

Restructuring in the US and Canadian Automotive Industries: Transformations and Continuities in Labour Relations After the Great Recession



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**TRADE PROTECTIONISM, REGIONAL
INTEGRATION AND LABOUR DISPARITIES IN
THE NORTH AMERICAN AUTOMOTIVE
INDUSTRY**

FLACSO, CIUDAD DE MEXICO

Context: Two Strange Cases



- **Nemak Windsor Plant, September 2019: a 13 day wildcat strike to protest over the closure of the plant.**
- **UAW National Strike, September-October 2019: GM workers in the US struck for 40 days in what was the longest industrial action in the auto industry since the 1970s.**

- **Why did this happen?**

Theoretical Context



What we've been talking about since the 1990s:

The decentralization of collective bargaining as a response to competitive challenges (Katz, 1993), and the development of micro-corporatism inside plants (Wells, 1997, 2001)

The bargaining of a “new” social contract: from wages to job issues (Bélanger and Thuderoz, 1998).

Strong business case for outsourcing and modularization initiated by OEMs since the 1990s (Jacobides et al., 2016).
I.e. Restructuring of value chains

Different union strategies between Canada and the US (Kumar and Holmes, 1996)

Fault lines



- 1.** There was a stall in vertical disintegration after the Great recession.
- 2.** Bargaining over investment issues has remained a double-edged sword (E.g. GM Oshawa plant, Nemak Windsor plant).
- 3.** A multi-tier workforce emerged after 2010 when the Detroit three started to hire back.
- 4.** Wage and benefit stagnation.
- 5.** Efforts of local unions to invest in corporate politics to insource work.

Research design



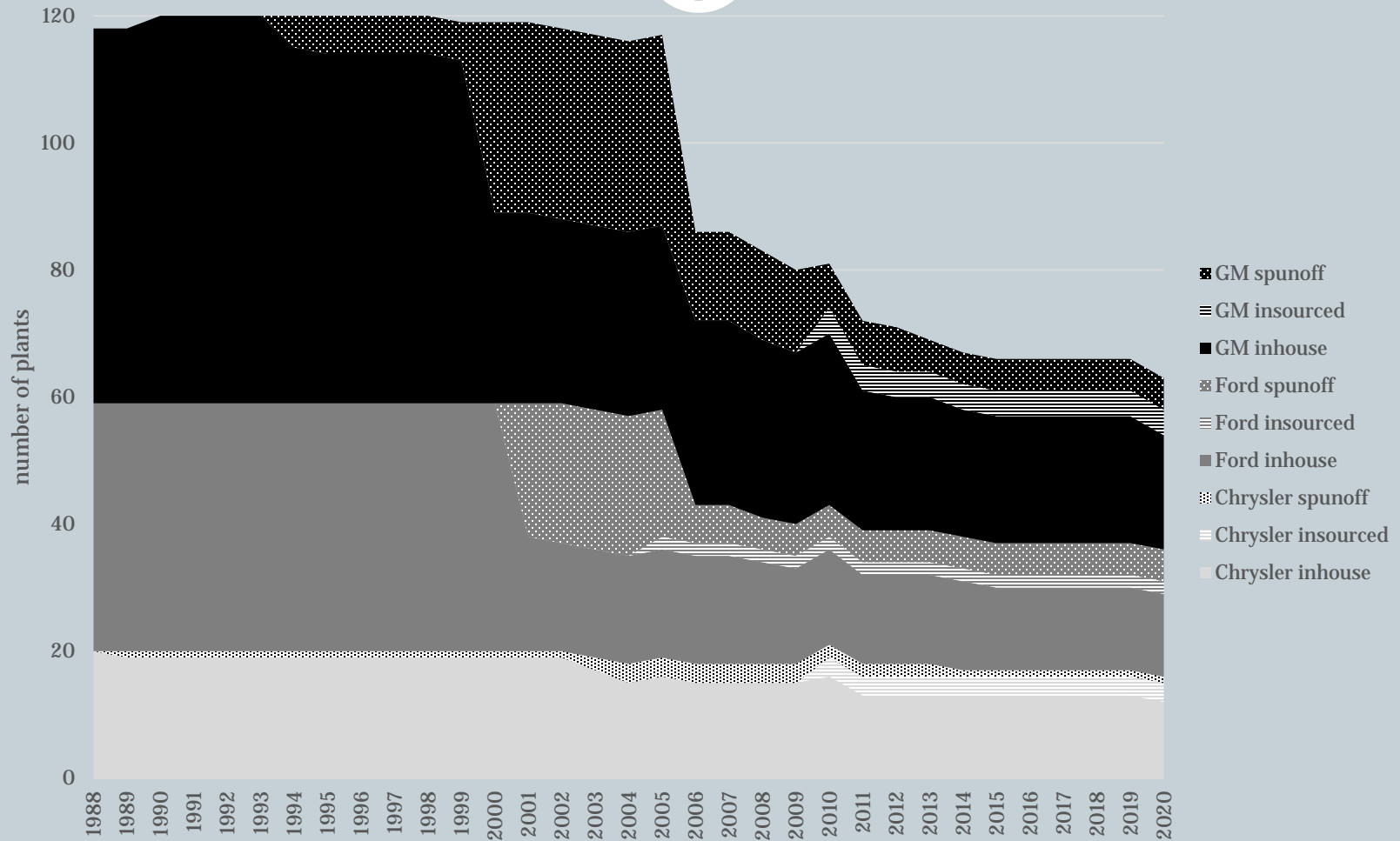
15 cases in the US and Canada.

