The U.S. tariff effect: Labour relations – The need for cooperation, not confrontation

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A continuation in our U.S. tariff effect series, a national analysis of the impact of tariffs on Canadian employers.

The recent imposition of tariffs, and the resulting "tariff uncertainty", is posing real and immediate challenges to employers and unions in industries that rely on the exportation of their goods, products and materials, such as automotive, manufacturing, steel, aluminum, agriculture and forestry. At least for the foreseeable future, tariffs will rattle supply chains, increase costs and, unfortunately, may result in layoffs, downsizings and possibly full closures. In many workplaces, we are already seeing workplace anxiety.

In response, we have seen a range of reactions from union leaders. While some have said they will challenge layoffs, the movement of work or other initiatives caused by or in response to tariffs, other union leaders have recognized that the current fight is not with the employers who employ their members, but rather those who are pushing forward with tariffs. At the same time, the president of the United Auto Workers (UAW) in the United States recently praised tariffs, calling them a "tool in the toolbox" to getting manufacturing jobs back to the Unites States.

Historically, such tensions have negatively impacted the employer-union relationship. Employers who simply relied on their "management right" to alter the status quo have faced challenges from their union partners, by way of grievances, potential labour board applications, and confrontational collective bargaining, culminating in strikes or lockouts.

Today's unique environment requires a different approach. In the face of the external threat of unpredictable tariffs, workplace parties will have to put aside the traditional management versus union dynamic. While it would be naïve to suggest that companies and unions will see eye-to-eye on all matters related to the impact of tariffs, threats should be replaced with open dialogue and transparency. Put another way, there needs to be cooperation rather than confrontation.

So how might that be accomplished?

- We suggest that employers inform unions of issues and challenges they are facing early. Many collective agreements will require employers to give unions

advance notice of a layoff or other workplace adjustments. Others are silent on the issue. Regardless, instead of simply relying on the negotiated minimums, employers should engage with their unions as soon as practically possible. Sharing information, and bringing unions into the conversation at the outset, will avoid the anxiety and resulting confrontation that comes with being caught off-guard.

- Consider the establishment of an internal task force or planning committee, with representatives from both management and the union. Working together to identify how to respond to tariffs, improve competitiveness or even jointly identify other potential markets for the company's products, will create a more unified voice.
- Think about temporarily pausing or adjusting certain terms of the collective agreement. Typical layoff language is based on seniority, where junior employees may lose employment while more senior employees remain at work. An alternative would be for all employees to have hours reduced for a period of time. In most collective agreements, this would require the union's agreement.
- When negotiating renewal collective agreements, think about temporarily freezing wages and introducing a wage reopener clause at the end of each year.
- Recognize the common ground. Companies, unions and their members all want stable jobs, long-term growth and viability. Have open dialogue with the union on how to avoid layoffs or, at least, make sure that job losses, are kept to a minimum.

This is not the first time Canadian employers have faced tariffs or other events that have immediately impacted their businesses (such as the COVID pandemic). But this is unprecedented, in view of the daily uncertainty and the wide-reaching scope of tariffs.

It is also uncommon that unions in Canada and the United States may be taking significantly different, if not opposite views, on tariffs and the impact on affected industries. The UAW's reference to tariffs as being a "tool in the toolbox" demonstrates that Canadian employers and unions can find themselves on the same side of this debate even though the opposite party can be another union. This presents the unique situation where unions and employers in Canada need to find ways to work together and try to save employment in Canada even though the UAW might be on the "opposite side". Not working together will result in lost jobs and employment.

We are not facing a situation where workplace parties in Canada are opposing each other to gain bargaining strength. In fact, the union and the employer must work together. Both are weak individually and further weakened if they do not find ways to collaborate. This could be a turning point in relationships which have suffered in the past from poor labour relations. Collaboration and thoughtfulness are required and anything less can result in job losses for which both parties may be responsible. It is time to put traditional bargaining and labour relations aside and focus on what the parties need to do together for the long-term future of the business, the employees, and its place in the marketplace.

Now, more than ever, workplace parties must understand that they are partners rather than pure adversaries. Employers and unions will have to show a level of adaptability, flexibility and cooperation not seen in the past. Collaboration will be key. Confrontation and inflexibility, on the other hand, will have a further detrimental effect on our economy and the workplace.

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