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Discussion

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Discussion After the Speeches of Irving Bluestone and Peter Warrian

QUESTION, *Mr. Veillette*: I have read, that by the year 2000, less than ten percent of the private workforce in the United States will be unionized. If we are looking at putting all this cost and time into a utopian situation of labor management, is there a danger that by the time we purchase this ticket, the competitive train will already have left the station?

ANSWER, *Mr. Bluestone*: First of all, I firmly disagree with the projections that the labor movement will represent only ten percent of the workforce within the next several years. The growth in the labor movement has been primarily in the service sector unions, for example, the SCIU, AFSCME and teacher unions. Even as manufacturing declines, the move to the service sector will motivate the labor movement to do a better job of organizing in that area.

Three years ago, the AFL-CIO established a commission which is headed by Secretary/Treasurer, Tom Donahue, on the future of work. The stagnating labor movement has not made the changes commensurate with the needs imposed upon them by the forces taking place in the country and in the world. Therefore, the movement is implementing some new ideas, which will take shape as time goes by.

The labor movement will not be sharply declining as it has been in the past twenty years. There is a sense of a pendulum swing in our society. When the pendulum swings too far to the right, there is a tendency to bring it back towards the center. Similarly, when the pendulum swings too far to the left, the overall attitude is that it has swung too far in that direction. The swing to the right has gone so far that there must be a change. One example occurred this week with Earth Day, indicating this mobilization will be far greater than in the 1980s during the Reagan Administration.

However, in the 1950s and 1960s, the labor movement represented approximately 35% of the total workforce, while today it is about 16.4% of the total workforce. While I would envisage a turn around, we are not going to be back up to 35% within the next five or ten years.

Regarding the shape of the organized section of the workforce, the challenge can only be met if everyone is involved, and there is a move away from "tell-you-ism" where only those at the top have the brain power, and those at the bottom take the orders.

Many years ago, this joint process was introduced in one of the GM plants, and it saved the plant. The plant was supposed to close down in 1972, but it is still operating. At one point, the president of that local

union was invited to a session of business management people. Looking out at the audience, he said, "Gentlemen, I want you to know that I think you are all stupid." It was like an electric shock. He said:

Now, I want to tell you why I think you are stupid. You are stupid because when you hire people, you are hiring them from the neck down. You want their arms, their legs, their bodies, their feet, but you do not want their brains. But the most important asset anybody can bring into the workplace is his brain. You have got to learn how to use it.

That is the essence of what we have been talking about. There will be a turn around in union organizing, and since we are moving in this direction, it is becoming more competitive rather than less competitive. It costs more to fire somebody who is an alcoholic, replace him and pay \$20,000 to hire and train a new individual. It costs more to do that, than to send the worker to rehabilitation and continue to use his expertise, experience and knowledge.

QUESTION, *Professor King*: You mentioned that the reason for the steel strike in Canada was the Quebec non-union facility of Stelco. Did that inhibit any corporation on the macro-level with Stelco?

Was there any aspect of this strike that will self-destruct given the competition worldwide from other competitors in the United States and throughout the world?

ANSWER, *Mr. Warrian*: It is not a non-union facility, it is a unionized facility. They are seeking to install employee involvement outside of the union and outside of the collective bargaining agreement, and the strike can be thoroughly destructive.

QUESTION, *Professor Sharpe*: What would motivate Stelco to try to work around the union in setting up the corporation?

ANSWER, *Mr. Warrian*: One aspect of this has been the impact of business restructuring. To use Stelco as an illustration, like most of the steel companies, Stelco has recently gone through a major internal reorganization. Now it is Stelco, Inc., a holding company. Stelco Steel, the main producing subsidiary and Stelco Enterprise consists of all the fabricating plants. Since that reorganization was completed last year, the corporate IR function was eliminated. The IR function is now a decentralized subsidiary. To put the matter bluntly, the production guys are running it. And they do not think they need to deal with the union.

The majority of the managerial literature that emanates from the United States reads the union out of the picture. It is not inaccurate to say that. I think they are stumbling into a major industrial relations blunder. Upon their restructuring, they eliminated the corporate IR function. The engineers are now in charge and assume it is only an engineering problem, and it is not.

QUESTION, *Mr. Torrence*: Appointing people to the board of directors continues to be debated. It is important to have a diverse group of

personalities and background when selecting a leader of an international union or major union who is responsible for the employees they represent across the corporations. How do you balance the potential conflict of interest where someone, such as Mr. Frazier, a major union leader and on the board of Chrysler, turns around and is sitting across the table from General Motors, Ford or other competitors?

ANSWER, *Mr. Bluestone*: Doug Frazier has spoken and written quite a bit on this subject. First, he decided that when collective bargaining negotiations were undertaken with Chrysler, he would withdraw from all board of directors' decisions and discussions relative to collective bargaining, so as not to be part of any of these decisions. During the board of directors meetings, however, he was very much involved in matters related to capital investment, marketing, pricing and other general major enterprise issues, such as management of the enterprise, discussed by the board.

Mr. Frazier did not consider this a conflict of interest with regard to the other corporations, because he was not helping to make decisions on those boards, and he was divorcing himself from the collective bargaining arena at Chrysler when negotiations were underway. On the other hand, he did exercise influence.

Now, it is true that the vote usually was fourteen to one, or whatever the number of board members were, when he raised an issue. However, he took a very hard position with the board: Before any plant is shut down, there must be prior notice given during the negotiating process. But, more importantly, when a corporation intends to shut down a plant, the impact on the community itself must be taken into consideration. As a result of his motion, a subcommittee was formed in the Chrysler board. Its sole purpose is to investigate and explore the impact that a plant closing would have upon the community as a whole before any action is taken. This is one example of the kinds of things he was able to do.

Second, from the point of view of the union, he was privy to information which otherwise was denied to us. In bargaining after bargaining session, we would ask for certain information on the corporations, and he would simply refuse to give it to us. The choice was to report them to the NLRB, which is a long, drawn out process, or try to get a settlement without adequate information. Under these circumstances, he knew more precisely what the situation was. Therefore, he was instrumental in 1982 while negotiating these agreements, derived during the period of deep recession in the auto industry, when even General Motors lost money.

This was not considered a conflict of interest at all, and the Attorney General's office did not consider Mr. Frazier's being on the board a conflict of interest. Only if we were to have someone else on another board would that conflict question arise.

QUESTION, *Mr. Fischer*: What is your comment on the fact that

we have had great problems in some of the U.S. industries? Steel is not the only industry which has had a macro relationship. What do you see as the value of that history in light of your thesis?

ANSWER, *Mr. Warrian*: There are several paradoxes. I think that the parties in the United States developed some of the innovation because they were absolutely against the wall. That may not be the loftiest view of human nature, but in Bethlehem, LTV and others, collective agreements were developed. That kind of strategic involvement brought a range of application to the collective bargaining relationship when the parties were faced with an absolute crisis. That degree of crisis did not exist in Canada.

COMMENT, *Mr. Fischer*: The more important innovations took place in the 1960s and 1970s.

COMMENT, *Mr. Warrian*: When you got to the crunch of the 1980s, the parties could not find the chemistry and instead opted for the cut-back strategy.

The United States has not had a supportive public policy factor. Canadian public policy is more supportive of government, labor and business interaction. There is an unemployment policy in Canada that is more supportive of some of these elements. In the United States, there is this period of anti-state attitude where the government is simply an evil that mystifies people, and everything has to be done in the collective agreement, if at all.

A collective agreement is limited if in the absence of a supportive public policy. That is what I attribute it to. The rest is the individual history.