The Threat to Craft Unions

The Merit/Open Shop Contractors Are Rapidly Coming to the Market Forefront So Union Operators Must Respond—Or Fail

Since 1970, the proportion of union workers in the construction industry has dropped from 50% to 35%. In that same period, non-union employment has climbed by 500,000, representing most of the employment growth in the industry.

Non-union contractors today control half the construction market.

( Editor’s Note: There isn’t much doubt that the non-union contractor offers stiff competition to the union contractor these days and the situation appear to be considerably more than a temporary stand-off. This analysis of the difficulty in maintaining the competitive edge of yesterday was printed in the Employment Relations Report and is re-printed here with their permission.)

Once limited to specialty construction and smaller projects, the non-union sector is now well established among the major construction firms.

Difficulties for union craft workers have been abetted by the recession, with unemployment in the 20% range. Once the ultra in union benefits, craft worker contracts are being pared of wages and union work rules.

The trend to non-union construction is accelerating, leading the unions and organized contractors into taking more aggressive steps to become competitive in the construction market.

Their aim is to pressure craft union locals, where most of the contract bargaining is conducted, to accept modified contract conditions across-the-board.

A joint building trades-contractor National Market Recovery Program, described as “the most serious attempt ever made to stem the rising tide of non-union construction,” proposes uniform contract conditions for local bargaining.

Since local bargaining is autonomous, the proposals are being made in the form of recommendations, but with the proviso that “new approaches are needed in the union portion of the industry.”

The joint committee suggests that local labor-management committees monitor local contracts and “correct non-productive contract provisions and work practices.”

For its part, the joint national committee provides its own suggestions on what these practices might be, and how current contract provisions should be changed. It lays out a “set of priorities,” suggesting that ad-
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justments in wages and fringe benefits should come last among the changes. It proposes that other monetary items, such as overtime, shift premiums and travel pay be standardized as a way of saving costs and suggests sharply cutting back on coffee breaks, tool time and wash up time, which can be “a major cost impediment.”

Standardized Clauses

In the early 1970s, international unions attempted to restrain local bargaining. Costly settlements, in wages and restrictive work rules were building on one another at a time when the government was making an attempt at wage stabilization. Craft wage settlements fell slightly at the time, but subsequently rebounded. As construction expanded, unions were more concerned about protecting their crafts than growing. This left an opening for the non-union sector, which was not burdened with work rules and jurisdictional stoppages. Although a more highly trained, productive workforce, the union sector in construction had become non-competitive. The new joint move of the unionized segment of the industry is an attempt to turn this around.

The joint committee proposes that local construction bargainers take the following collective bargaining positions:

• "Every other alternative” should be explored before making reductions or adjustments in wages, health and welfare and pension benefits. Many 1983 craft settlements have already gone this route, freezing or lowering wage levels.

• Standardized work days, with straight time pay for eight hours between 7 am and 6 pm. Shift provisions or eight hours pay for 7½ hours for the second shift and seven hours for the third shift.

• Uniform overtime payments of time-and-a-half for the first two hours of daily overtime and for eight hours on Saturday; double-time for Sundays and holidays.

• Only “normally recognized” holidays should be negotiated.

• Reporting time should be limited to two hours pay.

• Travel and subsistence should be provided only “where there is an absolute need and justification for such compensation.”

• Elimination of restrictive practices in the use of tools.

• Eliminate to the extent possible rules or customs that provide pay for time not worked. On the worker side, these include organized coffee breaks, wash-up time, tool pick-up time, lunch on company time.

The cost for paid non-work time, for the craft worker receiving $18 an hour in wages and fringes is estimated to be $1.50 per worker for each five minutes, and $750 for 100 workers. For 30 minutes of down time, the cost per worker is $9.00 and for 100 workers, $4,500. Contractor practices are also cited as examples of paid time not worked. These practices include poor scheduling of materials, shortage of tools, improper task planning, and hoarding.
skilled workers to avoid potential shortages.

The national joint committee suggests that local labor-management committees hold pre-job conferences involving subcontractors and the local trades to discuss manpower needs and work practices. The local committees would be expected to promote the market recovery contract proposals.

Unresolved Issues

The joint committee recommendations take sizable strides in proposing an end to some of the costlier craft union contract provisions and/or practices. However, on several key points they were unable to come up with a joint proposal.

One issue is the make-up day on Saturday, and the contractor’s desire to pay straight time if this falls within the regular 40 hour week. This conflicts with the union tradition of a five-day 40 hour week, even though the Saturday work might replace another day lost to inclement weather. The Saturday make-up day was left to the local bargaining committees.

Also unresolved was the question of “specialty” pay for smaller commercial or industrial work. This was the initial area for non-union construction, and contractors have proposed lower pay for this work to meet the competition.

The joint national committee suggests that pay differentials of 20-30% for these smaller projects might still be sufficient for the union worker. However, the committee also notes the union commitment to uniform pay, and also leaves this to local bargaining.

A third critical issue remains unresolved in the national committee, the use of subjourneymen at a starting rate of 40% below the journeyman rate. This has been a recurring troublesome issue in the union sector.

The union vs non-union conflict is being felt in all segments of construction. Individual unions are attempting their own solutions, i.e., the Sheet Metal Workers executive council authorizes removal of any business agents that don’t agree to “flexible” contract conditions to meet non-union competition.

On the contractor side, the non-union Associated Builders and Contractors is promoting an open-shop training fund, patterned after the union apprentice training programs to prepare a more highly trained non-union worker.