“Telesis: Progress Intelligently Planned” for Whom?

Deciding Who Counts in the Telecommunications Industry

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Introduction

The Post-Divestiture Period: An Age of Contention

> With new technology our work, our career opportunities and our working conditions are all changing. As a result we feel more stressed and less secure. We see our jobs change or disappear. The reality we must never lose sight of is that technology is not doing these things to us, management is. Technology is the tool, but management is controlling the choices about how it is implemented. We can not afford to ignore this process.[1] – CWA News

> Today's employees have access to technology that helps them work more efficiently. Automated systems allow Pacific Bell to concentrate our people where they will have the greatest impact–serving customers. As the California marketplace evolves in the years ahead, Pacific Bell will continue to fine-tune processes and systems to serve customers and stay ahead of the competition.[2]
> – Sam Ginn, Pacific Telesis CEO

The two perspectives offered above reflect the diametrically opposed viewpoints that existed within the telecommunications industry of the 1980s. While the first quotation was from a Communications Workers of America newspaper from 1992, it puts plainly how telecommunications workers felt about the changes being made to their jobs in this period. The second, from the 1990 Annual report of Pacific Telesis, a regional operating company, shows how executives believed that technology was a means to enhance productivity and that a necessary byproduct of that innovation would be the loss of jobs. Telecommunications during the 1980s was considered to be at the cutting edge of the economy. Likewise, the dawn of the

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[1] CWA Newspaper January/February 1992, 1992, larc.ms.0381 Box 6, Folder 14, Angi Burgess Collection on Communications Workers of America (CWA) Locals 9430 and 9410, San Francisco, CA, 7.

[2] 1990 Annual Report, 1990, H09696.T44 P32. Pacific Telesis Annual Reports, The Bancroft Library, Berkeley, CA, 9.

"information age" signaled to telecommunications executives that jobs had to change if the industry was to stay on top of opportunities presented by new markets and technologies.[3]

The Process of Divestiture and Background on the Bell System

Through the better part of the twentieth century, the telecommunications industry was dominated by one company, AT&T. Likewise, a majority of workers within the industry, over 650,000 individuals in different sectors of telecommunications, were represented by a single union, the Communications Workers of America (CWA). At this stage, the industry bore all the hallmarks of postwar employment, particularly job security, as bargaining was conducted at a national level and affected employees across the nation. Also, AT&T directly conducted a wide array of business functions, from call center management, installation, and maintenance, to research and development.[4] The large internal labor markets of firms such as AT&T created certainty of employment through established wage increases, clear expectations, and requirements for advancement.[5] In 1984, however, the situation changed dramatically, with the court-ordered divestiture of AT&T which brought independent companies back to the Bell System, albeit in a new form. The Bell System has a long history in the United States, which dates back to 1876 when Alexander Graham Bell first received his patent for the telephone.[6] By

[3] Consistently, executives of Pacific Telesis heralded in their annual reports the coming of the "information age". See 1987 Annual Report, 1987, H09696.T44 P32. Pacific Telesis Annual Reports, The Bancroft Library, Berkeley, CA.
[4] Harry Katz, Rosemary Batt, and Jeffrey H. Keefe, "The Revitalization of the CWA: Integrating Collective Bargaining, Political Action, and Organizing," *Industrial and Labor Relations Review* 56, no. 4 (2003): 573–89. https://doi.org/10.2307/3590957.
[5] David Weil, *Fissured workplace: Why Work Became so Bad for so Many and What Can be Done to Improve it* (Cambridge, MA: Harvard University Press, 2017), 38.
[6] Richard John, *Network Nation: Inventing American Telecommunications* (Cambridge, MA: Belknap Press of Harvard University Press, 2015), 201.

1899, two major camps had formed within the telecommunications industry, the Bell companies, and the independents. The Bell companies were a collection of entities for which AT&T was the holding company. On the other hand, the independents represented the rest of the telecommunications suppliers. These companies varied widely in scope, from city wide operating companies to small farming community cooperatives.[7] AT&T would compete fiercely with these independent companies and looked to incorporate them due to the incompatible equipment used by both groups. Bell networks were not able to be accessed by independent networks and vice versa.[8] The frustration of having two different lines for every major business increased pressure to streamline the system of telecommunications, which enhanced AT&T's ability to eventually garner control of telecommunications nationwide.

Under the divestiture order, AT&T was divided into seven Regional Bell Operating Companies (RBOCs). Each of these divisions acted as local exchange carriers (LEC) providing local landline service to areas predetermined by the Public Utilities Commission. AT&T retained the ability to provide long-distance, international service, as well as telecom research, development, and testing, which was done through a subsidiary of AT&T known as Bell Labs.[9] Over the next four years, the telecommunications industry was steadily decentralized in the name of increased competition. It was during this period, 1986 to 1990, that Pacific Telesis Group (PacTel), the California-based RBOC, embraced a dramatic shift in ideology, which created sustained conflict with the workers and subsequently their union, the CWA.[10]

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[7] Richard John, *Network Nation: Inventing American Telecommunications*, 273.
[8] Richard John, *Network Nation: Inventing American Telecommunications*, 274-276.
[9] Andrew Pollack, *Bell System Breakup Opens Era of Great Expectations and Great Concern*, *The New York Times*, January 1, 1984, 12.
https://www.nytimes.com/1984/01/01/us/bell-system-breakup-opens-era-of-great-expectations-and-great-concern.html.
[10] The six other RBOCs in no particular order were: NYNEX, Ameritech, Southwestern Bell, Bell Atlantic, Bell South, and US West. See Jeffrey Keefe and Karen Boroff, "Telecommunications Labor-Management Relations: One

On August 5, 1989, West Coast locals of the CWA announced they would be striking Pacific Telesis and its principal subsidiary, Pacific Bell. The CWA cited healthcare cost shifting and wage determination policies as the main sources of their grievances.[11] After a three-week strike and much bargaining, the CWA was eventually successful in its efforts to win a new contract. However, many of the positions held by its members were subject to becoming the targets of downsizing in subsequent years.

The 1980s, A Dark Age for Organized Labor

Disruption of revenue through strikes and work stoppages have been tools of the labor movement since its inception, both of which function to put pressure on companies to come to the bargaining table and make concessions to the union. These kinds of strikes, such as the steel strike of 1959 and the 1964 strike of General Motors, reminded employers that they owed some amount of their success to their workforce. While the outcomes of these strikes were wildly different, they provided context for traditional union strategies. The 300,000 United Auto Workers (UAW) sought to paralyze GM's production process, in turn crippling its revenue source.[12] As the American economic system changed throughout the 1970s and 80s, manufacturing and extraction-based businesses became less central to the economy. The flight of

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Decade After the AT&T Divestiture," in *Contemporary Collective Bargaining In The Private Sector*, ed. Paula B. Voos (Madison, WI: Industrial Relations Research Association Series, 1994), 336-340, 342.
Andrew Pollack, "Bell System Breakup Opens Era of Great Expectations and Great Concern," 12.
[11] "PacBell Workers Authorize Strike if no Pact by Aug. 5: [Home Edition]," *Los Angeles Times (Pre-1997 Full Text),* Jul 29, 1989.
https://www.proquest.com/newspapers/pacbell-workers-authorize-strike-if-no-pact-aug-5/docview/280842395/se-2.
[12] Nelson Lichtenstein, *State of the Union: A Century of American Labor* (Princeton, NJ: Princeton University Press, 2002), 189-190.

manufacturing overseas combined with the rise of businesses that achieved most of their revenues through the provision of services led to the decline of many blue-collar unions in the 1980s. As such, industries that were once bastions of large New Deal unions, such as mining and construction, increasingly found themselves under attack. Scholars Glenn Perusek and Kent Worcester cite a 1985 union sourcebook that displays the decline of mining and construction from 1947 to 1994. The workforces in both industries went from over 80 percent union in 1947 to 17.7 percent in mining and 23.5 percent in construction by 1994.[13] As a result, scholars from several fields have attempted to synthesize the decline of the labor movement broadly as well as the change in tactics that was necessary for unions to survive.

In *State of the Union*, Nelson Lichtenstein discusses the two primary methods scholars have used to discern the decline of labor throughout the 1980s. The first prioritizes sociotechnical transformations in production. However, the second, and more persuasive argument focuses on how capital has achieved an advantageous position through technology and popular perceptions about labor's role in business.[14] This interpretation is borne out by analysis of PacTel strategies, as explained in the second chapter. Put simply and generally, business is the instigator of technological change that alters production in management's favor, which also tends to be to the detriment of workers. Lichtenstein points out that both the globalization of trade and the transformation of production via technology do not always weaken union power; this observation provides an accurate framework to understand that successes at the bargaining table do not always translate to long-term success.[15] Unions who couldn't find political allies, or have

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[13] Glenn Perusek and Kent Worcester, "Introduction: Patterns of Class Conflict in the United States since the 1960s" in *Trade Union Politics: American Unions and Economic Change 1960s-1990s*, (Atlantic Highlands, NJ: Humanities Press International, 1995) 7.
[14] Lichtenstein, *State of the Union*, 215.
[15] Lichtenstein, *State of the Union*, 226.

success at the bargaining table had to look toward rank and file membership in order to exert pressure on employers. The 1980s saw a turn towards "general unionism" and away from CIO-style industrial organization. Unions attempted to opportunistically organize and include a wide variety of professions that are not bound to one particular industry.[16] While this organization would bolster membership and subsequently dues, the many divergent issues of general unions hampered coherency.

In a broader context, CWA's efforts to fight cost shifting occurred at a time when organized labor held very little power, especially in the political arena. The defining moment of the era was President Ronald Reagan's destruction of the Profession Air Traffic Controllers Organization (PATCO) in 1981. President Reagan decertified the union after an alleged illegal strike. Reagan's action signaled to corporations that union-busting tactics would be tolerated, even supported by the federal government.[17] After the election of George H.W. Bush in 1988, labor unions and their workers continued to face ambivalence, if not flat-out hostility. Unions found it extremely difficult to find recognition from the National Labor Relations Board, and workplace elections were bitterly fought and controlled by managerial bodies. It was in this hostile climate the CWA found itself in its several strikes against Pacific Telesis from 1986 to 1989.

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[16] Lichtenstein, *State of the Union*, 249.
[17] Lichtenstein, *State of the Union*, 234.

