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Moderator: Mike Locker has had a long involvement with unionized industries. You've seen industries rise and fall, you've seen some industries come near to death and be resurrected. Your major clients have included steelworkers, autoworkers, teamsters, latherers. So, does our report unfairly emphasize the unions' role in the, in current problems, and is the non-union threat to union construction in New York overstated in the report? On the other hand, are there analogies between the decline in the unionized construction industry and, the decline of say, the auto industry, elsewhere?

Mike Locker: Sure. Well, let me say first of all that this is a critical moment, there's no doubt, in labor relations in New York's construction industry. But I think we're at a critical moment. I want to put it in a larger context first in the United States. The deterioration of labor management relations nationwide reflects the sad state of affairs, frankly. Labor and management are unable to work together to solve serious problems in many, many situations. It's growing. Instead, companies are looking to maximize, in my opinion, their position and profits at the expense of working people and unions. That's a national trend; in fact, that's an international trend.

The best way to confront these growing problems is through partnership. We have several economic problems in this country which if we don't have some joint work on, partnership work on, we won't solve. We simply will not solve them. And that's what's happening. We're log jammed. The challenge is to construct real partnerships between labor, management, and government that can address these problems. And, unfortunately, I do not think this study contributes to that solution, and I'll tell you why.

Over the past thirty years I've done extensive work, as you indicated, with troubled unionized firms, all unionized: steel, trucking, warehousing, and now in construction. What this has demonstrated is that in these very tough unionized industries that partnerships can work, they can address issues, and they can create change. And that's the important thing, how do you get change? There's a necessity to get change.

There certainly are problems. The issue is not that there are problems. The issue is how do you address the problems, how do you get real change? To establish a real partnership -- and I think that's how you get change -- that solves difficult problems, management and unions both must agree to some basic principals; this is very important:

1. Equality among partners. It can't be that one side is going to tell the other side what to do.
2. Complete transparency. You call this industry in your study a complete secretive industry. You can't have a partnership and an honest set of negotiations without transparency. Nobody would do that, including a bank doing a loan, a government making a project, and a union negotiating a contract. I don't know how this industry has existed without transparency all of these years.
3. Fact-based negotiations, not posture-based negotiations. This document is posture-based, it's not fact based. It's got a lot of anecdotal information. It's got some facts. It's not systematic. It would not methodologically pass the test of what I would call a rigorous analysis of labor productivity and cost.
4. And finally, you must define the problems very carefully. I don't think the study defines the problems carefully enough. And you must have solutions that benefit both sides of the

equation, of the partnership. It is not a zero sum game. If you approach the negotiations as a zero sum game, you get no results; you get a confrontation.

The fact is that this kind of partnership does not exist in most sectors of the unionized construction industry. Without a true partnership you will not address the deeply imbedded problems. And I do admit there are major problems in the industry. I'm not contesting otherwise.

In fact, contractors and developers have sought and won significant concessions -- and you sort of poo-poo it in the study -- in the PLA formulas that they put forward. There is lot of anecdotal information, but no systematic analysis of the PLAs. You give me one project in Brooklyn, and another project elsewhere. That's not a systematic approach to what's going on.

Don't you think the growing prevalence of double breasting, which you never address, undermines the possibility of a partnership in the industry?

Moderator: Mike, excuse me, could you just summarize? I'm afraid your time is up.

Mike Locker: I'll finish in two minutes. Unfortunately the RPA report does not bring us any closer to any solutions. Let me just mention a couple of items because I think they're important.

Certainly as I said, there are real problems. We need to use fact-based approach, I mentioned. But the RPA report does not look seriously at the issues and does not attempt to provide practical solutions. For instance, productivity is not composed, as you make clear, of just cost. It's a unit cost of labor. And the unit cost of labor has to do with the output per hour. There's not a scintilla of information about productivity that means anything in the report, and yet you concentrate on work rules and practices. Where is the data that shows that productivity has changed?

Moderator: Mike, you're actually a few minutes over, so, perhaps we should go to the next...

Mike Locker: I'll leave it up to the audience, would you like me to finish? (*spattering of yes from the crowd*)

Moderator: Okay...

Mike Locker: The report's methodology is at best sloppy and at worst misleading, and we should go through it if you want. I would be glad to sit down with you and go through it line by line. The report is not based on empirical evidence.

Most importantly the report fails to attempt to adequately measure construction labor productivity. I want to give a lesson on this right here. Unit labor costs are a function of cost per hour times output per hour, not cost or output. It's a combination. So in the steel industry fifteen, twenty years ago, we had twice as many employees producing the same amount of steel as we do today. Productivity went way up. And by the way, steel costs, labor costs and, in absolute terms, benefits and wages went up. As a percent of cost they are now eight percent of producing a ton of steel -- eight percent. But the average steelworker is getting paid more, and their benefits are as high, if not better, than they were on a cost basis.

There are several things that impact labor productivity, that's my last point, and management is certainly one of them. Anybody in this room who thinks labor productivity is simply a function of workers does not understand anything about production. For instance, what is never discussed is the crucial role that management plays in organizing work. If I have a workforce that isn't scheduled properly, that isn't manned properly, that doesn't get the supplies delivered properly, that has nothing to do with the labor force and the productivity of the labor force, it has to do with management. And you guys analyze this all the time. But that's not even mentioned in the report, that management has a role in productivity.

Moderator: Actually, Mike, it is mentioned in the report, but we have to go to our next panelist…

Mike Locker: Okay, I'll be glad to pick it up.