface operations and the growth of non-unionized (or at least, non-UMW) mines.

The case of AMAX Coal, the third-largest coal producer and the fifth-ranking company in the BCOA, supports these findings more clearly. Under the 1981 contract, more than half of this company's tonnage (54.2 percent) will not be governed by the provisions of the NBCWA. The collective bargaining implications presented by these trends point to three plausible alternatives: the mines not included
under the NBCWA will 1) continue to operate as non-certified (non-unionized), 2) be organized by other unions competing with the United Mine Workers, such as the Progressive Mine Workers in the West, or 3) as a consequence, will operate under separate contracts negotiated by the Union with individual member companies of the BCOA.

A central issue related to the voting privileges of the largest member companies is whether the influence of individual "industry coalitions" during bargaining is proportionate to the relative voting strength of these groups within the BCOA. Voting data compiled from BCOA records show that oil company owned and/or controlled producers account for 27.8 percent of the total votes allocated to organization members for 1980 business. Interestingly enough, the second-largest coalition was comprised of "coal only" companies (which include regional coal producers' associations) with 19.0 percent, closely followed by steel members controlling 16.7 percent of total votes. Peabody Coal Company, which has 50 votes or 14.6 percent of the total, is treated separately from the "coal only" companies in this discussion because it is parented by seven (overwhelmingly non-coal) companies.

The 1980 BCOA bargaining team will consist of high-ranking company officials from U.S. Steel, Consolidation Coal, and Peabody Coal. Assuming for the moment that each company negotiator will participate in the negotiations on an equal basis, and that U.S. Steel and Consol Coal represent the remaining steel and oil members in the BCOA, respectively, it can easily be observed that their bargaining influence is disproportionately (inflated) to the respective voting strength of the companies in the Association. Moreover, because the
chief executive officers of these same companies will serve on an 11-member bargaining policy committee, their influence can be expected to increase. Of the 11 operator members with the largest wage agreement production (based on 1977-79 average tonnage), three are chief executive officers of oil companies, three represent steel members, and two come from primary metal companies. It is significant to note that the "coal only" companies with nearly one-fifth of the total Association tonnage receive no representation at all on the bargaining committee and carry disproportionate (small) and indirect influence on the bargaining policy committee. This issue will be explored further in Chapter Six.

Implications

First, the evidence presented above indicates a gradual although not major dispersion of voting strength among the smallest producers. The distribution of one to two votes among additional companies creates a fragmentation of interests and weakened representation. This, coupled with the relative stability (though divergent interests) of the companies controlling 3 to 20 votes (middle categories) makes the formation of a coalition for the purpose of block voting strength unlikely. Second, the inequitable distribution of votes within the Association, reflecting shifts in the economic structure of the industry, creates a potential setting for intraorganizational conflict, which surfaced during the 1978 contract talks, as will be discussed. Third, as the largest voting members within BCOA continue to expand their activities into western surface mines, this appears to be accompanied by declining certification of tonnage under the NBCWA. In
other words, the NBCWA has an increasingly reduced role in the formal labor-management plans adopted by these companies. Most importantly, the shift to western surface mines (and often non-unionized operations) does not appear to weaken the political influence of the company during national contract negotiations. Instead, it gives the owner greater independence and flexibility in choosing an appropriate set of labor-management policies. In short, as the bargaining stature of the largest firms expands in the West, it remains firm in the "eastern" negotiations. Thus, the probability of the NBCWA transforming into an "eastern" agreement becomes more likely, as companies find the current national bargaining structure an unattractive alternative for their new operations.

Finally, it has been demonstrated that the oil and steel coalitions within the BCOA carry greater voting and bargaining privileges than their tonnage position would indicate. Since the voting rights of the largest five companies were not found to have increased from the 1971 negotiations to the present and since the bargaining influence of the steel and oil coalitions relative to "coal only" companies has remained fairly stable, two questions arise: Have the oil and steel member companies altered their long-standing preferences with regard to the appropriate structure of collective bargaining? Or, have these goals remained the same but changes in the "external" environment (including internal UMW operations) encouraged a more active pursuit of their implementation?

Support for the latter explanation is offered in the following chapter, which traces the United Mine Workers' historic advocacy of
multi-employer bargaining. In addition, the Union's overall declining power as a pre-condition of increased corporate control will be presented.
Chapter 1 -- Notes


7. Ibid., p. 94.


17. The historical information on coal development patterns in West Virginia was provided by Donald Hebb, tax analyst with the West Virginia Tax Department, interview, Charleston, West Virginia, July 1980.


Chapter 2: The National Contract: A Source of Power for the United Mine Workers

The emerging conflict over the form of bargaining structure in coal should be placed in larger contexts of 1) organizational change and 2) the historic place of the UMW in shaping collective bargaining in the coal industry. The significance of organizational change suggests that two opposing movements appear to be developing simultaneously. On the one hand, as new economic actors have entered the coal industry, a shift to top-level, more centralized decision-making appears to have taken hold. On the other hand, the UMW has recently experienced a period of internal "democratization". It is the collision of these two divergent movements that is contributing to the conflict over bargaining structure. A paradox emerges that as the actual power-holders within their respective organizations (the rank-and-file, increasingly, on the UMW side and the high-ranking executives on the corporate side) move into more visible and leading positions on the bargaining team, their resistance to each other's bargaining unit intensifies.

It is widely agreed upon by both industry and union observers that the Union has evolved into a more democratic organization, marked by the election of Arnold Miller as UMW president in 1972. Miller was a candidate running on a platform of the "Miners for Democracy" (MFD), a reform coalition that led to the ouster of former Union president Tony Boyle and which has since disappeared. At the 1973 UMW convention, a number of constitutional changes were passed by the participants, designed in part to "open up" the collective bargaining
process to the regular union membership. First, the rank-and-file gained the right to ratify the tentative agreement through written ballot in district elections. Previously, a Policy and Scale Committee had full authority to ratify the contract. This committee was made up of miners elected on a proportional basis of Union district membership. Second, a bargaining council, composed of union district presidents and executive board members, was established. The 39-member council is authorized to approve or reject the tentative contract negotiated by the three-member bargaining team, as well as to assist the negotiators throughout the contract discussions. Third, district union officials would now be directly elected by the membership, breaking the past practice of presidential appointment. Fourth, in 1974, district bargaining conferences of local union representatives were held to formulate contract demands to be approved by the Union bargaining team.

All four reforms certainly hold meaning for the internal operating stability of the UMW, but also carry long-term effects for the collective bargaining relationship. For it is these very "reforms", under the umbrella of "democratization", that managers cite as the cause of labor-management conflict today. D. Cook, chairman of American Electric Power, which owns and operates numerous mines, has claimed that "the new democracy is the new anarchy."¹ These changes, which have contributed to the formation of a "new breed" of miner, have become a source of management opposition, partly because increased solidarity and militancy will probably impede the BCQA's goal of making decentralized bargaining structures acceptable to the Union.
Industry officials are somewhat familiar with the UMW's historic role in influencing coal companies to adopt a national contract. Moreover, they understand the relationship between union organizational strength and industry-wide bargaining. The next section will trace the circuitous course of collective bargaining in the coal industry from the birth of the UMW in the late 1800s. The following pages will show how central the achievement of the national agreement became to the union's early successes in improving wages and working conditions.

The mine workers' achievement of national multi-employer bargaining in 1950 traces its history to the 1890s. The national contract has historic importance in consolidating UMW power and continues to serve as an apogee for other unions as well. The pre-1950 period encompasses wide experience with regional competition and compacts, pattern-setting arrangements, and above all, aggressive pursuance of industry-wide bargaining -- arrangements which, though set in a different context, the UMW may be forced to accept once again.

During the last half of the 19th century, when ownership of coal rights was "widely decentralized and competition ruthless," and when immigrants of many tongues and religions entered the coalfields, attempts at forming local and intrastate unions were very difficult. In 1885, miners from seven states organized the first interstate labor association, the National Federation of Miners and Mine Laborers. The following year, this federation signed the first interstate agreement on wages with operators from these same states and also reached agreement on the establishment of a Board of Arbitration and
Conciliation. The contract died in approximately 1891 following the withdrawal of operators from three states. Once again, miners were forced to make the best possible bargains with individual employers in separate localities and districts. Because "operators were slow in their appreciation of the need for collective action to lessen the ruthlessness of competition," they "resisted recognition of the union and collective dealing." 4

Prior to 1885, the record shows some activity on the part of scattered local unions to gain recognition and collective bargaining rights with operators, who generally "thwarted" such moves. Also during this period, the first bids to establish national unions by convention were short-lived, beginning as early as 1861 with the American Miners Association, followed by the Miners National Association of the United States in 1873. These organizations faced adverse economic conditions and experienced internal dissention. 5

In the meantime, the Knights of Labor, which successfully competed with the National Federation for winning members beginning in 1877, became eager to consolidate with the Federation to form a solid labor front. Their alliance created the United Mine Workers of America in 1890. From this time on, miners adopted the operating principle that "there could be no real progress until collective bargaining should apply to the union as a whole and the operators of the several districts." 6

The first major attempt at industry-wide collective bargaining took the form of a regional Interstate Joint Conference, which represented what has been called the Central Competitive Field (mining
areas that covered from 40 to 70 percent of total national production of bituminous coal). During the first conference in 1898, the Union called for uniform earnings and competitive status between coal firms. The operators came together for the purpose of correcting unstable pricing conditions and differences in costs. The 1898 Conference "laid the foundation for uniformity in day wages and working hours" for different classes of labor across different working conditions, by establishing a national base wage scale. In addition, state and district agreements were established to account for "local" conditions. Yearly agreements were made until 1903 with "increasing advantage to the miners in wages and working conditions." Though the first conference agreement was re-negotiated through 1927, deadlocks in the joint conference occurred in 1906 (over wages), 1910 (differentiated wage rates between pick and machine mining), 1914 (payment of coal), and in each case resulted in a return to district-wide and local bargaining. During this period of growing Union momentum, a more broadly-based system of "collective bargaining was coming to be accepted as an inevitable outgrowth of modern conditions" as a replacement for the "rampant individualism of earlier days" (between local unions and their particular employers).

The objectives of the UMW were made clear at its inception -- the industry-wide establishment of a uniform work day and a uniform wage scale in all classes of the same labor. The elimination of sectional and regional differences in wages constituted the uniform policy of the UMW and it was this policy that was actively pursued. Furthermore, the wage rates arrived at the Central Competitive Field Agreement would become the guideline or "pattern" agreement for the "outlying
districts", thus providing the mine workers their first experience with "pattern bargaining".9

Because of the UMW's lack of success in organizing the southern mines in the 1920s, due to growing production from non-union coalfields and growing competition between northern and southern producers, the Competitive Field Compact disappeared by 1927. In the early 1920s, according to M. Baratz, operators engaged in an "apparent effort to break up the collective bargaining machinery that had grown up in the industry, particularly in the Central Competitive Field."10 The leadership of mine workers responded that separate agreements, urged initially by operators in Pennsylvania and southern Ohio (and eventually joined by Indiana and Illinois) would not be made until the basic agreement covering the Central Competitive Field had been settled, and led a strike over this issue in 1922. The agreement of 1924 extended post-World War I wage rates of 1923 for another three-year period. This "Jacksonville Agreement", negotiated by operators from Ohio, Indiana, and Illinois, was rejected by the miners and is considered to be the precipitous event that destroyed the interstate agreement.11 In addition, the 1920s ushered in a period of high strike activity over wage rates, union "check-off" of dues, arbitration machinery and security of employment, and other debates.

Local collective bargaining returned to the coalfields with substantial wage reductions negotiated in separate company contracts. "New Deal" legislation, under the National Industrial Recovery Act (NIRA), secured the Union an opportunity to equalize regional differentials. Shortly after the passage of the NIRA (which guaranteed workers the right to organize unions and to bargain collectively with their
employers), the UMW membership had tripled, with roughly 90 percent of the workers organized in the industry.\textsuperscript{12}

The first Appalachian area bargaining unit was forged in 1934, covering slightly more than 70 percent of total bituminous output (in southern West Virginia, eastern Kentucky, Virginia, Tennessee, northern Maryland, Michigan, Pennsylvania, and Ohio). As under the old Central Competitive Contract, this Appalachian agreement, which established a day-rate differential of $ .40 between North and South favoring southern Appalachian member areas) would be adapted to other outside areas as a "pattern". Antagonisms between commercial producers in the North and South intensified as the UMW won a series of victories through the rest of the 1930s, particularly the passage of the Bituminous Coal Act of 1937\textsuperscript{13} and the union shop clause in 1939, victories achieved partly by mine shutdowns ranging from four to six weeks.

The empowered UMW advocated at its 1940 convention that a national agreement covering all bituminous coal operations in the country replace regional contracts. Because the southern operators wanted to retain the North-South day-rate and tonnage differentials while the northern operators quickly approved of the Union's proposal to remove them, the former coalition withdrew from the Conference, insisting that in the future they would negotiate separate agreements with the UMW through their own bargaining associations. Thus, the Appalachian Joint Conference split into two -- the Southern Wage Conference covered southern West Virginia, Virginia, eastern Kentucky and northern Tennessee and produced approximately 20 to 25 percent of national tonnage.
In the Appalachian Conference of 1941, the UMW won a "most favored nation" clause guiding both northern and southern producers, in which the best terms reached by the UMW with any firm would automatically apply to all companies. Therefore, if a contract was negotiated with the southern operators, the elimination of the $.40 differential would be assured. Following a decision of the National Defense Mediation Board that eliminated this differential, the southern operators had no choice but to accept the recommendation. In 1946 and 1947, UMW President John L. Lewis won over the "captive" operators (those who consume the coal they produce and/or own, such as the steel companies) to accept the Union's demands that economic terms reached in the Appalachian Conference be applied to their mines.

Following the termination of the 1948 contract, negotiations for the 1949 contract were held in three separate conferences -- one with the Southern Coal Producers Association, a second with northern operators and a third with captive mine operators (who, since 1943, had been accustomed to joining the northern and western commercial operators for negotiation purposes). It was the merging of the latter two groups that formed the Bituminous Coal Operators Association (BCOA), which subsequently signed the first national Bituminous Coal Wage Agreement in 1950.14

Yet the UMW is not the only union which has actively engaged in efforts to establish at least company-level multi-employer bargaining (though it does represent the most prominent "success story"). In the mid-1960s, a number of American unions, most with multiple-plant operations and local negotiations, attempted to bring together locals into an alliance for the purpose of bargaining with a company or an
industry as a single unit. Organized labor's "prizes" in coalition bargaining included company-wide contracts in the short-run and master, industry-wide contracts in the long-run. In other words, the coalition or coordinated bargaining movement grew out of a desire on the part of various unions to centralize the structures of bargaining in different industries.

By examining a general union rationale in support of coordinated bargaining, the reader can then gain understanding of labor's endorsement of centralized multi-employer bargaining over more decentralized structures. Moreover, if it can be demonstrated that the same set of conditions that gave rise to coordinated bargaining actions by the unions in the 1960s parallel the conditions of the bituminous coal industry of 1980, then the relevance of this bargaining "theory" to the UMW's particular position becomes clear.

The product of coalition bargaining is a contract that formulates the demands of employees represented by various locals into common terms applied to all. A coalition bargaining program was established and coordinated by the AFL-CIO's Industrial Union Department (IUD), which created a separate bargaining committee, composed of union representatives employed by selected target companies. Coalition bargaining generally takes two forms: 1) separate locals affiliated with a single international, such as in the chemical industry, or 2) locals representing different international unions, such as in the electrical industry, may band together.

What the IUD Bargaining Committee set out to accomplish was a progression from company-wide to industry-wide bargaining. W. Reuther, head of the Committee established in 1965, claimed from the outset that
the new union strategy was to "establish industry-wide conferences to work toward uniform bargaining policies developed by all unions in an industry." Thus, the "logical end" of equalizing demands was to force employers into signing a national master contract containing items previously spelled out in individual or more local agreements.

Most union representatives agree that three major conditions sparked the idea to formalize joint bargaining among unions representing diverse occupations: 1) growth of conglomerate corporations, 2) decline of the power of the strike and 3) general bargaining weakness of the individual union. The current economic and bargaining position of the UMW arises from the same set of conditions.

A. Growth of Conglomerate Corporations

It has been argued that coordinated bargaining is a direct response to large-scale economic growth of corporations, through horizontal and vertical integration. The changing character of corporations has come about through simultaneous processes of mergers and acquisitions, presenting to unions difficulties in representation and organization. As companies enlarge their share of a particular industry's production, and therefore become more oligopolistic, unions become compelled to match such trends by expanding the size and scope of the bargaining unit. (The presence of monopsony or oligopolistic power signals increases pressures toward non-union labor markets and employer collusion on wage rates.)

It is further argued by union representatives that conglomerates alter the balance of power relationship by negotiating with unions separately on a decentralized basis. In other words, managers tend
to extend the inequality resulting from ownership and control of material resources to the collective bargaining table in the form of unequal negotiation tactics. The use of economic power to define the contract terms is precisely the course which may be followed in the coal industry. More specifically, the argument offered by the union side is that centralized management enjoys a special position to employ "divide and conquer" or "whipsawing" tactics against labor. This occurs when a company attempts to settle first with the union judged to be in the weakest bargaining position and then to extend this "pattern" to other unions it negotiates with.

Contracts containing discrepant concessions across firms and across an entire industry are the product of "whipsawing" practices that undermine the Union's central goal of uniformity among employers in the same competitive area. Union members have historically endorsed policies that standardize wages and working conditions between competing plants, or what is generally known as the doctrine of "equal pay for equal work". The greater the number of union bargaining units the negotiate separately with companies and the more geographically scattered the negotiations are, the more difficult coordination of union settlement demands becomes. Differential wage settlements become the rule, often creating fierce rivalry between and within unions. Local plant contracts are often accompanied by divergent expiration dates, a tactic that further weakens the benefits of a strike to the union while reducing costs of a strike to the company. Access to necessary information during contract negotiations is usually limited in an environment of local bargaining, obstructing the
achievement of improved wages and benefits and their uniform administration across work establishment lines. As Hildebrand summarizes, "the conglomerate corporation can fight against a diverse set of weak opponents, each acting independently and hence vulnerable to divide and conquer strategies."22

B. Decline of the Strike

Increases in owners' material and political advantages with respect to the Union reduce the effectiveness of the strike -- the second condition that spurred the coalition bargaining movement. The strike weapon is considered the most common sanction for bargaining leverage held by a union. Strikes over contract provisions function as a two-bladed sword against the employer. First, the strike has historically been viewed as a problem-solving mechanism, in that it induces both sides to reach a mutually acceptable agreement as quickly as possible. Thus, the strike should have the political power to "induce peaceful settlements" by "bringing the parties to term."23 Second, it constitutes a form of economic pressure that forces management to "concede" to certain union demands (e.g. shift previous bargaining positions) in order to reach an economic settlement. Both the economic and political utility of a decentralized strike, coordination bargaining advocates claim, have diminished to the point where only collective union action could restore the strike's original purpose.

The economic reality of company and sub-company bargaining depicts a selective strike strategy against only part of an industry.
In a multi-employer bargaining situation, on the other hand, a strike over contract terms, if deemed appropriate by the union, would be applied against the entire industry. As a company's operations expand either into different product lines or parallel production sequences, the general economic effect of a local strike or slowdown to the company lessens because it has "hedged its risks by assembling a product conglomerate." In other words, the private costs of the strike diminish for the company while those incurred by local union bargaining units increase because of the latter's reduced bargaining leverage against the company during the strike. Workers take a loss of wages with a high risk that their private protest will prove ineffective. As Chernish states, referring to conglomerates,

...the loss of production at a single unit may not be especially significant with respect to the overall corporate profit structure. A conglomerate may be able to shift production to parallel plants in other locations or merely absorb a loss by considering a work stoppage as a long-term investment.

In other instances, supervisors and technical people can keep the plant operating in the absence of the regular workforce, further reducing the impact of a strike in inducing agreement.

Proponents of coordinated bargaining argue that through "interlocked" bargaining, longer, more widespread, and more frequent work stoppages can be targeted against a particular company, crippling operations of the entire firm rather than a particular plant -- which is the case with individual, sub-company bargains. Such a tactic is designed to "reduce competition among workers" by eliminating jurisdictional and product competition that results from units diversely represented and geographically diffuse. Thus, expanding the scope of
the strike to a broader and more inclusive constituency provides the union coalition an opportunity to regain its greatest source of "withholding power" in order to extract higher concessions from the management front.

The UMW and the Strike

The strike (excluding wild-cat) no longer carries the political and economic weight it had during the earlier days of the UMW. Probably among no other labor force is the "right to strike" held so dear and is as much a part of the collective identity as in the UMW. Even during World War II, when few strikes over labor contract issues occurred because of the "no-strike no-lockout" pledge made by most unions to the federal government, the UMW refused to be bound by this pledge. Major strike activity, directed more often toward non-economic than economic issues, has characterized the bituminous coal industry from the early organizing days of the UMW. A report by the U.S. Bureau of Labor Statistics on collective bargaining in the bituminous coal industry shows that strikes occurred during 11 of 14 times when national agreements were being negotiated from 1950 to 1976. The report continues:

Strikes that occurred during the term of the contract constituted the vast majority of stoppages in the bituminous coal industry and have far exceeded the total in all other industries...With the exception of the Korean War and the 1976 periods, strikes in which 100,000 workers or more participated occurred in 1971 and 1974 when contracts were being negotiated.

