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FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

January 3, 1975

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

FROM: Frank G. Zarb

Attached is a memorandum prepared by W. J. Usery concerning petroleum industry labor negotiations.

While we will no doubt see some strike action next week, I agree that no additional Federal Government action is required at this time.

Attachment

Briefing Paper

1974/75 Petroleum Industry Negotiations

Bargaining Structure

At midnight January 7, 1975, collective bargaining agreements covering approximately 60,000 employees or nearly two-thirds of the total production workers in the petroleum refinery industry will expire. Major companies involved are Texaco, Atlantic Richfield, Amoco, Gulf, Mobil, Shell, and Standard Oil of California. Employees are represented by the Oil Chemical and Atomic Workers (OCAW).

Bargaining is on a strict plant-by-plant basis; however, it is coordinated on an industry-wide basis, primarily through the union's National Oil Bargaining Policy Committee. This committee is composed of an International President, two Vice Presidents, Secretary-Treasurer, and eight rank and file district members.

It should be noted that during all past strikes, production has continued without significant interruption. It is possible that distribution of oil products could be marginally affected.

Current Status

During the 1972-73 contract negotiations, wage and price controls were in effect, and the parties settled on a six percent increase the first year and a 27¢ per hour increase the second year. This has been viewed as an extremely low settlement by the union membership and even though there have been interim voluntary company increases, approximately six percent, a volatile membership situation exists. Contributing to this militancy is the current highly visible profit picture of the industry. There are currently four major areas of bargaining concern: (1) wages; (2) cost of living escalator clause; (3) health and welfare, and (4) pensions.

Several offers have been made (up to 10 1/2% wage increase in the first year) by the major companies; however, according to the union, none are worthy of any serious consideration. The union contends that agreement without a strike of one or more companies is doubtful.

Government Action

Federal mediators have been assigned to all 430 bargaining situations and their activities are being coordinated by the National Director of the Federal Mediation and Conciliation Service, W.J. Usery, Jr. Numerous meetings have been held with the

International President of OCAW and corporate bargaining representatives of several major oil companies. This activity continues at the national level. Increased levels of activity by the Mediation Service will occur as the issues are defined and as the target and level of the union's activity is determined. It is entirely possible that the issues and the target companies may not crystallize until there has been some strike activity involving one or more companies.

Even though pressure for increased Government activity may develop, any action should be restricted to the above.