Four types of plants: 1. Insourced; 2. Spun-off; 3. Stable in-house; 4. *In situ* outsourcing

Over 77 interviews with unionists, managers, and retirees.

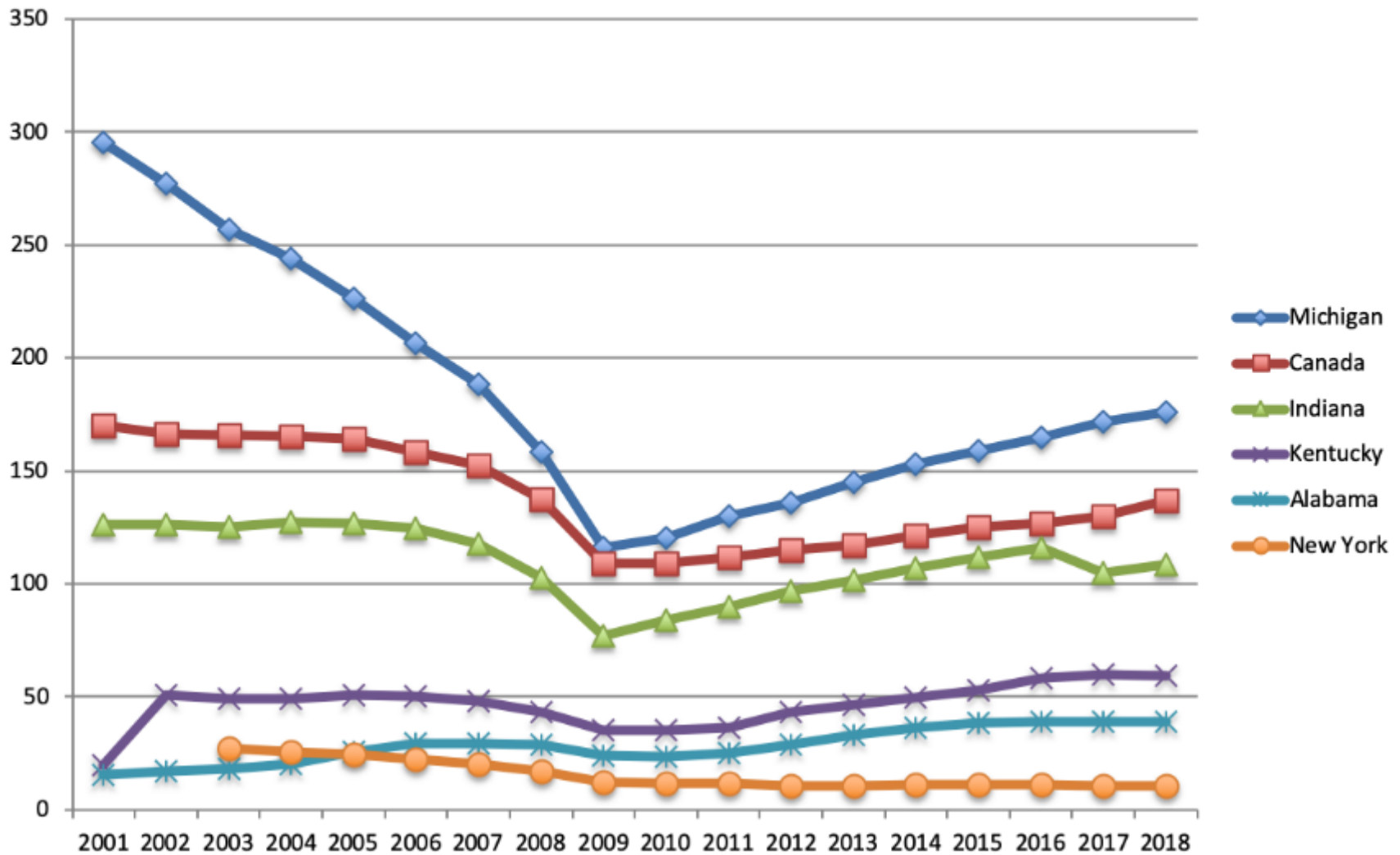
Where available: a comprehensive gathering and analysis of collective bargaining agreements.