A "major work stoppage" (involving 100,000 workers or more) also occurred during the 1977 contract negotiations for reasons not divorced from increasingly strained labor-management relations rooted
in industry shifts described in the first chapter.

The point that the last three contract negotiations were marked by "major work stoppages" is instructive in several ways. First, it appears that the union membership is finding it consistently necessary to resort to an industry-wide strike, despite its generally reduced effectiveness, in order to achieve its collective bargaining agenda. This reliance on strike activity suggests possible deficiencies in the collective bargaining institution itself as it now operates in the coal industry. It also illustrates growing dissatisfaction among the rank-and-file with the substance of tentative agreements. Second, the fact that the duration of the last three contract strikes has fluctuated over time (from 57 days in 1971 to 34 days in 1974 to a record 111 days in 1977) suggests that 1) the strike is becoming a less potent "weapon" in its function of influencing the parties to reach a mutually acceptable agreement as rapidly as possible, 2) the companies can withstand the costs of the strike over a longer period of time, lending credibility to the proposition that the longer a strike, the more favorable the outcome will be to the management team, and 3) more indirectly, conflict between labor and management at the bargaining table has escalated.

In short, the historic power of the strike has declined in the coal industry -- a fact understood though not readily admitted by the negotiating parties. One major reason for this decline in strike effectiveness is that coal companies that are neither members nor signatories to the NBCWA are producing at a growing rate. Many of these producers of non-union coal, in addition to utility customers, are able to stockpile coal in generous amounts, as are the BCOA
productions, partly as a "defense mechanism" against a potential Union strike. A top BCOA spokesperson has claimed that if during the 1980 contract negotiations a strike is called, the BCOA member companies "will certainly be able to get around them (the UMW)." The spokesperson predicted that a number of companies will have "more than sufficient" stockpiles of coal reserves to be used in case of a national strike. Also, the "weather will be in our favor" so that transportation of non-union coal will be a less cumbersome task than during the 1977 strike, which was called during the most severe weather of the winter season.

The reduced influence of the strike can be further understood in light of the hard economic fact that the UMW today mines slightly less than half of the total bituminous coal produced. Hence, because the parameters of an "industry-wide" strike have narrowed to include fewer mines that would participate in a full-scale strike, the bargaining leverage of the Union has decreased. A recognition by the UMW leadership of the strike's impotence was articulated by UMW President Sam Church during 1980 Labor Day festivities in West Virginia. Church told several thousand miners that a strike would probably not be productive during the next set of contract talks -- a comment which reportedly was met with booing and hissing from the audience. According to S. Goldberg, Professor of Law at Northwestern University and a recent consultant on collective bargaining to the President's Commission on Coal, the UMW's national leadership "fears a length strike in 1981 would lead to the dissolution of collective bargaining on a national level, and to the substitution of bargaining on a regional or company level." A change in this direction is believed to lead to
the "dissolution or severe weakening of the UMW as a national union."

That the right to strike is becoming less of a meaningful channel of protest to the UMW during contract negotiations suggests, at the least, that new forms of resistance must be found by the UMW and, at the most, suppression of worker dissatisfaction, which carries serious long-term implications for group struggle -- as will be discussed in Chapter Six.

C. Union Bargaining Weakness

The coordinated bargaining movement grew out of a multi-union recognition of a power imbalance operating within and reinforced by the collective bargaining machinery. As Hildebrand claims:

The effort to introduce coordinated bargaining is an admission of union weakness under the systems hitherto prevailing. The common employer view, that coordination is a bid for more union power, is correct. But the source lies more in weakness than in existing strength.

To proponents of coalition bargaining, this structural solution gives the weaker party "adaptive dynamism". It is nothing more than an "arrangement devised to try to match the coordinated bargaining already practiced by each company internally..." In short, a coordinated bargaining drive constituted a strategy to restore the power equilibrium between parties, created out of changing economic conditions and a more aggressive pursuit of management objectives to dilute existing contract provisions. The acceptance of "equality of bargaining power" was considered to be a necessary condition for rational and fair collective bargaining to occur between labor and management, according to the authors of the National Labor Relations Act of 1935. When disparities in bargaining authority are not bridged between
employer and employee, but instead continue to widen to the extent of becoming institutionalized, then the meaning of collective bargaining takes a different direction. The collective bargaining apparatus can serve as a means of ensuring the acquiescence of one party into a subordinate position.

Erosion of bargaining strength has also afflicted the UMW in critical ways. The arguments presented previously that the UMW is mining a decreasing proportion of total production and that the strike is becoming a less potent tool both point to a general decline of UMW bargaining strength. Another element of the UMW's declining strength is that approximately 20,000 miners are currently out of work,\(^{35}\) at least 10,000 of those in West Virginia alone (see Table 2-1 for a breakdown of unemployed by company and county in West Virginia). This economic fact alone gives a distinct advantage to employers, particularly in upcoming contract negotiations. Professor P. Henle, among others, has argued that when the economy "operates below full employment, this tilts the balance of bargaining power in favor of the employer" -- a characteristic "defect" in non-union labor markets, incidentally.\(^{36}\)

Third, the UMW mines only about one-third of western coal, largely as a result of stiff competition from the Progressive Mine Workers Union and the International Union of Operating Engineers (IUOE, an AFL-CIO affiliate) in organizing western mines. The Progressive Mine Workers Union claims a membership of approximately 7,000 workers or about 11 percent of western and midwestern surface mine workers, who sign two major agreements with the Coal Producers
<table>
<thead>
<tr>
<th>County</th>
<th>Company</th>
<th>Reductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbour</td>
<td>Barbour Coal</td>
<td>40</td>
</tr>
<tr>
<td>Boone</td>
<td>Westmoreland</td>
<td>160</td>
</tr>
<tr>
<td></td>
<td>Whitesville A &amp; S</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>Eastern Associated</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>Cedar/Southern App.</td>
<td>170</td>
</tr>
<tr>
<td>Brooke</td>
<td>Starvaggi Ind.</td>
<td>287</td>
</tr>
<tr>
<td>Fayette</td>
<td>United Pocahontas</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Semet-Solvay</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>Bethlehem</td>
<td>376</td>
</tr>
<tr>
<td></td>
<td>(Unidentified)</td>
<td>800</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,533</td>
</tr>
<tr>
<td>Harrison</td>
<td>Consolidation</td>
<td>262</td>
</tr>
<tr>
<td>Kanawha</td>
<td>Carbon</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>Bethlehem</td>
<td>376</td>
</tr>
<tr>
<td></td>
<td></td>
<td>417</td>
</tr>
<tr>
<td>Logan</td>
<td>Pittston</td>
<td>333</td>
</tr>
<tr>
<td></td>
<td>Chafin</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td>Logan Mohawk</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>(Unidentified)</td>
<td>800</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,533</td>
</tr>
<tr>
<td>Marion</td>
<td>Eastern Associated</td>
<td>208</td>
</tr>
<tr>
<td></td>
<td>Bethlehem</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Consolidation</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td></td>
<td>292</td>
</tr>
<tr>
<td>Marshall</td>
<td>Consolidation</td>
<td>778</td>
</tr>
<tr>
<td></td>
<td>Valley Camp</td>
<td>290</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,068</td>
</tr>
<tr>
<td>McDowell</td>
<td>Consolidation</td>
<td>821</td>
</tr>
<tr>
<td></td>
<td>United Pocahontas</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>Eastern Associated</td>
<td>130</td>
</tr>
<tr>
<td></td>
<td>Semet-Solvay</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,551</td>
</tr>
<tr>
<td>Monongalia</td>
<td>Eastern Associated</td>
<td>31</td>
</tr>
<tr>
<td>Mingo</td>
<td>Island Creek</td>
<td>325</td>
</tr>
<tr>
<td>Nicholas</td>
<td>Island Creek</td>
<td>197</td>
</tr>
<tr>
<td></td>
<td>Pittston</td>
<td>185</td>
</tr>
<tr>
<td></td>
<td></td>
<td>382</td>
</tr>
<tr>
<td>Preston</td>
<td>Reliable Coal</td>
<td>180</td>
</tr>
<tr>
<td>Raleigh</td>
<td>Consolidation</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Pittston</td>
<td>431</td>
</tr>
<tr>
<td></td>
<td>Westmoreland</td>
<td>700</td>
</tr>
<tr>
<td></td>
<td>Eastern Associated</td>
<td>160</td>
</tr>
<tr>
<td></td>
<td>Sterling Smokeless</td>
<td>350</td>
</tr>
<tr>
<td></td>
<td>Slab Fork</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td>Bethlehem</td>
<td>202</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,243</td>
</tr>
<tr>
<td>Wayne</td>
<td>Pittston</td>
<td>88</td>
</tr>
<tr>
<td></td>
<td></td>
<td>88</td>
</tr>
</tbody>
</table>
Table 2-1, continued.

<table>
<thead>
<tr>
<th>County</th>
<th>Company</th>
<th>Reductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wyoming</td>
<td>Consolidation</td>
<td>371</td>
</tr>
<tr>
<td></td>
<td>Pittston</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Eastern Associated</td>
<td>335</td>
</tr>
<tr>
<td></td>
<td>Slab Fork</td>
<td>160</td>
</tr>
<tr>
<td></td>
<td></td>
<td>966</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>10,557</strong></td>
</tr>
</tbody>
</table>

*Source: West Virginia Coal Association,*
Association of Illinois. The IUOE represents approximately 17 percent of western surface miners, primarily in Wyoming and Montana.

According to a representative from the Progressive Mine Workers, the companies, when faced with the prospect of a union presence in their mines, prefer to negotiate contracts with "any party other than the UMW."37 Hence, many western producers encourage union rivalry by favoring the entrance of unions other than the UMW. For example, in an article entitled "Non-UMWA Doesn't Mean Non-Union," which appeared in LandMarc, a magazine representing the surface coal mining industry, companies are willing to recognize the existence of certain unions as the second-best labor policy (the first preference being non-union or "right-to-work" mines). Moreover, the "key philosophical difference" between these unions, such as the Southern Labor Union (which concentrates its organizing efforts in eastern mines) and the UMW has been the "willingness of the SLU to negotiate company-by-company and mine-by-mine."38 Thus, it seems clear that the western surface companies (some of which belong to the BCOA) attribute the national bargaining structure to be a major barrier in accepting UMW organization among their employees.

The awareness that the Union has grown weaker as a bargaining unit became more widespread throughout and after the conclusion of the 1977 negotiations. According to Mel Triolo of the Logan County (West Virginia) Coal Operators Association, which is a member of BCOA, the Union came out of the bargaining talks "broke and on its knees."39 Business Week reported during the early sessions of the negotiations that the "industry now feels it holds the balance of power with the UMW
because coal stocks are in good shape."\textsuperscript{40} B. Calame of the Wall Street Journal also reported during this period that the "Union's grip on the coal industry has slipped to the point where its contract with BCOA is no longer a truly national agreement that can quickly trigger a national emergency."\textsuperscript{41} BCOA President Brennan openly claimed that the Union's influence has been reduced "from its once dominant position in the coalfields."\textsuperscript{42} On the union side, then-President and chief negotiator for the UMW Arnold Miller denied that the Union entered the 1977 talks with reduced bargaining clout as a result of such problems.\textsuperscript{43}

The UMW leadership strongly opposes decentralization of the bargaining structure. Industry arbitrator and consultant Goldberg concludes that the Union's opposition "rests primarily on the view that decentralization would weaken the UMW because it does not have the qualified personnel to negotiate simultaneously with thousands of employers, and because decentralized bargaining would enable employers to use 'divide and conquer' tactics against the Union."\textsuperscript{44} The Union also fears in a general way that decentralized bargaining would lead to contract "take-aways" by the companies, and gradually a return to earlier days of wage differentials, less comprehensive health and pension coverage and weaker provisions on safety standards and training requirements.

Perhaps the most forceful and eloquent support for centralized bargaining as seen by a trade union was articulated by former UMW president John Mitchell as early as 1903:
The 'individual bargain', or individual contract between employer and men means that the condition of the worst and lowest man in the industry will be that which the best man must accept...There can be no permanent prosperity to the working classes, no real and lasting progress, no consecutive improvement in conditions, until the principle is firmly and fully established, that in industrial life, especially in enterprises on a large scale, the settlement of wages, hours of labor, and all conditions of work, must be made between employer and workingmen collectively and not between employers and workingmen individually.45
Chapter 2 -- Notes


3. These seven states were Illinois, Indiana, Ohio, Pennsylvania, West Virginia, Iowa, and Kansas.


5. For a well-documented account of the barriers associated with early organizing efforts, see Suffer, The Coal Miners' Struggle, Chapter 2.


7. Ibid., p. 74.

8. Ibid., p. 73.


14. This contract represented for bargaining purposes approximately one-half of total U.S. tonnage and a total of 262 individual companies, both large and small.


19. According to Webster's New World Dictionary, 2nd College Edition, "conglomerate" is defined as "a large corporation formed by the merger of a number of companies in unrelated, widely diversified industries."


30. Telephone interview with Morris D. Feibusch, Vice-President for Public Affairs, BCOA, September 1980.


35. Interview with Dan Fields, Vice-President for Public Relations, West Virginia Coal Association, Charleston, West Virginia, July 1980.


41. Byron E. Calame, "Slipped Grip: Coal miners may walk out in December but Impact Won't Be What it used to Be," Wall Street Journal, 6 October 1977, p. 44.


Chapter 3: Management Ideology: Home-Grown and Imported

Changes in management personnel in the coal industry have ushered in labor-management policies consistent with those adopted in the "parent" businesses of oil and steel. The fact that the entrance of a new "corporate ideology" is unsettling to some smaller coal producers and to the Union may be interpreted to mean that the entrance of new corporate actors in itself is alien to the coal industry, and that following a "transition period", normalized (stabilized) labor relations will return to the industry. The argument presented here is that the force of conflict is being driven not by newly formulated goals (remember, the oil industry has held interest in coal for at least fifteen years, the steel industry much longer) but by the flowering of an aggressive campaign to implement policies designed to weaken gains made by workers in the collective bargaining arena. Recent activation of these policies is being inspired by declining union power (discussed previously) and a continuing, centralized cohesion of "big business" power, both within BCOA and on a larger scale.

An understanding of the "new management ideology" in the coal industry accompanied by the recent cohesion of oil, steel, and large coal company executives will show that such an ideology is not distinctive to these industries alone. The emerging conflict between the UMW and company managers seems to be part of a larger national movement led by "big business", one of whose aims is to attack the legitimacy of consumer and labor interests -- largely through "disciplined
intervention" into the Congress and state houses. Because a number of actors in the BCOA are actively participating in formalized strategies (under the Business Roundtable) designed to clean up the "untidy nature of the democratic process," their actions in the coal industry are given added importance. How these companies fit into the larger, apparent anti-labor campaign will be examined further in the concluding chapter.

To demonstrate that deliberate management policy in the coal industry is prompting movement in the structure of the bargaining mechanism requires an understanding of the ideological underpinnings that motivate management's behavior. Management "ideology", if examined from two sources, 1) the political and social purposes sought by its members and 2) accustomed labor-management practices, can explain why a group, in this case top level managers in the coal industry, is seeking to alter the structure of bargaining and therefore, a redistribution of bargaining authority with labor. "Ideologies of management can be explained only in part as rationalizations of self-interest; they also result from the legacy of institutions and ideas which is 'adopted' by each generation..."2

The first part of this chapter will sketch characteristics of the new industry "ideology" and the tactics planned by managers to fulfill their expectations for the United Mine Workers. The remainder of this chapter will focus on general corporate rationale for supporting decentralized bargaining and alternatively, for opposing union efforts to consolidate negotiations among companies. Also, the "legacies" particular to the oil and steel companies in collective bargaining (quite distinct from those in coal) will be reviewed in
this chapter. Thus, the "interplay between current contingencies and historical legacies" will be presented as the ideological backdrop to the remaining chapters, which interpret such "interplays" as movements toward pattern bargaining and/or individual company contracts.

What then are the characteristics of the corporate ideology which are allegedly altering the structure of bargaining and the power relationship between parties? (Unfortunately, it is beyond the scope of this research to identify three distinct industrial ideologies, representing oil, steel, and independent coal, though most of the support for the following discussion focuses on members from the first two groups.)

There appears to be a widespread consensus on management's part that the coal industry has evolved and is continuing to evolve into a "new" more advanced industry. Much evidence suggests that managers believe the industry is headed toward an unprecedented level of "sophistication", a period of "progress" which will serve the common interests of miners and managers. For example, President of the Bituminous Coal Operators Association (BCOA) J. Brennan commented in early 1980 on the "strength and sophistication of the new coal industry." In the same statement, he argued that coal labor relations programs and policies must be "brought into line with modern-day industry." The "flowering of a new coal industry" campaign was put forth as early as 1977, a year that marked high acquisition activity in the industry.

What does this "sophistication" mean in more precise terms of management strategy and what factors or forces have made the coal industry a "newly emergent" one? C. Weaver, Senior Vice-President and Coal
Group Operating Officer for Ashland Oil, provides part of the answer. He stated in 1978 that "management -- the other half of the coal production team -- is much more sophisticated than only a decade ago." Others agree that managers from outside the coal industry plus the influx of capital and new technology have combined to create a heathier industry. Again, BCOA President Brennan before the President's Commission on Coal: "The oil industry has provided capital; the oil industry has provided management." Weaver agrees that since "coal companies are increasingly becoming publicly owned corporations, owned by shareholders," a class of "specialized sophisticated professional management" has entered the industry. Perhaps S. Barker, President of Island Creek Coal Company, most succinctly expresses the sweeping range of changes desired by the new owners: "changes in the rules which govern our labor relations, change in the way management uses labor and vice-versa, and change in the level of sophistication we bring to the overall task of mining coal." BCOA members seem to expect that the "same management and ownership principles" which operate the "largest businesses in the country" will govern the coal industry as well, and that these principles should automatically be considered 1) good and 2) appropriate to the goals of the mine workers and therefore receive full endorsement. Thus, corporate ownership and production of coal by "outside" industries carries a distinct set of operating assumptions clothed in a managerial philosophy alien to the traditional coal industry. The first element of this philosophy is that coal production operations lie in more sophisticated, professional hands and consequently, relations between labor and management will be the better for it.
Yet perhaps the alternate side of this normative element reveals more about the aspirations inherent in the managerial ideology. For it is further assumed that what existed before the entrance of non-coal actors was an unsophisticated "backward" industry, particularly in the area of labor relations. For example, Brennan argued before the Coal Commission that the growth of coal brought new capital and management and an "unwillingness to continue clearly outmoded bargaining practices of the past." Outmoded for whom and why? And under what specific circumstances? "Industrial anarchy on a grand scale" is a popular description of the state of labor relations in the "former" coal industry. Many of the new managers operate from a psychology that equates adversarial relationships, hard bargaining and conflict with "chaos" and "anarchy"; disagreement with violence, a strike as an "aberration." This preoccupation with order would consequently stimulate behavior to regulate and/or suppress expression of conflict by manipulating the channels used by dissenting mine workers -- an issue that will be elaborated on shortly.

Not unrelated to the unsophistication element is the notion of coal as a dirty energy resource or, at the least, the occupation of mining coal as an unclean profession. For example, in the article "Report on a Modern Day Coal Mine," which appeared in an American Petroleum Institute (API) publication, the journalist who had toured an underground mine operated by Consolidation Coal, concluded his report: "...the most surprising thing about my three hour trek into the Robinson Run coal mine: I never even saw one pick and shovel. Not at Robinson Run, a modern-day coal mine." (emphasis added) Recent television commercials sponsored by Exxon Corporation and Gulf Oil
that advertise their commitments to increased coal production fail to show a single picture of a coal miner or offer any reference to the "labor element". Instead, the viewer's attention is fixed on production machinery and a proposed pipeline, patterned after the oil slurry pipeline, to transport coal over great distances. Business Week magazine even acknowledged recently that the "industry's image, epitomized by the deep coal miner with his soot-blackened face, is bound to change" as a result of "oil companies turning their backs on problems of Eastern underground coal mining."\textsuperscript{14} In a recent article on the same subject from The Economist, the caption underneath a photograph of an underground miner covered with coal dust reads "a vanishing species?"\textsuperscript{15}

The desire to reduce and in some cases eliminate the labor element in the near future is a central tenet of the new managers' strategy, though it will not be concentrated on in this study. In a speech before the Institute on Coal Mining Health, Safety, and Research, in Blacksburg, Va., Brennan declared that the "UMW should insure its long-standing tradition of support for the introduction of new technology...Technology development...represents a major factor in a coal industry capable of meeting the challenge of the '80s in both production and in safety." (emphasis added)\textsuperscript{16}

(The Union's traditional policy, created by UMW President Lewis, to mechanize production resulted in the loss of over 275,000 mining jobs between 1950 and 1969.) Barker of Island Creek Coal supports Brennan's claim that in order to improve productivity, especially in underground mines, "there must be new technology introduced and used
in the industry." In other words, the UMW can expect growing "technological displacement" of miners, as the new managers "adapt" the existing workforce to the technological designs of the "new" industry. Moreover, changes in the job structure of the labor force during the past twenty years point to the fact that increased coal production does not necessarily mean growth in the production workforce. It is reported that between 1976 and 1977 alone, the number of production and maintenance workers fell by 3,500, while white collar employment (engineers and managers) increased by 6,700 persons. Thus, the "labor factor" in the production process is perceived, at the least, to engage in undesirable work, which is clothed in a history of organizational solidarity. At the most, the labor element should be substituted as much as possible by other factors of production.

