



Business

UAW jobs no longer the key to middle class living

Sunday, July 5, 2009

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Of The Oakland Press

For millions of Americans, the automobile industry, or rather a job at General Motors, Chrysler or Ford, has been the ticket into the middle class.

Now the door is closing. By the time the restructuring of all three companies reaches its climax sometime this fall, GM, Ford and Chrysler will employ fewer workers, around 120,000, than Ford did back in 1980. In addition, wages of autoworkers are actually slated to fall as the companies hire replacements for current workers.

“Certainly, an era has ended,” said Harley Shaiken, a labor expert from the University of California-Berkeley. “We’re in uncharted waters. For the UAW, it’s the most uncertain period since the 1930s.”

For Detroit’s struggling autoworkers, the concessions are a retreat from a half-century of steady and substantial economic gains, Shaiken said.

Long considered the bellwether of the American labor movement, the United Auto Workers led the push for higher wages and greater benefits as the U.S. economy grew in the years during and after World War II. It secured some of the first health care benefits in the 1940s and in 1950 won its first agreement on pensions.

The union also pioneered the formula for tying wage increases to productivity gains that assured workers steady pay increases at the old “Big Three” during the 1950s and 1960s.

The growth of the “Big Three” also cushioned the blows from the collapse of companies such as Packard and Hudson and Studebaker that had also been unionized in the years before World War II but lacked the capital to keep up with the competition during the post-war years.

“The combination of high wages and high productivity was one of the keys to the 20th century American economy,” said Shaiken, observing the higher wages and America’s post World War II-prosperity was rooted in the high productivity created by Henry Ford’s assembly line.

The UAW also was willing to back up its demands with strikes and strike threats. From 1950 on, the union made sure the contracts with all three expired on the same date in late summer as automakers were going through the annual model change.

The tactic gave the union enormous leverage because no manufacturer wanted to face a strike that could cut sales and production while competitors continued to build new vehicles.

The UAW also fostered a culture of shop-floor militancy that created an elaborate system of work rules and job classifications. The rules and classifications kept workers safe and protected them from management abuses, UAW officials insisted.

The combination of union militancy and high productivity produced a culture where wages were high and jobs plentiful when times were good.

“Detroit always had high paying jobs. That was one of the great things about Detroit,” noted social critic Barbara Ehrenreich during the panel on the meltdown in Detroit.

However, as the automotive market changed during the 1970s and 1980s, the tradition of shop floor militancy also limited the union’s efforts to change. The UAW agreed to major concessions during the recession of 1982, but dozens of union officials lost their elected positions during the ensuing revolt by workers. The union did not consider making serious concessions again until 2005 when GM sought help with its health care burden.

GM, Ford and Chrysler workers kept their \$28 per hour pay, but in the future new workers will start at \$14 per hour with only modest health care benefits and no pension, according to the contract outlined for union leaders this week.

“If GM survives and starts to grow again, we can get some (of the jobs and concessions) back,” said one UAW official.

Shaiken also suggested the changes underway now in Detroit could lead to the creation of a new high-tech, high-wage American auto industry,

Van Conway, a Detroit-based expert in corporate restructuring, also said the union really had no choice but to accept the concessions.

“The UAW member makes out if they keep their job in today’s economy. They don’t care about whether they see any profits from owning the company. What they do care about is if the company can be preserved and they keep their job,” he said.

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