

Unions Try to Get a Grip in New Economy

BY RICK HAGLUND

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DETROIT -- Instead of its usual bargaining for higher wages and benefits, the once-formidable United Auto Workers union is doing just the opposite as a critical deadline approaches at bankrupt Delphi Corp. Delphi has said it will ask a bankruptcy judge to terminate its labor contracts "no later than March 31," unless it can work out a deal with the UAW and five other unions to cut worker pay by as much as half.

Industrial unions have traditionally led the charge to ever-higher wages, but increasingly their role is to negotiate the best severance packages possible for their rapidly shrinking memberships.

The UAW has reached a deal with GM and Delphi to offer buyouts covering GM's entire U.S. hourly work force of 113,000 and nearly 20,000 Delphi workers. GM is offering to pay workers up to \$140,000 each to go away.

"It's pretty scary," Hal Stack, director of Wayne State University's Labor Studies Center here, says of the new balance of power between companies and workers.

Thirty years ago, a union membership card was a hot ticket to a middle-class lifestyle. For many, that card meant a nice home, college tuition for the kids, a boat or a snowmobile.

And woe be unto any employer in the auto, trucking or newspaper industries, to name just a few, that challenged a union's drive to win higher pay and better benefits for its members. Those employers knew the fight could cripple them in costly strikes, so they often capitulated.

Not anymore.

Now it's organized labor that is cowering in the face of nonunion competition at home and abroad, leading some to question whether unions have become as dated as whitewall tires and curb feelers.

"In industries where competition is global, unions have no role," says Lou Glazer, president of Michigan Future Inc., an Ann Arbor think tank. "Wages won't be set by union negotiations, but by the global marketplace."

Last year, just 12.5 percent of U.S. workers belonged to a labor union. For private sector workers, the percentage was a record-low 7.8 percent.

"Union membership has declined every year since 1955," said Richard Block, a professor of labor and industrial relations at Michigan State University. "There's no particular reason to see why that will change."

Worker organizing efforts have not even come close to keeping pace with job losses and retirements of unionized workers. Block says unions gain back through organizing elections only about 25 percent of the members they lose through attrition, plant closings and outsourcing.

He and other experts cite a litany of reasons why labor unions have fallen into decline, including fierce competition from nonunion companies in the South and abroad, labor law rulings that favor employers, and a move away from the manufacturing economy where unions were a potent force for decades.

Economists and other experts argue over the impact of labor unions' declining power. Some say it will allow businesses to become ever more nimble and to prosper in a global economy where speed and flexibility are paramount.

But others say that unions provide a check on employers who are already outsourcing jobs and boosting corporate profits faster than they're raising workers' wages. They fear U.S. living standards will collapse if unions disappear.

"The American job will absolutely crumble without their presence," says Sean McAlinden, chief economist at the Center for Automotive Research in Ann Arbor. "Job security, health care, vacations and pensions are fragmenting and falling away. I fear the worst."

It certainly looks grim at UAW headquarters on the banks of the Detroit River.

Long considered one of the most powerful and politically savvy industrial unions, its membership stands at about 640,000, little more than a third of the 1.7 million members it had in 1979.

The UAW is engaged in an epic battle just to hang on to members at money-losing GM and at major suppliers that are marching into bankruptcy.

GM and Ford have announced they are cutting a total of 60,000 hourly jobs, most of them filled by UAW workers, over the next two years. And the union has had little success in organizing foreign

automakers locating in this country over the past 20 years.

Unions are stepping up efforts to organize businesses that can't move offshore, such as retailers, casinos, nursing homes and child day care centers. Even industrial unions like the UAW are organizing blackjack dealers and graduate teaching assistants at universities.

A broad-based, effective organizing effort could rapidly boost wages in the growing retail segment by as much as \$2 an hour, according to Donald Grimes, a University of Michigan economist.

The Service Employees International Union, the Teamsters and several other unions vowed to step up organizing of low-paid service workers when they broke away from the AFL-CIO last year.

Some 2.5 million service workers belonged to a labor union last year, up from 2 million in 1993, according to the U.S. Bureau of Labor Statistics.

And government workers continue to be a ripe target for union organizers. Last year, 36.5 percent of such workers wore the union label.

A new type of union representing the increasing number of knowledge workers also could be a ripe source of new members, says the Center for Automotive Research's McAlinden. "I think organized labor needs to invent a new service-knowledge worker union to replace members lost by industrial unions," he says.

Wayne State's Stack says unions also are trying to better understand issues that are important to their members in an effort to boost waning political clout. That could result in organized labor distancing itself from some Democratic Party candidates.

"Organized labor has been tied to a loser in the Democratic Party," Stack says.

And Michigan State's Block says unions need to change a negative image that is largely inaccurate.

Many of the problems facing the auto industry cannot be attributed to a recalcitrant work force, he says. They are the result of management miscues and exploding pension and health care costs that no one could have foreseen when the benefits were granted decades ago.

"If the only people GM, Ford and DaimlerChrysler had to worry about were their active workers, they'd be OK," Block says.

UNION MEMBERSHIP

The number of workers in the United States who belonged to a labor union was 16.3 million in 1996, compared with 15.7 million last year. Their percentage of the work force declined from 14.5 percent to 12.5 percent.

2005 ...	15.7 million ...	12.5 percent
2004 ...	15.4 million ...	12.5 percent
2003 ...	15.8 million ...	12.9 percent
2002 ...	16.1 million ...	13.2 percent
2001 ...	16.3 million ...	13.5 percent
2000 ...	16.3 million ...	13.5 percent
1999 ...	16.5 million ...	13.9 percent
1998 ...	16.2 million ...	13.9 percent
1997 ...	16.1 million ...	14.1 percent
1996 ...	16.3 million ...	14.5 percent

Source: U.S. Bureau of Labor Statistics

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