A third critical tenet of the new managerial philosophy continues on the sophistication theme described above. A reduction in labor-management unrest will occur as alternative joint labor-management programs outside the collective bargaining structure are adopted. Managers seem to presume that investment in personnel training and joint labor communications programs automatically proves a commitment to resolving differences with labor. "Problem-solving behavior", then, necessarily results from the mere existence of human relations programs, company-union task forces, special issue committees, and other "preventive maintenance" structures. This is not to take the position that such programs are serving no constructive purpose and should be abandoned. It is to argue that the actual effects of these programs, as compared to their perceived value, must be questioned carefully for two main reasons: First, the measures of
success appear to be weighted in favor of industry-defined goals, as opposed to 1) union (individual worker) interests, such as job security issues and 2) mine-specific problems. Quantitative indicators that trace productivity gains, decline in strike activity, and overall "mining efficiency" almost exclusively define program success. In addition, a less obvious measure of success used by managers is the degree to which they share some of their decision-making authority with the Union. This concern was explicitly expressed by one manager's evaluation of a pilot labor-management relations program created at Westmoreland Coal Company's Bullit Mine in Appalachia, Virginia: "Management can make the kinds of changes reported here without giving up basic prerogatives. Time may prove that the management at Inland's mine is stronger because of many of the steps it has taken to improve employee relations."¹⁹

However, the proclaimed common benefits of such programs should be regarded with skepticism, because of management's one-sided perspective toward the source of the labor-management problem. Many top-level managers believe their companies have "no control" over labor turmoil. The Vice-President of Administration for Island Creek Coal Company, J. E. Katlic, testified before the President's Coal Commission: "the professionals in this game consider our problems are external"²⁰ -- in other words, market-related. Others in the industry and even in the academic community, such as Miernyck, an economist from West Virginia University, agree that if demand for coal were higher, labor conflict would decline significantly.²¹

A second external factor which contributes to the problem of "labor turmoil" and "instability", according to the Vice-President
of Personnel and Industrial Relations for Eastern Associated Coal Corporation, J. Higgins, is the UMW's exercise of "greater autonomy at the local level" which translates into a "more activist approach on the part of rank-and-file." Brennan acknowledges that the precipitating event that "cut adrift" the Union from management and subsequently altered the "needs and circumstances of the parties" was the "revolution of the UMW into a completely democratic institution." Related evidence points to the "animosity that is so much a part of the miners' folklore" as the foundation of industry unrest.

If, then, industry officials operate from the understanding that "outside factors" such as a depressed coal market and an increasingly militant rank-and-file are the outstanding sources of labor instability, then the problem-solving function of company-wide training programs in particular and joint labor-industry programs in general becomes questionable. An alternative view that should be considered is that the purpose of these structures (removed from the "democratic institution" of collective bargaining) is to impress upon the union membership an image of concern, constructive action, and cooperation. Because this model of pseudo-labor-management reconciliation rests on harmonizing and eventually homogenizing divergent aspirations, it is consistent with the "internal bargaining" function of decentralized negotiations described in the first chapter. In brief, a training program is designed from an understanding of the deficiencies and backgrounds of the audience targeted to be trained. If it is presumed that labor is the "cause" of the industrial conflict problem and management the "victim", the program design and results will reflect this over-riding bias.
The final and perhaps most important element of the managerial philosophy which bears on bargaining interaction is control. The new breed of managers find it appropriate to explicitly demonstrate the range of their authority in implementing labor policies. Perhaps H. Foltz of Eastern Associated Coal Company best described the essence of the relationship between labor and management at the mine site when he said, "The right to implement labor policies and practices is still management's residual right." According to the 1978 Bituminous Wage Agreement, Article I-A, Section (d), this right exercised at the mine site is more than residual -- it is exclusive:

The management of the mine, the direction of the working force and the right to hire and discharge are vested exclusively in the Employer. The point here is that managers clearly want to remind workers that any challenge to the exercise of the former's prerogative violates the contract and hence can be duly punished.

This is precisely what happened during a recent publicized dispute in which a major company "flexed its political muscle" under an Arbitration Review Board (ARB) ruling, Number 103, which affirms management's right to discharge employees engaged in illegal picketing activity. The incident began with a walk-out at Consolidation Coal's "Four States" Mine in Marion County, West Virginia. The walk-out protested the firing of three union officers for alleged illegal picketing during a wildcat strike sparked by a job assignment dispute the previous day. Shortly after an arbitrator's decision that upheld the firing of the local union president and ordered the company to change the firings of two mine safety committeemen to thirty-day suspensions, Consolidation announced "suspension with intent to dis-
charge" of twelve other miners accused of illegal picketing. This action, coupled with an arbitrator's upholding of ten of the twelve firings, prompted further strike activity at other Consolidation Coal operations in District 31 (northern West Virginia) and eventually idled 6,000 West Virginia Coal miners. In short, this exercise of management prerogative led to "one of the largest unauthorized work stoppages in the history of northern West Virginia," and the state's largest in two years.

The position of Consol was considered by both industry and union representatives to have been "inflexible", "hardlined", and "unnecessary". What the company expected to gain in pursuing the firings in a traditionally low-strike district remains a serious question that deserves investigation. In a separate instance involving a work stoppage and resulting discharge at a mine operated by Eastern Associated Coal, Foltz explains that the decision to fire was made simply because of "a failure to obey a management directive." The relevant issue which these cases pose for this research is: Does management's behavior hold any implications for the conduct of labor-management during bargaining negotiations? A number of industry and non-industry sources believe this to be the case in the instance of the West Virginia strikes. One industry source told the Wall Street Journal that "unless Consol tones things down, we're going to face some hostile (UMW) bargainers" during the next round of contract talks. Labor economist K. Dix of West Virginia University speculates: "One can only assume that Consol is going into the next round of contract talks with a tough, hard-line position."
The important point here is that the language of control, indoctrination, and enforcement that seems to pervade the rhetoric of management becomes translated into concrete labor-management policies at the mine site, the bargaining table, and through guidance of legislative policy outcomes. J. B. Johnston, Vice-President, General Manager of Employee Relations, and former negotiator for U.S. Steel, is reported to have stated in a BCOA Executive Board meeting held during the 1977 contract talks, "It is our fault we haven't trained this union [the UMW]." In the attempt to explain why executives from non-coal (namely oil and steel) companies appear to place such emphasis on securing rigid control over the workforce, two factors which distinguish the coal industry from oil and steel should be highlighted. The first is the obvious but important fact that the coal industry is more labor-intensive than either the petroleum or steel industries. According to a United Mine Workers report that based its findings partly on figures from the U.S. Bureau of Mines, labor accounts for approximately 30 percent of the total costs in a typical one million ton Appalachian underground mine. (In a five million ton surface mine, labor costs come to approximately 13 percent of the total.) Other sources estimate the labor ingredient comprises between 40 and 50 percent of costs in underground mines. In oil refining, labor costs comprise between 10 and 20 percent of total company costs, while in the basic steel industry, labor costs as a percentage of gross industry revenue averaged 35.0 percent between 1972 and 1978. Because labor input is typically higher in coal mining than in oil refining and steel production, it is assumed by industry consultants
that "labor is difficult to control closely in coal mining."34

Second, the physical operation of mining coal underground demands that workers be "generally remote from higher management," operating with "near autonomy". Consequently, a difficulty arises from management's priority in "controlling how mining crews spend their time and the company's money."35 By contrast, in an oil refinery or electric generating station, management performs its supervisory functions with closer "scrutiny" over a more "predictable" environment. Thus, it follows that if strict managerial guidance is deemed to fulfill managerial preferences and goals, it can be expected that these practices will be uniformly adapted to all workplaces operated by that company.

Third, top corporate executives also recognize a need to control their own subordinates, such as mine superintendents, just as closely as employees. For example, Katlic most vividly made this point before the President's Coal Commission: "We have some educating to do for our people, too. They harbor somewhat the same suspicions as you have heard from the mine workers...we are supposed [ought] to control them."36 This "top-down" control is achieved through an "indoctrination period" for lower-level managers, including a review of the wage agreement provisions. Union members recognize the often difficult position first-line management is placed under. Lou Antal, President of UMW District 5 in Pennsylvania, points out that top "management has the whip...Regardless of how ridiculous...[a mine foreman] must carry out the order or he is insubordinate."38
A discussion of ideology is important if we accept the premise that a specific group may exert considerable influence in imposing its set of beliefs and values on another group. The ideological component of managerial authority as presented above may imply relations of domination and subordination -- both ideologically and practically. Efforts to perpetuate the ideology presented above have generated a relationship that one party is seeking to legitimize as the other is seeking to subvert. The enforcement of ideology can be observed through informal processes of control and more formal processes (such as institutional changes).

But before the issue of enforcement of ideology is addressed, how does the ideology presented above link to corporate preferences regarding bargaining structure? Why do employers in general and oil and steel company executives, specifically, more readily accept company-wide than multi-employer bargaining? Alternately, why have companies, almost without exception, consistently opposed movements toward industry-wide bargaining and actively sought to prevent coalitions from altering the scope of the bargaining unit?

**Employer Rationale for Decentralized Bargaining**

Management's rationale for preferring fragmented local bargaining cuts across industry lines and distinct periods of labor history. Though each industry claims its own variations on the degree of its endorsement due to unique political/social conditions, the fundamental arguments reappear. Probably the most appropriate source of corporate preference for local bargaining can be found in the literature on coalition bargaining, discussed in the previous chapter.
One of the leading reasons for staunch opposition to coordinated bargaining (which is aimed toward centralizing company and sub-company bargaining arrangements) is that under industry-wide coordination, the strike (and threat of strike) can take on new effectiveness. A widespread strike debilitates the companies' capacity to withstand shut-downs over an extended period, especially if plant operations are highly diversified. The result is often prolonged negotiations and more costly (expensive) contract concessions. Yet even during an industry-wide strike, costs absorbed by the company are mitigated by various factors, such as the degree of non-union production that continues during strike activity and the level of company diversification. Nevertheless, company-wide or industry-wide strike activity almost always imposes higher costs, both profit (private) and status (public) related, on the firm than strikes conducted within "local" boundaries.

Management's aversion to frequent, longer, and more intense strike activity makes pattern bargaining an attractive alternative. In its simplest form, pattern bargaining occurs when one company makes a contract settlement with the union(s), which is extended to the rest of the industry. Guided by centralized direction from the national union, locals usually engage in national pattern setting through intra-industry negotiations, as has been the case for many years between the United Autoworkers Union (UAW) and the "big three" -- General Motors, Ford, and Chrysler Corporations.

For the auto industry, an effect that pattern bargaining achieves is the "transformation of a single company multi-plant unit into multi-employer industry-wide bargaining." 38 As an example of inter-
mediate-level bargaining structure (in terms of the continuum described previously), pattern bargaining is endorsed by management because of its role in "contributing to industrial peace." Pattern bargaining is endorsed by management because of its role in "contributing to industrial peace." Because it "serves as a visible standard which helps increase the acceptability of a wage settlement" and "helps to establish norms of equity among workers," pattern negotiations may "reduce the number of times that established labor-management relations will be put to the test of a strike or lock-out." Thus, in an effort to satisfy management's concern with preventing (or at least containing) labor's overt dissension, pattern settlements are a more preferable alternative than local, single-plant arrangements.

A second and perhaps more fundamental objection to industry-level bargaining cannot be assessed by measuring only economic benefits and costs. It lies with management's assumed prerogative in establishing the "correct" power equation between the union and management. An illustration of management's interests in striking the bargaining "balance" comes from a former management official of Kennecott Copper, who argues that the union falsely assumes its bargaining power should be used to match corporate economic or marketplace power. In other words, it is an impingement on a corporation's economic freedoms that the "scope of bargaining must equal corporate boundaries." This justification for coalition bargaining calls for a "phony bargaining equation," according to Flynn. During sub-company contract negotiations, on the other hand, employers formulate their policies and positions from a locus of centralized, usually top-level decision-making authority. This centralization gives
them "flexibility of operation" in settling agreements at various locations with differential contract provisions, a strategic advantage that multi-employer bargaining fails to offer. What is important to understand is that management's "flexibility" in selecting the "rules of the game" is contingent upon the decentralized structure of bargaining and resulting inflexibility that governs unions' participation in such negotiations. The decision to determine the "bargaining equation", then, is considered by some of the largest coal employers to be their responsibility and right, a prerogative challenged by what a firm's internal objectives necessitate, but not to be challenged by labor.

Third, multi-employer bargaining is perceived by the employer to be a "concession to the power elements of the situation at the expense of interests of the company." This belief leads to the key principle which distinguishes company and sub-company bargaining from multi-employer bargaining. The virtues of local bargaining are based on the centrality of the individual company. J. Collins, formerly of Fordham University, probably best explains this philosophical premise:

Local level bargaining is predicated on a different premise -- the existence of a continuing institution, the company. The company is the sum of its parts. None of these parts exists by itself. Their existence assumes a company in being...

The employees of a single company or even a division of a company function as one of the constituent elements of the company. They are part of a living and continuing institution. They share the same long-range goals as the stockholders and management of the company.

Thus, worker interests are considered compatible with those of the company rather than with those of fellow workers, the union, or even
the industry. Instead, the worker holds a vested interest in company success and is considered an instrument for the achievement of company goals. The "virtues of pluralism in labor organization" are emphasized by this frame of reference, centered on the notion that the relationship between parties is fundamentally cooperative. Employees represented through a union that bargains locally "complement the other two parts of the company -- stockholders and management." 46

Differences in ideology that separate national and local bargaining shape distinctions in managers' perceptions of the functions of national vs. "independent" unions (in this context, those that negotiate on a local level with company representation). First, decentralized bargaining advocates maintain that national unions are not only different in degree but different in kind from sub-national unions. A national union structure tends to "represent 'labor' in the larger sense, transcending the employees of a particular company, thereby separating them from their normal relationship to the company." (emphasis added) 47 In other words, Collins implies that local bargaining impedes the development of a "collective worker" or "class consciousness" that may characterize a national union, such as the UMW, that this "transcendence" -- this bond with workers outside the company -- constitutes an "abnormal" relationship, and that mechanisms to prevent the growth of this "larger sense" are positive and should be actively pursued.

Second, because of the "harmonious" and "complementary" relationship between the organic parts of the company, bargaining with local unions does not necessitate an adversarial process. In fact, manage-
ment would have us believe that bargaining is performed within a single "institution" (the company). It is "better that the hammering be done inside the house than at the house." 48

A logical question which arises from this perception is: Why is it better than bargaining occur "inside the house" and for whom? Collins indirectly answers by claiming that the independent union can "more easily control its internal structure" -- namely to prevent work stoppages. Thus, it is believed that a major benefit of local level bargaining conducted by top-level management is its capacity to "stabilize employer-employee relations in the U.S. ..." 49

By abstractly defining the boundaries of labor-management relationships within company lines and by attempting to homogenize interests of employees and employers, company managers become regulators of "internal conflict".

It appears that management's desired transformation of the bargaining structure would presuppose a particular union behavior. A movement toward more decentralized arrangements, such as that occurring in the coal industry, is riding on the expectation that the UMW will change "in kind" from a national ("democratic union") to an independent (less militant) organization. Where one of the actors, namely the UMW, is unwilling to accept its role as defined by management goals, moves to suppress that group's dissent and perhaps, its right to exist, will likely occur. Management's efforts to effect this change in UMW character, by altering the bargaining structure ("bargaining about bargaining") with top corporate heads filling the negotiating team constitute the heart of the current struggle between labor and management in the coal industry. Improvements in the
working conditions and terms of employment of coal miners have traditionally been achieved through a strong industry-wide union negotiating with management as a collective body. Efforts to erode this adversary relationship, by forcing the United Mine Workers to bargain on the facts of a few of the largest companies will continue to be resisted. This approach to bargaining makes the UMW more vulnerable to the responses of a strong coalition within BCOA rather than to the entire industry, thereby constricting the UMW's bargaining power.

The collective bargaining traditions peculiar to the oil and steel industries (and the unions associated with each) differ considerably from those in the coal industry. It should be pointed out that this part of the analysis does not assume that the bargaining structure traditionally used in the oil and steel industries will automatically be applied to the bargaining structure in coal. It is to argue, however, that the "legacies" of labor-management relations in oil and steel should be taken as indicators of the probable direction of future behavior because of: 1) the "success" records of both industries in obstructing union efforts to centralize bargaining structures and 2) the association between relatively modest rates of unionized workers in these industries and decentralized bargaining structures.

Pattern bargaining and individual local (plant) negotiations have been the traditional bargaining structures adopted in both the oil and steel industries. Today, approximately 430 separate wage agreements are on the books between the Oil, Chemical, and Atomic Workers Union (OCAW), the largest union, representing approximately half of the nation's oil and chemical workers, and oil refining companies
Negotiations are conducted at the local level between the OCAW and company representatives, while no formal negotiations occur at either the company or industry levels. D. Quinn Mills summarizes the bargaining process in the oil industry: "After an oil company makes a proposal to a local union at one of its facilities, which is transmitted to Denver (OCAW headquarters) and the Council decides whether to accept it or not, a national pattern emerges."50

But bargaining in the petroleum industry did not always follow this pattern-setting course, nor were the contracts so numerous and geographically dispersed. (The following historical sketch on the course of collective bargaining in the petroleum industry is based largely on Melvin Rothbaum's The Government of the Oil, Chemical and Atomic Worker's Union and Harvey O'Connor's History of Oil Workers International Union - CIO.) In 1940, only 53 contracts were signed between companies and the Oil Workers International Union (OWIU), a predecessor of the OCAW, which represented a membership of only 20,000 workers, down from 30,000 in 1933. The OWIU, with the cooperation of the Congress of Industrial Organization (CIO), had created the Petroleum Workers Organizing Committee in 1937. The successes of the Committee through 1940 in organizing new production workers were few, due to the combination of several major forces: 1) an anti-union campaign led by major oil companies, primarily through the use of company-established unions and councils (some of these developed into legal "independent unions", which were usually confined to a single location, with more than one union permitted at the plant); 2) economic decline of the industry; and 3) inter-union rivalry between
Table 3-1. OCAW CONTRACTS WITH THE NINE LARGEST OIL REFINERY OPERATORS (Expiring January 8, 1982)

<table>
<thead>
<tr>
<th>Company</th>
<th>No. of refineries</th>
<th>Refineries under OCAW contract</th>
<th>No. of workers under OCAW contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exxon Corporation</td>
<td>5</td>
<td>1</td>
<td>150</td>
</tr>
<tr>
<td>Billings, Montana</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobil Oil Corporation</td>
<td>7</td>
<td>6</td>
<td>3,900</td>
</tr>
<tr>
<td>Paulsboro, New Jersey</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Augusta, Kansas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beaumont, Texas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buffalo, New York</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ferndale, Washington</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Torrance, California</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Texaco</td>
<td>12</td>
<td>11</td>
<td>7,450</td>
</tr>
<tr>
<td>Port Arthur, Texas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Tulsa, Oklahoma</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lockport, Illinois</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lawrenceville, Illinois</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Westville, New Jersey</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>El Paso, Texas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Casper, Wyoming</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wilmington, California</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Port Weches, Texas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anacortes, Washington</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Houston, Texas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard Oil (Cal)</td>
<td>9</td>
<td>2</td>
<td>1,819</td>
</tr>
<tr>
<td>El Segundo, California</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Richmond, California</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AMOCO Oil Company (Standard of Indiana)</td>
<td>10</td>
<td>8</td>
<td>4,320</td>
</tr>
<tr>
<td>Casper, Wyoming</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mandan, North Dakota</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salt Lake City, Utah</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sugar Creek, Missouri</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whiting, Indiana</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wood River, Illinois</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yanktown, Virginia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Texas City, Texas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gulf Oil</td>
<td>7</td>
<td>4</td>
<td>2,890</td>
</tr>
<tr>
<td>Port Arthur, Texas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toledo, Ohio</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cleves, Ohio</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Santa Fe Springs, California</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3-1, continued.

<table>
<thead>
<tr>
<th>Company</th>
<th>No. of Refineries</th>
<th>Refineries under OCAW contract</th>
<th>No. of workers under OCAW contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shell Oil Company</td>
<td>8</td>
<td>5</td>
<td>3,865</td>
</tr>
<tr>
<td>Deer Park, Texas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norco, Louisiana</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anacortes, Washington</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wilmington, California</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Martinez, California</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atlantic Richfield Company</td>
<td>4</td>
<td>1</td>
<td>1,100</td>
</tr>
<tr>
<td>Houston, Texas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continental Oil Company</td>
<td>5</td>
<td>3</td>
<td>1,440</td>
</tr>
<tr>
<td>Ponca City, Oklahoma</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lake Charles, Louisiana</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billings, Montana</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>67</td>
<td>41</td>
<td>26,934</td>
</tr>
</tbody>
</table>

CIO-affiliated unions and rival AFL unions, such as the International Union of Operating Engineers (IUOE).