Attuning to Divestiture: Growing the Union in a Time of Uncertainty

It is important to recognize that divestiture's legacy could be felt throughout the 1980s and 1990s, as the entire telecommunications industry attempted to grapple with imposed change. [18] While competition was touted as the primary reason for the divestiture of American Telephone and Telegraph (AT&T), labor took the brunt of the consequences of the decision. From 1984 to 1991 total employment at Pacific Telesis declined from 82,000 to 62,532, a decrease of 24 percent, and more than any other regional operating company.[19] The primary union of the industry, the Communications Workers of America (CWA), had made substantial gains over the 1970s that were suddenly undone as a result of divestiture, and in 1984 the court-ordered separation would be complete. Suddenly, the system of bargaining at the national level, which was a major success of CWA in the 1970s, was no more.[20] The establishment of the seven independent Regional Bell Operating Companies (RBOCs) increased the ability of Bell system executives to battle labor across the different regions of the United States. Likewise, the breakup fragmented and isolated bargaining units that were now forced to be coordinated mainly on a district level, due to the increasing costs of organizing campaigns nationally. As CWA progressed

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[18] It is not in the scope of this paper to determine the overall result of divestiture. For a comprehensive work on the process of divestiture, see Peter Temin, and Louis Galambos, *The fall of the bell system: A study in prices and politics* (New York: Cambridge University Press, 1989).
[19] Employment changes for all of the regional operating companies from 1984 to 1991 are provided in table 3. See, Jeffrey Keefe and Karen Boroff, "Telecommunications Labor-Management Relations: One Decade After the AT&T Divestiture", in *Contemporary Collective Bargaining In The Private Sector*, ed. Paula B. Voos (Madison, WI: Industrial Relations Research Association Series), 325.
[20] This system included two tiers. The first set national agreements regarding issues such as wages. The second provided different regions flexibility to bargain over topics like family care programs, which were more regional. Morton Bahr, *From the Telegraph to the Internet* (Washington, D.C.: National Press Books, 1998), 76, 79, 80.

through the 1980s, relations with Bell system employers became increasingly hostile and culminated in a strike in 1989 that spanned both coasts. This paper will take an in-depth look at the under-examined Pacific Bell strike in California, which occurred simultaneously with the more extensively discussed 17-week strike at NYNEX in New York.

Through an examination of the post-divestiture period and particularly the 1989 strike of Pacific Bell, this thesis endeavors to answer several research questions. First, what were the main strategies of the Communications Workers of America (CWA) during the strike? Second, did Pacific Telesis actively pursue greater flexibility in employment, and what was the fundamental purpose of those decisions? Third, how did CWA and workers reckon with the corporate decision to shed jobs during this period? Fourth, what role did new technology play in potential changes to the terms of employment, and did that affect the power dynamic between employers and employees? Lastly, how did national news coverage of the conflict between CWA and Pacific Telesis influence public opinion, and what was the impact of that potential change? In answering the above questions, this thesis will show that despite the CWA's attempts to bargain in favor of workers, the telecommunications industry's organization and dynamism created a structural power imbalance. Due to the disconnected nature of the industry after divestiture, regional companies gained significant decision making power over their respective markets. This power allowed executives, such as those at Pacific Telesis to institute changes to employment and the structure of the firm that was outside the bounds of CWA control.

To answer the preceding questions, this thesis will analyze several national and regional newspapers such as the New York Times, Wall Street Journal, and Los Angeles Times. Additionally, the overwhelming majority of primary evidence for this paper was acquired through archival research. Berkeley's Bancroft Library provided the series of annual reports published by Pacific Telesis from 1986 to 1992. Likewise, San Francisco State's Labor Archives and Research Center provided the collection of documents of Angi Burgess. Burgess was a CWA shop steward and executive member of Locals 9410 and 9430.[21]

The success of the CWA at the bargaining table in 1989 was mixed at Pacific Bell. Members continued to be discontented with their employment, as contracts failed to provide security, which led CWA to adopt a new strategy heading into the 1990s. The strategy they developed was "Wall-To-Wall," as coined by then-CWA president Morton Bahr, consisting of an effort to prioritize grassroots organizing over political lobbying.[22] The foundations of this strategy partially originated in the 1989 strike of Pacific Bell. The adaptation of this strategy was effective in securing short-term growth, as well as success on particular issues such as healthcare in the 1989 strike. However, there were two shortcomings of this strategy, which will be discussed in subsequent chapters, which inhibited CWA's ability to entrench gains in 1989. First, was the emergence of lean business ideology and how Pacific Telesis embraced cutting its workforce as a method to increase its bottom line. Second, CWA was unable to secure support from both the local and national media, which hampered its public opinion. Combined, these facets greatly impeded CWA's ability to entrench gains during this strike and within the time period, which coincides with broader trends in the labor movement.

This thesis will be separated into three distinct chapters. Chapter one will delve into the changing union tactics throughout the 1980s and discuss how CWA sought to put greater emphasis on linking collective bargaining goals and member mobilization. Through an analysis

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[21] Angi Burgess Collection on Communications Workers of America, larc.ms.0381, Labor Archives and Research Center, San Francisco State University. https://oac.cdlib.org/findaid/ark:/13030/c85141f5/entire_text/?query=Communication%20Workers%20of%20America#hitNum5

[22] Morton Bahr, *From the Telegraph to the Internet*, 111, 112.

of archival documents of a CWA shop steward and executive board member, this chapter examines the evolution of Local 9410's strategies and the foundation of CWA's national campaign termed wall-to-wall. Chapter two, by contrast, uncovers the change in corporate ideology that drove the restructuring of the many Pacific Telesis companies during this period. Executives embraced new, "lean" organizational forms, which were touted to be more efficient. Yet, these changes used technology primarily as a method to shrink the workforce rather than promote efficiency. Likewise, Pacific Telesis was able to use its power to garner key regulatory rulings that enhanced its ability to rely on smaller workforces. Lastly, Chapter three will examine the media coverage of the 1989 strikes at both Pacific Telesis and NYNEX. Using Christopher Martin's work, *Framed*, this chapter argues that media coverage at this time actively undermined unions as institutions that promote welfare for workers. Through ambivalent coverage and an overwhelming focus on the growth of the telecommunications industry, many media outlets failed to cover the Pacific Telesis strike. Additionally, those that provided coverage purposely took a consumer-centered approach as a method to deter the public from supporting the CWA during their contract negotiations.

Chapter 1

Innovative Organizing: Integrating Member Mobilization into Collective Bargaining

After the divestiture order, CWA looked to reconsolidate the gains it had made throughout the previous decades. The 1980s, particularly 1989, would form the foundations of a new strategy that sought to make up for the hostile political climate of this period as noted in the introductions. This chapter will examine the way organizing and bargaining tactics changed prior to and after the 1989 strike of Pacific Bell through a variety of archival documents that once belonged to a CWA shop steward and executive member of Local 9410.[23] The success of Bay Area Local branches in the 1989 round of bargaining was mixed. The CWA was able to raise wages, stave off healthcare cost shifting, and increase employee services such as family care. Yet, Pacific Telesis and its subsidiary Pacific Bell retained the ability to structurally alter employment despite CWA's attempt to create a strategy to confront restructuring. Additionally, the 1980s saw a marked decline in the efficacy of unionism. However, this decline was complex. Through the creation of new member focused strategies, unions in some industries were able to grow during this time. This paper dispels the myth of labor's powerlessness and illuminates the evolving nature of organizing tactics.

While labor historians have tried to use these frameworks to discern the decline of labor, industrial relations scholars have attempted to theorize how CWA during the late 80s and 90s

[23] Angi Burgess Collection, larc.ms.0381, Angi Burgess Collection on Communications Workers of America (CWA) Locals 9430 and 9410, San Francisco, San Francisco, CA. https://oac.cdlib.org/findaid/ark:/13030/c85141f5/dsc/.

was able to revitalize itself. The tactics of CWA fit with the analysis put forward by Rosemary Batt, Harry Katz, and Jeffrey Keefe. Their work advances four different hypotheses that seek to synthesize union behavior. The two most integral to describing CWA's efforts during the late 1980s are the adaptation and diversification hypotheses. The first elucidates how unions will abandon strategies that no longer fit their environment and bolster those strategies that remain suitable. The second describes how in response to increased environmental complexity, unions will use political action, growth strategies, and inter-organizational linkages to reduce dependence on their own members and enhance their bargaining power.[24] These frameworks will be used to highlight how CWA changed in order to confront the new nature of the telecommunications industry post-divestiture.

Former president of the CWA, Morton Bahr has discussed the shift in priorities for CWA organizers as the union evolved. Prior to 1980, CWA did not have to aggressively organize due to AT&T's status as a regulated monopoly.[25] The immense national workforce of AT&T provided a stable membership base for CWA, which allowed it to be more active in the political and regulatory arena. This approach appealed to CIO-style industrial unionism, as organizing didn't occur beyond the bounds of AT&T but attempted to incorporate all workers that AT&T employed. With the increased complexity and uncertainty brought about by divestiture, CWA's organizing priorities shifted. In order to expand their influence, the CWA looked first to unorganized business units of companies they represented. The second target of this approach was outside industries, in an attempt to grow membership, which in turn provided greater support

[24] Harry Katz, Rosemary Batt, and Jeffrey H. Keefe, "The Revitalization of the CWA: Integrating Collective Bargaining, Political Action, and Organizing," *Industrial and Labor Relations Review* 56, no. 4 (2003): 573–89, https://doi.org/10.2307/3590957, at 574-575.

[25] Bahr, *From the Telegraph to the Internet*, 103.

and solidarity to strikers no matter their industry.[26] Early in the 1980s, CWA had to secure its membership base across the regional operating companies, and the most effective way they achieved this was through mergers with two separate unions. The first was finalized in 1985 when the Telephone Independent Unions of New York, Delaware, and Pennsylvania joined the CWA, which added around 40,000 members. Then in 1987, the International Typographical Union joined the CWA, which bolstered membership by an additional 20,000.[27] By this time it became apparent that the telecommunications industry was becoming broader in scope, due to the diverse array of jobs within the industry. General unionism became the primary method to expand union resources through expanding membership, particularly because the political arena was hostile to union expansion during this period.

