

Profiles of Significant Collective Bargaining Disputes of 2008

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The [Work Stoppages program](#) at the Bureau of Labor Statistics identified 15 work stoppages involving 1,000 or more employees that occurred in the United States in 2008. The 15 work stoppages idled 72,000 workers, for a total of 1.954 million workdays lost.¹ This article discusses the collective bargaining labor issues surrounding the three largest work stoppages of 2008, as measured by days of idleness and the number of employees involved.

The Boeing Company

The largest work stoppage in terms of total days of idleness and largest number of workers involved was the work stoppage between the Boeing Company and the International Association of Machinists (IAM), Districts 24, 70, and 751. The work stoppage lasted 39 days,² with the 27,000 workers participating in the work stoppage accruing 1,053,000 lost work days. After negotiations involving the two sides and a Federal mediator failed to lead to an agreement, the work stoppage began at 12:01 a.m., Saturday, September 6, 2008, affecting Boeing operations in the States of Washington, Oregon, and Kansas.³ Boeing officials stated that the company would not attempt to assemble planes during the work stoppage.⁴

The union objected to company proposals in which some workers would receive lower pay, fewer benefits, and a less generous retirement package than others.⁵ Boeings final offer involved a 3-year contract that included bonuses of at least \$5,000 in the first year, a pay increase of 11 percent over 3 years, and a 3-percent annual cost-of-living adjustment. According to the company, their offer amounted to an average increase in pay and benefits of \$34,000 per employee.⁶

Boeing and IAM negotiators reached a tentative agreement in late October, and on November 1, 2008, 74 percent of union members voted to end the work stoppage.⁷ The new collective bargaining agreement provides a similar level of compensation to that offered by the company before the stoppage, although the agreement was extended from 3 years to 4 years. The new agreement calls for an 11-percent wage increase over 3 years, with an additional 4-percent increase in the fourth year. The agreement also provides lump-sum payments of the greater of \$5,000 or 10 percent of annual salary in the first year and \$1,500 in each of the second and third years.⁸ In addition, many lower-paid machinists will receive \$1.00 more per hour, and all machinists will retain their current medical plans with no increase in cost. The agreement also includes some limitations on outsourcing of factory work—a major sticking point in the negotiations—as well as job protection for 5,000 union members who deliver parts and maintain the Boeing facilities. Some analysts have estimated that the shutdown of jet production during the work stoppage cost Boeing more than \$2 billion in profits.⁹

American Axle And Manufacturing, Incorporated

The second largest work stoppage of 2008 in terms of total days of idleness involved the automobile parts component manufacturer American Axle & Manufacturing (AAM) and the United Auto Workers International Union (UAW), Locals 235, 262, 424, 846, and 2093. The work stoppage lasted 63 days, idling 3,600 workers and leading to 226,800 lost work days. As a result of the work stoppage, General Motors, which accounts for 80 percent of AAMs revenue, shut down or reduced production at 30 of its U.S. plants, affecting production of full-sized pickups and SUVs. The two AAM facilities in New York State (Cheektowaga and Tonawanda) and the three in Michigan (Detroit, Hamtramck, and Three Rivers) are the companys original plants acquired from General Motors in 1994.¹⁰

The work stoppage began on February 26, 2008, as the union protested company proposals to reduce wages, increase health care costs, and freeze pension benefits.¹¹ After negotiators for the two sides reached agreement, 78 percent of union members ratified a new 4-year contract, and the work stoppage ended May 22, 2008. The new agreement allows for some plant closings, as well as reduced wages for the remaining workers, fewer paid holidays and less vacation time, and reductions in shift premiums. The new agreement also reduces hourly pay to a range of \$10 per hour to \$26 per hour and

provides “buydown” payments of up to \$105,000 over 3 years for workers who stay. (A buydown payment is a type of bonus meant to compensate workers for accepting reduced hourly wages.) In addition, buyout packages and early retirement were offered to eligible workers.¹²

Hawker Beechcraft, Incorporated

The third largest work stoppage of 2008 in terms of total days of idleness involved the aircraft manufacturing firm Hawker Beechcraft and the International Association of Machinists (IAM), Locals 733 and 2328. The stoppage lasted 19 days, idling 5,200 workers and leading to 98,200 lost work days. The IAM represents about 4,700 of the 8,000 Hawker Beechcraft workers employed at the company's factory in Wichita, KS, and an additional 500 workers at its smaller plant in Salina, KS. Hawker Beechcraft is perhaps best known as a leading manufacturer of super-midsize and midsize business jets.

The work stoppage began on August 3, 2008, when 90 percent of union members voted against a new labor contract offer. The work stoppage was the first involving the company (formerly known as Beech Aircraft and Raytheon Aircraft Company) since 1984. The work stoppage ended on August 28, 2008, when 77 percent of members voted to accept the new contract, which provides wage increases of 4 percent in each year of the new 3-year contract. The new contract also keeps health care premiums at their current levels for 3 years.¹³ The company also agreed to increase pension benefits and to drop a proposal that would have reduced the amount of earned time off for new employees.

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Notes

¹ *Major Work Stoppages in 2008*, USDL 09-0150 (U.S. Department of Labor), February 11, 2009; available on the Internet at http://www.bls.gov/news.release/archives/wkstp_02112009.pdf.

² The BLS [Work Stoppages program](#) calculates days of idleness for days including at least one full shift idle, excluding weekends and Federal holidays.

³ *Boeing Statement: Renegotiation Fails; Strike Called* (September 5, 2008), on the Internet at http://www.boeing.com/news/releases/2008/q3/080905c_nr.html.

⁴ “Boeing Machinist Strike After Failed Negotiations,” *The Washington Post*, September 7, 2008, p. A5.

⁵ *Machinists Fault Boeing for Triggering 08 Strike* (International Association of Machinists and Aerospace Workers statement, January 29, 2009), on the Internet at <http://www.goiam.org/content.cfm?cID=14505>.

⁶ “Boeing Machinist Strike After Failed Negotiations,” *The Washington Post*, September 7, 2008, p. A5.

⁷ “Boeing strike ends; Machinists back on the job Sunday,” *The Seattle Times*, November 2, 2008; available on the Internet at http://seattletimes.nwsourc.com/cgi-bin/PrintStory.pl?document_id=2008340022&zsection_id=200375.

⁸ “Boeing, Machinists reach settlement; pact calls for 15 percent pay raise over 4 years,” *The Seattle Times*, November 1, 2008; available on the Internet at http://seattletimes.nwsourc.com/html/boeingaerospace/2008319765_machinists28.html.

⁹ “Boeing strike ends; Machinists back on the job Sunday,” *The Seattle Times*, November 2, 2008.

¹⁰ “American Axle contract ratified, strike ends,” Reuters (online), May 22, 2008; on the Internet at <http://www.reuters.com/article/ousiv/idUSN2251234220080523>.

¹¹ “Some GM workers back American Axle Strike,” *USA Today* (online version), March 14, 2008; on the Internet at http://www.usatoday.com/money/industries/manufacturing/2008-03-11-american-axle_N.htm.

¹² “American Axle contract ratified, strike ends,” Reuters (online), May 22, 2008.

¹³ David Collogan, “Hawker Beechcraft Strike Ends,” *Aviation Week* (online version), September 2, 2008; on the Internet at http://www.aviationweek.com/aw/generic/story_generic.jsp?channel=businessweekly&id=news/STRIKE09028.xml

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