Up to this time, "no detailed provision for coordinated collective bargaining activity" had been defined in the international constitution of the OWIU. Collective bargaining goals were determined largely on a decentralized basis and bargaining proceeded on a plant-by-plant basis. Between 1940 and 1945, the OWIU worked for wage uniformity in the industry through district labor-management committees, but achieved only limited success with equalization within regions because of wage standard restrictions set by the National War Labor Board. Also during this period, as the internal operating procedures of the OWIU became more clearly defined and tightly organized, membership gradually increased due to OWIU organizing efforts that extended beyond the "pattern-setting Standard Oil companies." By 1945, the union serviced 479 separate contracts covering 60,000 members, based on an industry "pattern" created with Sinclair Oil Company.

Because of the general wage freeze that had been in effect during World War II, the union during negotiations in 1945 demanded a retention of the 52-hour pay for a 40-hour week. Following Standard Oil Company's offer of a 15 percent increase in wage scale (which equaled a 15 percent reduction in actual take-home pay), the union prepared to strike. Approximately ten days into the strike, a national labor-management conference was called by the U.S. Secretary of Labor, where the OWIU membership collectively "insisted on national bargaining." The companies' response to this proposed bargaining structure was simply an offer to continue contract bargain-
ing only on the local level. The impasse between oil workers and industry executives continued despite other unsuccessful efforts to persuade the nation's oil workers to end their work stoppage. Eventually, President Truman ordered the U.S. Navy to seize 26 companies, which resulted in the members' return to work. The strike finally ended in February of 1946, with the union securing an 18 percent wage increase, one of the highest post-war wage increases achieved by any industry.

It has been claimed that the strike of 1945, the first national strike in the history of the industry, "introduced a new collective bargaining era" in the OWIU.\textsuperscript{55} First, a national policy committee formulated union bargaining goals that emphasized industry-wide wage levels, elimination of wage differentials among plants, and the introduction of pension and benefit plans into the contracts. Second, by negotiating agreements based on a pattern reached with Sinclair with other major oil companies during the strike, the OWIU "wrested wage leadership from Standard and broke its dictatorship over the industry."\textsuperscript{56} In 1951, the union's national policy committee adopted a rule that prohibited a local union from accepting less than the established policy without approval of the President or Policy Committee, and claimed the right to void any supplement or agreement which violated that provision. Thus, it appears that the 1945 strike gave the OWIU the impetus to move toward more centralized bargaining arrangements.

During the early 1950s, the union became increasingly active in attempts to secure company-wide bargaining, though with little success. Throughout this period, total membership continued to set
new records, largely as a result of the "union-builder drive" which added non-union workers to already existing bargaining units. On the company side, Sinclair officials were working to "split the national bargaining unit," deepening the divisions between the company and the OWIU.57

Corporate resistance to a national contract culminated in the oil industry during this period. In April of 1952, with membership at an all-time high of nearly 88,000 workers across 200 locals, the OWIU made its demand for a national contract a strikeable issue. In a 1952 Business Week article titled "Industry-wide: That's the kind of bargaining that OWIU is demanding from oil companies," the OWIU compromised its position before the companies by saying that "as a first step" towards industry-wide bargaining, it was prepared to settle on company-wide bargaining instead.58 Even though the union carried out its strike threat against several companies, the strike failed to achieve the "perennial" goal of company-wide bargaining, due to competition from other unions and the existence of unorganized plants.

Following the merger of the Gas, Coke and Chemical Workers (UGCCW) (a smaller, more loosely organized union, representing approximately 70,000 chemical workers) with the OWIU in 1955, to form the OCAW, 16 regional districts were set up to take into account a more heterogeneous and geographically dispersed membership (the UGCCW brought in a large group of eastern workers). The result was a proliferation of "excessively small" locals (a total of 605, according to records of the Bureau of Labor Statistics), which were
"expensive to service" by the International. At the 1959 convention, area bargaining policy committees (ABPC) were established to receive local input from five separate geographic areas. Two members from each committee were elected to participate in a subsequent National Bargaining Policy Committee meeting, where national policy would be formulated.

Moreover, bargaining units in the form of company-wide and "sub-industry" councils (with exclusive representation of oil, chemical, and atomic workers) blossomed during the early days of the OCAW, leading to three forms of bargaining structures -- the most prevalent type being plant-level negotiations. The union's participation in local negotiations through the company and sub-industry council system appears to have enabled the companies to divide the councils so as to "secure attractive short-run local benefits" and thereby ignore long-run advantages of national council policy. M. Rothbaum, formerly of the Institute of Labor and Industrial Relations at the University of Illinois, commented that the "OCAW has been unable to secure company-wide negotiations even on pensions and other benefit programs that are uniform throughout the company." 60

The benefits accrued to management in keeping bargaining structure decentralized are high. The oil firms' preference for "remote control bargaining", according to the union viewpoint, means "senseless duplication...Management can afford the waste of time and money out of its billion dollar reserves but to local bargaining committees and the International, the expense is exhausting. Bargaining power varies among groups and the companies take advantage of it to penalize the smaller and the weaker." 61
Rothbaum concludes that the evolution of OCAW's current bargaining structure was directed largely by corporate success in enforcing local bargaining in the organized sector by keeping bargaining units small and geographically dispersed. Another purpose of this local bargaining strategy (as interpreted by the OCAW) may have been to increase the demands placed on the International Union for assistance in local negotiations. Consequently, fewer personnel can be released for organizing new plants.

The history of collective bargaining in the oil industry reveals a number of implicit management-labor positions which may be relevant to recent developments in the coal industry: 1) business resistance to an industry-wide collective bargaining contract with a single national union, 2) union preference for company-wide and eventual industry-wide bargaining structure, 3) encouragement by companies of inter- and intra-union competition, and 4) correlation between workers' actions to secure more centralized bargaining arrangements and a) the membership strength and organizational cohesiveness of the union and b) a high degree of intra-industry (company) cooperation in restricting the union's bargaining position throughout the industry.

**Steel Industry Bargaining**

In some ways, the collective bargaining traditions in the steel industry parallel those described in the oil industry. For example, in the basic steel industry as in petroleum refining, a single national union -- in this case the U.S. Steelworkers -- negotiates a contract with several large companies. Currently, negotiations are conducted through a three-tiered process: industry-level, company-
level and local agreements all operate simultaneously. A committee system is used for bargaining purposes, composed of a company coordinating committee of the largest ten steel companies. A "group of four" bargains on behalf of this policy committee, meeting a union bargaining committee as well. The structure of collective bargaining in the steel industry, then, in contrast to that of the oil industry, can be characterized as a form of industry-wide negotiations.

But the evolution of this structure, beginning with the formation of the Steel Workers Organizing Committee (SWOC) in 1937, was rooted in a long history of pattern bargaining and separate company negotiations. (The following historical sketch on collective bargaining developments in the steel industry is based largely on Collective Bargaining in the Basic Steel Industry, by Robert Livernash, and two studies by Jack Steiber.) The first agreements in the 1940s and '50s signed by the U.S. Steelworkers Union were reached with individual companies. Even though separate contract talks occurred at each company's main headquarters, the negotiating "committees generally marked time until a settlement was reached between the Union and U.S. Steel."62 From 1946 to the mid-'50s, four major rounds of contract negotiations were held. General wage agreements dominated the first three rounds, producing a "key" or pattern bargain between U.S. Steel and the United Steelworkers of America. In 1949, pensions and insurance benefits became a central issue with a Bethlehem Steel settlement serving as the key bargain. The "insistence on individuality"63 through company bargaining with different union negotiating committees meeting in different locations proceeded for nearly two decades, based on a pattern-setting arrangement with the position of wage leader (and
therefore pattern setter) filled by the largest company in this oligopolistic industry, U.S. Steel. The dominance of U.S. Steel was instrumental in the eventual establishment of uniform wage levels throughout the industry and consequently in avoiding wage and price competition among other steel companies that otherwise would have considered collective action in setting wages during bargaining.

Nevertheless, variations in contract clauses on wages and non-wage items did appear which "individual companies wanted to maintain."64 Difficulties arose in transmitting the pattern bargain to non-steel units (such as fabrication) in which minimum plant rates fell below the settlement level in basic steel.

Like the oil workers and mine workers unions, the Steelworkers engaged in efforts to institute industry-wide bargaining with the primary purpose of equalizing "inequitable" contracts across plants and across companies. J. Steiber, who has studied collective bargaining in the steel industry extensively, has suggested an association between the "power status" of the Steelworkers Union and the intensity (and ultimate success) of industry's resistance to industry-wide bargaining.65 For example, in 1942 the U.S. Steelworkers (then only five years old) set out to gain recognition (in the form of union shop and check-off of dues) from the "Little Steel" group (including Inland Steel, Youngstown Sheet and Tube and Bethlehem Steel) as well as "Big Steel". Among the accomplishments of the 1942 contract talks was the exclusive bargaining status awarded to the Steelworkers with both "Big" and "Little" Steel. This decision by the National War Labor Board was a clear victory for the union, since it meant that the entire steel
industry would be legally obligated to recognize the organizing and bargaining legitimacy of the union. In only six years, the union "had forced the powerful steel industry totally to revise its labor policy."66

Yet union recognition alone failed to translate into immediate progress toward industry-wide collective bargaining. By 1946, the War Labor Board had rejected the elimination of interplant and geographic differentials, though initial steps had been taken by the two major parties themselves to equalize wage scales within plants and geographical areas. In 1947, a job evaluation and classification plan was adopted, covering approximately 90 percent of the industry's production and maintenance employees in 450 basic steel plants. The settlements of 1946, '47, '49 and '52 were preceded by strike activity and seven contract sessions were terminated and then reopened in basic steel negotiations through 1954. The union's growing strength in the industry, manifested in incremental achievements toward more uniform contract provisions along company and regional lines, can be attributed to four major reasons: 1) by 1955, membership of the Steelworkers Union had climbed to an all-time high of 1,194,000 workers across 2,600 locals; 2) the Steelworkers conducted negotiations outside the Big Steel Group to include an increasing number of smaller companies (for example, during the 1948 wage reopening, 6,000 steel manufacturing and fabricating companies were presented with the union's demand for a wage increase); 3) the government's direct participation in wage-setting and in formulating other contract provisions was substituted for two-party bargaining; and 4) the Steelworkers began to demand and win concessions from companies on non-wage provisions,
such as pension plans and safety standards.

Thus, from 1937 to 1955, "the companies rejected every union proposal that bargaining be conducted on an industry-wide basis," as Steiber summarizes. The firms stressed the dangers of "monopoly power" exercised by industry-wide unions in implementing a binding, industry-wide contract. Before World War II, an executive of one large steel company claimed that "individual company negotiations on most issues would put the companies at a great disadvantage." Even as early as 1892, the preference of steel executives for individual contracts was clearly expressed and paralleled the existence of a weak union. The Carnegie Steel Company, then chaired by H. C. Frick, demanded a "dissolution of the union and the signature of individual contracts."

The first departure from the "facade" of separate company bargaining came in 1955, when the bargaining committees of the largest six companies agreed to meet separately with the union in Pittsburgh, the headquarters of both U.S. Steel and the union, rather than in the different cities where companies had their executive offices. The major advantage for the union of this change, according to Steiber, was its insurance against the possibility that a district director, chairing negotiations with a lesser company, might settle before MacDonald [President of the Steelworkers Union] and his committee reached agreement with U.S. Steel... The committee system of bargaining was first used in 1956 when a four-member committee was authorized by 12 major steel companies to bargain with a three-member union committee on "major issues on their [the companies'] behalf." Remaining issues would continue to be handled
through individual company bargaining. In 1959, the four-member industry committee was granted the authority to negotiate on all issues. However, union representatives grew suspicious of this new alliance, since the companies proposed contract changes affecting local working conditions and wildcat strikes (among other areas). During the largest single strike in U.S. history (116 days), the Steelworkers Union returned to individual bargaining as they had in 1956. The final settlement was reached with assistance from federal government officials.

The subsequent movement toward industry-wide bargaining was launched by both sides, though for different reasons. The companies endorsed the strategy of formal company cooperation (at least among the large producers) because it strengthened their position in meeting a potential union strike policy that might be based upon a selective "divide and conquer" basis.

Through a joint labor-management human relations committee (HRC) established under the 1960 contract, a series of study committees were formed as a tool to "avoid strikes and achieve early settlements." Study committees were empowered to make unofficial "agreements" which only the leading industry and union negotiators could approve as part of the final contract. In effect, the functions of the actual negotiating committees decreased substantially in 1962 and 1963. Union members believed that negotiations had been "turned over to the technicians", leading to a revolt against the HRC during the 1965 union presidential election. Both the 1968 and 1971 agreements followed the traditional "hybrid" pattern arrangement, with the major companies
and union reaching a settlement on national issues, plus individual company supplements on local issues.

In 1973, the industry's bargaining committee announced a decision reached with union officials that the 1974 negotiations would be guided under an Experimental Negotiating Agreement (ENA). The parties agreed to a no-strike, no-lockout guarantee at the expiration of the contract plus the submission of all national issues not resolved through collective bargaining to final (and therefore binding) arbitration. Steel management conceded that the no-strike agreement would not extend to local issues, though the local union's decision to strike would be subject to approval by the international union president. The ENA provided time schedules for both local and national negotiations in 1974, which would presumably contribute to industrial "prosperity", early contract agreement, and to the absence of strikes over local issues. ENA rules governed the 1977 negotiations under a modified bargaining schedule and will continue to be used in the 1980 negotiations, guaranteeing there will be no national steel strike until 1983.

It is interesting to note that the idea of sending a dispute to arbitration if it could not be settled during negotiations was first seriously considered by the parties in 1968. This "novel approach to negotiations" was dropped that year because of opposition from the union executive board. During the next few years, the steel industry experienced an upsurge of imports and substantial drops in both production and employment. Steiber intimates that the union's acceptance of the binding arbitration proposal in 1973 was based on a position of growing economic weakness within the industry which affected (re-
duced) its bargaining status relative to that of the companies. The Steelworkers came to "accept the industry's belief that drastic action was necessary...to maintain the domestic market for American steel and prevent post-settlement lay-offs and unemployment." In other words, the union's rationale appeared to be based on a trade-off: by giving up the national right to strike the workers could, in the long-run, create more jobs (and thus, economic security) for themselves.

Up to this point, it has been established that: 1) the holders of managerial authority in the coal industry have attained the voting strength within the BCOA to potentially alter the bargaining structure; 2) "imported" management ideology is guiding the coal industry, based on goals defined by a few leading companies and on specific expectations of Union behavior; and 3) both a general employer rationale and traditional bargaining practices of oil and steel point to decentralized bargaining. Moreover, the UMW has already reached the approximate proportion of unionized workers (50 percent) in the oil refining industry, while eastern underground operations fall below the level of unionization in basic steel. To demonstrate that the leading members of BCOA are consciously motivated to alter the current bargaining structure because they perceive certain benefits would be gained from such changes partly involves inferring from actual behavior (both past and present). As A. Kornhauser has written: "...behavior has future reference and present actions are understandable by knowledge of what they lead to, or what they are expected to lead to, by the persons acting." The aspects of managerial motivation which propell a revision of the bargaining structure are woven into the possible destruction
(or severe weakening) of the national collective bargaining structure and, not unrelated, a debilitation of the UMW as a national representative of mine workers.

The 1977 contract talks opened with a statement titled "Will the Mine Workers of America Play a Major Role in Coal's Future?" This address set the tone and the groundwork for the unprecedented 26-week negotiations by challenging not only the future role of the unionized segment of the coal industry, but by questioning the survival of national collective bargaining in coal. BCOA President Brennan, representing the industry, delivered the address: "We are this year going to negotiate an agreement upon which the future [existence] of national bargaining depends." Obvi-ously, this statement suggests uncertainty over the bargaining structure in the industry and hence, the formal arrival of procedural bargaining over this issue. At the end of the statement, the BCOA poses the likelihood that the two parties will fail to negotiate a mutually acceptable contract, which would lead to the "decline and possible extinction of the UMW as a force in national collective bargaining." The entire opening speech addressed to the union bargaining team constituted a warning, a threat, and a plausible statement of purpose rolled into one.

Others have observed that the coal industry may no longer "fit into" a national bargaining environment. W. Horvitz, head of the Federal Mediation and Conciliation Service (FMCS), believes that the collective bargaining system, in general, has developed "institutional rigidity" because of the development of "tripartite agreements" (within this context, bargaining, arbitration, and mediation) which
"distort the nature of collective bargaining and inhibit the testing of new ideas." In reference to the 1977 coal talks, Horvitz commented there was a "breakdown of the bargaining structure...The normal relationship which we count on...for either side had disappeared." Also directly involved as a government mediator during the 1977 negotiations was the next Assistant Secretary for Labor Management Relations, W. Hopgood, who believes that "1973 marked the beginning of the end of the master agreement concept." Hopgood added that "some oil companies question the feasibility of association bargaining." The current President of Peabody Coal Company, R. Hills, who served on the management bargaining team in 1977, subsequently stated that the breakdown in negotiations could be attributed largely to the "necessary result of a union and an industry that have tried to maintain a monolithic, heavily structured collective bargaining relationship that simply does not fit today's industry." In an article which appeared in the Wall Street Journal, the writer observed "collective bargaining itself may be unsuited to such basic changes in the culture of the coalfields." Moreover, in a statement before the President's Coal Commission, Brennan presented a less than enthusiastic commitment to continued industry-wide bargaining. "Many of the factors required for the decision to end national bargaining are not yet in place and in fact, they may never occur. In the short-term, we have yet to see whether the current direction within the Union toward stability will continue..." (emphasis added). In 1977, Brennan warned of a possible collapse of the national bargaining structure:
It will be tragic indeed if the Union contract -- a goal of Union coal miners throughout the decades -- should prove to be the barrier to the achievement of coal as a primary energy resource in this country. If this barrier can be removed, it will be an achievement of inestimable value...87

Again, Brennan clearly leaves open a strong possibility that the national contract will become a symbol of the past.

Probably the most revealing statement on the role of bargaining structure in establishing a power relationship came in a discussion during a hearing sponsored by the President's Coal Commission. J. Cairns of AMAX Coal Company told the Commission the following -- which was in no way pursued for clarification or further explanation: "I don't think the labor agreement itself establishes the relationship that we want. It gives us a framework and a vehicle to do something about that relationship, true." (emphasis added)87 This statement of management purpose to change the bargaining structure requires little elaboration. The new "vehicle" could come in the form of pattern bargaining and/or regional (company-wide) contracts. The probability of the first alternative being adopted will be examined in the following chapter, and that of the second in the fifth chapter.
Chapter 3 -- Notes


3. Ibid., p. 443.


5. Ibid., p. 7.


11. The President's Commission on Coal, Seminars, p. 8.


20. The President's Commission on Coal, Seminars, p. 156.

21. Ibid., p. 60.

22. Ibid., p. 201.


25. The President's Commission on Coal, Seminars, p. 139.


28. The President's Commission on Coal, Seminars, p. 141.


30. Ibid.

31. The source present at the meeting wishes to remain anonymous.


33. Telephone interview with Gary E. Chaffins, Labor-Management Services Administration, Department of Labor, December 1980.


35. Ibid.

36. The President's Commission on Coal, Seminars, p. 168.
37. Ibid., p. 154.


46. Ibid., p. 8.

47. Ibid.

48. Ibid., p. 9.

49. Ibid., p. 186.


52. Ibid., p. 18.

53. In 1934, the first (and only) national agreement in the oil industry was concluded with Sinclair Oil Corporation. The 1945 OWIU-Sinclair agreement became the pattern for the entire industry.


55. Rothbaum, Oil, Chemical, and Atomic Workers, p. 132.

57. Rothbaum, Oil, Chemical, and Atomic Workers, p. 133.

58. "Industrywide: That's the kind of bargaining the OWIU is demanding from oil companies," Business Week, 26 April 1952, p. 149.

