

Will Labor Unrest in Manufacturing be Next Blow to Supply Chains?

Amid Wildcat Strikes Across Europe, Labor is on the Move; Will Aggressive Union Actions Migrate to US?

SCDigest Editorial Staff

Add to the overall economic turmoil rising labor unrest, at least in Europe. Will it spread to the US?

These are interesting times for labor relations here.

At one level, unions in the US are a bit back on their heels, as the economic reality at many companies gives them little leverage to increase demands, illustrated by the recent give-backs by the Teamsters at YRC Worldwide (Yellow Roadway) and the UAW at GM and Chrysler.

On the other hand, the Obama administration and more heavily Democratic Congress is expected to be much more labor friendly, with strong hopes, for example, for passage of a "card check" rule that would allow union formation at companies without a secret ballot. The stimulus bill passed last week by the House also has requirements for use of American-made products in various infrastructure programs.

The kettle has already started to boil in Europe, with wildcat strikes across the UK, France, and Germany last week, and labor leaders challenging politicians at the normally placid World Economic Forum in Davos, Switzerland.

In the UK, wildcat strikes flared at more than 19 sites across the country in response to claims that British tradesmen were being barred from construction jobs by contractors using cheaper foreign workers. The actions were fueled in part by a pledge more than a year ago from British Prime Minister Gordon Brown that he would ensure "British jobs for British workers," against growing resentment in the country of outsourcing and foreign workers.

The kettle has already started to boil in Europe, with wildcat strikes across the UK, France, and Germany last week, and labor leaders challenging politicians at the normally placid World Economic Forum in Davos, Switzerland.

Members of Parliament from Brown's own Labour party predicted that the wildcat strikes were a warning of mass industrial unrest to come in 2009.

Meanwhile, there were also strikes involving hundreds of thousands of workers across France and Germany, modestly impacting global logistics flows. Rail, airports and seaports in France saw disruptions, for example, as more than a million workers took part in a 24-hour nationwide strike to demand government action to protect jobs and living standards. The strike, however, did not paralyze the transportation sector, as union leaders had hoped.

In neighboring Germany, railway workers' unions Transnet and GDBA held a one-day warning strike on Jan. 29.

Meanwhile, other labor leaders launched withering attacks on the status quo as represented by the 1400 business executives gathered at the annual conclave in Davos. The atmosphere there caused many executives that normally attend the event to stay home this year.

Will Labor Unrest in Manufacturing be Next Blow to Supply Chains? (Con't)

Guy Ryder, the general secretary of the International Trade Union Confederation (ITUC), said there that "We are on the road to serious social instability, which could be extremely dangerous in some countries to democracy itself."

The researchers at Europe's Stratfor group say that "conditions certainly exist for massive social unrest in Europe in 2009."

Will any of this labor turmoil come to the US, which for decades has basically avoided the major labor unrest that is common in Europe and elsewhere across the globe?

Some observers say the level of effectiveness of the European actions could have a big impact on labor's aggressiveness here. If the labor actions are met with public disapproval there and/or fail



to achieve labor's aims, they are less likely to be repeated in the more generally calm labor environment here. But if they are viewed as successful, some copycat actions could be possible.