

American Prospect: A New Union Contract

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While public-sector unions fight for survival, Bob King proposes to rebuild the United Auto Workers for a new, and more vexing, century.

Jim Grossfeld | April 12, 2011

Last August, just two months after he became president of the United Auto Workers, Bob King drove upstate to a conference that the Center for Automotive Research was hosting in Traverse City, Michigan, and proposed to redefine the role that American unions play in the economy.

"The 20th-century UAW joined with the companies in a mind-set that it was the company's job to worry about profits, and the union's job to worry about getting the workers their fair share," King said. "The 21st-century UAW embraces as our own the mission of producing the highest quality, best value products for our customers." King went on to renounce a laundry list of "20th century" practices ranging from bargaining "lengthy contracts" that "hindered flexibility" to the union's "failure to focus on the needs of consumers."

Actually, as King, a student of both UAW and auto-industry history, is well aware, the UAW, under the leadership of the iconic Walter Reuther, did focus on the needs of consumers during the 1940s, when it called for the production of more efficient, less polluting cars and sought a role in the production decisions of management. But the companies resisted Reuther's proposals, and the UAW, and with it, the rest of American labor, was compelled to restrict itself to getting the best deal it could on wages, hours, pensions, and the like.

The UAW that Reuther headed during his 23-year (1947-1970) run as president was the most powerful union in American history -- the dominant union in the dominant industry in the dominant economy in the postwar world. The UAW that King heads -- much like today's American auto industry and, indeed, the American economy -- is in no way so dominant. Its membership has shrunk from 1.9 million in the 1970s to a bare 400,000 today. And much as Reuther sought to redefine the role of unions in the postwar economy, so King is now leading a quiet revolution that could fundamentally change the role of his union and, just possibly, the labor movement itself. At 64, bespectacled and soft-spoken, King -- an electrician with a law degree -- doesn't look the part of a revolutionary, but the policies he's advocating would reposition labor in the more globalized economy of the 21st century.

In his not-yet-completed first year as president, King has not just committed the union to contracts that keep the companies competitive. He has also pledged to organize the nonunion American plants of such foreign manufacturers as Toyota and BMW, through campaigns that

don't attack the companies and that build alliances with auto unions in the manufacturers' home countries. He has recommitted the union to the kind of broad progressive social and economic campaigns that were once the UAW's hallmark.

When he was elected to replace the retiring Ron Gettelfinger last June, King took the helm of a union traumatized by what's now called "the restructuring." Between 2007 and 2009, the jobs of 64,000 hourly workers were eliminated to save General Motors, Chrysler, and Ford. The UAW members who were left to pick up the pieces saw their benefits slashed and paychecks cut by \$7,000, and in some cases as much as \$30,000, a year.

After all his union has gone through, King's presidency might be judged a success if all he does is win his members a share of the industry's new profits when contract talks with GM, Chrysler, and Ford begin later this year. And, thanks to an archaic age restriction limiting him to a single four-year term, King may be wise to focus his agenda on that alone. But he's not. Instead, King's betting the house that, if it's ready to make some tough choices, the UAW can eventually become the powerhouse it once was.

"We're not going to accept anyone telling us that any dream is impossible," King told delegates to the UAW's convention last summer. "We are going to be dreamers, optimists, idealists. We are going to be the sowers of the seeds of economic justice in America."

King, says Harley Shaiken, an auto-industry expert and professor at the University of California, Berkeley, is "a transformative leader. He knows that this is the most critical moment for the UAW since the Flint sit-down strikes" of 1937, which first compelled General Motors to recognize the UAW as the bargaining agent for its workers.

Few today appreciate the impact the UAW once had on American life.

During the 1950s and 1960s, the UAW not only won the labor movement's best contracts but, under Reuther's leadership, became a catalyst for the American version of social democracy. The UAW's fingerprints are all over the most important reforms of that era -- from Medicare, to voting rights, to the birth of the environmental movement. At a time when organized labor largely parroted industry opposition to pollution controls, Reuther defied the carmakers and threw the UAW's then-considerable political weight behind the Clean Air Act.

