

Bargaining for a Competitive Future: The 2011 negotiations between the UAW and the Detroit Three.

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Bargaining for a Competitive Future

- ▶ **Relevant history**
- ▶ **What drives negotiations**
- ▶ **Impediments to success**
- ▶ **What is the key to success**

**Can the UAW
and the Detroit
Three do it?**

Looking Back

- ▶ **Big Three oligopoly after WWII**
- ▶ **Good times – regardless of mistakes**
- ▶ **VW bug took a bite in the late 50s**
- ▶ **Japanese competitors by the 70s**
- ▶ **Oligopoly dies in the 80s**

Looking Back 1950s–1970s

- ▶ **Companies and workers thrived**
- ▶ **Wages and benefits went up**
- ▶ **Production volumes went up**
- ▶ **Increase in labor costs**
- ▶ **Little competitive impact**

Looking Back 1980s

- ▶ **Significant recession**
- ▶ **Bargained concessions – in context – not meaningful**
- ▶ **New competitors with cost and quality advantages**
- ▶ **Labor–management cooperation with uneven success**
- ▶ **Cost of joint programs**

Looking Back 1990s

- ▶ **Production and profits up**
- ▶ **Concessions won back**
- ▶ **Joint programs expand quickly**
- ▶ **Labor costs sharply up**

Looking Back 2000s

- ▶ **Transplants a major force**
- ▶ **GM and Chrysler are bankrupt**
- ▶ **Real concessions – bargained – sort of**
- ▶ **Economic playing field still not level**

Looking Back Summary

- ▶ **More transplants are coming**
- ▶ **Result – radical and permanent change**
 - **In labor cost structure**
 - **In employment relationships**
 - **Potential for more government action**

What Drives the Negotiations

- ▶ **Structural forces**
- ▶ **Union forces**
- ▶ **Management forces**

Structural Forces

- ▶ **Seventy years of adversarial relationships**
- ▶ **Labor law presumes conflict**
- ▶ **Can we expect much?**

Union Interests

- ▶ **Committed to “more”**
 - **Members**
 - **Wages and benefits**
 - **Job and wage protections**
 - **Limits on management rights**
- ▶ **UAW is good at these things**
- ▶ **Organizing the transplants**
- ▶ **Political activity**

Management Interests

- ▶ **Also committed to more**
 - **Competitive cost structure – profits**
 - **Operating flexibility**
 - **Products – what and where**
- ▶ **Work rule issues**
- ▶ **Some success – more to do**

Impediments to Success

- ▶ **Embedded practices**
- ▶ **Blame game**
- ▶ **Brinksmanship**
- ▶ **Another government rescue?**

Key to Success

- ▶ **Reality of permanent change**
- ▶ **Future – new attitudes**
- ▶ **Old ways won't work**

Key to Success

- ▶ **Difficult choices**
- ▶ **A contentious past**
- ▶ **Will and determination**
- ▶ **Will we see it happen?**