Detroit Three Stable, Spun-off, Insourced Auto Parts Plants, US and Canada, 1988-2019



**Source: Authors' calculation
from secondary sources**

Employment (in thousands) Canada and selected US States, 2001-2018



Source: BLS, StatCan

Why insourcing happens?



Control: senior managers confirmed that the control of assets or specific plants was a concern after disastrous experiences with being held “in-hostage” (e.g. Delphi spin-off, American Axle).

The magnitude of production: Lockport, NY

Just-in-time concerns: Guelph, ON

Cost: Labor costs have been lowered in insourced plants, business case for outsourcing thus weakened: direct concessions associated with insourcing, two tiers, VEBA, DB to DC or 401(K)/RRSP.

Historical contingencies: crisis management in ‘08-09 precipitated the creation of new divisions: GMCH, ACH, CPK.

Unions’ strategies: Pressure and Partnering.

Union strategies: The emergence of lobbying



1. CBA sections on insourcing/outsourcing:

The 'Business Review Team' for product allocation in the UAW national agreements.

Local letters of understanding skilled trades tasks can be used to insource functions or work allocated to third parties (e.g. Buffalo stamping).

2. Lobbying for investment or programs: through informal channels, lobbying high level management and union executives to allocate work. Local management are using union channels (e.g. Lockport).

3. Building business cases: arguing for investments or insourcing of functions as a consequence of lower labor costs (e.g. Sainte-Catharines, Ford Essex).