"You Could Be Next" Setting the Stage for Hostility in 1989[28]

The 1986 round of bargaining was the first to be undertaken after the breakup of the Bell System. Local presidents of CWA and executives of Pacific Bell and Pacific Telesis convened that summer to renew the contract. Despite the possible contentions that divestiture might bring to the table, both parties would settle on a new three-year contract about a week before the previous contract's expiration on August 9, 1986. The new contract entailed a 13 percent boost to the total compensation of employees throughout the duration of the contract. More importantly,

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[26] Bahr, *From the Telegraph to the Internet*, 122-123.
[27] Katz, Batt, and Keefe, "The Revitalization of the CWA: Integrating Collective Bargaining, Political Action, and Organizing," 580.
[28] Bulletin to the Members of local 9410, 1986, larc.ms.0381 Box 4, Folder 15, Angi Burgess Collection on Communications Workers of America (CWA) Locals 9430 and 9410, San Francisco, CA. https://oac.cdlib.org/findaid/ark:/13030/c85141f5/dsc/. (hereafter cited as Angi Burgess Collection).

the contract called for a no-layoff provision. The contract stated that Pacific Bell would "Offer all employees who meet performance standards employment security through reassignment and retraining, even if their jobs are eliminated. The policy will hold unless there is a change which will materially alter Pacific/Nevada Bell's business plan achievement."[29] Vice President of CWA District 9, Harry Ibsen put in the August newsletter, "The fact that we settled more than a week before the current contract expires [August 9] indicates that Pacific Telesis acknowledges the major productivity gains made by CWA members since divestiture." In the same newsletter, the no-layoff provision at Pacific Bell was hailed by President Bahr as "A milestone not only for CWA but for the entire American Labor Movement."[30] The contract of 1986 seemed to be advantageous to both sides. The company would retain employment flexibility, while simultaneously CWA members could look forward to increased compensation and stable work with the same company. As a benefit to the company, the language of "will materially alter" was so vague that practically any change would allow it to surplus, or offer severance or retirement to any employee.[31] While those practices would conceptually give both parties an equitable deal, the loss in membership would be detrimental to the strength of CWA's bargaining unit at Pacific Bell.

This new agreement did not bring about a new era of cooperation, however. Employees voiced concerns over their employment up until the 1989 round of bargaining. Shortly after the new agreement in 1986, several operators were fired by Pacific Bell for making long-distance

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[29] CWA District 9 Pacific Bell Nevada Bell Contract, 1986, Box 1, Folder 21, Angi Burgess Collection.
[30] CWA Newsletter, Volume 43, No. 29, 8 August 1986, Box 1, Folder 17, Angi Burgess Collection.
[31] To surplus an employee refers to an employer designating certain employees to be laid off or demoted. Surplussed employees can seek out other vacancies within the same company that they are qualified to hold. See "Layoffs and SROA Frequently Asked Questions." CalHR. Accessed March 16, 2024. https://www.calhr.ca.gov/state-hr-professionals/Pages/layoffs-and-sroa-faq.aspx#:~:text=Surplus%3A%20A%20surplus%20employee%20is,them%20of%20their%20surplus%20status.

calls unrelated to workplace responsibilities. The union argued that the cost of these calls was negligible, and that these firings represented an overt attempt to directly weaken union membership and raise the bottom line. Ultimately, the employees would go through the official grievance process in an attempt to retain their jobs. Local 9410 used this opportunity to mobilize its members by distributing a bulletin of this incident with a warning written across the top, stating, "You could be next..."[32] A grim portent, it was a signal to members that the company viewed them as expendable, and that the value they added through their work was minimal. Nevertheless, CWA couldn't rely on scaring its members in order to push them into union activities. They had to develop new methods and reasons for individuals to engage with the union.

CWA officials had to evolve with their industry. To President Bahr, it was clear that "After divestiture, automatic strikes at contract expiration were no longer effective."[33] The answer to this problem was developed after a New Jersey state decision in 1986 wherein public employees were barred from striking their employer.[34] CWA developed what they called a mobilization campaign, which was a way to exert leverage against the employer without striking. Mobilization aimed to get all members active in the union through reciprocal education. In mobilization, members must make the officials aware of their concerns, and in turn, the union needs to make members aware of potential changes to their employment, and how that could affect their livelihood.

Another opportunity for innovative tactics presented itself to Local 9415 of Oakland in 1987, which found themselves in a tricky situation that was to become increasingly common in

[32] Bulletin to the Members of local 9410, Box 4, Folder 15, Angi Burgess Collection.
[33] Morton Bahr, *From the Telegraph to the Internet*, 85.
[34] Morton Bahr, *From the Telegraph to the Internet*, 84.

subsequent years. Northern Telecom had been bought out by Pacific Telesis and was rebranded as PacTel Infosystems, which employed primarily terminal equipment installers. Particularly for the regional companies, establishing new subsidiaries was a way to threaten the institutional security of the union. The business would expand, but in the process, the union would become increasingly isolated to a particular business unit.[35] In order to win recognition of the union in a new subsidiary, there had to be a renewed focus on organizing tactics. Despite the fact that the employees at PacTel Infosystems had agreed to strike for recognition, the union went a different route. The answer was termed a "work to rule campaign," wherein employees attempted to work explicitly by company policy. This included installers returning trucks after every shift and refusing overtime. Employees were able to keep their jobs and income while pressuring the company to hold representation elections.[36] Heading into the bargaining rounds of 1989, Bay Area locals looked to incorporate new strategies that combined mobilization with Creative Persistent Resistance (CPR) into a comprehensive strategy that would not only win a new contract, but grow union strength heading into the 1990s.

Building "Wall-to-Wall", the strike in 1989

On October 8th and 9th, 1988, local presidents of Bay Area Local offices of the CWA were busy preparing for a new round of bargaining. They had identified five issues that needed to be addressed if they were to strengthen their position at Pacific Telesis. These issues included job

[35] Harry Katz, Rosemary Batt, and Jeffrey H. Keefe, "The Revitalization of the CWA: Integrating Collective Bargaining, Political Action, and Organizing," 578.
[36] CWA Newsletter Volume 44, No. 16, 1 May, 1987, Box 1, Folder 17, Angi Burgess Collection.

security, compensation, health care, family issues, and working conditions. These reports form the goals and strategic approach that would be used during the negotiations in 1989. Highlighted in the first report pertaining to job security was the notion that the union needed to "restore the historic promise of employment security in telecommunications."[37] By 1989, CWA officials had realized that the no-layoff provision proved to be a hollow gain. The report outlines that reassignment of workers must be geographically restricted, as the company usually offered only distant assignments that often resulted in termination when the worker in question declined.[38] The other important conclusion regarded how technological change was being used to rebrand roles as management positions. Increasing computerization required particular skills that often led to those job titles being labeled as management positions, which were ineligible for union membership. In addition, CWA noted that many "craft skills" were being split, changed, and deskilled due to the introduction of technology, which lowered wages for those professions.[39] The above are both examples that technology has offered capital a more advantageous footing to institute change. The immaterial nature of telecommunications service gave Pacific Bell the ability to choose work sites based on cost to the company, rather than proximity to its workforce. Likewise, the introduction of technology was used by executives to polarize employment. Positions within Pacific Bell would increasingly become labeled management positions, thus ineligible to be CWA members, or deskilled, leading to depressed wages and benefits.

Other issues outlined in the local president's reports also provide insight into how the CWA attempted to approach the bargaining table in 1989 and what it hoped to achieve for its

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[37] "Report on Job Security: Prepared for Local Presidents' Conference on Collective Bargaining", 8 October 1988, Box 3, Folder 6, Angi Burgess Collection, 1.
[38] "Report on Job Security: Prepared for Local Presidents' Conference on Collective Bargaining", 8 October 1988, Box 3, Folder 6, Angi Burgess Collection, 7.
[39] "Report on Job Security: Prepared for Local Presidents' Conference on Collective Bargaining", 8 October 1988, Box 3, Folder 6, Angi Burgess Collection, 4-5.

members. The key recommendation regarding pay and compensation was the institution of Cost of Living Adjustments (COLA), to ensure that wages keep pace with inflation. The report notes that the three percent per year increases were adequate for the situation in 1986, as inflation was quite low. The union cites inflation predictions released by the Congressional Budget Office, which were 4.4 percent for 1988 and 5.0 percent for 1989.[40] Contentions over compensation were of particular importance for the union, as one of membership's primary concerns was their own compensation.

Of particular importance to the strikes of 1989 was health care, specifically attempts by Pacific Bell to shift the costs of health care onto its employees, though not abandoning its coverage of all workers' healthcare costs. Explaining why the company was shifting healthcare costs, union officials wrote, "The basic rationale for all of these strategies is that workers are responsible for the high cost of health care, and therefore they should be responsible for paying for the care."[41] CWA planned to combat this rationale in several ways. They suggested that during bargaining health care cost shifting must remain the ultimate priority, as the new costs essentially constituted a wage cut. Historians David Rosner and Gerald Markowitz elucidate why healthcare became such a critical issue for labor, and the telecommunications industry specifically. Their work looks at the history of healthcare development in relation to the labor movement, and how labor had been isolated from the formation of health plans by the 1960s.[42] To accept cost shifting would be to reject gains made over the previous thirty years of bargaining in the industry and lead to a considerable decline in employment quality. As the "key

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[40] "Report on Pay Compensation", 9 October 1988, Box 3, Folder 6, Angi Burgess Collection, 2.
[41] "Report on Health Care Bargaining", 9 October 1988, Box 3, Folder 6, Angi Burgess Collection, 1.
[42] David Rosner and Gerald Markowitz. "Hospitals, Insurance, and the American Labor Movement: The Case of New York in the Postwar Decades," *Journal of Policy History* 9, no. 1 (1997): 74–95,https://doi.org/10.1017/S0898030600005832.

determinant" of union effectiveness, CWA's influence and support from membership would hinge on its ability to achieve the above aims in the 1989 negotiations with Pacific Bell.[43]

The mobilization and eventual strike by CWA members were contested by the company. Pacific Telesis actively engaged in an anti-union campaign during the fourteen-day strike. While the West Coast conflict didn't reach the levels of hostility of the NYNEX strike in New York during the same month, strikers and their union faced their fair share of coercion and hostility. On August 8, 1989, Phil Quigley, the CEO of Pacific Bell, put out a newsletter that attempted to shake CWA members' faith in their representatives. He claimed that union officials were purposely misinforming their membership and that CWA negotiators had never responded to the final wage proposal that PacBell put on the table. Quigley ended his letter with the statement, "While I believe that bargaining should be conducted at the table and not in the media, it's only fair that each of you know what the companies have offered our CWA employees through their representatives."[44] Additionally, CWA discovered that Pacific Telesis refused to deduct union dues from members' paychecks in the month of August in order to financially strangle the union into concessions at the bargaining table.[45] It wasn't until 1990, when this issue was resolved by arbitration, that CWA would see the dues from August 1989.

