Two weeks after General Motors and the UAW presented a ‘transformative’ new labour agreement to workers, the deal has now hit a snag. Following the ratification process on the tentative four-year agreement, the final vote is split. Overall, 55.43% of workers supported the deal, with 44.57% against. However, the bargaining unit results show that the skilled trades workers rejected it with a 59.5% ‘no’ vote (40.5% ‘yes’) while production workers passed it with a 58.3% ‘yes’ and 41.7% ‘no’.

Announcing the results, the union has said it will meet with its UAW-GM Skilled Trades membership at each worksite over the next several days to hear the reasons for their rejection. After that, the UAW’s International Executive Board will determine the next steps. Notably, this process cannot change aspects of the agreement which are common to all members.

How common is a split vote like this one? Not very. As Art Wheaton, Director of labour and environmental programmes at Cornell University School of Industrial and Labor Relations, told Automotive World, this has happened on only a handful of occasions, the latest of which was in 2011 at Chrysler. “The split ratification forces the UAW
leadership to meet and review the rationale for the split decision. If it is determined that the skilled trades rejected the offer for monetary or benefits received then the UAW leadership will likely decide majority rules and ratify the contract,” he explained. “If the UAW leadership determines that the rationale for the failed vote involves issues specific to the skilled trades, they could go back to the bargaining table with GM to negotiate only those changes exclusive to the skilled trades that are not pay and benefit related.”

Sean McAlinden, Chief Economist at the Center for Automotive Research, suggests the rejection is linked to buyouts and wages, telling Automotive World: “It appears skilled trades were not happy with their exclusion from the US$70,000 buyouts that are only being offered to senior production workers. Also, wages for skilled workers are now only US$2/hour higher than first tier production workers under this agreement – too close, the skilled people think.”

As for a likely outcome, McAlinden thinks the two sides will come up with a compromise, with “no changes in the wage terms but some buyouts will be offered to skilled trades.”

Progress at Ford

Meanwhile, the union continues to press ahead with its Ford deal, and the two sides have announced a tentative agreement. Details aren't being shared just yet, but Ford has said that if the deal passes, it “will help lead the Ford Motor Company, our employees and our communities into the future.” The contract covers 53,000 workers across 22 US plants.

McAlinden has raised a note of caution on this latest development, though, warning: “Things are not going smoothly. UAW-Ford wanted to go now to ratification because the members were getting antsy.”

Ford’s deal is likely to be modelled on the agreements seen at FCA and GM. FCA was selected as the union’s lead target this year and passed its new four-year deal in October, but not without a struggle. Its first proposal, heralded by Chief Executive Sergio Marchionne as a potential new paradigm for the industry, was turned down by workers and only passed after certain revisions.

Wheaton believes that the struggles so far have proven a learning process for the union. “The Fiat Chrysler tentative agreement that was rejected 2 to 1 against helped the UAW learn some valuable lessons in this new social media world. The UAW began posting not only summaries of the contract but the full contract online with many opportunities for the local leadership to describe or educate the members,” he observed.

For the Ford deal, Wheaton expects the ratification process and final agreement “to be very similar to GM”, with “a substantial ratification bonus, and the terms and conditions will mirror GM closely. If there are any lessons learned from the skilled trades terms and conditions, those may be addressed in information sessions as they describe the contract prior to the final ratification vote.”

Good times, hard bargaining

While all three OEMs are on solid financial ground at the moment and the US market continues on its growth path, that doesn't necessarily mean the contract negotiations have been any easier than in previous years. “I think it can be very difficult in good times since the auto industry is cyclical. What goes up will come down. Negotiating big raises or benefits in good times can lead to layoffs and plant closings in bad times,” said Wheaton.

He suggests that the key to negotiations lies in ‘balance,' adding: “The UAW needs to balance the increases with sustainable terms and conditions. I think the large ratification bonuses are a direct result of giving members more up front with no long-term commitment if the financial picture changes down the road.”