That's the kind of unionism, and sense of social solidarity, that King seeks to resurrect. The fate of the Auto Workers, he'll tell you, is bound up with the outcome of battles facing other workers both at home and abroad. For him, it's partly an article of faith. King isn't simply a liberal Catholic; he's an adherent of the liberation theology of murdered Salvadoran Archbishop Oscar Romero. It's part of the reason he joined in civil-disobedience protests during the bitter 1995 Detroit newspaper strike and was organizing coalitions with Mexican workers long before the North American Free Trade Agreement.

Against that backdrop, it should come as little surprise that King has worked feverishly to restore the union's activist ethos. Last fall, he turned out more than 6,000 of his members at the "One Nation Working Together" rally, the lefty smorgasbord that was overshadowed by Jon Stewart's low-protein meal three weeks later. In December, King organized a demonstration in support of striking Korean autoworkers outside a Hyundai research center in Ann Arbor, Michigan.

Though few labor leaders would say so publicly, many regard efforts like these as extraneous to the real work of unions. It's "do-gooder shit," in the words of one union official. King argues the opposite -- that at a time when the private-sector unionization rate has slipped below 7 percent, the labor movement needs all the friends it can get both at home and abroad.

This vision is central to King's organizing strategy. Pressure from community leaders, coupled with support from activists in other countries, can give the UAW power beyond its numbers. As King sees it, mobilizing that power is fundamental to any hope his union has of organizing the "transplants": the foreign carmakers whose domestic operations created a parallel, wildly successful, and almost entirely nonunion U.S. auto industry.

With the exception of Mitsubishi's assembly plant in Normal, Illinois, and the Flat Rock, Michigan, plant jointly operated by Ford and Mazda, the only other transplant the UAW had under contract was Toyota's joint venture with GM, the New United Motor Manufacturing plant in Fremont, California -- until Toyota closed the operation last year. The remaining transplants -- Nissan, BMW, Mercedes, Hyundai, Subaru, Kia, and Honda -- are all nonunion. The UAW once represented workers at a Volkswagen plant in New Stanton, Pennsylvania, but the plant shut its doors in 1988. VW is now building a new factory -- in decidedly nonunion Tennessee. And that's part of the problem.

With new, state-of-the-art assembly plants in cities like Tuscaloosa, Alabama, and Canton, Mississippi, the transplants have transformed the Deep South into what Michigan once was: the hub of the auto industry -- sans unions. UAW officials publicly dismiss the South's antipathy toward organized labor as a factor in their failure to gain a foothold in the Southern plants. But no one denies that these plants offer some of the best-paying manufacturing jobs in the country's most impoverished region. Against that backdrop, managers' warnings that a UAW contract would send the companies packing have had a potent effect on Southern autoworkers.

But is money really the issue? Yes and no.

While UAW members long had a decisive wage and benefit advantage over their transplant counterparts, union concessions have been steadily closing the gap. The difference in costs to union and nonunion employers is also closing in the area of "legacy" costs -- the wages and health-care benefits paid to retirees. As a result of a 2007 agreement creating a trust for retiree health care, legacy costs at Ford, for example, which had been \$13 per hour higher

than the transplants', are now roughly the same.

In fact, the principal reason for transplant opposition to the union has never been wages or even benefits. Instead, it's been the restrictions that UAW contracts routinely place on management decision-making in areas ranging from scheduling overtime to filling job vacancies. The foreign automakers argue that being saddled with many of these work rules would eliminate the flexibility that's allowed them to claim an ever larger share of U.S. passenger-car sales.

And here's where King is at his most radical: He agrees. As he made clear in his Traverse City address, he not only favors getting rid of numerous work rules but also waging a different kind of organizing campaign at the transplants. King announced that the UAW will approach the companies with what he's calling "principles for fair union elections." It's a set of guidelines that calls for both sides to back off from threats of any kind, including "making derogatory, insulting, or untruthful statements about the other party."