Building upon prior successes, CWA had to find ways to achieve the goals they outlined at the local presidents' meeting of 1988. Soon after the members were authorized to strike, union officials came to an agreement with local temporary service agencies. Their agreement stated that temporary employment agencies wouldn't employ scabbing workers at Pacific Bell, and in return, CWA members who needed supplementary income would be directed to them for work.

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[43] Harry Katz, Rosemary Batt, and Jeffrey H. Keefe, "The Revitalization of the CWA: Integrating Collective Bargaining, Political Action, and Organizing," 575.
[44] Pacific Bell Newsletter, 8 August 1989, Box 3, Folder 21, Angi Burgess Collection.
[45] PacBell publication, Box 3, Folder 21, Angi Burgess Collection.

CWA locals had struck agreements with eight agencies located throughout the Bay Area, the most notable of which was Manpower, which employed temporary employees throughout the nation.[46] In effect, this limited Pacific Bell's ability to replace, even just in the short term, CWA members throughout the company. Pacific Bell would have to rely on using managers from across the state to staff only the most necessary positions in order to maintain service. Disrupting the service of a regulated monopoly with the dominant market share was not an easy task, and further action was necessary.

In response, CWA turned to the public, encouraging Pacific Bell subscribers to stop paying their phone bills until a new contract was agreed upon.[47] In an industry where services were a primary commodity, the cooperation of consumers was necessary to pressure the company into bargaining with CWA. President Bahr described the operations of the regional Bell companies as difficult to impede, given that there was often no other service provider that customers could turn to for local service. The most effective tactic, in addition to encouraging the public to stop paying their bills, was to drop ancillary services such as call waiting and caller ID. Union officials would request that their colleagues, vendors, and local businesses sign an authorization form to drop these services as a way to impede company revenue.[48] The goal was to effectively boycott the company, and while this strategy never reached boycott levels, it put significant pressure on the employer. Inter-organizational linkages, as the diversification hypothesis predicts, became increasingly important for CWA to both sustain its ability to strike

[46] Temporary Service Agencies Agreement, n.d. Box 3, Folder 21, Angi Burgess Collection.
[47] Internal CWA communication, 6 August 1989, Box 3, Folder 21, Angi Burgess Collection.
[48] Morton Bahr, *From the Telegraph to the Internet*, 92.

and put pressure on Pacific Bell.[49] However, these alliances were not able to make up for the lack of efficiency in other areas associated with the diversification hypothesis.

The strike lasted until the 21st of August when both parties were able to agree on a tentative contract, which was sent to members for ratification. On August 31, 1989, phone workers at Pacific Bell were urged by their CWA representatives to reject the tentative contract. Union members pointed to several aspects of the contract that they were discontented with, such as the modest wage increases of 9.4% over three years.[50] Tony Bixler, a CWA official, had said this new contract was "the most regressive pact seen in years."[51] Another CWA spokesman, Dan McCrory, in a statement given to the Los Angeles Times had said, "Some of us aren't satisfied. We feel we could have held out longer," and that "It makes you wonder what you stay out two weeks for."[52] CWA officials had been worried about the strike continuing for longer than the two-week time frame, due to the increasing cost of strike benefits. As opposed to McCrory and Bixler, District 9 Vice President Harry Ibsen had stated to the Los Angeles Times that the agreement was "a good contract" and then added, "Although we didn't attain everything we needed, we attained a whole lot more than they were willing to give us at the beginning."[53] While the new strategy attempted to emphasize rank-and-file mobilization as the lynchpin of this strategy, there was clearly some "interest disjuncture," a term used by authors to describe a broader trend of the labor movement during this period. The lack of coherence between both

[49] Harry Katz, Rosemary Batt, and Jeffrey H. Keefe, "The Revitalization of the CWA: Integrating Collective Bargaining, Political Action, and Organizing," 575.
[50] Bob Baker and Dan Morain, "Pacific Bell and Strikers Reach Pact : 2-Week Walkout Ends with 3-Year Tentative Accord," Los Angeles Times, August 21, 1989, https://www.latimes.com/archives/la-xpm-1989-08-21-mn-678-story.html.
[51] CWA Newsletter, 31 August 1989, Box 3, Folder 21, Angi Burgess Collection.
[52] Bob Baker and Dan Morain, "Pacific Bell and Strikers Reach Pact : 2-Week Walkout Ends with 3-Year Tentative Accord."
[53] Bob Baker and Dan Morain, "Pacific Bell and Strikers Reach Pact : 2-Week Walkout Ends with 3-Year Tentative Accord,"

local officers and the rank-and-file suggests that CWA's member-centered strategy lacked coherence, leading to paralysis. Perusek and Worcester attempt to explain how the bureaucratized structure of unions often creates this difference, as well as lackluster agreements. [54] Furthermore, a new contract doesn't always equate to success. Union gains are often inhibited by vague contract language, such as the no-layoff provision, and disjuncture between the wants of members and gains made by bargaining units. The national declaration of Wall-to-Wall sought to remedy the problems that arose out of the 1989 contract contentions and the decline of employment in the telecommunications industry more broadly.

Conclusion

The post-divestiture world introduced a variety of new challenges for CWA Locals in the Bay Area. They had to change if they were going to ensure that stable, if not prosperous employment were to remain a hallmark of the telecommunications industry. The 1980s marked a period of decline for the labor movement. Yet, CWA's experience shows that the decline was marked by complexity. Industries operated in unique ways that heavily informed the ability of unions to advance the interests of workers. Their efforts to adapt required a renewed focus on the needs of rank-and-file members in the collective bargaining process. However, the contract established in 1989 was a mixed success, and a disjuncture between officials and membership remained. The transition to a member-focused strategy was incomplete. Workers could expect a modest wage increase and no cost shifted health coverage. Additionally, the change in strategy

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[54] Glenn Perusek and Kent Worcester, "Introduction: Patterns of Class Conflict in the United States since the 1960s" in *Trade Union Politics: American Unions and Economic Change 1960s-1990s*, 3.

by the CWA lacked support from regulatory agencies, politicians, and the wider public. At this time CWA failed to link political action, collective bargaining, and organizing in a meaningful way to entrench its gains. The next chapter will highlight the lack of CWA's political clout and how that enabled Pacific Telesis to embrace ideological changes that would shape the business as it headed into the 1990s.

Chapter 2

Constructing a Corporation for the Information Age

In 1990, CWA members penned a letter to the CEO of Pacific Bell, Phil Quigley. In that letter they stated, “When there are problems with the customers, we are the first to feel the heat. When the company makes money, we usually are the last to know.” They concluded their letter with, “After all, the company’s motto is ‘we value the individual’, but just ‘who’ are those individuals.”[55] In the post divestiture period, Pacific Telesis and its subsidiaries were rapidly changing the makeup of its workforce, and how it would conduct business. By 1990, it was clear that Pacific Bell had been shedding jobs at all levels of the company in order to cut costs. Not only was it shedding jobs, but it was also looking toward new business units, such as cellular, as main avenues for growth. While wages for workers increased only at modest, unremarkable rates, the pay of Chief Executive Officers (CEOs) had skyrocketed across the country.[56] The letter highlights the effects of this changing nature of business ideology, which became dramatically clear by the end of the decade. The grandiose structure of post-war corporations gave way to a new system of ‘lean’ organization. This new system promoted treating labor as a flexible cost, rather than a fixed one.[57] Subsequently, this change would undermine the efficacy of the CWA in the 1989 contract negotiations. In addition, the pro-business stance of many

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[55] Letter to Phil Quigley, May 1990 Box 3 Folder 7, Angi Burgess Collection.
[56] “Report on Job Security: Prepared for Local Presidents’ Conference on Collective Bargaining”, 8 October 1988, Box 3, Folder 6, Angi Burgess Collection, 1.
[57] Louis Hyman, *Temp: How American Work, American Business, and the American Dream Became Temporary* (New York: Viking, 2018), 180-186.

political and regulatory bodies at this time, both nationally and locally, provided the means for businesses such as Pacific Bell to enhance revenues without regard for labor or service quality.

Through an analysis of reports put out by Pacific Telesis Executives between 1986 and 1990, this chapter will elucidate how Pacific Telesis sought to improve finances through internal and external developments. The chapter will examine the overall financial health of Pacific Telesis through examination of annual reports leading up to, and directly after, the 1989 contract negotiations, as a method to determine its ability to cede to CWA demands. Likewise, it will elucidate how the changing business ideology led executives at Pacific Telesis and Pacific Bell to embrace a lean version of business structure; which in turn purposefully undermined the power of organized labor through considerable downsizing in an effort to appeal to shareholders. Lastly, this chapter will elucidate how the regulatory arena functioned as a primary point of contention between Pacific Telesis and the CWA. Service rates as well as regulatory frameworks provide a window into examining how public policy affected the company and its employees. Moreover, the company was able to cite unregulated competition as an avenue to gain favorable rulings.

Operating Independently: Finances in the Post-Divestiture Period

The financial viability of Pacific Telesis was a key point of contention between managers and employees. Managers continued to insist throughout this period that cost cutting was a necessary measure for the business. Yet, employees consistently highlighted the increase in revenues and share price over the same years as evidence of Pacific Telesis's financial health. In the 1988 annual report, CEO of Pacific Telesis Sam Ginn wrote that "Overall, the corporation has never been stronger—financially, operationally, and technologically——than it is today, and there are many opportunities for growth."[58] Likewise in 1988, the company reported that in its past five years of independent operation, its share price had grown by 7.3% percent annually.[59] Moreover, revenues in 1988 climbed to $9.48 billion, a notable increase from the $9.16 billion in 1987. The financial highlights of the 1990 annual report quantitatively display Pacific Telesis's finances throughout this period (Fig 1). While Pacific Telesis would maintain steady increases to its financial gains, employment was on a continual decline. Strikingly, these declines were posted as "financial highlights," signifying that to shareowners, labor was valued primarily as an economic unit rather than considering the people behind the numbers. Pacific Telesis had the means to make the kinds of concessions employees desired, yet executives were unwilling to factor labor into the decision-making process.

