Times Co. threatens shutdown of Boston Globe

Demands $20 million in concessions from unions by May 1

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The New York Times Co. has threatened to shut down the *Boston Globe* on May 1 unless the newspaper's unions agree to $20 million in concessions. The Times Co. purchased the *Globe* in 1993 from Affiliated Publications for $1.1 billion, making it a wholly owned subsidiary of the New York paper.

Times management is demanding draconian cuts from *Globe* employees. These include pay cuts ranging from 5 to 20 percent, the elimination of contributions to pension funds and 401(k) plans, and a $1.5 million reduction in company contributions to health care coverage.

The company is also proposing lengthening the workweek from 37.5 hours to 40 hours, eliminating some sick days, and imposing a 50 percent cut in severance pay for laid-off workers.

Management is seeking as well to eliminate provisions in union contracts that grant lifetime job protection to about 435 *Globe* staffers. They also want to scrap seniority rules governing layoffs, which call for most recently hired employees to be the first to be laid off.

The company is also demanding the right to conduct a one-time round of layoffs without regard to seniority, which would include employees with job guarantees. All of the concessions are subject to union membership ratification.

The *Boston Globe*, founded in 1872, is the most widely circulated daily newspaper in Boston and New England. The newspaper, like many papers across the US, has been hard hit by losses to advertising revenue and loss of readership to its online edition. In 2008 the paper's weekday circulation fell to 350,605, down from 382,503 the previous year, or 8.3 percent.

Members of the Boston Newspaper Guild heard a report from union leaders on the management demands for the first time at a meeting Wednesday night. Leaders of the Guild—the largest union at the *Globe*, representing more than 700 employees—heard the proposals Tuesday night.

Guild leaders told union members that their union was being asked to accept $10 million in concessions—half the total being demanded by management. The balance is to be cut from the membership of the other 12 unions.

Guild President Dan Totten told the group of some 200 reporters, editors, advertising salespeople and other *Globe* staffers that the union leadership would fight as "loud and long" as necessary against the cuts. While calling the demands "outrageous," he went on to say that union members would have to agree to some cost-reducing measures in light of economic realities.

He insisted, however, "We will not give up seniority and the lifetime job guarantee." Totten is one of 170 Guild members who are protected by the lifetime job guarantee. He has been vocal about maintaining this provision, while demonstrating a willingness to accept cuts in other areas of the Guild's contract.

The Times Co. and *Globe* management began meeting with individual unions at the end of last week. Union leaders report that the Times Co. has told them the *Globe* lost $50 million in 2008 and is on pace to lose another $85 million this year unless they extract the union givebacks.

The demands for cuts follow agreements by a number of unions to concessions in the last year. Unions of press operators and delivery truck drivers signed contracts that included 5 percent wage cuts and other concessions. Only days ago, 50 newsroom jobs were eliminated. The Times Co. is also reportedly seeking a 5 percent pay cut from most employees at the *New York Times*.

Many *Globe* employees are skeptical that this latest round of concessions will be the last demanded by management. *Globe* reporter Scott Allen commented to the *New York Times* following Wednesday's meeting, "Now, nobody thinks that if we make these concessions there won't be more cuts in a few months."

Another *Globe* reporter told the *Boston Herald* that even the drastic cuts proposed wouldn't stop the paper's downward spiral, and that management was "wiping the slate clean for a buyer." Another reporter described the concessions demands "a union-busting tactic."

Just weeks before the demands for drastic cutbacks from *Globe* workers were made public, top executives at the Times Co. and the *Globe* were awarded stock options potentially worth millions.

According to regulatory filings, in February of this year *Globe* publisher P. Steven Ainsley was awarded options to buy 90,000 company shares at $3.625 each (worth about $108,000 at current share values). Vested over three years, the options would include an additional cash payout in 2012.

Ainsley—who wrote in a memo to *Globe* employees this week that the paper "will need significant concessions from labor"—made $1,947,195 in total compensation in 2008. He was paid $247,896 in relocation expenses to move from Tampa, Florida, in 2006, and lives in a $2.4 million home in the Boston suburbs.

Times Co. chairman and publisher Arthur Sulzberger Jr. received $2,415,874 in total compensation in 2008, while Times Co. President and CEO Janet L. Robinson took home $5,597,451. In February, both Sulzberger and Robinson were awarded 500,000 stock options at $3.625 plus a cash payout equal to 50,000 shares. Paid out today, both would get about $600,000 from their options.

Retired advertising sales rep Pat Daley commented to the *Herald*, "To see these people who got bonuses ask for concessions, it's sickening."