This kinder, gentler version of organizing is the polar opposite of most labor leaders'. It's partly a recognition that fiery attacks on nonunion employers are usually more cathartic than strategic. While nonunion workers may not be happy at their jobs, they also have little desire to stir up trouble -- especially when they know it could easily get them fired.

By presenting a perfectly reasonable-sounding appeal for fair play and honest elections, King hopes not only to thwart employer attempts to demonize his union but to lay the groundwork for a "win-win" relationship with the transplants once they are organized. To date, no transplant has taken King up on his offer, but they haven't exactly said no, either.

One reason for their reticence may be that King's approach, low-key as it is, has just as much stick as carrot. To compel foreign car companies to make their peace with the UAW, King is carefully laying the groundwork to pressure the transplants in both the U.S. and their home countries, in many of which -- Germany most notably -- the level of company-union cooperation is far higher than it is here.

There's nothing particularly novel about recruiting activists to crusade against corporate bad guys both here and abroad. The United Steelworkers routinely negotiates partnerships with unions overseas. But it's one of a handful of exceptions. More often than not, a union mobilizes its allies around a strike or organizing campaign and then walks away after the battle is over.

In contrast, King seeks to establish a permanent presence in the transplants' backyards to press the case that battling union organizing is a violation of human rights. "We are going after them with every ounce of energy and resource we have," he pledged, and he is forging ties with an array of potential allies ranging from Chinese union activists to former President Jimmy Carter. The UAW's global campaign will be a costly effort -- but if the UAW is unable to win recognition at the transplants, few think the union will be able to arrest what

one industry observer termed its "swan dive into oblivion."

One of the best measures of King's willingness to break with convention may be his Dec. 6 announcement that the UAW supported the proposed Korea-U.S. Free Trade Agreement (KORUS FTA).

For the UAW, the agreement is about as close to a slam dunk as a trade deal can get. As was not the case in an earlier deal proposed by the Bush administration and opposed by the union, the Obama White House succeeded in opening the Korean market to 75,000 American cars each year. (U.S. automakers exported fewer than 6,000 cars to South Korea in 2009.) Just as important from King's standpoint, the agreement allows the U.S. to maintain its 25 percent truck tariff on Korean imports until the pact's eighth year and keeps the current 2.5 percent tariff on Korean auto imports in place until its fifth.

The UAW's endorsement delighted congressional supporters of the trade pact, particularly Democrats who learned long ago that backing any agreement dubbed "free trade" often meant spending eternity in labor hell. The union's stance has also gained the attention of business leaders who have routinely gone head-to-head with the Auto Workers over trade pacts in the past. While some of the agreement's business supporters are skeptical about the prospects for passage of any trade deal this year, King's position is seen as a radical departure from what one called the labor movement's "knee-jerk opposition to any trade agreement of any kind."

King's endorsement of the pact has also helped cement the UAW's ties with the Obama administration at a time when some labor leaders can barely contain their anger at a White House they say has turned its back on union members. During the same January week that AFL-CIO President Richard Trumka chastised President Barack Obama for being "about as pro business as any president," King drew cheers from delegates to the UAW's legislative conference in Washington, D.C., when he praised Obama's commitment to saving auto-industry jobs.

"There has not been a president, Democrat or Republican, that has been as open and accessible to labor as President Obama," King said.

As if to underscore the special relationship taking shape between the Auto Workers and the administration, only two labor leaders were in attendance at the Jan. 19 state dinner for President Hu Jintao of China. Both were UAW officials -- one of them Bob King. A small gesture, but in Washington, gestures like that send strong messages about whose voices are being heard.

Though labor leaders are usually loath to attack other union officials publicly, privately some

are fuming over King's support for the pact. Using language far more delicate than what some union officials have voiced behind closed doors, Machinists Union spokesperson Richard Sloan charged that the UAW is backing a "NAFTA-lite trade deal" that offers "specious advantages" for the auto industry.