	Compound Annual Growth	1990	1989	1988	1987	1986
Revenues	2.0%	$9,716	$9,593	$9,483	$9,156	$8,989
Earnings per share	0.8%	$2.59	$3.02	$2.81	$2.21	$2.51
Dividends Per share	7.4%	$2.02	$1.88	$1.76	$1.64	$1.52
Total Assets	1.2%	$21,581	$21,289	$21,408	$21,508	$20,577
Employees at December 31	(3.2)%	65,829	68,452	69,696	71,877	74,937

Figure 1. *Reconstructed Table of Financial Highlights Based on the 1990 Annual Report*. 1990. H09696.T44 P32. Pacific Telesis Annual Reports. The Bancroft Library. Berkeley, CA. 1.

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[58] 1988 Annual Report, 1988, H09696.T44 P32. Pacific Telesis Annual Reports, The Bancroft Library, Berkeley, CA, 3.

[59] The total climb in share price was 36.5 percent.

As mentioned in the introduction, the Regional Bell Operating Companies (RBOCs) were established as the primary carriers of local telephone service post divestiture. In addition, holding companies such as Pacific Telesis were diverse business ventures as evidenced by their structure of subsidiaries (Fig. 2). While the majority of employment was through Pacific Bell, other ventures, such as PacTel Cable and Pacific Telesis International (PTI), represented other avenues of growth, and were of growing importance as these businesses lauded the progress of the information age. The purpose of Figure 2 is twofold. First, it highlights the entirety of Pacific Telesis business. While landline service had been its traditional market, by 1989 Pacific Telesis had greatly expanded in scope. In this new era, landline service would take a backseat to the company's new technological ventures, and so would the thousands of employees who labored on the traditional side of the business.

Diversified business operations were only one aspect of Pacific Telesis's evolving business strategy. Perhaps a more important aspect of their business was the ability to capitalize upon market conditions. The Regional Operating Companies such as Pacific Telesis and Pacific Bell were well insulated from global competition due to the structure of their markets. The regional companies retained monopolistic control both over telecommunications infrastructure and the ability to conduct local service after divestiture. In contrast, AT&T faced increased competition in the long-distance business due to new entrants such as MCI and WorldCom, which threatened to take business away from AT&T, while never having to foot the bill for the creation of the telecom infrastructure. Competition in the long-distance market made executives of the RBOCs wary that soon new competition would gain access to local markets and infrastructure as well.[60] Executives of Pacific Telesis implemented new products and services as an attempt to bolster its customer base within its local service region. Additionally, it sought a more favorable regulatory environment from which it could buffer itself from the growing competition in telecommunications. Steve Early describes generally how the change in business operations affected the CWA and the IBEW. “The combined forces of AT&T divestiture, deregulation, non-union competition, technological change, and workforce restructuring, including overseas outsourcing of manufacturing,” he notes, “have greatly weakened CWA and the International Brotherhood of Electrical Workers (IBEW).”[61] Essentially, Early describes the various methods by which CWA was weakened by corporate decision making, and in many instances in areas that CWA could not control. Pacific Telesis would attempt to diversify its business model. Yet, these unregulated subsidiaries would be indicative of the shift in management thinking that treated labor primarily as a flexible cost.

[60] Peter Temin and Louis Galambos, *The Fall of the Bell System: A Study in Prices and Politics* (Cambridge, UK: Cambridge University Press, 1989), 356.

[61] The International Brotherhood of Electrical Workers was a union that also represented a subset of workers across the Bell System and often cooperated in bargaining with the CWA. Eventually these two unions would merge. See Steve Early, *Save Our Unions: Dispatches from a Movement in Distress* (New York: Monthly Review Press, 2013), 177.

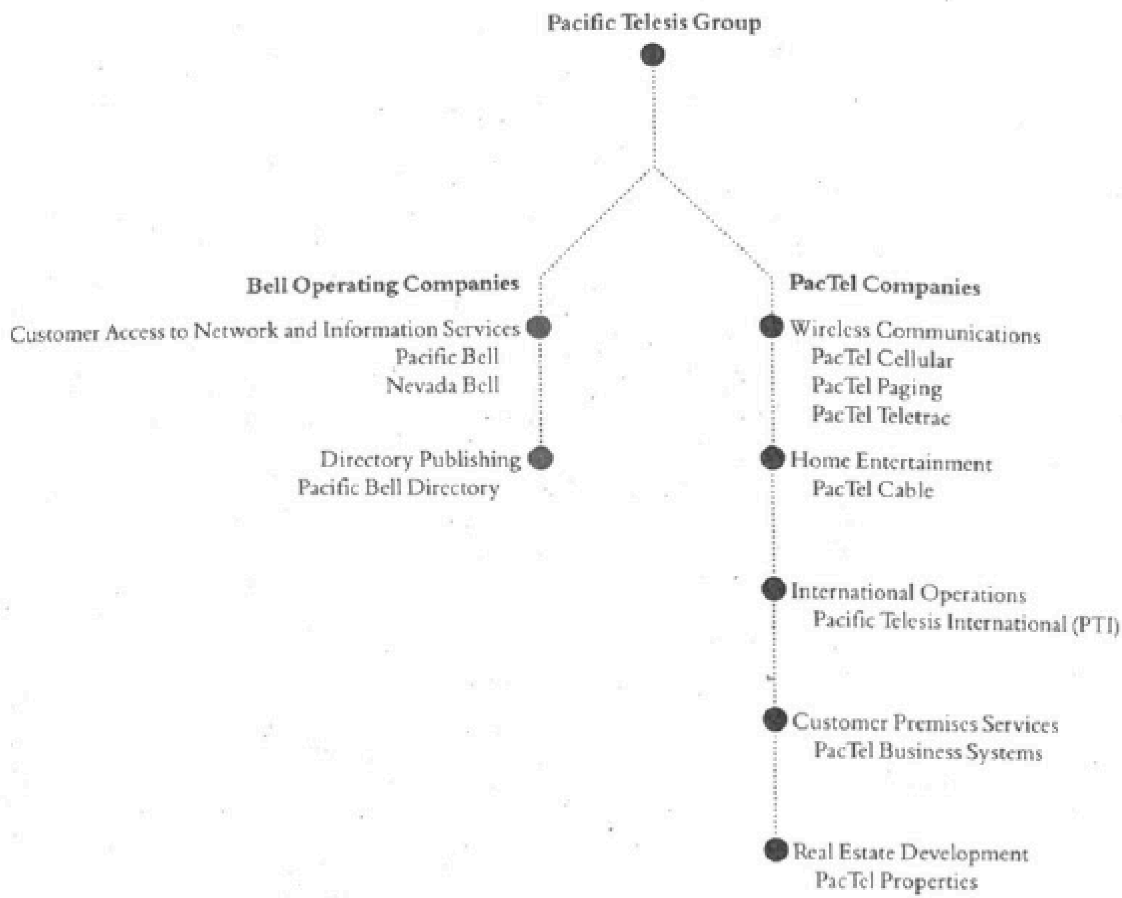

Figure 2. *About the Corporation-Hierarchy of Business Units Under Pacific Telesis*. 1989. H09696.T44 P32. Pacific Telesis Annual Reports. The Bancroft Library. Berkeley, CA.

Highlighting Ideological Shifts in Telecommunications Management

The changes that took place across Pacific Telesis from 1986 to 1990 were due in part to an increase in the bottom line. However, there was also a major ideological shift in the way executives thought about management that underpinned the restructuring of this period. Across industries, thinning out the firm and simplifying the large bureaucratic structure of postwar companies became increasingly common. Historian Louis Hymen writes, “By the 1980s, ‘lean’ would go hand in hand with successful business practice.”[62] The general consensus was that a business being ‘lean’ would enhance the corporation's ability to respond to the desires of its customers through greater financial flexibility. This transition became clear for the telecommunications industry at the point of divestiture in the early 1980s. While it was clear that AT&T was to be broken up, it was unclear what form the regional companies would take. The president of AT&T at the time, Charles Brown, constructed a corporate structure study group that would determine the most effective implementation for the regional company. The first two solutions proposed were subsequently rejected. The first proposed that each state receive its own holding company and thus would have dismantled many of the already existing regional companies. The second proposed having only two holding companies for the Eastern and Western United States, respectively. However, Brown felt that this solution would create the environment for another antitrust lawsuit in the following decades. The final and accepted solution was the establishment of the seven RBOCs.[63] Temin and Galambos highlight the reasoning behind this solution, writing, “The study group decided that they were large enough to be financially viable, that is, able to attract at reasonable rates the extensive capital that any utility needs.”[64] The construction of the regional operating companies aligns directly with a major dichotomy of lean organization. Again, Louis Hymen writes about how firms must be small enough to respond quickly to their consumer base, but at the same time they control immense amounts of capital, which is emblematic of large postwar firms.[65] Essentially, capital is being dispersed among even fewer people as corporations become leaner.

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[62] Hyman, *Temp,* 185.
[63] Temin and Galambos, *Fall of the Bell System*, 292-293.
[64] Temin and Galambos, *Fall of the Bell System*, 294.
[65] Louis Hymen, Temp, 185-186.

Pacific Telesis entered a new era: as an independent utilities company it would continue on the path towards a leaner future, which often prioritized share growth over employee concerns. Two executives led Pacific Telesis from 1986 to 1990. The first was Donald Guinn, a veteran of the telecommunications industry and a proven manager of the old Bell system. He was selected to be president of Pacific Telesis by Charles Brown during divestiture planning.[66] Guinn would lay the foundation for Pacific Telesis's interpretation of lean operations and how that would affect the company moving forward. In the 1986 annual report, Guinn writes on the agreement that ended a CWA strike in that same year: "This agreement sets a direction for the way Pacific Bell and Nevada Bell will do business into the next decade and holds particular significance for the future growth of shareowners' investment."[67] The mention of the 1986 agreement is the only mention of labor's impact on the company between 1986 and 1990. Moreover, Guinn was correct in some sense, as the contract set the precedent of letting employees go early as a means to reduce costs. Early retirement could affect company earnings in the short term, but significant savings would be realized in little over a year. The company made a calculated choice. It was cheaper, in the long run, to let employees retire early, therefore Pacific Telesis could use the excess revenue to grow its unregulated subsidiaries while simultaneously lowering future labor costs. Another important facet of Guinn's presidency was the first major restructuring of the PacTel companies in 1987, which was touted to improve financial flexibility for all Pacific Telesis companies.[68]

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[66] Temin and Galambos, *Fall of the Bell System,* 294.
[67] 1986 Annual Report, 1986, H09696.T44 P32. Pacific Telesis Annual Reports, The Bancroft Library, Berkeley, CA,
[68] 1987 Annual Report, 1987, H09696.T44 P32. Pacific Telesis Annual Reports, The Bancroft Library, Berkeley, CA,

Guinn's successor was to be Sam Ginn. Another longtime employee of the Bell system, he became employed specifically at Pacific Telephone in 1978. Eventually, Ginn would ascend to the presidency of Pacific Bell in 1988 with the news of Guinn's retirement.[69] In his first report to shareholders, he clarified that reducing operating costs would be at the forefront of company policy. Ginn writes, "We set out to increase productivity through new, more efficient network technologies designed to improve our operating systems and reduce our workforce requirement," and "Workforce reductions through consolidations, business restructuring, early retirement program, and attrition have contributed to a decrease of more than 11,000 employees between January 1 of 1984 and 1988."[70] While the direct consequences might not have been to weaken labor directly, many of the management decisions during this period had that effect. The goal of executives was to grow the business, especially the share prices, which was a goal that was perceived to be at odds with the CWA.