59. Rothbaum, Oil, Chemical, and Atomic Workers, p. 35.

60. Ibid., p. 144.


63. Ibid.


65. Ibid., pp. 615-621.


72. Ibid.

73. Ibid., p. 168.

74. Ibid., p. 169.

75. Ibid., pp. 173-74.

76. Ibid., p. 170.

77. Ibid., p. 171.


80. Ibid., p. 12.


86. Joseph P. Brennan, statement delivered before the President's Commission on Coal, p. 12.

87. Joseph P. Brennan, address before the BCOA Board of Directors, 5 April 1977, p. 11.

88. The President's Commission on Coal, Seminars, p. 169.
Chapter 4: *Movement Toward a Pattern Contract*

One tenet adopted in this research is that the conflict over bargaining structure in coal emanates from and is exacerbated by organizational change. Changes in organizational structure arise from group conflict and vary according to degree of radicalness and of suddenness of change, among other elements. A precondition to a structural change process is change of personnel. As Dahrendorf conceptualizes it:

...an exchange of the personnel of positions of domination has to be viewed...above all as the instrumental aspect of a process which substantively represents structure change. In this sense, exchanges of personnel are...merely a condition for (from the point of view of the status quo) 'new interests' becoming values or realities.1

Changes in the composition of the management negotiating team over time should show which actors within BCOA have moved into leading bargaining positions and hence, influenced policy decisions during negotiations. Thus, before we turn to the inauguration of changes in the structure of the bargaining units, two related structural questions must first be addressed: 1) Has the growing involvement of oil and steel companies in coal production been reflected in the composition of the management bargaining team itself? 2) Can a change in personnel favoring more centralized top-level bargaining on the part of management be detected and if so, what is its likely effect on the structure of bargaining and on the relationship with UMW negotiators?

**Precondition to Structural Change**

The representative composition of the negotiating team changed gradually over the years, since the signing of the 1950 wage agreement.
President Brennan of the BCOA distinguishes three types of bargaining mechanisms utilized by negotiating parties over this period:

...A) between the president of the international Union and the president of the BCOA; B) between committees of top executives of represented companies and the International Officers of the UMWA and C) between representatives of individual companies under the chairmanship of the President or representative of BCOA and a committee made up of representatives of the UMWA, including both International Officers and other selected representatives.²

He continues that until 1968, "one-on-one negotiations" or Type A typified the bargaining relationship. During this period in which the coal industry experienced relative prosperity, wages and other economic issues (such as health and pension fund levels), constituted the central issues of contention.

For example, in 1966 Ed Fox, then president of the BCOA, was the entire bargaining team that negotiated a contract with the UMWA, and in 1968 President George Judy alone negotiated a final contract. The talks of 1971 marked the beginning of significant modifications, not only in the size of the bargaining team but in the scope of its representation and eventually in the structure of the bargaining unit itself. In that year, the BCOA president was joined by the Association's general counsel, Guy Farmer, as shown in Exhibit 4-1. The addition of direct legal representation to the team represents a shift in approach on the part of management toward more specialized technical negotiators, whose positions on specific issues derive from appeals to the rationality of statistics and the power of "facts". This move contributed to the perception now held by the opposing parties that the negotiated wage agreement is a "legal contract" in operation to be "enforced" by managers and union officials and "obeyed" by employees
<table>
<thead>
<tr>
<th>Year</th>
<th>Negotiator(s)</th>
<th>Association/Co.</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966</td>
<td>Ed Fox</td>
<td>BCOA</td>
<td>Pres.</td>
</tr>
<tr>
<td>1968</td>
<td>George Judy</td>
<td>BCOA</td>
<td>Pres.</td>
</tr>
<tr>
<td></td>
<td>Guy Farmer</td>
<td>BCOA</td>
<td>Gen.Counsel Pres. &amp; Director</td>
</tr>
<tr>
<td></td>
<td>Herbert E. Jones, Jr.</td>
<td>Amherst Coal Co.</td>
<td>Pres.</td>
</tr>
<tr>
<td></td>
<td>John Corcoran</td>
<td>Consolidation Coal</td>
<td>Vice-Chair.</td>
</tr>
<tr>
<td></td>
<td>R. Heath Larry</td>
<td>U.S. Steel</td>
<td>Manager of State Gov. Affairs</td>
</tr>
<tr>
<td>1974</td>
<td>Guy Farmer</td>
<td>BCOA</td>
<td>Vice-Pres. Labor Rel. V.P. Adm.</td>
</tr>
<tr>
<td></td>
<td>Walter Wallace</td>
<td>BCOA</td>
<td>V.P. Spec. Projects</td>
</tr>
<tr>
<td></td>
<td>William J. Tattersall</td>
<td>Bethlehem Steel</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Peter P. Ferretti</td>
<td>Consolidation Coal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Allen Pack</td>
<td>Island Creek Coal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>William Hartman</td>
<td>Peabody Coal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Thomas J. Whyte</td>
<td>BCOA</td>
<td>Gen.Counsel V.P. Labor Relations</td>
</tr>
<tr>
<td></td>
<td>Peter P. Ferretti</td>
<td>Consolidation Coal</td>
<td>Exec.V.P. V.P. Spec. Projects V.P. Labor Relations</td>
</tr>
<tr>
<td></td>
<td>J. E. Katlic</td>
<td>Island Creek Coal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>William Hartman</td>
<td>Peabody Coal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>William Miller</td>
<td>U.S. Steel</td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>B. R. Brown</td>
<td>Consolidation Coal</td>
<td>Pres. &amp; Chief Operating Officer V.P. Indus. Relations V.P. Labor Relations</td>
</tr>
<tr>
<td></td>
<td>Peter J. Palumbo, Jr.</td>
<td>Peabody Coal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>William Miller</td>
<td>U.S. Steel</td>
<td></td>
</tr>
</tbody>
</table>

Source: BCOA.
and local company administrators. A parallel to the introduction of legal expertise was the development of special issue subcommittees "made up of experts" within BCOA. Most importantly, these subcommittees did not serve in merely an advisory capacity but instead were directly "responsible for negotiating and writing major portions of the contract."³ (This approach was continued in the 1974 and 1977 negotiations as well.) The 1971 negotiations were illustrative of structural change in yet one other prominent way. As shown in Table 4-1, four negotiators worked with the BCOA President and General Counsel. Officials from among the largest coal producing corporations, Consolidation Coal (second), U.S. Steel (fifth), and Peabody Coal (first) were directly represented on the bargaining team, along with Amherst Coal Company President Herb Jones.⁴ All four representatives from the above-mentioned firms served as presidents of their companies except Larry of U.S. Steel, who assumed the position of Vice-Chairman of the Board of Directors.

Thus, the 1971 talks witnessed a number of departures from previous negotiations: 1) the direct representation of a multi-national oil company, through a coal subsidiary executive, on the management bargaining team, 2) the introduction of legal representation accompanied by special issue committees run by technical "experts", and 3) an expansion of the size of the bargaining team from one to six, of which four members came from the corporate headquarters of the largest coal producers, each holding major interests in other energy resources.

In 1974, the shifts in personnel and representation observed above continued, consolidating the position of the largest producers.
For example, in addition to negotiators from Peabody and Consolidation Coal Companies plus a representative from the steel constituency (Tattersall of Bethlehem Steel, the seventh-largest coal producer in 1973), the president of Island Creek Coal Company (third-largest) joined the formal contract discussions. Also, in 1974 the legalistic framework became more entrenched as the General Counsel of the BCOA assumed the position of chief negotiator for the first time in the Association's bargaining history. The trend toward issue specialization continued in the 1978 negotiations, as indicated by the establishment of two special industry committees to study the health and pension funds and wages. BCOA President Brennan led negotiations with the general counsel plus officials from four major coal producing companies. Two of these four signify the entrance of another type of specialization which has spread to the internal hierarchies of various companies across different industries -- labor-relations consultants. Two vice-presidents of labor relations, one each from Consolidation Coal and U.S. Steel, negotiated during the early contract sessions of 1978. There exists some evidence that companies have been hiring labor-management specialists at a rapid rate to achieve particular management goals, such as preventing union certification (especially by the UMW) of new work establishments.

Implications

The evidence presented above gives testimony to an evolutionary change-over of personnel in positions of bargaining authority. This aspect of change can be viewed as part of the normative (ideological) changes described earlier and institutional (structural) changes about
to be described. Several conclusions can be drawn regarding the
directions such changes have taken, each of which requires brief
comment.

First, it appears that the changes in bargaining personnel
have brought about the institutionalization of the largest coal
producers into the bargaining process within a short time period. For
example, in 1968, Occidental Petroleum, the country's thirteenth-
largest oil producer, bought Island Creek Coal. The president of
Island Creek sat on the bargaining team during the next round (1971)
of contract talks. In September 1966, Continental Oil acquired
Consolidation Coal. Only five years later, the president of Consoli-
dation Coal participated in negotiations with the UMW. The addition
of corporate executives to the bargaining team quickly established
the domination of individual companies, largely non-coal conglomerates,
in the structure of negotiations. Thus, because of an expansion of
the management team to include a more heterogeneous community, the
"rules" that guide negotiations could be expected to change and
ultimately, the character of the labor-management relationship.

Second, increased specialization of bargaining personnel and
reliance on issue committees influenced the UMW to respond through
similar structural mechanisms. For example, in regard to the formation
of internal committee structures to study particular problems, the UMW
created two committees of its own prior to the 1974 negotiations.
Union staff members advised negotiators on wage level proposals and
health and benefits levels. During the 1978 contract talks, arbitra-
tion and health and pension committees served the Union bargainers
as information resources.
Third, as executives from individual companies gain a stronger foothold in the bargaining apparatus, the "primacy of the company" attitude described in the second chapter becomes more inculcated. If we accept the notion that a given structural mechanism can contribute to the growth of an ideology and if that ideology belongs to the party who controls the structural apparatus, then the structure and norms of the stronger party converge and become one and the same. In brief, personnel in a dominant position will consciously employ the structural apparatus to legitimize their own interests and values.

Changes in authority structures or in their personnel should be studied as neither automatic nor autonomous processes. The changing patterns of bargaining personnel described above are meaningful in the larger context of labor-management conflict -- at the collective bargaining table. Hence, changes in positions of authority set the stage for changes in the collective bargaining structure.


The negotiation of the 1978 Bituminous Wage Agreement was probably one of the hardest fought battles in American collective bargaining in many years. The agreement, reached in March of 1978, came after 29 weeks of negotiations and, as mentioned earlier, an unprecedented 111-day industry-wide strike. Two tentative agreements reached by the parties were rejected by the UMW Bargaining Council and the rank-and-file before the third and final contract was ratified.

Many have referred to the 1978 contract as a "pattern agreement" because its contents are based largely on a contract negotiated between the UMW and Pittsburgh and Midway Coal Company, a Denver-based
subsidiary of Gulf Oil Company and an independent (non-affiliate of BCOA). The major architects of this agreement were Merlin Breaux, Director of Industrial Relations for Gulf Oil Company, and William Hopgood, then Assistant Director of the Federal Mediation and Conciliation Service (FMCS).

It should be recognized that this series of negotiations proceeded apart from major negotiation activities conducted between the formal bargaining teams. The "side talks" began in January of 1978, one month before the first contract, negotiated exclusively by Consolidation Coal and U.S. Steel, was rejected by the Bargaining Council by a vote of 30 to 6. FMCS became a direct participant in the negotiations apparently out of its concern for the possible break-up of the BCOA and ultimately, for what appeared to be an irreconcilable impasse between the parties. Shortly following rejection of the tentative contract, the BCOA refused to participate in further negotiations, adding that to do so would be the equivalent of endorsing "lawlessness" by "facilitating over-reaching" of the Union. Hence, it was held by industry officials that "collective bargaining succeeded -- an internal Union apparatus failed."

At this point, the White House and U.S. Secretary of Labor Marshall became directly involved in mediation efforts and requested that the BCOA and the UMW meet at the White House to discuss the impasse. Three union bargaining council members who had all voted against the proposed agreement joined the Union's bargaining team, increasing its size to nine. Eight days after the rejection of the first contract, it was announced that the UMW had reached a tentative
contract agreement with Pittsburgh and Midway (P & M) Company. According to the *Daily Labor Report*, Carter "administration representatives said they viewed the pact as a pattern for an industry-wide settlement."\(^8\) The Union Bargaining Council approved the agreement by a two-to-one margin, 25 to 13, with two minor changes. The BCOA, on the other hand, rejected the P & M pattern, claiming that "certain collective bargaining matters which we negotiated in good faith on February 6 with the UMW were not dealt with adequately in the P & M agreement in their relatively short negotiations with the UMW."\(^9\)

Other reasons were found to contribute to the BCOA's rejection of the agreement. According to industry and other sources, some BCOA members were "furious" over the fact that a smaller company outside the Association was able to negotiate an agreement independent of the larger members' input. In addition, BCOA leaders became irritated that the "discussions were held without formal notification to BCOA or to the Union leadership."\(^10\) According to Hopgood, however, one leading member of the BCOA knew of the nature of the negotiations and failed to express any dissatisfaction to him. Hopgood went on to say that the Association believed in its "ultimate arrogance, that nothing would come of it."\(^11\) It is clear, then, that the BCOA negotiators considered the agreement to be in no way binding on them and even rejected it as a basis for further negotiations. Instead, management favored voluntary binding arbitration, a proposal rejected several days earlier by union negotiators because it would have denied the rank-and-file members their newly acquired right to ratify the final settlement. Bargaining team member K. Dawes of Illinois "condemned the industry for using tactics which he said were designed to destroy
the collective bargaining relationship and the Union itself. As recently as May of 1980, Brennan contended that the P & M agreement could not actually be viewed as a "pattern", since P & M Company was not in a position to "control the fate of the union health and pension funds." Thus, it could be inferred that the concept of pattern bargaining was rejected by the management team because only the BCOA or coalitions of its members could create an acceptable pattern. One high-level participant claimed the BCOA bargaining team "did everything they could to see that P & M would be rejected" and thus attempted to "undermine their own deal" directly.

The White House was not the only branch of government which put pressure on the BCOA to accept the P & M agreement as the final settlement. Democratic Governors Jay Rockefeller (West Virginia) and Milton Shapp (Pennsylvania) appealed strongly to the Association to "say the word yes." In the end, it was President Carter who succeeded in persuading BCOA skeptics to accept the contract, plus a number of additional features demanded by the UMW.

Some confusion developed among the rank-and-file in regard to the meaning of the pattern agreement. Four UMW locals operated by P & M in Kentucky, Kansas and Missouri overwhelmingly turned down the tentative contract during the first "test" vote. One source explained: "P & M workers apparently decided to hold out for the same terms being offered in the nationwide agreement." This decision by 700 mine workers clearly represented a vote of confidence in the national contract as well as a statement of protest to union bargainers against unacceptable provisions of the contract. It appears, then, that rank-and-file vetoed outcomes of both procedural and substantive
bargaining reached by UMW leadership. According to an internal BCOA memorandum on the chronology of the 1977-78 negotiations, Brennan noted that "the union leadership had also become concerned about the attempts to break the national contract and was trying to prevent them," (emphasis added)\textsuperscript{16} referring, interestingly enough, to actions taken by federal government officials. The vote by the P & M locals clearly delivered this message to both the industry and federal government. The rest of the UMW rank-and-file confirmed this message of solidarity the following day, February 25, by rejecting the contract by more than a two-to-one margin.

The significance of the P & M agreement, however, I believe extends beyond the acceptance or rejection of a "pattern" settlement by the two parties. This issue becomes closely linked to the break-up of national collective bargaining. In fact, the pattern settlement became a potential vehicle for the establishment of company-by-company agreements. Again, a number of signals pointing to this development surfaced. The first and probably most important indicator came directly from the union Bargaining Council itself. In announcing the reaching of a tentative agreement with P & M, the Bargaining Council not only identified this as a "base line offer" but claimed that it could be used as groundwork between individual companies and local UMW affiliates.\textsuperscript{17} In effect, the Council made a blanket endorsement of separate company negotiations -- without even considering how decentralized talks might be organized and operated and without an assessment of possible long-term consequences if indeed the option had been put into operation. A second message supporting the use of a pattern for district (company) agreements came from Governor Shapp,
who argued that the P & M pact would be acceptable on either a nation-wide or individual company-by-company basis. Again, it appears that the implications of such a statement for the future structure of collective bargaining (and the power relationship between parties) were not considered. It is also highly likely that one reason for rank-and-file rejection of the second contract was their fear that the union leadership would accept less than a national agreement.

The atmosphere of continual deadlock deepened the threat of company-wide negotiations. By the end of February, certain companies were expressing their readiness to withdraw from BCOA. These included Peabody and AMAX Coal Companies, who were especially worried about their individual liabilities to the union health and retirement funds. In addition, much discussion ensued on whether the talks should be declared at an impasse. Labor Secretary Ray Marshall reported to the parties that if an impasse were declared on the negotiations by the government, individual BCOA members would be legally permitted to pull out of multi-employer bargaining and settle on their own terms. As a result, contract talks could have ended at the national level and been pursued on a regional and/or individual company basis. Apparently, the impasse alternative was not considered a strong choice by top administration officials. Two other policy alternatives available to the federal government were seizure of the mines and invocation of the Taft-Hartley Act, the latter of which President Carter used on March 6th. According to Labor Secretary Marshall, the major goal of the administration in invoking the law was to provide a "catalyst to bring about the resumption of productive collective bargaining negotiations." At the request of President
Carter, authorized under the national emergency provisions of Taft-Hartley, U.S. District Court Judge Aubry Robinson issued a temporary restraining order on March 9 ordering the strikers to end their 95-day walkout. The order also instructed the parties to "engage in free collective bargaining in good faith..." Most importantly, the order gave individual companies or associations the option of entering into separate wage agreements with employee representatives. It is interesting to note that two of the three government sources of action provided legal endorsement for companies to depart from national bargaining practices. Apparently, the court order did not stipulate the "rules" under which the separate wage agreements were to be negotiated, such as the geographic scope of negotiations with the UMW. It is also clear that immediate company negotiations may have produced deadlocks equally unyielding as those which occurred during the national negotiations. This repeat performance may have happened because many local UMW representatives and company officials were neither prepared nor equipped to negotiate local contracts. Thus, it is likely that had company and/or sub-company bargaining been implemented, the strike would have been extended for a longer period of time. Furthermore, whether or not decentralized bargaining would have established a precedent for subsequent contract talks remains an important issue that was not addressed in 1978. It is significant that some of the larger companies considered taking this action, but did not go so far as to develop a plan to execute the alternative. Though this movement toward sub-industry bargaining collapsed when a national agreement was successfully negotiated and ratified, it nevertheless "remains a real probability for the future."
What then, is the likelihood that some form of pattern bargaining will emerge if there is a break-up of industry-wide bargaining? Goldberg advised the President's Commission on Coal that "two pattern-setting contracts, one for underground mines, the other for surface mines" will quite possibly comprise the bargaining structure in the near future. He further contended that a pattern contract would "serve the interests of both employers and the Union in avoiding destructive competition in the wage market." For the Union, pattern bargaining in the form of underground/surface negotiations would "provide more in the way of local solutions to local problems"\(^{23}\) -- an argument similar to the one offered by officials from independent (NBCWA non-signatory) companies and Breaux of Gulf Oil. When questioned about the role of pattern bargaining in upcoming negotiations, J. Brennan responded that the possibility was virtually non-existent because "there is not one company or group of companies which could establish a pattern acceptable to the industry -- both within and outside BCOA."\(^{24}\) This signifies an admission that the diversity of interests within the Association would prevent the creation of a pattern agreement. Internal divisions led to intra-organizational bargaining within the top ranks of BCOA, especially during the early stages in the 1977 talks when the first contract, negotiated by B. Brown of Consol and B. Johnston of U.S. Steel, was "announced" to other members as the industry's offer to the UMW. However, because of a newly forged collegiality among the leading producers in the Association, the negotiation of a pattern agreement becomes increasingly likely within the current national
structure, as will be commented on further in Chapter Six.

Furthermore, bargaining on the specific priorities of individual companies, in this case, only two, during the 1977 negotiations, is an obvious manifestation of the "primacy of the company" approach described in the second chapter. Interestingly enough, such restricted participation in the bargaining process not only met resistance from the UMW (in the form of the Bargaining Council's rejection of the contract), but by other leading members of BCOA (in the form of verbal protests that resulted in a regrouping of the industry bargaining team). Finally, whether or not a form of pattern bargaining is likely to develop independent of more regional or local negotiations will be addressed in the following chapter.
Chapter 4 -- Notes


3. Ibid., p. 5.

4. Amherst Coal Company is one of the largest coal producers that is independently owned and operated.


19. Under federal labor law, an employee is not permitted to leave a multi-employer bargaining unit once negotiations have begun except under "unusual circumstances", such as a bargaining impasse.


23. Ibid., p. 13.

Chapter 5: Movement Toward Regional and/or Separate Company Contracts

The prospects for decentralized bargaining in the form of regional and/or separate company contracts loom large in the near future. This is due, in large part, to the growth of western coal operations relative to eastern and midwestern production. Bargaining practices in the West with the UMW may become a model for eastern activities, especially as many eastern coal producers continue to invest in western strip operations. According to a paper on labor factors in coal recently released by "The Conference Board", the surface mining share of total U.S. coal output is expected to increase to 58 percent by 1990. What is perhaps more significant is the Board's projection that nearly all of this growth in total output is projected for the western and central regions with substantial declines in eastern surface and underground operations. Thus, it can be expected that western bargaining activities will come to dominate future industry bargaining agendas and will carry increased influence on eastern contract arrangements.

The National Bituminous Wage Agreement of 1978 formally recognizes the Divisions between western surface operations and eastern underground mines. It contains a separate article on surface mines, including a section on special health and safety problems in surface mines. Wage rates for strip and auger mines reflecting various job classifications are also graded differently from underground rates. Thus, the groundwork has already been laid for the acceptance of separate underground and surface contracts --
differences based not only on job differences but by region.

