

INDUSTRIAL RELATIONS IN EU AND OTHER GLOBAL AND EMERGING ECONOMIES

INDUSTRIAL RELATIONS TRENDS Perspectives from the United States

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Friday 28 November, 2008



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Message from FMCS Director

- ◆ Collective bargaining relationships in the U.S. have been evolving in response to a hyper-competitive and globalized economy. From one narrow perspective, relationships between labor and management appear to have entered a remarkably peaceful era. In 2007, our Agency recorded only 173 work stoppages ending in the fiscal year, the fewest ever in our history and a drop of nearly 95 percent from 1977.



Message from FMCS Director

- ◆ However, despite the statistical appearance of calm, labor relations and collective bargaining in general are rapidly evolving, which places extraordinary pressure on traditional collective bargaining relationships.

Federal Mediation and Conciliation Service 2007 Annual Report



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Main Issues for 2007/2008

- ◆ Number of strikes and work stoppages low
- ◆ Federal Mediation and Conciliation Service (FMCS) Director claims the low numbers are misleading
- ◆ Ability to strike and expected gains from such action make work stoppages a high risk strategy



Collective Bargaining in U.S.

- ◆ Collective bargaining in the U.S. has seen an increase in the intensity of negotiations.
- ◆ Primary issues: health insurance; pensions; compensation, and outsourcing
- ◆ Employers are not required to provide: vacation or paid time off; health insurance; or retirement plans
- ◆ Most Americans get their health insurance coverage through their employer.
- ◆ Increasing costs of health insurance and prescription drugs have been particularly difficult to resolve
- ◆ Pressure is increasing on Congress to pass some type of national healthcare



Individualisation of Employment Relations

- ◆ Typically, only unionized employees engage in collective bargaining and are covered by a contract
 - Private Sector Labour Density 2007 (7.5%)
 - Public Sector Labour Density 2007 (35.9%)
 - Union membership rate: men (13.0 percent) women (11.1 percent)
 - Workers covered by collective bargaining but not members of union (1.6 million workers)

Source Bureau of Labor Statistics USDL 08-0092
Friday, January 25, 2008



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Working More Hours

- ◆ Lack of any minimum legal requirements for employers to provide paid time off combined with a low union density has led many working families to increase their wages by working more hours (Either increasing the number of hours worked on overtime or by getting a second job)
- ◆ The economic downturn in the U.S. has led many companies to reduce the number of hours worked on overtime and/or downsizing their workforce, **Daily Labor Report No. 84 Thursday, May 1, 2008 Page D-1** ISSN 1522-5968
- ◆ For the 87.9 percent of U.S. workers without a collective bargaining agreement in place many of these decisions are made with an adverse impact on equality



Unionized Workers

- ◆ For the 12.1 percent of workers that have collective bargaining rights negotiations are increasingly volatile
- ◆ Major strikes involving pay and benefits in the automotive; aerospace industries; and arts and entertainment industries
- ◆ Several other industries and sectors have had contentious negotiations without going on strike
- ◆ Threat of permanent replacement of workers engaging in an economic strike makes work stoppages a risky strategy



Work Stoppages, 1997-2007

Union Acronym	Organization	# Workers	Days Idle	% of Total Days Idle
SAG; AFTRA	ANA & AAAA	135,000	17,280,000	37.2%
WGA-W-E	AMPTP	10,500	1,050,000	2.3%
UFCW	Various	102,800	6,210,100	13.4%
UAW	Various	325,800	4,702,100	10.1%
USWA	Various	50,200	4,226,200	9.1%
IBT	Various	220,253	2,505,100	5.4%
CWA	Various	305,600	1,903,900	4.1%
IAM	Various	58,800	1,806,900	3.9%
AMFA**	Northwest Airlines	3,000	1,183,800	2.5%
BUILDING TRADES	Various	105,558	674,089	1.5%
SEIU	Various	161,100	578,400	1.2%
UNITE-HERE	Various	31,400	467,500	1.0%
ALL OTHER	Various	500,600	3,900,400	8.4%
Totals		2,010,611	46,488,489	100.0%

Source: BLS. *Includes IBEW at Verizon. **AMFA: Aircraft Mechanics Fraternal Association

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U.S. Employer Costs for Private Industry Union Advantage for Workers

- ◆ Average employer costs of healthcare for union workers are much higher
- ◆ Union workers \$3.95 (10.9%)
- ◆ Non-union workers \$1.68 (6.5%)
- ◆ 2007 average weekly earnings
 - Union \$863 per week
 - Non-union \$663 per week



Automotive Sector 2007

- ◆ Collective bargaining more adversarial with strikes at GM, Chrysler, International Truck and auto parts suppliers such as American Axle and Manufacturing
- ◆ Primary issues in these strikes: legacy costs and significant reductions in the hourly wages and benefits; setting up two-tier wage and benefit scales (In two-tier or multi-tier wage scales lower skilled or non-core employees may receive nearly 50 percent less pay and benefits for the same work previously done at full pay and benefits)
- ◆ Increased pressure on the traditional U.S. auto makers has forced unions to accept concessions and reductions in benefits or face the off-shoring or outsourcing of manufacturing jobs



General Motors and UAW

- ◆ GM Retiree health care liability for VEBA: \$30 Billion (that is down from \$51 Billion before new 2007 contract)
- ◆ GM Market Cap (total stock value)
 - \$1.87 Billion as of November 23, 2008
- ◆ Stock down 88.73% over last 52 weeks



Thank You

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