In the 1989 annual report, Ginn made no mention of the struggles with the CWA that had occurred in August of that year. Rather, Pacific Telesis executives continued to emphasize the growth of the information age and how Pacific Telesis remained positioned to capitalize on new opportunities that would see significant gains for shareholders. When discussing the wireless industry, Ginn writes, "The wireless communications business, still in its infancy, will mature into a powerhouse industry as our mobile society seeks to keep in touch at all times. We're committed to being in the wireless communications business–cellular, paging, location technology. It's the fastest growing area in telecommunications, and is a large growing part of

[69] Pacific Telephone was the prior name of what was to become Pacific Telesis. The function of the firm was similar. "College of Engineering: About Engineering/Samuel Ginn," Auburn University Samuel Ginn College of Engineering, February 16, 2018. https://web.archive.org/web/20180315060731/http://eng.auburn.edu/about/samuel-ginn.html.

[70] 1988 Annual Report, 1988, H09696.T44 P32. Pacific Telesis Annual Reports, The Bancroft Library, Berkeley, CA, 20.

our portfolio."[71] Executives' focus throughout this time was squarely on the investor. In the telecommunications industry, becoming more competitive meant embracing new services, markets, and technologies that would lessen the companies' dependence on labor.

While many of the changes to business practice would be instituted at an executive level, it is important to see how these changes affected individual business units. For Pacific Bell and the landline side of the business, employment opportunities began to disappear. Simultaneously, it became harder for the unionized side of the business to find many substantial gains, as discussed in Chapter 1. Another report discusses how these changes affected the operation of PacTel Communications Systems (PTCS), another unregulated subsidiary of Pacific Telesis. The author, Will Alameida, reports on the employment disparity between the landline service and what is known as the PacTel companies. In 1984 the PacTel companies employed around nine hundred people, whereas Pacific Bell employed seventy-five thousand.[72] At this time the PacTel companies were in their infancy, however, as the company moved into the 1990s, they would form the majority of the business, while never employing the same amount of workers as Pacific Bell. In terms of service focus, PTCS was concerned with the maintenance and upkeep of existing telecommunications equipment such as Private Branch Exchange (PBX) systems.[73] The author describes how this business model was primarily a means to affect market share through convincing customers that Pacific Telesis offered quality services unavailable from other competitors. David Weil offers an analysis of similar business practices in his work, *The Fissured Workplace*. He argues that "The message was simple: firms should focus their attention

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[71] 1989, Annual Report, 1989, H09696.T44 P32. Pacific Telesis Annual Reports, The Bancroft Library, Berkeley, CA, 6.
[72] Will Alameida, *Strategic Aftermarket Analysis,* Berkeley: University of California, 1986, 5.
[73] Private Branch Exchange (PBX) systems were the primary method to link landline phone service. Alameida, *Strategic Aftermarket Analysis,* 17.

and their resources on a set of core competencies that represented distinctive capabilities and sources of comparative advantage in the markets in which they competed."[74] By creating PTCS, Pacific Telesis was able to lower the cost of performing work that was undertaken by unionized Pacific Bell workers in the past. Lastly, a specific concern of the author was the relative bargaining power of field engineers who directly undertook the maintenance work. The author writes, "The relative bargaining power of labor is expected to remain fairly low, despite growth expectations due to a low degree of union penetration and the diversity of supply sources [of labor]."[75] Due to the availability of labor qualified to take positions at PTCS, it was easy for management to find those who did not mind the lower wages of the unregulated positions. Likewise, the shrinking employment at Pacific Bell, coupled with their monopolistic hold on telecom infrastructure, made it more difficult to find a union job in the industry.

Throughout the period, PacTel businesses would shift their focus from equitable long-term growth toward a regime that prioritized shareholder returns at the expense of the labor force. Telecommunications structure was being fundamentally altered due to changing ideals of management. Executives such as Guinn and Ginn wholeheartedly embraced a 'lean' organization as a way to reduce pressure from encroaching competition. Rather than vertically integrated employment in one firm, Pacific Telesis did its best to separate employment, as evidenced by subsidiaries such as PTCS. The next section details the impact of the regulatory environment on Pacific Telesis business, and how it was a main area of contention with the CWA.

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[74] David Weil, *Fissured workplace: Why work became so bad for so many and what can be done to improve it*, Cambridge, MA: Harvard University Press, 2017, 49.
[75] Alameida, *Strategic Aftermarket Analysis,* 39.

Regulatory Changes and Impact Upon Pacific Telesis

Management changes inextricably changed how the firm operated. Yet, in order to seek fundamental market changes, Pacific Telesis would have to look toward state utilities commissions. As Sam Ginn wrote in 1988, "As bright as this future may appear, there are significant roadblocks. I am referring to the regulatory structures and public policies that impede our ability to compete and move ahead in creating a telecommunications foundation as well as products and services for the 21st century."[76] Increasingly, company executives noted that RBOCs such as Pacific Telesis were constrained by the will of state utilities commissions. However, competitors in the telecommunications market were free of these restrictions, and the Bell firms sought to level the playing field with their competitors. Another Pacific Telesis executive, Art Latno, outlined how the company would seek to persuade regulators to change the regulatory framework in the company's favor. He writes, "Acting and being perceived as acting in the public interest is essential if we are to be successful in the public arena. It is a key to our corporate success."[77] Pacific Telesis strategy in the regulatory environment again aligns with what lean corporations must do, focus on their consumer base. Telesis would have to market regulatory changes as beneficial to consumers if they were to gain any key rulings in their favor.

For the overwhelming majority of this period, Pacific Telesis and Pacific Bell were under what was known as rate-of-return regulation. Under this system, the holding company was only allowed to post returns within a specific range. A report compiled by the Federal

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[76] 1988 Annual Report, 1988, H09696.T44 P32. Pacific Telesis Annual Reports, The Bancroft Library, Berkeley, CA, 4.
[77] 1989 Annual Report, 1989, H09696.T44 P32. Pacific Telesis Annual Reports, The Bancroft Library, Berkeley, CA, 7.

Communications Commission discusses the impact of rate of return regulation. The major takeaway was that "Rate of return regulations lack incentives for carriers to become more competitive."[78] Moreover, the report outlines that proceedings to establish the rate of returns both for AT&T were overcomplicated processes that created inefficiencies in utilities management and planning. In 1989, Bell Communications researchers wrote about the costs of deregulating local services. Overall, the consensus at the end of the 1980s was that the rate of return-based regulation was unable to deal with the heightened complexity created mainly by technological advances and the rise of the information industry generally.[79] Additionally, the CWA had supported the campaign to end rate of return regulation in order to achieve union and job security guarantees in 1989.[80] While this was a compromise on both sides, the gains were distributed extremely unevenly.

In the beginning of 1990, Pacific Telesis would garner a key change in the regulatory framework in California. Under the new incentive-based regulation system, the California Public Utilities Commission established the basic framework for the new type of regulation that would frame how Pacific Telesis conducted business. Again, The FCC reported on how these changes would affect the industry:

> Opportunities presented by incentive regulation for enhancing efficiency in the LEC industry include the opportunity to provide better incentives for innovation. Innovation is not a term we define narrowly, as several parties do, to mean technological breakthroughs that lead to new services or offerings. Our definition of innovation is far broader. Our definition of innovation incorporates innovation in management systems, administration, and in the multitude of what economists term "inputs" that are used to produce a firm's "output."[81]

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[78] Federal Communications Commission, *Second Report and Order: Policy and Rules Concerning Rates for Dominant Carriers*, FCC 90-314 (Washington, D.C., Federal Communications Commission, 1990), 6789.
[79] Bruce C. Greenwald and William W. Sharkey, *The Economics of Deregulation of Local Exchange Telecommunications*, (Journal of Regulatory Economics; 1:319-339, Boston, MA), 323.
[80] Harry Katz, Rosemary Batt, and Jeffrey H. Keefe, "The Revitalization of the CWA: Integrating Collective Bargaining, Political Action, and Organizing," *Industrial and Labor Relations Review* 56, no. 4 (2003): 573–89, https://doi.org/10.2307/3590957, 579.
[81] Federal Communications Commission, *Second Report and Order: Policy and Rules Concerning Rates for Dominant Carriers*, 6790.

The goal of the implementation of incentive regulation was to increase the ability of the regional operating companies to compete. However, they were given near total flexibility in how they were able to structure employment.

Overall, pressure was not solely from executives pushing for a better regulatory environment. Scholars, too, have worked to show both the advantages and disadvantages of the regional operating companies market position, and how the change to incentive regulation affected the industry. In 1989, when incentive regulation was still being debated, scholars argued that the social cost of favorable regulation should be taken into account when determining such rulings. Bruce Greenwald and William Sharkey write, "The potential gains to these parties if a regulatory action favorable to them is taken can be substantial. It is therefore conceivable that rational interest groups might devote substantial resources to lobbying activities in the hope of promoting a more favorable outcome. Posner argues that the cost of this lobbying activity should be included as a social cost of regulation."[82] The goal would be to promote a fairer settlement, as generally the interest groups who could not lobby as effectively would not be put to such a disadvantage. There was little to no effort made to ensure a fair agreement was made between consumers, the company, and the union.

