

Trust: GM vs. UAW

General Motors has agreed to end Detroit's longest strike in a generation. It is still not clear what has been won. (...)

GM is markedly less efficient than its peers: it makes roughly \$1'000 less profit per vehicle than Ford. It has too many old factories and too many old workers. The company, which has shed some 39'000 blue-collar jobs since 1993, would need to shed at least the same again to catch up with Ford. (...)

(...) in fact, in GM's case there could be more to be gained from co-operation than from confrontation. (...)

Much now depends on how the United Auto Workers' union (UAW) and GM get on over the next year - and particularly what happens when the company proposes further restructuring, as it surely must. (...) Perhaps the most significant provision in the settlement is a new process, already in place at Ford and Chrysler, to bring in senior people from both sides to „resolve things before they reach the level of a crisis“. (...)

In retrospect, most of GM's current problems stem from its previous pattern agreement. (...) But the more fundamental problem was one of trust. The pattern agreements are, in practice, only as rigid as the two sides want them to be. In contrast to GM, Chrysler and Ford have good working relationships with the UAW, and both make concessions to the union (...). Last year, the company voluntarily stopped production at a factory when it discovered that one of its suppliers was using „scab“ labor. It is impossible to imagine GM doing the same. And even if it did, the UAW would suspect a trap. (...)

If GM can forge a better compact with the UAW, then the past two month's agony will have been worth it. But if GM and the UAW go to war again, it could well be a fight to the death.

Source: The Economist, 01/08/99: Can GM and the unions take each other on trust?