Lori Wallach, the director of Citizen's Global Trade Watch, agrees that the trade deal will benefit U.S. automakers but on balance, terms it "a job killer" that will also "promote offshoring and expose domestic financial, environmental, and health laws to attack in foreign tribunals."

King has heard the criticism, and he's quick to say the trade deal isn't perfect. But, he contends, it's "good for the economy, good for national security, and good for the country." Asked about any backlash within the union, he says, "I've gotten maybe one e-mail about it."

King's overtures to transplants and his stance on the Korea trade deal are testimony to his willingness to rock the boat, but the ultimate test of his leadership will come later this year when he leads the UAW's contract talks with General Motors, Ford, and Chrysler (now known as the Detroit Three, or D-3, scaled down from the Big Three, as they used to be called when they were, well, bigger).

The rebound of U.S. automakers has raised rank-and-file expectations that the union will regain many of the concessions it made to keep the D-3 from tanking. It's not an unreasonable assumption. Though Chrysler is still in intensive care, Ford and GM are healthier now than they've been in more than a decade. However, this return to relative normalcy doesn't necessarily mean a return to the pay rates that the union gave up.

While King's been clear that he'll dig in his heels to see that his members "get their fair share of the upside," he is not saying that fairness is necessarily the same as going back to the way things were. Case in point: pay for performance.

For years, automakers have pitched the idea of replacing regular pay raises with plans linking worker wages to productivity. And for years, the UAW has swatted them down. It's not that the union is opposed in principle to such arrangements. The Auto Workers have bargained variations on pay for performance in the past for workers at auto-parts makers and, most notably, GM's Saturn division. But it's no simple task. The problem, the union says, is in the metrics: Is there a fair way to measure worker productivity, and, if so, do you base wage gains on individual productivity or, say, the output of an entire plant? Issues like these have often ended discussions of pay for performance before they've even begun. But this year could be different.

D-3 execs are convinced that if ever there were a time to change the way hourly workers are paid, this is it. That's why GM CEO Daniel Akerson isn't only talking up an "incentive-enhanced, variable pay system" to industry reporters; he's also out to win the hearts and minds of the rank and file with profit-sharing checks. The checks, given out to show hourly

workers that they have a direct stake in GM's success, had never before exceeded \$1,775. But to show that pay for performance means more money in workers' pockets, this year GM opted to give its 48,000 UAW hourly workers profit-sharing checks averaging \$4,300. The story was much the same at Ford, which issued checks averaging \$5,000. Even the ailing Chrysler came up with a \$750 "performance award" of its own.

King's reaction to the pay-for-performance push has been sphinx-like. He hasn't embraced it, but he's also made it clear that he's not ruling it out. "All the sacrifices that our members made to turn these companies around were part of the process that's really led to this amazing turnaround," King said. "We want our membership to share in a very meaningful way in the upside of these companies." And if sharing means trading old ways of setting wages to a more flexible model, King is ready to listen.

King understands that while Ford, GM, and even Chrysler are making their way back to health, all will soon be on their deathbed if they continue to lose their market share. The consequences would be devastating -- especially now that the union's retiree health-care trusts own 10.7 percent of GM and 63.5 percent of Chrysler. But shifting to a new payment model would be an epochal change.

"If the UAW accepts pay for performance, King will have irreversibly changed the auto industry and maybe much of U.S. manufacturing," says one industry observer. "He will have shown the transplants that when he talks about changing the UAW, he really means it."

With his willingness to rethink how workers' wages are set, his support for KORUS FTA, and his new approach to organizing, King has become an upstart in a labor movement that often mistakes dissent for heresy. But King's challenge to the status quo says as much about the UAW's members as it does about him. Given the upheaval they have suffered through, many autoworkers know the old ways aren't working anymore. The challenge facing King is whether he can transform that unease into the passion necessary to rebuild the UAW as the union, and social movement, it once was. He has three more years to try.

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