Conclusion

The changes made within the firm and in the regulatory arena had a detrimental effect on the power and influence of labor and the CWA. Companies have to change, and layoffs and restructuring are bound to occur. However, at Pacific Telesis there was no regard for how these

[82] Greenwald and Sharkey, *The Economics of Deregulation of Local Exchange Telecommunications*, 323

changes might affect the workforce. A clear disconnect existed at the executive level. It was clear that Pacific Telesis executives served the interests of the company's shareholders over its employees. Heading into the 1990s, employment would continue its downward trend despite renewed efforts by the CWA. The internal changes at the company were only furthered by the implementation of incentive regulation. Essentially, this was the penultimate signal that Pacific Telesis was looking toward its other business units as it allowed the company to further reduce employment. The next chapter will look at media coverage between 1986 and 1990 and the lack of public interest in the changing nature of employment at Pacific Bell.

Chapter 3

Media Coverage and Popular Perceptions of the Period

The Pacific Telesis strike of 1989 was only covered by a handful of news outlets. Almost all of the coverage focused on the foundation of the strike, such as CWA grievances, but did not continue when a new contract was eventually reached in late August. Much of the reporting at the time instead focused on the concurrent strike that was happening at NYNEX on the East Coast. Moreover, business reporting regarding the impacts of the strike and the investment potential within telecommunications was much more common. A month later, the *Los Angeles Times* reported on the origins of the conflict between the Communications Workers of America, and Pacific Bell. Coverage by Bay Area papers such as the *San Francisco Chronicle* was non-existent in 1989, and sparse in the years after. Again, this coverage mainly focused on the declining employment in the wake of the 1989 contract. That story covered the major business decision in June of 1990 that Pacific Telesis would cut 11,000 jobs primarily from Pacific Bell, including many union-held positions. Each of these sources elucidate the lack of information being disseminated around the country before and after the 1989 strike. Additionally, these articles reflect the complacency that surrounded labor reporting of this strike, as it was viewed as peripheral to a more central conflict that was occurring at NYNEX by media organizations.

Through an analysis of several local and national media organizations stories put out between 1986 and 1991, this chapter will argue that the media was apathetic towards efforts by the CWA to bargain for gains during contract negotiations. As such, the minimal coverage put out by media organizations surrounding this strike were ineffectual at best, and at worst actively undermined CWAs as an organization that promoted the welfare of telecommunications workers. The bulk of analysis of this chapter is framed by the work of Cristopher Martin, and his work *Framed: Labor and the Corporate Media*, which examined labor reporting practices throughout the 1990s.

Interpretations of Labor Reporting and Media Responsibility

There is little work on the reporting of labor issues specifically. However, one author, Christopher Martin, highlights in his work, *Framed: Labor and The Corporate Media,* how and why labor issues get left by the wayside within the sphere of journalism during the twentieth century. Martin discusses the five primary frames of examining labor news. The first highlights the centrality of the consumer. Through consumption, individuals can dictate the revenues of organizations and companies. The second frame of labor news is that details of the actual production process should not be visible. Martin writes that "The news tread lightly on the topic of production because to undermine advertising and public relations myths and images of production would be to undermine the work of their sponsors." In other words, since displaying working conditions unfavorably frames employers, media outlets avoid the production process. The third frame suggests that the economy is headed by upstanding business leaders and entrepreneurs. The view asserted by the third frame is that executives get to their station because they work "harder and smarter."[83] The third frame attempts to highlight the myth of the

[83] Christopher R. Martin, *Framed: Labor and the Corporate Media,* (ILR Review, Ithaca, NY, 2004), 7.

"self-made man," which downplays the restrictive nature of many employment opportunities. As such, the third frame denies the ability of reporters to examine socioeconomic conditions as a valid reason for lack of affluence. The fourth frame describes the workplace as a meritocracy. The justification for the fourth frame is simple. Much like the third frame, it describes how those at the top levels of management are viewed as more intelligent, and those at the bottom deserve to be there. The fifth and last frame is that "Collective economic action is bad."[84] Martin argues that news media disapproves of strikes, boycotts and protests because such actions are viewed as un-American, inflationary and protectionist. More importantly, Martin details that this frame has a main underlying assumption; economic intervention should only take place at the individual level. The media then is entirely on the side of capital and corporations in their coverage of labor. The result is the undermining of labor unions as a legitimate social institution.

Local Coverage

Neither the *San Jose Mercury News*, nor the *Oakland Tribune* made any mention of the Pacific Bell strike in August of 1989, which is especially shocking as the strike was supported by CWA Local 9410 and 9415 in both San Francisco and Oakland. Strikingly, local news outlets had previously reported on a strike between Bay Area CWA local 9415 and another Pacific Telesis subsidiary, PacTel InfoSystems, in 1987. The Labor Radio News Project reported that the 1987 strike would set an important precedent, as PacTel InfoSystems was undertaking an

[84] Christopher R.Martin, *Framed: Labor and the Corporate Media,* 9-10.

election campaign that would ultimately decertify the CWA at this particular subsidiary.[85] Two years later in 1989, when an even greater number of CWA members came to strike against PacTel, it was odd that no major news network in the Bay Area found it pertinent to mention the strike.

The Los Angeles Times and Majority of Coverage

Perhaps the only reporter who specifically examined interactions between the CWA and Pacific Telesis in the lead-up to the strike was Bruce Keppel of the *Los Angeles Times*. Keppel reported on August 5, 1989 about the organized walkouts by CWA members on midnight of August 6th. His article, titled *PacBell Workers Authorize Strike if No Pact by Aug. 5*, is framed as a dialogue between the CWA and representatives of Pacific Bell, the primary subsidiary of Pacific Telesis. The article gives baseline information on PacBell, such as its customer count of 9.1 million, employee count of 62,000, and net profit of $1.23 billion out of $8.75 billion in revenue in 1988. It is stated that members of the CWA who are employed by PacBell are typically telephone operators, service representatives, and some outdoor repair workers, all of whom are non-management personnel. However, the article is mainly centered around the coming conflict, stating what the CWA objectives were at the bargaining table, and PacBell's ability to deal with the disruption of service. Keppel outlines that CWA sought expanded healthcare benefits, wage increases of around ten percent, newly improved health and safety policies, and family services such as childcare. The article goes on to take statements by spokespeople from both Pacific Bell and the CWA. Kathleen Flynn, spokesperson for Pacific

[85] Micheal Eisenscher, and Vicky Voss, "Labor on the Line," Episode, *Labor Radio News Project* 1, no. Part 22, Berkeley, California: KPFA FM 94.1, March 25, 1987.

Bell noted, “We’re still hoping we’ll have a settlement agreed to by midnight Saturday [August 5], but if not, we expect there to be very little customer impact because managers will cover the critical jobs.”[86] The actions of PacBell, as well as this statement, seem to contradict their openness to a settlement. Having managers cover critical jobs allowed for service disruptions to be minimal, and in turn, PacBell would have less of an incentive to reach an agreement with CWA or concede to their demands. The union responded by stating that PacBell’s offer on the bargaining table amounted to a pay cut due to the lack of cost of living adjustments, and only a five percent wage increase. CWA spokesperson Dan McCrory reported that disruption to service would be greater than advertised, as managers were purportedly not familiar with the billing system and automated office equipment. McCrory was also noted as stating that the CWA was having trouble making any gains at the bargaining table, but he does not indicate specifically why.[87] Keppel’s article helps to lay the foundation for the strike that would start on August 6th. The article does not take a pro- or anti-union stance, but it seems that its purpose was rather to inform those unaware of the strike as customers’ phone service was impacted. It is unclear whether or not Keppel was specifically a labor reporter for the Los Angeles Times, or what his specialty was. As such, it is difficult to pin down his biases, and how this specific strike became of interest to him or other employees of the *Los Angeles Times*. A major flaw of the work is that it does not distinguish how many people within the Los Angeles area would also be striking PacTel, which neglects the community impact, impeding support for the strikers. While Keppel's works were the only articles that specifically covered the PacTel walkouts, it is clear that generating outright support for either side was not a specific goal.

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[86] Keppel, Bruce. "Walkout Vowed if Pact Not Reached PacBell, Union Negotiate as Strike Deadline Looms: [Home Edition]." *Los Angeles Times (Pre-1997 Full Text),* Aug 05, 1989. https://www.proquest.com/newspapers/walkout-vowed-if-pact-not-reached-pacbell-union/docview/280787924/se-2.
[87] Bruce Keppel, “Walkout Vowed if Pact Not Reached PacBell,”.

National Reporting

Besides Keppel at the Los Angeles Times, a short article published in the Wall Street Journal written by Mary Lu Carnevale reported on the contractual changes that resulted from the settlement between PacTel and the CWA. On August 21, 1989, a contract was sent to be ratified by CWA members. The article states that CWA members would see a 9.4 percent increase in wages over the following three years, increased family care benefits, and a newly set-up network of preferred healthcare providers for CWA members.[88] Essentially, PacTel was able to narrow its offerings of healthcare coverage, allowing CWA members to access certain providers without increased personal costs. Carnevale's work seems more in line with labor interests, and an important and timely piece, as it was likely viewed by employees of NYNEX who were still on strike. For individuals on the West Coast, this piece merely informs that service disruptions are nearing an end as a deal was about to be reached between PacTel and the CWA.

Another source which featured the 1989 strike at Pacific Telesis came from a major left-wing labor organization named Labor Notes which made a brief mention of the strike in their August 1989 issue. Their article contextualized the Pacific Bell strike on a national level, as it was only one of the 'Baby Bell' or Regional Bell Operating Companies, telecommunications companies on strike, as it was part of a simultaneous strike at NYNEX in the Northeastern United States. The article points out that the workers at NYNEX had endured a much longer

[88] Mary Lu Carnevale,"Pacific Telesis, CWA Reach Pact, Ending Walkout," *Wall Street Journal,* Aug 21, 1989, Eastern edition.

four-month strike, wherein the CWA was met with great hostility at the bargaining table.[89] Their issue helps elaborate on what information was being disseminated by a left-wing labor organization and being consumed by those who would support the efforts of a labor strike at Pacific Bell. However, the only coverage they offer is a quarter-page synopsis of the strike with little information specifically about Pacific Bell. Importantly, it suggests that the strike of PacTel was viewed as peripheral to a more contentious conflict on the other side of the country.

