

BLOOMBERG: UAW Membership Posts First Gain in Six Years on Auto Rebound

Date: Friday, April 01 @ 06:05:11 EST

Topic: UAW

By Keith Naughton - Mar 31, 2011 2:56 PM ET

The United Auto Workers membership rose 6 percent to 376,612 last year, the first gain in six years as U.S. automakers began hiring amid a recovery in sales.

The UAW's membership increased by 21,421 members from 355,191 in 2009, according to a union filing today with the U.S. Department of Labor. The total is about one quarter of the 1.5 million members the union had at its peak in 1979. General Motors Co. (GM), Ford Motor Co. (F) and Chrysler Group LLC cut their U.S. hourly workforces by 63 percent in the past decade, according to the Center for Automotive Research.

The UAW may gain an additional 8,000 jobs at the U.S. automakers this year, according to the center, which is based in Ann Arbor, Michigan. The gain won't be large enough to reverse a slide the union has experienced for three decades, said Sean McAlinden, the researcher's chief economist. In 2001, the UAW had 701,818 members, 86 percent more than last year.

"The last two years represents a cyclical trough in employment for the UAW that is part of a long-run secular decline," McAlinden said. "The UAW has shrunk so much in the auto industry that it can no longer dictate the pattern of wages and benefits across much of the industry."

The UAW's membership is at the lowest level since 1940, the year before the union organized Ford, according to data from the Walter P. Reuther Library at Wayne State University in Detroit.

"This increase is a reflection of new organizing by the UAW, the recovery of the domestic auto industry and UAW members who won a first contract during the year," UAW President Bob King said today in a statement. "We hope to continue this growth in 2011 and beyond, as we fight to win a more fair and democratic process for workers to organize."

Organizing Efforts

Restoring the UAW's power depends on organizing the U.S. factories of Asian and German automakers such as Toyota Motor Corp. (7203) and Daimler AG (DAI), King said March 22 at the union's bargaining convention. King has said he expects to organize at least one nonunion automaker this year.

"My heart aches," King told the convention delegates. "We don't have the justice our members deserve. We let unionization fall so far that we don't have the power to do pattern bargaining."

The UAW has failed to organize the U.S. factories of Toyota, Honda Motor Co. and

Nissan Motor Co. in the past and it will remain a challenge to persuade workers there to join the union, said Mike Smith, a labor historian at Wayne State.

‘Major Coup’

“That would be a major coup and the UAW would be back in business,” Smith said. “But that’s a huge gamble.”

The UAW reported total assets of \$1.08 billion at the end of 2010, down from \$1.13 billion a year earlier. The union said it had total liabilities of \$4.59 million at the end of last year, down from \$5.6 million a year earlier.

King, 64, elected president of the union in June, will negotiate new contracts this year with GM, Ford and Chrysler. King has said workers must be rewarded for the \$7,000 to \$30,000 in concessions they each gave since 2005 to help the automakers survive. The contracts expire in September.

The concessions included surrendering raises, bonuses and cost-of-living adjustments as well as agreeing to a two-tier wage system in which new hires earn about \$14 an hour, half the amount paid to senior production workers.

UAW Concessions

Those concessions helped the U.S. automakers lower the cost of wages and benefits to about \$57 an hour, close to that of Toyota’s workers in Kentucky. GM, Ford and Chrysler still have higher labor costs than South Korea’s Hyundai Motor Co. (005380), which gives workers at its Alabama factory wages and benefits valued at \$40 an hour to \$45 an hour, McAlinden said.

“Wage and benefit levels are now dictated to the UAW by the competition,” McAlinden said.

GM, which reorganized in bankruptcy in 2009, earned \$6.17 billion last year. Ford, the only major U.S. automaker to avoid bankruptcy, had net income of \$6.56 billion last year, the most since 1999. Chrysler, which also reorganized in 2009, posted a net loss of \$652 million last year and forecast net income of as much as \$500 million this year.

Light-vehicle sales in 2010 rose to 11.6 million from a 27-year low of 10.4 million in 2009. Deliveries still were 31 percent fewer than the 16.8 million annual average from 2000 to 2007, according to Woodcliff Lake, New Jersey-based Autodata.

The UAW will regain about 20,000 jobs at GM, Ford and Chrysler by 2015, the Center for Automotive Research predicts.

“Within this year or next, the UAW will hit 400,000 members again,” Smith said. “The auto companies are doing well again and even with \$4 a gallon gasoline, they are much better prepared to handle any gas crisis than they were in 2008.”