Decentralized bargaining in the form of regional and/or company contracts could develop through various channels. The first and most obvious is that member companies would break away from the BCOA and negotiate separately with the UMW. A handful of companies have pursued this local bargaining route, such as Ziegler Coal Company (which operates mines in Illinois) in 1977. Many of the smaller and medium-size companies in BCOA find that at this time, the advantages of remaining within the Association probably outweigh the disadvantages of withdrawing. Again, as S. Goldberg assesses the issue, these companies "fear that...the Union might not deal with them seriously until a BCOA contract was signed,...call a strike against them and use the market pressures of the availability of BCOA coal to impose upon them precisely the same contract obtained from BCOA." Consequently, "their departure from BCOA would have accomplished nothing but to deprive them of a voice in BCOA negotiations."²

However, because of recent changes in the organization's by-laws which exclude approximately 40 percent of the members from participating in upcoming (and subsequent) negotiations, and because of the appeal of non-union production in the West, the power of this argument becomes diluted.

The second major alternative involves the "hybrid arrangement" in which certain issues, such as wages, are negotiated as part of a national contract and "non-economic" issues, such as work rules, are negotiated on a regional level. This route probably appears more likely, at least in the short-run, than the first and has fairly
widespread support among the varied interests within BCOA -- especially from the middle-size companies and high-level executives in Peabody Coal. To the UMW, regional bargaining would signify a gradual chipping away of the institution of the national contract and at the same time would not insure that local supplements would be renegotiated on a regular basis.

Representatives of independent coal firms express a distinct preference for individual company negotiations and/or regional contract talks. Probably the most vocal support for this level of decentralized negotiations comes from D. Smith of the law firm of Smith, Kilcullen, and Heenan in Washington, which represents small western and midwestern independent producers, such as Ziegler Coal Company. Smith calls for regional negotiations, by UMW district, on a company-by-company basis as an alternative to the current system of "institutionalized conflict." The "beauty" of this type of arrangement lies in the "opportunity for mine employees to directly see trade-offs" during negotiating sessions. As a result, a more "positivist" approach at the local level "would prevail on both the union and management teams." Smith also believes that a distinct advantage of regional as opposed to national discussions is the former's capacity to address a "wider spectrum of issues," such as work rules and other mine-specific problems. Regional bargaining permits a "common denominator" to work -- namely an "informed working knowledge" of the "problems of the company" encountered at a specific mine site.

Smith said that western surface companies, in particular, advocate pattern as opposed to multi-employer agreements because the
"surface mine conditions are more conducive to this type of labor-management relations structure" (due to more uniform working conditions in surface than in underground mines). Brennan also attributes the "remoteness" of western surface mines from eastern underground operations as a variable in forming bargaining structure preference, as are "differences in working conditions and type of miner." Smith predicts that in the next 10 to 20 years, a pattern bargaining structure will be adopted on an industry-wide scale. Moreover, in the very near future he foresees the establishment of a "hybrid arrangement" in which a national (possibly pattern) agreement will be negotiated for job classification and wages, attended by separate regional agreements to cover non-monetary issues -- such as vacations.

The belief that local company negotiations would prove "beneficial for both management and labor" was also articulated by Merlin Breaux of Gulf Oil, the chief architect of the P & M "pattern" agreement reached during the 1977 coal contract talks. Because the current multi-employer agreement is a "giant headache", Breaux advocates decentralized bargaining as a solution. For the company, it gives uniformity and autonomy to newly developed policies and plans, such as employee pension programs. Company-wide negotiations can also encourage the growth of "good local leaders" at the mine level and serve as a forum for constructive discussion and hence, as a "release of dissension." R. Hills of Peabody Coal concurs with Breaux on the value of decentralized bargaining to the Union: "...the Union as a whole would be far stronger with greater local autonomy...local responsibility in the Union at the mine level can only come when local
authority in the Union is delegated to the mine level...".

A third type of labor-management "bargaining" policy which governs an increasing number of western mines is the absence of unions altogether. The influence of the "independent" coal operator (who is a non-signatory to the NBCWA and hence mines non-UMW coal) is likely to carry over to existing collective bargaining practices as non-union production continues to grow. Although total production figures show an increase by both bituminous coal wage agreement mines and non-union mines, the percentages for 1979 reflect a more even division between the two than in any year since 1970 (46.4 percent in 1979; 53.6 percent in 1970 -- as shown in Table 5.1). In 1977, for the first time non-union mines produced slightly more than half of the total production -- a trend expected to continue into the 1980s. Many of the non-union mines and those affiliated with other unions are located in western states and engage in strip rather than underground production methods. Approximately 57 percent of employees in eastern surface mines are non-union, as compared with a somewhat higher proportion in the West. The importance of the independent operators in this study focuses on the following question: To what extent will the bargaining traditions and preferences of independent (largely western) operators influence eastern collective bargaining activities? This is a key question because many "western" companies, such as AMAX and Peabody, also mine in eastern and midwestern states and are affiliated with the BCOA. A high-level spokesperson from an independent operators association in Ohio believes that "the picture is changing dramatically" -- the number of non-union producing mines is growing and the "Union
Table 5-1.

TRENDS IN COAL PRODUCTION, 1970 - 1979

<table>
<thead>
<tr>
<th></th>
<th>PRODUCTION IN MILLIONS OF TONS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NBCWA*</td>
<td>OTHER**</td>
</tr>
<tr>
<td>1970</td>
<td>423.7</td>
<td>179.2</td>
</tr>
<tr>
<td>1971</td>
<td>362.3</td>
<td>189.9</td>
</tr>
<tr>
<td>1972</td>
<td>406.0</td>
<td>189.4</td>
</tr>
<tr>
<td>1973</td>
<td>392.3</td>
<td>199.4</td>
</tr>
<tr>
<td>1974</td>
<td>367.4</td>
<td>236.0</td>
</tr>
<tr>
<td>1975</td>
<td>381.4</td>
<td>267.0</td>
</tr>
<tr>
<td>1976</td>
<td>369.5</td>
<td>309.2</td>
</tr>
<tr>
<td>1977</td>
<td>330.8</td>
<td>360.5</td>
</tr>
<tr>
<td>1978</td>
<td>273.1</td>
<td>380.7</td>
</tr>
<tr>
<td>1979</td>
<td>356.9</td>
<td>413.1</td>
</tr>
</tbody>
</table>

* National Bituminous Coal Wage Agreement mines

** Non-Union mines, mine affiliated with other unions, and UMWA Western Surface Agreement mines

Source: BCOA analysis of UMWA Health and Retirement Funds and Department of Energy data.

February 22, 1980
will come to recognize" the bargaining implications of such a shift. He predicts that the BCOA will "lose some of the small and medium" companies to independent status, as a result of the dominance of the "three majors" in BCOA (a reference to Consolidation Coal, Peabody Coal, and U.S. Steel). 9

Again, the plausible connection between western and eastern bargaining should not be understated. Many companies that produce coal in the East, such as oil firms, hold similar interests to major strip mine operators in the western states, as Goldberg, among others, has noted. 10 If we accept the existence of such a cross-fertilization of interests among producers and if we are again reminded that surface mining today is predominantly non-unionized and is expected to so continue, then it can be concluded that the industry bargaining environment will change dramatically both in structure and in content. That the substance of the NBWCA contract is beginning to mirror provisions in western agreements advocated by management is reflected in the following statement by R. Hills:

The one thing we did want in the West, and we got it as we finally got it in the East, was the right to increase productivity incentives in our mines to try to get the same kind of productivity that our non-union competitors have been achieving. 11

In short, "eastern" bargaining under the NBCWA can be expected to incorporate bargaining practices found successful in the West -- which means, at this time, either non-certification (affiliation) with the UMW or individual company agreements.

This tentative conclusion is based largely on recent events in the bargaining arena which suggest a radical departure from traditional
coal company behavior. Today, the UMW signs more labor contracts with individual companies than it ever has since the birth of the 1950 national agreement. According to a staff member in the UMWA Contract Department, the Union signs "about twice as many" agreements as it did ten years ago.\textsuperscript{12} Up until the 1970s, the UMW negotiated only the national bituminous coal agreement and the anthracite workers agreement. Today, the UMW is a party to these two major agreements, plus a construction workers' agreement and various district contracts. What is significant for this research is the growing number of district-wide and/or individual company agreements, a development of which the union leadership is not particularly proud. Below in Table 5-2 is a list of major contracts to which the UMW is a current signatory on a national level, plus district agreements currently in effect.*

The central question that should be addressed at this point is: If separate wage agreements with companies provide higher rewards to management than to the Union, why does the UMW continue to accept individually negotiated contracts? The answer can perhaps be illustrated best by an example which makes an association between declining union power and the acceptance of decentralized negotiations.

\* Though it is recognized that this discussion has included other workers associated with the UMW -- sub-bituminous, lignite and construction, for example -- a brief assessment of the entire range of the UMW's activities is necessary to evaluate the impact of individual company's behavior on the structure of the bargaining agreement and ultimately, on the political strength of the UMW.
### Table 5-2. UMW CONTRACTS WITH COAL-PRODUCING AND COAL-RELATED COMPANIES

<table>
<thead>
<tr>
<th>National Agreements</th>
<th>No. of workers covered</th>
<th>Expiration date</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Bituminous Coal Wage Agreement</td>
<td>158,000</td>
<td>March 27, 1981</td>
</tr>
<tr>
<td>Anthracite Wage Agreement</td>
<td>5,000</td>
<td>May 1, 1981</td>
</tr>
<tr>
<td>National Coal Mine Construction Agreement</td>
<td>12,000</td>
<td>March 27, 1981</td>
</tr>
<tr>
<td>Coal Haulers Contract</td>
<td>200</td>
<td>March 27, 1981</td>
</tr>
<tr>
<td>Company Agreements (East)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pittsburgh and Midway Coal Mining</td>
<td>1,500</td>
<td>March 27, 1981</td>
</tr>
<tr>
<td>Ziegler Coal Company</td>
<td>300</td>
<td>March 27, 1981</td>
</tr>
<tr>
<td>Company Agreements (West)</td>
<td>5,000</td>
<td>Jan./April, 1981</td>
</tr>
<tr>
<td>Amcoal, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bear Coal Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Big Horn Coal Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidation Coal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empire Energy Corp.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Fuels Corp.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FMC Corp.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kemmerer Coal Co.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North American Coal Corp.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peabody Coal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pittsburgh and Midway Coal Mining</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Coal Carrier</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machine Shop Agreements</td>
<td>125</td>
<td>March, 1984</td>
</tr>
</tbody>
</table>

Dowty Corp.
Kersey Manufacturing Co.
S & S Machinery
Table 5-2, continued.

<table>
<thead>
<tr>
<th>No. of workers covered</th>
<th>Expiration date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gulf Oil Chemicals</td>
<td>12,000</td>
</tr>
<tr>
<td>(NCN Plant)</td>
<td>not available</td>
</tr>
<tr>
<td>Canadian Agreements</td>
<td></td>
</tr>
<tr>
<td>District 18 (Ontario)</td>
<td>2,000</td>
</tr>
<tr>
<td>District 26 (Nova Scotia)</td>
<td>not available</td>
</tr>
<tr>
<td></td>
<td>not available</td>
</tr>
</tbody>
</table>

Source: UMW Contract Department.
In 1974, a multi-employer surface mine pact was signed for the first time by four major western producers -- Peabody, Consolidation Coal, North American, and AMAX. Five smaller companies were also signatories to the agreement.13 Previously, mines owned and/or operated by these companies were covered by the national bituminous agreement. In short, a new coalition of western producers officially formed and negotiated the multi-employer Western Surface Coal Wage Agreement.

By the time the 1977 western renegotiations talks were scheduled to begin, the interests of individual companies outweighed the common denominators which had united the members four years earlier. Peabody was the first company to openly break away from the coalition by refusing to join with the others in their negotiations with union representatives. Peabody's action was followed by Consolidation Coal, Big Horn, and North American. Peabody cited over-riding costs of the miners' health and welfare funds as the major reason for choosing an independent route with the Union. There was disagreement among companies concerning how strict discipline programs to punish workers for being regularly absent should be. The chief union negotiator during these western talks was Steve Gullati, now international Vice-President of the UMW, who recalled the opening negotiation session in 1977, in which various company members "wouldn't even sit in the same room." Following Peabody's departure, AMAX not only engaged in efforts to destroy the coalition, but went so far as to vote to decertify their own mines in the West. (Today, AMAX operates numerous non-union mines, primarily in three
western and midwestern states, even though its tie to the national bituminous agreement is based on production from only one mine, Belle Ayre, the largest operating mine in the country.) The UMW membership struck against Consolidation Coal in 1978, forcing the company to sign the same contract accepted by Peabody. One official from an eastern operators' association recently claimed that "Peabody signs the UMW contract just to keep them (UMW) quiet."15

Both union and management sources agree as to why the UMW is negotiating a higher number of individual company contracts -- to keep the mines certified with the United Mine Workers. The Union is poorly represented in the West and to refuse to bargain on an individual basis could easily translate into non-union status. What emerges here is the use (or misuse) by management of a bargaining mechanism to control a defined power relationship that purposely places the UMW in the weaker of the two positions and in a reactive role to company decisions. In short, a bargaining trade-off game probably best describes the process -- one that is recognized by both players. The assumption that company contracts are part of an "employer prerogative" policy is buttressed by the fact that "all the western agreements are basically the same," according to Gullati.16 If the terms of the contracts are similar among companies and thus do not accrue additional economic benefits to the employer, then other factors, namely independent control over the Union's decision-making authority, must be at work.

It appears that an immediate advantage of company bargaining lies in controlling the company's own benefit (health and pension)
packages. By opting not to contribute to the miners' health and welfare trusts, company owners realize they are reducing fund levels (especially for eastern underground miners) and in turn, eliminating a previous drawing card available to the Union for organizing new miners. This constitutes, in my mind, the salient lesson to be learned from the abandonment of the 1974 western multi-employer pact.

The distinct preference for company-run health and pension funds remains a strong bargaining issue in the East as well as in the West. The solvency status of the four union health and retirement funds became one of the most heated issues during the 1977 contract talks. In order to explain the centrality of this issue in the larger context of bargaining power, it is worthwhile to review what the collective bargaining literature holds on the relationship between centralized company-run health and pension programs and corporate goals. For large companies, in particular, "centralization has become a mania" in handling certain matters, such as worker health and welfare plans, according to Professor G. Brooks. Managers in large companies "insist upon uniform labor relations policies." The "ultimate case" in achieving this end, according to Brooks, is the centralization of pension programs, through negotiations conducted primarily by technical "experts". Professor E. Livernsash goes one step further by focusing attention on the long-term significance of changes in pension negotiations. He observes that in a number of industries the "immediate incident associated with a shift from plant to corporation bargaining was the negotiation of pension plans along company lines." Aside from the fact that in the bituminous coal
industry, the direction of the trend described here is not from plant to corporation bargaining but from national to corporate level, the meaning of the 1978 contract change regarding the administration of UMW health funds should be studied in view of potential effects on bargaining structure. As Weber notes, referring to the chemical industry, the "negotiation of master pension and insurance agreements on a company-wide basis has signaled an important change in bargaining structure." (emphasis added) This comment should be seriously heeded in light of probable future developments in coal industry bargaining for several reasons. First, if it is reasonable to agree with Weber that companies will adopt a policy of "stability and uniformity for [their] own sake," then past experiences of western operators in negotiating health and pension benefits take on new meaning. The breakdown of the 1975 Western Surface Agreement into separate company contracts in 1978 was attended by the decision to establish health coverage by each company -- under programs that are independent of the Union's major medical plan for eastern miners -- plus an independent multi-employer pension plan apart from the existing retirement program which covers the bulk of UMW members. The creation of independent health and pension plans represents a first for these companies -- an obvious message that western companies not only prefer to operate their own health and pension funds, but could exercise the muscle to incorporate such "benefits" into their own contracts.

A little over three months after the 1978 western contracts were signed, the UMW renegotiated the national wage agreement, recog-
nizing the right of an individual company to run a health program for its own employees through commercial insurance funds. In other words, the operation of the 1974 health benefits plan was removed from union input and completely transferred to private carriers. Again, a number of the major companies that sign the BCOA agreement were instrumental in negotiating company pension plans of their own, covering western employees. Under the 1978 contract, for the first time, working miners must pay a family deductible of $150 per year (management negotiators originally proposed $700). Many UMW members viewed the substantial changes in health care services as altering the traditional structure of the health and retirement funds. 22

Another reason to speculate on the possible carry-over of western company-run health programs to eastern negotiations comes from BCOA President Brennan. Indirectly, he asserted that the BCOA opposed the passage of the federal "Multi-Employer Pension Plan Amendments Act of 1980", designed to improve funding standards of the approximately 2,000 multi-employer plans in the U.S. (which include the 1950 and 1976 UMW plans) in part by providing incentives for companies to continue as contributors to pension funds. The changes in ERISA legislation (Employment Retirement Income Security Act), Brennan observed, would "make it even more difficult for employers to withdraw from multi-employer funds..." 23 In other words, Brennan implicitly supports the removal of legal obstacles that would impede corporations' efforts to institute their own health and pension benefits plans.

Moreover, he called for the "need for even greater BCOA sophistication
in this area" in order to insure that "reform does not damage the industry, impair the stability of the Funds, or weaken our efforts to provide a benefit package designed to meet our future needs."

Above all, the BCOA wants to insure that the "provision of health and medical benefits fits in with the new realities of the modern coal industry" -- again, an intimation that the present funds package does not now do so.24 The new federal pension plans act was signed into law in October of 1979. Because of the withdrawal liability provision that would require signatory employers to fulfill their financial obligations to the UMWA plans even if those employers were to withdraw from the plan or become non-signators, a business agenda on health and pension levels may already be in the planning stage and may move to the forefront of the 1981 contract talks.

The effects of company executives and insurance carriers in administering the 1974 health Fund extend beyond a potential future scenario of more company-run health plans and reduced union decision-making in health care matters. The quality of health care delivery to the coalfields is at risk as a result of the contract change, according to S. Rhodenbaugh, a former health service specialist. As a result of the shift to private insurance carriers, some 35 clinics in the coalfields remaining from the 1950s and '60s are "struggling to survive."25 The cutback in financial support for the clinics actually began a few months prior to the opening of the 1977 negotiations. On July 1, individual miners were forced to share in the paying of health care costs (each family paying up to $500 annually of incurred medical costs) because the funds stopped payment on clinic
retainers (or prepayments). Consequently, revenues for the clinics were cut from 20 to 70 percent, touching off a series of wildcat strikes throughout the summer months.

The BCOA refused to shift funds from the healthier 1974 pension trust funds to the two health benefits funds. Brennan argued that reallocation would have the "effect of condoning further wildcats." UMW leaders viewed Brennan's refusal as endorsement of a plan to use the long-time union funds as a disciplinary weapon against striking miners. One observer claimed that the "industry's strategy is designed to soften on-the-job militancy of miners by attacking their off-the-job security." Such a strategy was employed perhaps most forcefully during the 1978 negotiations when management negotiators lobbied for a proposal to penalize miners who participated in a strike by requiring them to reimburse the health and retirement funds for contributions lost as a result of their absence. The estimated "payback" to the funds was approximately $20 per day, with a maximum of 10 days, after which the miner's health benefits would stop altogether. (This provision was incorporated into the "first" settlement reached between the parties, and was cited as a major reason for the overwhelming rejection of the tentative contract by the UMW Bargaining Council.)

The tradition of comprehensive medical care in the coalfields forced some miners to think in terms of trade-offs. In a revealing article in the Wall Street Journal, one miner considered giving up his right to strike in return for continued medical benefits, claiming that "those who want to strike are going to strike anyway -- whether
It appears that certain gains made by mine workers through collective bargaining, such as community-level medical care, are in the process of being renegotiated away and that the miners perceive that in order to at least stay even, they must exchange one concession for another. Such a trade-off mentality characterizes a bargaining relationship in which one party holds more powerful cards than the other. *Political Affairs* magazine noted that during the 1979 contract talks the BCOA initiated a course pursued in the past by other industry bargaining teams -- a "give back policy" in which management goes to the bargaining table "armed with its own set of demands to take away already existing gains and determined not to make concessions."29

The contract change affecting payment procedures of the 1974 Health Fund indicates movement toward unilateral management control over the scope and level of benefits. There is no reason to expect the mine workers to be exempted from changes in health and pension programs which have already occurred in other collective bargaining arenas (such as in the chemical industry) by managers with similar bargaining objectives. Managers and union representatives both know that the "future of coalfield health care and pensions is directly tied to the strength of the UMWA in collective bargaining."30 Indeed, the funds are a "creature of collective bargaining."31

Decentralized bargaining in the form of regional contracts would open the door to individual health plans with inconsistent coverage levels. Moreover, by excluding miners' input, such plans would probably lead to the dismantling of community-based health
programs and the provision of care based on occupational disease.

In a larger context, a shift to individual company benefit programs "brings an end to the main reason for having multi-employer bargaining in the first place, and suggests that this [1978] might well be the last "national" coal contract if the companies have their way." 32
Chapter 5 -- Notes


4. Ibid.


13. These companies were Big Horn Coal, Kemmerer Coal, FMC Corporation (Wyoming), Energy Fuel Corporation (Colorado), and North American Mining Company (North Dakota).