A month before the strike, on June 27th, 1989, the New York Times published an article titled, *Cellular Phone Growth Starts Investor Rush.* This article highlighted the growth of the cellular phone industry specifically at Pacific Telesis. As the cutting edge of telecommunications technology in 1989, cellular represented perhaps the fastest-growing market for Pacific Telesis. The article elucidates both the declining cost of equipment and subscriber projections, which were projected to reach 10 million by 1993 and were holding steady at 2.1 million already in 1989. As such a lucrative new industry, investors had a generally bullish attitude toward Pacific Telesis stocks, which according to Calvin Sims, the author, had increased 58 percent from 1986 to 1988. Additionally, Sims discusses how technological changes such as the switch to digital service rather than analog radio waves would allow Pacific Telesis to field more calls and offer services, such as call waiting, to their entire network.[90] While the article doesn't specifically touch on the building tensions with the CWA, it provides important context as to what was considered the future of the firm and the quick speed with which the industry was growing. Sims notes that the cellular division in 1989 contributed around 1.5% of total earnings, so that the

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[89] "New England Unionists Use Civil Disobedience to Fight Health Care Cuts", *Labor Notes,* September 1989, 14.
[90] Calvin Sims, "Cellular Phone Growth Starts Investor Rush," *The New York Times,* June 23, 1989, Friday, Late Edition - Final June 27, 1989, Tuesday, Late Edition - Final, advance.lexis.com/api/document?collection=news&id=urn:contentItem:3SJB-46F0-002S-X2P3-00000-00&context=1516831. Accessed November 5, 2023.

expansion of cellular did not represent the overall health of the firm.[91] Rather, it confirms that the industry was implementing new technology in its cellular subsidiaries, which were adamantly non-union firms. A major drawback of the article is that it fails to clarify the corporate structure, and what subsidiary of the lead business Pacific Telesis was undertaking operations. Making it known that Pacific Telesis was the holding company or lead business helps to identify their many subsidiaries that all contributed to revenues. Similarly, looking at the growth of different business units helps to identify where Pacific Telesis might look to make potential budget cuts or downsizing, for example, in its Pacific Bell unit which operated traditional landline service.

Sims also discusses potential inequitable growth opportunities for cellular markets as companies would likely target and focus on urban growth.[92] This reference comes off as a warning to would-be investors, as Sims points out that cellular service is also regulated by state Public Utilities Commissions, and could curtail expansion, or set rate ceilings for service.

Labor Reporting through the summer of 1989 and into the following years was minimal. Only a few articles were published that highlighted the CWA's struggle in California which concerned over 62,000 employees. The strike at Pacific Telesis was generally overlooked by reporters in favor of the more intense strike at NYNEX. Reporters covering the strike failed to take into account how their stories could impact support for strikes, instead apathetically stating the origins and outcomes. Due to the lackadaisical reporting on the physical strike by major and local news outlets, the public was not greatly informed of the strike or its importance to workers outside of a small mention regarding decreased service for customers.

A year after the strike, an eventual settlement between CWA and Pacific Bell. PacTel, the holding company to which PacBell was a subsidiary, announced that it would be cutting 11,000

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[91] Sims, "Cellular Phone Growth Starts Investor Rush."
[92] Sims, "Cellular Phone Growth Starts Investor Rush."

jobs. Carl Hall of the San Francisco Chronicle reported on these cuts on June 25, 1990 in his article titled, *Pacific Bell Struggles to Maintain Morale as It Cuts Workforce*. Many of these jobs would come from Pacific Bell, which took a central role in the strike only a year prior. Hall also reports on the corporate response, which stated that increased competition and the introduction of technology necessitated the cutting of thousands of jobs. The article cites Bob Eastwood, the Corporate Director of Labor Relations, who argues that the company has tried to honor its commitment to job security balanced with the need to be more competitive. Pacific Telesis, rather than having waves of mass layoffs, sought to shed staff through early retirement offerings, job retraining, and severance packages. Lastly, Hall points out that the San Francisco Chronicle in its survey of executive salaries noted that the five highest-level executives of Pacific Telesis formed the highest-paid management team of all the public companies surveyed by the Chronicle in the San Francisco area. Importantly, executive income in the case of Pacific Telesis became tied to the stock price which had important implications for the broader business.[93] Hall's article points out that despite the recent settlement with the union a year prior, Pacific Telesis pursued a downsizing which significantly impacted both union and non-union labor. Even with the multitude of options available for workers, such as retraining, workers still felt that executives received unfair compensation which then had a significant effect on the morale of the workers left behind. Additionally, the company looked to cut about 3,400 salaried management positions which were not typically union members. Hall states that there was a growing chorus of employees complaining that executives continued to get more as workers were relegated to less. [94] One major question that the article fails to answer is how these cuts were pursued despite the

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[93] Carl Hall, "Pacific Bell Struggles to Maintain Morale as It Cuts Workforce," .

[94] Carl T. Hall, "Pacific Bell Struggles to Maintain Morale as It Cuts Workforce,"The San Francisco Chronicle, June 25, 1990: C1. *NewsBank: Access World News (Formerly America's Newspapers)*.

settlement with the CWA just a year prior. It is pertinent to examine these cuts in relation to the growth of other business units, such as cellular managed by Pacific Telesis. Workers of Pacific Bell would've had the knowledge and experience to work in the budding cellular industry and would have significantly reduced their income and benefits packages.

Conclusion

Simultaneously, business outlets were discussing growth opportunities, despite the growing unrest of those employed by telecommunications companies. Both the business decisions, and union bargaining inform the terms of employment, and occupations affected, as such they have to be considered in tandem to understand how employment under Pacific Telesis changed in this short period. Reporting of this period demonstrates a general complacency toward the CWA efforts to bargain with the RBOCs, specifically PacTel. The success of CWA in 1989 is quite unusual given the stagnation of organized labor in the 1980s, therefore it is shocking that news outlets had little interest in these developments.

Conclusion

The 1990s and Reconvergence

Divestiture underpins the majority of changes that occurred throughout the 1980s and into the 1990s. When AT&T was broken up in 1983, organized labor, specifically the CWA, was immediately weakened; many of the gains made through the 1970s, such as national bargaining, were now void. The CWA would have to change its approach if it were to be effective in the new decentralized environment of the industry. To combat this increased complexity, the CWA adopted new strategies that it hoped would prove efficacious in instituting positive change for its members. However, Pacific Telesis, aided by the media and a pro-business political and regulatory environment, would be able to impede union gains throughout the period.

As discussed in Chapter one, the CWA looked toward a membership-oriented strategy to deal with the hostile environment of the 1980s. As the decade progressed, the CWA found that traditional work stoppages became less effective in dealing with the service-oriented business model of the RBOCs. Strategies such as large-scale mobilization campaigns and work-to-rule efforts provided more effective means to put pressure upon the company. However, during the Pacific Bell strike of 1989, the CWA was unable to meaningfully connect member mobilization and collective bargaining, which is shown through the varying opinions on the 1989 tentative agreement. Looking toward the future, the CWA adopted wall-to-wall in 1991, which was a platform to organize all telecommunications workers. The hope was to grow union membership not only in traditional union bastions but also in new subsidiaries which were non-union.

Simultaneously, Pacific Telesis and its subsidiaries were primarily concerned with labor as a means to reduce costs for the companies. Seen through several reports put out by the company between 1988 and 1990, labor was primarily viewed as a flexible cost. Lean organizational structures offered executives an alternative to the pre-divestiture structure. Focus shifted from stable, quality employment toward embracing technological advancements as a way to increase productivity. Executives of Pacific Telesis increasingly would look towards its non-union subsidiaries such as PacTel Communications Systems as the primary avenues of growth. Likewise, executives were able to capitalize on the favorable political and regulatory environment in order to further structure markets in their favor.

Lastly, the CWA lacked many allies in its efforts to structure employment in its favor. In particular, the media was not only ambivalent to union struggles, but the work of some news outlets undermined the CWA during the 1989 contract negotiations. Christopher Martin's work, *Framed,* provides a framework to understand the coverage of the 1989 strikes. The customer-oriented coverage, while seemingly apathetic, was in fact a conscious tactic to portray labor in a negative light. Moreover, the growth of business news during the period offered a way to obfuscate the growing labor issues. The CWA failed to pique the interest of their community and never gained the support of the general public. Rather, the media tried to shift focus onto the growth of the business, which portrayed labor as beggars fighting for riches they did nothing to earn.

Telecommunications at this time was considered at the cutting edge of the economy, and a number of professions within the industry offered a pathway toward a middle-class life. However, in the period of 1986 to 1990, opportunities were disappearing, due to the conscious decisions of executives to embrace changes that harmed the well-being of their workforce. Even those who labored in advanced sections of the economy were not insulated from detrimental changes to their employment. Technology is often cited as the force of change, but it is rather the conscious choice of individuals to treat labor as the most fundamental flexible cost that often results in fundamental change, especially the elimination of jobs, which had a decidedly real impact on the welfare of workers. Through the examination of union, corporate, and media sources, this thesis argues that CWA strategies of the 1980s failed to bring about positive changes to telecommunications employment primarily due to a structural imbalance of power between Pacific Telesis and the CWA, which was exacerbated by anti-union media and the adoption of lean business ideology.

Ultimately, jobs at Pacific Telesis, particularly those focused on landline service, would continue to decline throughout the 1990s. In reports submitted to the Securities and Exchange Commission (SEC), Pacific Bell reported having 55,355 employees at year's end in 1994.[95] By 1995, that number would decline to 51, 590. Despite the continued decline of employment, unionization rates for Pacific Bell would remain high at around 70 percent.[96] Shedding employees, whether it was through direct layoffs or early retirement packages, would be the main method for the company to trim its workforce, increase the bottom line, and focus on its nonunion subsidiaries. Pacific Telesis would embrace new technology as a way to offset personnel losses while promoting the increased efficiency automation would bring to the business. Additionally, the 1990s introduced new structural changes that would completely alter the environment, both for the union and individual employees. In 1995, Southwestern Bell acquired Pacific Telesis, which would bring significant change to the industry and the workers at

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[95] Securities and Exchange Commission, *Form 10-K: Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934*, 1-8609, (Washington, D.C., Securities and Exchange Commission, 1994), 25-26.
[96] Securities and Exchange Commission, *Form 10-K: Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934*, 1-8609, (Washington, D.C., Securities and Exchange Commission, 1995), 15.

both companies. As the first of the Bell companies to merge since the initial breakup in 1984, its union marked a significant change for the industry.[97] Both of the above examples provide interesting avenues for further research on the history of the telecommunications industry. CWA has continually had to adapt to these changes and find innovative ways to secure gainful employment for those they represent. However, employers have consciously decided that the welfare of their employees is a goal misaligned with their purpose.

[97] Amy Harmon, "PacTel Acquired in $16-Billion Deal by Texas Baby Bell," Los Angeles Times, April 2, 1996. https://www.latimes.com/archives/la-xpm-1996-04-02-mn-53915-story.html.

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