US: Verizon contract paves way for large-scale downsizing

Samuel Davidson
8 September 2003

The contract negotiated by the Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW) with Verizon Communications represents a monstrous betrayal of their 78,000 members.

It underscores the role of the unions, not as instruments that fight in the interests of their members, but rather as a privileged bureaucracy that secures its six-digit salaries and large expense accounts by imposing job cuts, concessions and speedups upon the very workers that it purportedly represents.

In analyzing the details of this agreement, the first thing to be said is that it cannot be called a contract in any traditional sense of the word. The word contract usually refers to an agreement reached between the company and the union after some form of struggle by the two opposing sides in which the strengths and weaknesses of each are tested and determined.

This agreement was reached after the union worked with the company to prevent any struggle by the workers. The August 2 contract expiration came and went without a strike being called. The old principle of “No contract, No work” has been reduced to an historical footnote.

From start to finish there was no democratic control of the union by its members. Elections are rigged, membership meetings are held only once a year at best and, when they are held, members are prevented from raising any issues of importance.

During the negotiations, members are kept completely in the dark. The union has raised to the level of principle that it will not inform its members either of the status of the negotiations or the nature of the union demands. The phrase “shut up and pay your dues” frequently comes to mind.

At the heart of the five-year Verizon agreement is the establishment of even closer collaboration between the union and company to cut jobs, lay off workers, boost productivity and cut costs with as little disruption to profits as possible.

Formed out of the merger of NYNEX, Bell Atlantic and GTE, Verizon, has over 230,000 employees and is the largest provider of local and wireless services in the US. It is seeking to cut jobs to stay competitive under conditions of massive downsizing in the telecommunications industry, which has shed more than 300,000 jobs in the past three years.

The agreement centers around changes to the contract’s job security language, which prevented layoffs of workers except under extreme conditions. The previous language was originally won by workers in New York and New England after a bitter 19-week strike in 1989. The new contract removes this job protection for all new-hires.

The company already has the ability to hire workers on a temporary basis for one to three years. Now Verizon will be permitted to hire and fire new workers at will. This will mean the company can set up call centers or work locations staffed with new employees and, if profits are not great enough, lay off workers and combine these centers at will.

While layoffs of current workers will still be barred, the union has committed itself to working with the company to cut thousands more jobs. As with everything else during the bargaining process, no information has been given to the membership on targets. Yet there is no doubt these have been set and considerable pressure will be applied toward meeting them. Since 2001, Verizon and the unions have worked together to cut 17,000 jobs and the company has indicated it wants to cut thousands more.

From the signing of the contract, and lasting until the end of this year, a number of incentives have been offered to get people to retire early, including a temporary 5 percent increase in pensions and a $10,000 bonus on top of the current severance package of $2,200 per year of service. Workers who take the early retirement will not be replaced, forcing those who remain to do these workers’ jobs as well as their own.

In addition, the new contract allows the company to target specific groups and departments. Rather than having to make offers across the board to all workers based on seniority, Verizon can now target only those work locations and departments where it wants to eliminate jobs.

The agreement also has a special clause that calls for the holding of yearly talks between the union and the company each April to review progress in meeting job-cutting targets; and if they are inadequate, what can be done about it. These “April discussions,” as they are being called, will directly involve the union in the downsizing and reorganization of the company, with the union insuring it is done with as little disruption to production as possible.

Other issues in the contract include cuts in health care, wages and sick leave that will save the company hundreds of millions over the life of the contract.

There will be no wage increase the first year of the contract and then only 2 percent in each of the remaining four years, meaning that workers’ wages will fall behind the cost of living. There is no cost-of-living increase until the fourth and fifth year of the contract, and even then it will only be half the inflation rate minus the pay raises of the third, fourth and fifth years.

Instead of a pay raise, a 3 percent lump sum signing bonus will be given to workers in October. However, because this money will not be added to base pay, workers will lose a total $500 million in wages over the life of the contract.

Both active and retired workers will have to pay higher co-payments and deductibles for health care and prescription drugs. The agreement allows Verizon to push more workers into a company devised health care plan and the company will be given the ability to negotiate directly with health care provides over what services they must offer and at what costs. In other words, the company will be able to set limits on what health care procedures will be covered by which HMOs.

One of the goals set by Verizon during this contract was to reduce absenteeism. Verizon already has one of the worst programs in the industry, in which workers who are sick three or more times a year, or for a total of more than six days a year, are put on a six-step program that leads to dismissal. The contract calls for setting up joint CWA/IBEW/Verizon committees on a geographic basis that “will develop plans to reduce absence and improve administration, *with particular attention to those employees with a record of excessive incidental absences*” (emphasis added).

In other words, workers the company and union officials determine are sick too often face the wrath not only of management, but now the union as well. What will this mean for workers who are unfairly victimized? How will they be able to file grievances when the union that is supposed to represent them is the one conducting their victimization?

While some of the details of the pact have been released, many have not been made available to the members. Some of the most important items will be contained in footnotes and asterisks—or only involved handshakes. Members will never find out these fine points until they are directly affected by them.

One of the most important of these details is no doubt an agreement over Verizon Wireless. The union has been seeking greater access for years to the 20,000-plus workers in Verizon’s wireless division. By bringing them into the union, the CWA does not intend to fight for better pay, benefits and working conditions for these workers but rather to expand its shrinking dues base. It can be sure that no contract would have been signed with Verizon that does not give the union bureaucracy greater access to these workers.

The CWA’s and IBEW’s collaboration with Verizon is neither new nor unique to these unions. For years the unions have been collaborating with the companies to help make them profitable at the expense of the workers. The most recent and sinister example of this collaboration was the July 20th testimony of CWA president Morton Bahr to a Senate Finance Committee hearing in which he argued for the government to stop giving contracts to Verizon’s competitor MCI. The effect would most undoubtedly force the company out of business and lead to the destruction of 55,000 jobs.

One of the rumors circulating among the workers as to why a strike was not called was that Homeland Security Director Tom Ridge would not allow it because a strike would jeopardize national security. Whether Ridge intervened directly or not, it can be certain that one of the factors in the decision not to call a strike was the union bureaucracy’s concern that any struggle could have quickly developed into a confrontation with the Bush administration.