15. Source, who is a member of BCOA, wishes to remain anonymous.


22. There are four UMW Health and Retirement Funds, first negotiated as two funds by John L. Lewis in 1946 to provide pensions and health care to miners and their families. The 1950 pension and 1950 health trusts were established for miners retiring before the end of 1975. The 1974 pension and 1974 health trusts were set up under the 1974 contract for miners who would retire after 1975. These funds (except for the 1974 Health Fund) are jointly administered by the Union and the industry (though traditionally dominated by the UMW), and are financed by production royalties collected on UMW coal and hours worked by employees. The continued financing of both 1950 Funds and the 1974 Health Benefits has become a recurring problem to the industry.


24. Ibid., pp. 11-12.


31. Ibid., p. 31.

Chapter 6: Prospects for the 1981 Contract Talks: Precipitating Events

The upcoming 1981 negotiations will probably be the theater for introducing the structure changes in collective bargaining over the next several contracts. The stakes are high, as are the risks for both parties. For the political and economic circumstances under which these talks will be negotiated will polarize the parties as never before, despite a recent public relations campaign led by certain companies (and the BCOA) heralding the dawning of a new "era of cooperation" between the UMW and BCOA. This deceptive strategy obfuscates the underlying divisions and causes of the spiralling conflict between the miners and managers.

The ideology of the new managers described in earlier chapters will have fertile ground to take root, as the role of the largest companies becomes more formally entrenched in the bargaining structure. The parties will enter the bargaining talks with wide differences in power (overwhelmingly in favor of management), which provide little room for flexible give-and-take bargaining. As the dependency relationship continues to grow more imbalanced, the parties will find fewer common areas of interest which define the bargaining agenda. That the limits to "free collective bargaining" are being imposed from within the bargaining mechanism itself means the expression of dissent by the union rank-and-file (weaker party) becomes strictly contained and consequently suppressed.

In different terms, bargaining in the coal industry is being forcefully guided by "a more subtle...form of power -- the ability to
preclude opposition from even arising...because those subject to a particular type of control do not question its legitimacy or can see no alternative."\(^1\) Certain strategies employed by both parties indicate adjustment to a power struggle in which the existence of one organization is perceived as being threatened by deliberate action of the other. Three precipitating events should lead policymakers to be concerned with the appropriateness of the current collective bargaining mechanism and the critical outcomes of the next talks: 1) the withdrawal of Consolidation Coal from the BCOA and its subsequent reaffiliation, 2) revision of the BCOA negotiation by-laws, and 3) adoption of a selective strike policy by the UMW.

**Consolidation Coal**

In May of 1979, Consolidation Coal, the second-largest coal producer in the country and the largest employer of mine workers withdrew its membership in BCOA. It rejoined the Association in March of 1980 after certain concessions were made in the BCOA's by-laws. At the time of its withdrawal, R. E. Samples, Chairman and Chief Executive Officer of Consol, attributed the move to "considerable change" undergone by the coal industry in

the 34 years since the inception of national bargaining which makes the negotiation and ratification of a multi-employer agreement very difficult...The many problems faced by the coal industry during the 1978 negotiations have convinced Consol that it should negotiate future collective bargaining agreements directly with the United Mine Workers of America, which represents our mining employees.\(^2\)

In effect, industry officials are making a tautological argument: by claiming that the coal industry has undergone "considerable change" in recent years, Samples is also arguing that outside pene-
tration into coal constitutes the fundamental change. In slightly different terms, Consol President B. R. Brown claimed that the industry's bargaining structure has become too unwieldy, advocating company negotiated contracts with the UMW that cover "problems of individual mines." The reaction by both union and industry officials to Consol's pull-out from BCOA was typically one of concern and uncertainty over the course of future negotiations.

Consol's temporary withdrawal from the BCOA is significant in at least two ways. First, it represented an open admission (as well as a brink) of the pervasive factionalism and disension within the ranks of the big producers in BCOA. Second, it was probably this move more than any other that forced BCOA to unify its membership by reformulating its bargaining rules, which, in turn, redistributed the bargaining input of individual members, as will be shown.

Throughout the 1977-78 negotiations, the management bargaining team divided into district coalitions and engaged in intra-organizational bargaining which gradually led to internal conflict. Federal mediator W. Horvitz attributed internal BCOA divisions to the heterogeneity of actors: "Three different types of companies [oil, steel, and major coal] comprised the BCOA and their varying corporate objectives led to distinct, and often conflicting, labor relations policies and priorities." In the early weeks of the talks, an alliance formed between U.S. Steel and Consolidation Coal Company, a move that "isolated" negotiator R. Hills of Peabody Coal Company, according to FMCS mediator W. Hopgood. In the belief that an agreement could be reached independent of input from the remaining management team, R. Hills organized a Christmas meeting with union
negotiators and Horvitz of FMCS. The "holiday massacre" proved to be fruitless and insured the exclusion of Hills by other bargaining team members up until the announcement of the first tentative contract. Following successful efforts in mid-January by federal mediators to reduce the size of both bargaining units to three per side, BCOA Chairman T. Leisenring appointed a five-member sub-committee (from the organization's executive committee) to "steer the course" of daily bargaining activities.

Brown of Consol and Johnston of U.S. Steel (both members of the sub-committee and authors of the first agreement) were considered to be "hard-liners" among the bargainers, especially because of their persistence in securing the "payback" penalty provision for unauthorized strikes. Following the Bargaining Council's rejection of the first agreement (only the three-member bargaining team voted for it), additions were made to both bargaining teams. Three Bargaining Council members, all UMW district presidents, joined the union side so as to "bring in the source of rejection." While the expanded union bargaining team was meeting with the BCOA Committee at the Labor Department (at the request of Labor Secretary Marshall), a second series of negotiations spearheaded by Hopgood of FMCS was progressing. The meetings between Breaux of Gulf Oil and union officials representing miners employed by Gulf's subsidiary, P & M Coal Company, produced a second agreement which came to be known as the P & M pattern agreement, mentioned previously. The steel group proved to be the driving force within BCOA which fostered the other disenchanted bargaining members to accept the P & M agreement, subsequently rejected by the rank-and-file. During the final week of
the negotiations, the forging of yet another management coalition occurred between N. Camicia of Pittston Coal and S. Barker of Island Creek Coal. The emergence of Camicia's integrity, in particular, appealed to the union negotiators and hence, contributed to the reaching and ratification of the third and final agreement.

In short, 1978 bargaining activities proceeded with multiple actors meeting over a range of issues at various locations. During the formal bargaining process, internal power struggles over the policies to be advocated were being played out. Because the authority of both bargaining teams was widely diffused, chief executives of BCOA companies conducted separate meetings with union negotiators and officers, and thereby undermined the authority of their own negotiating team. It has been argued that internal conflicts often carry spill-over effects to the Union. Though this issue will not be treated by this author in detail, a plethora of evidence could be offered to illustrate that the nearly routinized deadlocks reached by the parties occurred in large part because of internal BCOA power plays. Hence, "domestic conflict" (within BCOA) preceded "foreign conflict" (between the BCOA and the UMW).

Consol's decision to reaffiliate with the BCOA less than one year later was clearly a "direct result of the recent action by the BCOA's Board of Directors and its membership establishing a restructured negotiating procedure for future collective bargaining" — procedures which assure the company a leading role in future negotiations. What is important here is to recognize that Consol's choice to bargain with the industry's national collective bargaining unit (BCOA) does not necessarily demonstrate a renewed commitment to
industry-wide bargaining. It is more probable that Consol came to realize that the political and economic benefits to be gained from separate company bargaining could not be achieved on its own. One possible bargaining scenario that was surely debated by high-level executives was the BCOA bargaining team reaching an agreement before Consol, thereby forcing the firm to follow the BCOA's lead and hence, defeating the very purpose of Consol's defection.

It is instructive to point out that upon rejoining BCOA, a Consol official stated that the company's goals (including a "safe work environment", "improved labor climate", and "increasing productivity") would "remain unchanged". One logical question that arises is: If the corporation's goals have indeed stayed constant (including bargaining goals), they why did Consol not opt to test its strength in the industry and bargain separately with the UMW in 1981? A more fundamental question should be posed, the answer to which sheds light on the motivations underlying company bargaining behavior: Can the particular gains Consol desired to achieve from company or sub-company bargaining be more fully realized under the revised negotiating procedures? The answer that Consol is afforded greater opportunities to attain its constant bargaining goals inside a reformed BCOA rather than outside becomes more clear in the remaining sections of this chapter.

Selective Strike Strategy

In a historic moment at the UMW National Convention in December of 1979, the membership voted overwhelmingly to officially change their national strike policy. The Union has traditionally followed
a national strike policy after the expiration of its national contract without a renegotiated settlement, thereby operating under the rule of "no contract, no work". The membership voted to change its constitution to include the following provision: "The International Executive Board may, by majority vote, assess the membership in such amounts as necessary to support a selective strike, if called." The operational reason cited for this strategy change was "to raise strike support money for the striking miners, sufficient to allow them to be out without unmanageable hardships." (A multi-million dollar strike fund would be created with the monies to be raised from a $25 per week fee on working miners.)

The miners endorsed this resolution as a political "tactic" to penalize those "coal operators who pull out from the BCOA, who maybe want to negotiate a separate contract and work a hardship on our membership." Thus, the resolution would help give union negotiators "the bargaining strength needed at the table." Referring to the coal operators who had pulled out from BCOA, namely Consolidation Coal, one delegate argued, "If you are divided, we are not going to let you divide us." The shift in the Union's strategy represents an admission that its bargaining position vis-a-vis management has grown less favorable. It is a strategy built to counter the power of individual corporations at the bargaining table by using the collective strength of rank-and-file members -- away from the bargaining table -- at the mine site. The move also delivers the message that a nationwide strike no longer carries the impact that it once had -- and that the Union recognizes this fact. It should be recalled that selective strike strategies are followed
in industries where "corporate bargaining" on a decentralized level occurs, such as with the OCAW, where the "strike is not effective." In other words, strike strategies are designed, in part, as a response to structural characteristics of the collective bargaining environment.

Since the time of the UMW's overwhelming endorsement of selective strikes, even this policy has been considerably weakened by moves orchestrated by BCOA members. First, as discussed previously, Consolidation Coal has rejoined the BCOA and will play a major role in the 1981 negotiations, both in the formulation of negotiation policy and on the bargaining team itself. Thus, the most vocal and largest "defector" of the BCOA has returned home to nest, thereby removing the major target of the Union's selective strike plan. Still, the entire BCOA membership has not ignored the UMW's new call to arms, but instead has responded by leaving open the option of treating a strike against one of its members as one against the entire group -- an indicator of improved intra-organizational cohesiveness. The by-laws of the BCOA Constitution approved by the membership in March of 1980 include the following amendment: "If a lawful economic strike is called during the course of bargaining for the NBCWA against any member of the BCOA, the CEO Committee shall decide whether such action shall be deemed a strike against all members." It is perhaps worth noting that an earlier version of the proposed by-law changes contained a much stronger anti-strike provision which said that a "lawful strike against any member company of the BCOA shall be deemed a strike against all members." (emphasis added) Which party
was responsible for softening the BCOA's response in order to "keep its option open" and why remain questions. Nevertheless, it appears that neither the old national strike policy nor the selective strike plan (as formulated at the Convention) can produce intended bargaining results for the Union. Whether the selective strike policy will be adopted to target particular companies that have stayed within the BCOA remains to be seen.

The fact that the strike has become virtually a powerless weapon (an important item on management's agenda to curb the democratic tide in the UMW and to quell management's preoccupation with "disorder") raises serious issues regarding the regulation of group conflict. (By this is meant methods of conflict control that address the manifestations of conflict rather than their causes.) "A right to engage in industrial warfare is essential to the cause of industrial peace under the collective-bargaining system."15 If and when that right (to strike) is restrained, the articulation of militancy becomes suppressed because opposition is kept from arising -- extending that group's subordination in the labor-management relationship. Moreover, because the UMW has historically derived its strength from collective mobilization, the organizational well-being of the Union itself is being dangerously threatened. The gradual accumulation of discontent without a structural channel for expression will only increase the violence of labor-management conflict -- not eliminate it.

The final precipitating event which set the stage for "power play negotiations" occurred under the banner of a more unified and centralized BCOA -- changes in the organization's by-laws on bargaining
formally consolidate the bargaining power of the largest companies and transform the "rules of the bargaining game".

Change in BCOA Bargaining Rules

On March 19, 1980, the BCOA announced that its member companies had ratified a change in organization by-laws, which set up a new bargaining structure for contract negotiations with the UMW, beginning with the upcoming negotiations. A three-member committee consisting of the two largest BCOA producers and a representative from the steel group will negotiate the contract, with the chairman acting as spokesman for collective bargaining matters. The chief executives of the nine companies with the largest BCOA production will form a chief executive officer committee (or CEO Committee) that will be responsible for directing the activities of the negotiating committee. The rules also call for a Support Committee, composed of "representatives from the CEO companies to work with, support, and advise the Negotiating Committee in such areas as contract drafting, labor relations, law, benefits, economics, safety and training."17

The new by-laws were instituted to achieve a number of rather specific goals -- some intra-organizational and others vis-à-vis the UMW. Observers from both the industry and the Union agree that the strategy was geared to "lure Consol Coal back into the industry's collective bargaining fold," as reported in a Wall Street Journal article.18 Consol representatives even participated in the drafting of the specific guideline changes. Second, the structure was redesigned to assure U.S. Steel a controlling voice in future negotiations -- a position which apparently failed to materialize
during the 1977-78 talks. In October of 1979, the steel companies composed their own version of a bargaining plan in which a CEO committee would operate with complete authority, dictating policy to a four-member negotiating team (with three executives coming from steel). This proposal obviously is patterned after the structure used in the basic steel negotiations discussed previously. At this time, there was concern that U.S. Steel and Bethlehem Steel, among other major steel members that own coal mines, would follow the path of Consol and defect from the BCOA, raising the serious question as to "whether the BCOA could remain together." Thus, amended by-laws were passed with the purpose of mending the "coal industry's schism on bargaining," and thus of keeping the organization together. According to Brennan, the revised by-laws give "more discipline" and a greater degree of "centralized control" over negotiation activities. In a speech to the BCOA Board of Directors in May, 1980, he boasted that an "objectively determined collective bargaining structure with formal laws of communication and authority" give the organization a "very solid position for the upcoming negotiations." However, the milieu of unity resulting from the larger companies' consensus was not shared by the middle-size and smaller producers, who control approximately 40 percent of NBCWA production. Alternative proposals on bargaining structure were put before the BCOA membership and voted down. One of these proposals that originated with Monterey Coal Company called for a four-person negotiating team, of whom two would represent operators with tonnage of 15 million tons and over, one from the steel coalition, and one from "other" (unspecified). Also, Monterey wanted to "ensure equal voice"
in the formulating of policy for the negotiating team by advocating the creation of a standing committee of nine equally representing the small and large producers, with each member allocated one vote regardless of tonnage.  

The Southern Coal Producers Association considered the BCOA proposal advocating a three-member negotiating committee, but advocated their own plan that would give the BCOA chairman authority to select four negotiators from nominees submitted by the two largest coal companies, steel members, and other smaller BCOA producers. This latter proposal called for an advisory committee of five, four of whom would come from companies operating mines in UMWA districts, one per district.  

The debate over the composition of the bargaining team and policy committee continued into November among official members of an ad-hoc negotiation committee appointed by the chairman of the BCOA. This seven-member committee recommended a negotiating committee to consist of U.S. Steel, Peabody Coal Company, and a third (interestingly enough) "representing the coal industry", and that the CEO Committee of nine should have "final authority to either approve or reject the decisions of the negotiating committee. W. Miller of U.S. Steel held that the negotiating committee should not be subject to the veto power of the CEO Committee, which he considered to be too large. AMAX representative R. Sonerman agreed with the Southern Coal Producers that smaller operators should sit on the bargaining team.

When the Southern Producers' proposal came to a vote in March of 1980, it received approximately 22 percent of BCOA membership
support. The Wall Street Journal reported that "some small companies were so angered by their loss of power that they left the meeting threatening to quit." Secretary-Treasurer Mel Triolo of the Southern Producers Association was angered: "We took these actions strictly for Consol, which isn't even a member anymore and to keep U.S. Steel from quitting. They get all the concessions and the little guy gets excluded." Three months later, the BCOA succeeded in softening the small operators dissent by appointing two additional members to the CEO Committee, as permitted under the new by-laws. They are E. Morgan Massey, Chairman of Omar Mining Company, and Allen Pack of Cannelton Industries, Incorporated, subsidiaries of St. Joe Minerals Corporation and Algoma Steel, respectively, whose executive officers will also serve on the CEO Committee. (See Exhibit 6-1.)

The new by-laws, then totally exclude the participation of over 40 percent of the BCOA membership in future collective bargaining talks. As a result, the largest nine coal-producing firms will conduct and manage all aspects of the upcoming negotiations. It is significant that of the nine executive committee members, only two are primary coal producers (see Exhibit 6-1). Furthermore, two of the three bargaining team members are steel and oil industry executives with limited experience in the collective bargaining process.

The "discipline and control" that the new guidelines afford the leadership of the organization deliver the message that from now on, the largest producers of coal (most of whom represent other industries) will assume the central positions of power and authority in the collective bargaining apparatus. This case is not being
## Exhibit 6-1. CHIEF EXECUTIVE OFFICER COMMITTEE MEMBERS*

<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Robert H. Quenon</td>
<td>Peabody Coal Company</td>
<td>Pres. &amp; Chief Exec. Officer</td>
</tr>
<tr>
<td>Mr. Ralph E. Bailey</td>
<td>Conoco Inc.</td>
<td>Chairman</td>
</tr>
<tr>
<td>Dr. Armand Hammer</td>
<td>Occidental Petroleum Corp.</td>
<td>Chairman</td>
</tr>
<tr>
<td>Mr. Pierre Gousseland</td>
<td>AMAX Inc.</td>
<td>Chairman &amp; Chief Exec. Officer</td>
</tr>
<tr>
<td>Mr. David M. Roderick</td>
<td>U.S. Steel Corp.</td>
<td>Chairman of the Board</td>
</tr>
<tr>
<td>Mr. Donald H. Trautlein</td>
<td>Bethlehem Steel Corp.</td>
<td>Chairman</td>
</tr>
<tr>
<td>Mr. W. S. White, Jr.</td>
<td>American Electric Power Company, Inc.</td>
<td>Chairman &amp; Chief Exec. Officer</td>
</tr>
<tr>
<td>Mr. A. W. Whitehouse, Jr.</td>
<td>The Standard Oil Company of Ohio</td>
<td>Chairman &amp; Chief Exec. Officer</td>
</tr>
<tr>
<td>Mr. N. T. Camicia</td>
<td>The Pittston Company</td>
<td>Chairman, Pres. &amp; Chief Exec. Officer</td>
</tr>
</tbody>
</table>

**Elected by membership:**

- Allen S. Pack
  - Cannelton Industries, Inc. (Subsidiary of Algoma Steel Corp., LTD)
  - Pres. & Chief Exec. Officer
- E. Morgan Massey
  - Omar Mining Company (Subsidiary of St. Joe Minerals)
  - Chairman

* With largest national bituminous coal wage agreement production (or of their parent companies).

Source: BCOA.
overstated, for the new rules stipulate that "in the case of companies that are wholly owned by another corporation, the designee shall be the CEO of the parent company." (emphasis added)\textsuperscript{29} In other words, the corporate decision-makers during future negotiations will not come from "within the ranks" of wholly-owned subsidiaries, but instead from the executive headquarters of parent companies. In short, the UMW will be forced to settle with non-coal corporate officials, such as the chairmen of Standard Oil of Ohio, American Electric Power, and Exxon Corporation.