4. Bargaining for *in situ* outsourcing (e.g. Penske Windsor; Lockport suppliers park)

The emergence of the multi-tier workforce: Canada



Stable in-house	Skilled trades	29.85	40.58	40.84
	Production	21.60	33.90 (tier 1)	34.15 (tier 1)
			23.73 (tier 2)	20.92 (tier 2)
	Temps		23.73	20.92
Source (year)	<i>Local agreement (2000)</i>	<i>Ford-CAW Bargaining Highlights, Master Agreement (2008-9)</i>	<i>Ford-UNIFOR Bargaining Highlights, Master Agreement (2016)</i>	
Spun-off	Skilled trades	29.85	26.33 (tier 1)	27.95
	Production	21.60	23.69 (tier 2)	
			19.50 (tier 1)	16.58
			16.58 (tier 2)	
Source (year)	<i>Local agreement (2000)</i>	<i>Local agreement (2011)</i>	<i>Local agreement (2015)</i>	
Insourced	Skilled trades	28.97	29.61	30.09
	Production	22.53	23.17 (tier 1)	23.03 (tier 1)
			16.22 (tier 2)	16.12 (tier 2)
	Temps	22.53	16.22	16.12
Source (year)	<i>Local agreement (2006)</i>	<i>Local agreement (2009)</i>	<i>Local agreement (2016)</i>	
In situ outsourcing	Production		16.50 (tier 1)	20.47 (tier 1)
			14.00 (tier 2)	17.15 (tier 2)
	Source (year)		<i>Local agreement (2008)</i>	<i>Local agreement (2014)</i>

The emergence of the multi-tier workforce: US



Stable in-house	Skilled trades	28.99	32.34	32.81
	Production	25.93	28.24 (tier 1) 15.78 (tier 2)	29.33 (tier 1) 17.00 (tier 2)
	Temps		15.78	15.78
	Source (year)	<i>Local agreement (2003)</i>	<i>Local agreement; Ford-UAW Contract Highlights, Master Agreement (2011)</i>	<i>Local agreement; Ford-UAW Contract Highlights (2015)</i>
Spun-off	Skilled trades	23.68 (tier 1) 14.36 (tier 2)	21.60	25.25
	Production	20.01 (tier 1) 8.00 (tiers 2 & 3)	11.30 (tier 1) 10.30 (tier 2)	13.95 (tier 1) 12.95 (tier 2)
	Source (year)	<i>Local agreement (2002)</i>	<i>Local agreement (2008)</i>	<i>Local agreement (2017)</i>
Insourced	Skilled trades	24.94	32.34	32.81
	Production	21.40	16.29 15.78	16.25 15.78
	Source (year)	<i>Local agreement (2000)</i>	<i>GM-UAW Master Agreement (2011)</i>	<i>GM-UAW Master Agreement (2015)</i>
In situ outsourcing	Skilled trades			17.80
	Production			11.00
	Janitor			9.50
	Source (year)			<i>Local agreement (2017)</i>

Differences and similarities between Canada and the US



Relative similarity in terms of strategies: both unions are using lobbying strategies and implementing management-driven measures.

More surprising: UAW is a more critical of the “new world” of bargaining.

Partial explanation: Two-tier has been in place for a longer time in the US, creating tensions in the workplaces.

Two contrasting examples:

A GM plant in the US: 9 tier workplace, creation of “Solidarity Committees” inside the plant.

A GM plant in Canada : “In-progression” as an argument to win new work.

Differences and similarities between Canada and the US



Reduction of classifications: most of the plants have experienced a reduction in classifications (+30 to -10)

Wages: direct concessions in the US led some plants towards a totally different cost structure than prior to '08

E.g.: Tenneco, OH. From around 20\$ an hour (2003) to 14\$ an hour (2017) for a production worker

Unifor has used reductions in benefits rather than wage concessions (exception so far: Nematik + Penske Windsor)

Tier: multiple tier workforce in the US, while in Canada, it's generally limited to: legacy, grow-in, and temps

Conclusions



Conflicts in the US and Canadian auto industry:

- 1. The multi-tier workforce and the exhaustion of past narratives over labour-management partnership.**
- 2. How auto jobs can prevail in the context of environmental transition (E.g. GM Detroit-Hamtrack, GM Oshawa, ON).**

How do we connect bargaining issues with economical and environmental justice in this context?