The implications of these new rules are far-reaching in shaping the bargaining relationship and the outcomes of future negotiations. Probably the most obvious consequence is the potential for more frequent deadlocks or impasses during negotiations, walk-outs by one or both parties, and increased third-party (government) mediation, largely because the major industry actors are not familiar enough with the 164-page wage agreement to renegotiate specifics of its contents. This assumption was given increased validity as this research report was being written, when a top BCOA official requested M. Triolo of the Southern Coal Producers Association to "assist in upcoming negotiations in a major way." When questioned about his specific role, since the formal negotiating committee had already been chosen, Triolo replied that he would be responsible for "calling the shots behind the scenes," since the industry bargaining team knows virtually "nothing about issues related to working conditions in the mines."\textsuperscript{30} As S. Goldberg has appropriately commented, referring to high-ranking company officials, "Chief executive officers may be highly skilled in operations, sales and management but there is no
reason to suppose that they are skilled labor negotiators and unless they are, there is no justification for their participating in labor negotiations."31

The structural changes implemented by the BCOA membership centralize and institutionalize "big business" bargaining in the coal industry. A paradox surfaces that, given the negotiation committee's "exclusive authority to plan, conduct, and conclude all negotiations" under the direction of the CEO Committee,32 its very composition nearly guarantees the occurrence of separate behind the scenes bargaining. The functioning of specialized support committees is likely to compensate for management's lack of knowledge on particular issues, but not necessarily for deficiencies in negotiation skills. Another scenario which is likely to develop is the inability of the two parties to engage in hard "back and forth" negotiations. This regimentation will probably lead to unilateral bargaining in which one side, in this case the industry team (assuming a more offense-oriented bargaining posture) will present its own set of demands (as evidenced in the 1977 talks), expecting the Union to either "take it or leave it." That the management negotiating team is beginning to pursue a more aggressive stance at the bargaining table is supported by Brennan: "...for the first time [1977], management developed a set of demands and ended a tradition of responding only to union initiative -- retreating gracefully and with dignity."33

Such shifts in both the procedures and process of bargaining suggest that the industry's bargaining arm is moving closer to a "pattern agreement" than ever before. Because only nine out of approximately 130 member companies (not to mention the hundreds of
signatories) will be involved in future bargaining activities and because the remaining BCOA membership is constitutionally bound to follow the agreement passed by the bargaining team and CEO Committee, the bituminous coal contract has, in effect, become a pattern agreement. Interestingly enough, it appears that the leadership of the BCOA has endorsed the bargaining arrangements adopted by the basic steel industry, described in Chapter 3. However, instead of a "committee of four", the executives of coal producing companies have created an even more centralized "committee of three" to conduct day-to-day bargaining sessions.

Altering the structure of the management bargaining unit signifies a strategy designed first to control the smaller and medium-size companies by virtually eliminating their input into the bargaining process and consequently containing their dissension within the Association. Pattern bargaining achieves this goal, according to Chamberlain, in that it is an "explicit policy that the larger organization is seeking to impose on smaller units." By appointing two representatives from the smaller company coalition to the CEO Committee, the larger companies are attempting to suppress any potential protest which may arise from the smaller firm constituency during future contract talks. In short, the "more inclusive one's competitors and collaborators, the greater is the bargaining power."35

Thus, the changes in the bargaining unit were implemented to maintain the structure of the Association itself. The "pulling together of the group" was aimed in part at eliminating the "dissension within the ranks" (both among the larger companies and
between the smaller and larger groups) and has resulted in strengthened cohesion of the various struggle groups, accompanied by centralization of bargaining authority.

Yet the BCOA strategy was constructed to accomplish still another purpose. Conflict theory develops the concept that in "those groups whose structure inhibits realistic conflict within," scapegoating mechanisms may appear. A "search for the outside enemy" can become a purpose of the organization, mobilizing the energies of group members. The outside enemy was found to exist as a result of concerted management actions during the 1978 contract talks. For example, following the rank-and-file's rejection of the second tentative agreement reached by the parties, Brennan called on the Carter Administration to redirect its mediation efforts toward "the true source of the dispute -- the Union and its membership." Shortly before the President announced his decision to invoke Taft-Hartley, the BCOA called on the UMW to form a new bargaining team that "enjoys the confidence of the membership" -- again attributing the cause of the deadlock to union negotiators. Other examples from the 1978 negotiations could be offered as evidence of the stronger party attributing conflict to "faults among the governed", especially "class rancor". In short, the "enemy" becomes generally identified as the "problem". Another scapegoat tactic used by a group searching for the outer enemy is defining the demands (and actions) of the enemy as injurious to the national interest. Alternately, the interests of the dominant group are made to appear as embracing the national interest. This tactic was also employed by BCOA spokespeople on various occasions during the prolonged strike of 1977-78.
The likelihood that concerted company action against the "dissenter" (in this case the UMW) will be continued in some form during the upcoming negotiations is strong.

It does appear that the bargaining by-laws were revised to strengthen the BCOA position at the bargaining table and at the same time, to convince the UMW to accept a bargaining unit composed of top-level executives committed to the collective bargaining process. In practice, the new managers' interests lie in using the occasion to legitimize their authority over the Union on a permanent basis. That the voting powers of the leading producers have declined slightly since the 1971 negotiations (as shown in Chapter One) raises the question as to why these changes toward centralized bargaining were not implemented before now. It seems evident that the new managers wish to replace the old adversarial relationship with a new form of labor-management "cooperation" which in fact might be a veil for union submission and manipulation. It is paradoxical that by using tactics (such as the threat of moving non-union coal during a contract strike) designed to eliminate conflict during bargaining, the "sophisticated managers" may provoke or cause the very situations they had wanted to prevent.

Finally, it is instructive to point out that the by-laws explicitly prohibit member and affiliate companies from engaging in separate contract negotiations with the Union. In fact, in an earlier draft, violators would suffer not only immediate dismissal from the organization but would pay a damages fee of "not less than $1,000,000, or ten times a member's annual dues, whichever is higher" in order to "preserve the integrity of the new bargaining structure."
Even though a company supplement to the basic NBCWA is currently prohibited, many observers agree that regional supplements will probably be permitted in the near future.
Chapter 6 -- Notes


5. Source at meeting wishes to remain anonymous.


8. Ibid.


10. Kenneth Denver, statement at UMW Convention, Ibid.

11. Ernest Moore, statement at UMW Convention, Ibid.


16. The by-laws permit the addition of two operator members to the CEO Committee, selected by the nine CEO committee companies.


24. The committee was composed of representatives from Peabody Coal, Island Creek Coal, Monterey Coal, Bethlehem Steel, American Electric Company, AMAX, and Carbon Fuel. An executive officer of U.S. Steel, along with BCOA President Brennan, also attended the committee meetings.

25. Mel Triolo, Memorandum to Director of Southern Coal Producers' Association, mimeographed, Logan, West Virginia, 28 November, 1979.


27. Massey's nomination was opposed by the larger companies, who instead supported Freeman of Eastern Associated Coal. Massey operates approximately half of his West Virginia mines as non-unionized.

28. Under the old BCOA by-laws, each member company had one vote to ratify the proposed contract.

29. BCOA, Constitution and By-Laws, pp. 10-11.


32. BCOA, Constitution and By-Laws, p. 13.


35. Ibid., p. 11.


Chapter 7: Conclusions and Policy Implications

The projected resurgence of the coal industry accompanied by a "new era" in collective bargaining appear fairly certain. That this boom in coal use will bring harmony and stability to the coalfields is not as certain. In this research report, it has been demonstrated that changes in the collective bargaining structure in coal are in the preparatory stages of formal implementation, propelled by the desire of an increasingly centralized industry to disarm a "democratic" (and militant) union membership.

An important paradox emerges: as the national bargaining units of both parties have become more "representative" of each group's constituents (and thus more powerful as organizations of collective purpose), the willingness of one party to alter the forum of confrontation has surfaced, leading to greater intensity of the adversarial relationship.

A decentralized bargaining structure would allow managers from the largest companies to continue on their present course of consolidating their decision-making authority within the BCOA. At the same time, the BCOA's intra-organizational centralization necessarily restricts the union's input in determining the procedural bargaining outcome (appropriate bargaining structure) by forcing the Union to negotiate exclusively with the major proponents of the decentralization movement.

The results of this struggle over which type of bargaining structure will win out poses a number of possibilities. First, in the shorter term, the probability of two separate agreements being
reached through national bargaining -- a "pattern" agreement for underground mines and one for surface mines, is moderate. As discussed previously, both union and industry officials recognize differences in the operation of surface vs. underground mines, in working conditions and sometimes even in the "breed of mine worker". Moreover, the NBCWA already contains separate provisions on surface mines. The division of the NBCWA into two national pattern contracts would probably not, in itself, lead to a chipping away of the content of the existing wage agreement for underground miners, nor would it significantly change the bargaining procedures that currently guide the parties.

Whether or not the institutional concerns of the Union would be advanced by pattern bargaining depends on 1) the level of centralization at which the pattern-setting negotiations would occur and 2) the definition and inclusion of local vs. national issues within different pattern agreements. For example, if national pattern negotiations and local (mine-site) talks with individual companies were to occur, a shortage of skilled union negotiators could become a problem. Moreover, it is almost certain that many of the local "pattern" bargainers would be drawn from the pool of UMW organizers, thus temporarily delaying the recently revived union organizing campaign. Also, disputes may arise over which issues should be negotiated at the national pattern talks and which should be included as part of the local supplement. For example, to the extent that working miners hold interests in establishing strict (and uniform) safety standards in the mines, local differences in training periods for operating machinery required for new miners would create tensions
between workers and managers.

A second alternative bargaining structure which may characterize the industry in the future is a single national agreement to cover wages and other elements of an economic package plus a regional contract to take account of more localized issues. The advocates of this "hybrid agreement" include independent coal operators who operate a fairly even mix of non-union and union mines. Many of the unionized operations run by these medium-size companies are covered by separate company agreements with the UMW. The prediction that this alternative has a promising future is based on the premise that a number of medium and smaller-size companies will gradually break away from the BCOA as a result of their loss of individual and group power and form separate operators' associations or remain unaffiliated. Whether these companies would be willing to accept a national agreement of some form, or instead prefer to negotiate all issues on a company and/or sub-company level is also difficult to predict.

Given the preference held by surface mine operators (which include a number of BCOA members) for individual company contracts, for agreements with unions other than the UMW, and for the growth of non-union mines, the underground surface pattern arrangement becomes less of an attractive policy for this expanding segment of the industry.

To the extent that these medium-size companies are presently finding it in their interests to negotiate company-wide contracts, that the interests of many of these companies are shared by larger producers in the BCOA, and that a number of the largest producers (such as Consol) have clearly expressed their endorsement of indi-
vidual contracts with the UMW; the "hybrid" arrangement can be viewed as a transition to individual company bargaining. Finally, it also appears likely that given a growth in defections from the BCOA, the hybrid structure might be adopted by the BCOA because of pressure from UMW members joined by outside parties not to engage in separate negotiations, thus reducing the BCOA's status to an association in name only. Again, it is impossible to predict if the newly formed cohesiveness of the leading BCOA members will mature into a stable bond.

Policy Implications

A number of important implications for Union members, industry officials, and public policy-makers can be drawn from discussion and further investigation.

The existence of the UMW as a national representative of mine workers will be seriously endangered if decentralized bargaining, especially in the form of company and sub-company negotiations, is adopted. The connection between an increase in non-unionized operations and decentralized bargaining mechanisms has already been established -- in the oil and steel industries as well as coal. Moreover, there appears to be a correlation between a weak union bargaining position attended by its declining economic strength and preferences of large businesses for decentralized bargaining structures. Given the competitive relationship between the UMW and other unions, and the projected growth of production in western surface mines, the probability of the UMW becoming a regional union increases. That inter-union rivalry will become more intense in the East as
well as the West and Midwest is almost certain. The focus of unions engaged in organizing coal miners on stabilizing their present membership levels should also be viewed as part of a larger union move to reverse the tide of the "Shrinking Perimeter". The near-exclusive presence of the UMW in eastern underground mines could also mean the development of inconsistent contract provisions across deep mines in the West, where safety and health training programs will probably be diluted and/or less strictly enforced.

Perhaps a more serious long-term consequence of the movement of the UMW to a regional union and hence, to a status of reduced national importance is its curtailed contribution to national policy formation -- in particular, energy policy and worker safety legislation. It has already been demonstrated that changes in the bargaining by-laws of the BCOA will have the effect of restricting union decision-making on an industry-wide level by requiring the union negotiators to deal exclusively with the largest nine companies. Decentralized bargaining would likely consume the energies of skilled and knowledgeable UMWA legislative staff -- both national and local, thus harming the historic functions of the Union as a pressure group in the halls of Congress and the corridors of Statehouses. Consequently, union efforts to bring problems encountered on more regional levels and along company lines to national attention would be impeded. The UMW has been a leading advocate of national health and safety protection for workers other than coal miners -- a role that would be seriously hampered under decentralized bargaining.
The decline of Union input into national energy policy-making would undoubtedly give impetus to lobbying campaigns of energy conglomerates whose commitment to coal use is narrowly based on the profit demands of an oligopolistic industry. Furthermore, increased reliance by government planners on the diversified energy companies would restrict healthy public debate on appropriate sources of energy -- especially from the "factor of production" (the mine worker) that makes the selling and very use of coal possible.

If the leading oil companies come to play a still more dominant role in determining energy policy for government officials, then the substantive agenda of collective bargaining will also come to be shaped by this group. That a restrictive bargaining agenda is a tactic employed by managers to widen their control at the bargaining table is evidenced by the contractual establishment of labor-management committees. "Bargaining by committee" was first created under the 1974 national contract, which set up two major joint committees: 1) Training and 2) Health and Safety, followed by the 3) Industry Development Committee under the 1978 agreement.

The Joint Industry Development Committee was assigned the purpose of "improving labor relations and productivity in the coal mining industry." As discussed in Chapter Three, the performance to date of these committees reflects goals defined almost exclusively by industry representatives and issues removed from the daily labor process. Improving labor relations from the perspective of the company takes on the exclusive meaning of reduction of strikes and picketing activity, expressions of discontent rather than underlying
causes. The fact that this joint committee, like the others, is considered by management to be a major factor contributing to labor stability suggests one primary function intended for this committee is to contain dissent at the collective bargaining table by co-opting it within a cooperative committee setting.

The relocation of such issues away from the national bargaining table to joint "problem-solving" mechanisms gives managers the upper hand in circumscribing the bargaining talks to more quantitative economic issues, which high-level corporate executives feel more comfortable discussing. By placing labor-management problems outside the collective bargaining mechanisms affords managers the convenient opportunity to ignore the concreteness of the issues, except, of course, during a "crisis" (strike) situation. Moreover, labor-management committees are mechanisms that transform conflict into a routine, institutionalized pattern of relations, so that "group conflict loses its sting." To the extent, then, that the joint "problem-solving committees" alter the bargaining agenda and hence the outcome of bargaining, the operations of these committees should be given serious attention by national policy-makers.

This research presents serious practical questions to government officials on the role of third-party consultation. It is the belief of this author that the conflict between the UMW and the BCOA negotiating units has spiralled to the point where third-party mediation is an ineffective tool in resolving fundamental issues of power imbalance. The severely deteriorated relationship is not only based on competing interests, but on the wide power differences between the
two parties. Mutual dependence has been replaced by a unilateral or assymetrical type of bond. Never before have the owners and managers of coal become less dependent on the unionized (UMW) segment of the mining workforce.

Conflict theory holds that "perceptions of power inequality undermine trust, inhibit dialogue, and decrease the likelihood of a constructive outcome from an attempted confrontation." It is entirely possible that these forces have been building (perhaps unconsciously) for some time and culminated in the 111-day strike during the 1977 contract talks. Indeed, the strike was not caused, as some industry spokespersons have suggested, by the need of the UMW members for a "catharsis". Rather, it was a personal and collective protest directed against very specific contract offers made by an aggressive management team and in effect, a repudiation of the bargainers themselves by the Union's rank-and-file. It is unfortunate that up until now, no analysis of that historic event has included miners' (and negotiators') views of the bargaining relationship and the security of the Union's existence as causes of the strike. Moreover, it would be instructive to compare the precipitating events which led to the 1959 steel strike (the largest single strike in American history) with those of the 1977 coal strike. In both cases, industry bargainers proposed contractual changes in wildcat strikes, work incentives, and increased productivity -- draconian measures that resulted in prolonged impasses. In both cases, mediation efforts resulted in only limited success.

An imbalance in situational power will operate during the next round of negotiations in the coal industry and will affect the course
of the confrontation. The various manifestations of the Union's weakened power position relative to that of the industry, described in previous chapters, include increased proportion of non-UMW-mined coal, difficulties in organizing western mines, the signing of individual company contracts, and the increasing impotence of an industry-wide strike. In order for constructive collective bargaining to occur, balance of situational power must be struck. This first involves demystifying the collective bargaining process as one based on the notion of equal bargaining power that produces mutually acceptable terms of compromise. Power interventions (imposed from the outside) that offset organizational power advantages of the BCOA bargaining team and bring in allies for the UMW must be employed through a third party. This recommendation does not implicitly mean that a third party should side with the Union with respect to substantive outcomes of the negotiations. It is to propose that a strategy designed to restore power parity so that both sides are equally empowered to carry out their contract-making functions must be created and adopted. The use of a permanent conciliator who would work to avoid an overall imbalance in the ground rules and to govern levels of confrontation would be a first (albeit short-term) measure to restore the functioning of the bargaining institution in coal during day-to-day negotiations.

Finally and perhaps most importantly, movement toward decentralized bargaining in the coal industry cannot be divorced from the recent trend of democratization within the UMW. In fact, the conflict at the bargaining table must be placed in a larger context of national
trade union power and big business response. The offensive strategy orchestrated by the oil and steel industry executives against UMW democracy is part of a more pervasive counter-attack constructed by the big business community to defeat labor, consumer, and regulatory policies. Company heads of some 200 of the nation's largest firms are spearheading a highly structured campaign under the Business Roundtable -- "the leading political organization of corporate America." The Roundtable has attacked many fronts, meeting with much success. For example, on the legislative front, the Roundtable can claim credit for introducing open-shop in many building trades companies that once operated exclusively unionized construction. On the litigation front, the Roundtable has committed considerable resources to weaken state and federal labor laws through Congressional and state lobbying so that companies, for example, could obtain injunctions in state courts when unions violate no-strike agreements. The outright repeal of the federal Davis-Bacon Act and of state wage standard acts is a two-pronged strategy being pushed by Roundtable member firms. And on the public relations front, the Roundtable is engaged in efforts to promote acceptance of the legitimacy of business with journalists and publishers (for larger public consumption) and within the public school system. I will not attempt to develop the argument in detail here.

The central point is that the consolidation of corporate power in the coal industry reflects the enhanced centralization of political power of Big Business -- to the detriment of the UMW and to labor unions in general. Many of the participating companies in
the Roundtable (and in more local mini-roundtables) include AMAX, U.S. Steel, Exxon, Bethlehem Steel, and Continental Oil — top coal-producing firms. These among other coal affiliates are developing their own political agendas around a creed that one-man-one-vote directly challenges the authority and power of the business community. This "fear of the masses" by company executives translates into initiatives to create a union-free environment, such as training mine foremen and company supervisors from books such as Managing Without Interference. This guide, which is used even by companies that operate union mines, opens with a central premise, "Unions are neither necessary nor inevitable."

In the litigation arena, coal companies have pursued cases to increase the liability of the UMW in damages for failing to prevent or halt unauthorized wildcat strikes. On the legislative front, coal producers are active in attempts to dilute reforms in national pension legislation (ERISA) designed to stabilize the solvency of these funds, as described earlier, to weaken health and safety reporting requirements under MSHA (Mining Safety and Health Administration) and national air and water pollution control regulations. One tactic used recently by Armco Coal Company officials in southern West Virginia to attack environmental laws was a threat of "mine closing and job loss" if Congress passed amendments to the Federal Surface Mining Control and Reclamation Act. A company newsletter called on miners to write their Congressmen and Senators urging them to postpone the effective date of the legislation. In regard to workers' protection legislation, there exists a belief by managers that the regulatory response to coal mine accident and fatalities "is no longer adequate to the
task...The assumption that more regulations and more penalties will somehow reduce accidents and fatalities in America's coal mines is no longer valid and must be changed...The type of accidents we are seeing today, which generally involve work habits and attitudes, are not susceptible to improvement by a pure enforcement approach."9

In other words, business executives have ascribed to a creed which disclaims their corporate responsibility for improving health and safety conditions in the mines -- a problem that "should not have been ours [management's] to start with."10

Legitimizing institutional and personal decision-making of the largest corporations in the coal industry is happening at the expense of the UMW's survival as an institution. These opposing movements redefine the emerging labor-management conflict as a struggle imbedded in economic and political forces that perpetuate relations of inequality. That "death in the mines" will be accompanied by death of national collective bargaining arises as an apocalyptic prospect of disquieting proportions for the entire American labor movement.
Chapter 7 -- Notes


10. J. E. Katlic, testimony before the President's Commission, Seminars, p. 90.
Epilogue

DOONESBURY
by G.B. Trudeau

THE FOLLOWING PROGRAM IS MADE POSSIBLE THROUGH A GRANT FROM MOBIL.

SO WHAT DO THEY WANT? A MEAL?

AND NOW IT'S TIME FOR ANOTHER MORAL TABLE.

HOT DRINKS?

ONCE UPON A TIME, THERE LIVED SEVEN HARD-WORKING SQUIRRELS. THESE SQUIRRELS HAD EARNED THE NUTS FOR ALL THE OTHER SQUIRRELS IN THE FOREST.

FROM TIME TO TIME, THERE WAS A NUT SHORTAGE IN THE FOREST, AND THE NUT-PRODUCING SQUIRRELS WOULD BE FORCED TO RAISE THEIR PRICES, EVEN IF THEY CAUSED THE SHORTAGE IN THE FIRST PLACE.


BY THE END OF THE YEAR, THE SEVEN HARD-WORKING SQUIRRELS HAD TRIPLED THEIR EARNINGS AND MADE BILLIONS IN PROFITS. WHAT'S THE MORAL OF OUR LITTLE STORY?

DON'T SCREW AROUND WITH THE OIL COMPANIES. "DON'T SCREW AROUND WITH THE OIL COMPANIES."