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Lying Down Together: The Auto Pact

New developments in the automobile industry may change the way we look at the labor/management equation.

By ROBERT BOVÉ

American auto workers have long been among the elite of blue-collar manufacturing employees. Although their numbers are relatively small (together with the similarly advantaged steelworkers, they represented only 1.5 percent of the American labor force in 1979), auto workers' average hourly earnings in 1980 were 48 percent higher than those for all nonsupervisory workers in the economy. Within their industry, auto workers clearly have clout, a position that, despite periodic layoffs, remains the envy of their peers in other industries. When labor and management in the automobile industry bargain new contracts, the results make front-page news in cities thousands of miles from the nearest auto plant.

Innovative contracts, such as last year's UAW/GM pact that included job training and retraining provisions, spark interest anywhere similar programs have been contemplated, particularly where older, less mobile workers are involved. In the modern era, young workers and the professional class migrate to opportunity; workers with established families and close community ties have fewer options and suffer more hardship "voting with their feet." Understandably, the latter group would prefer alternatives that keep people working, even if it means retraining for new jobs. And that, among other things, is what is provided for in the most recent UAW/GM pact, an agreement *Business Week* called "the most comprehensive job-protection arrangement ever negotiated in a major industry.

"The trend-setting agreement fills the gaps in a job-security program that the two sides initiated in 1982, when the union gave the industry $3 billion in concessions."

UAW president Owen Bieber went so far as to say that the 350,000 GM-employed "can go to bed tonight knowing that they are not going to lose their job for at least the next six years.

"We've never had a labor agreement in this country, to my knowledge, that has provided this job security for its membership."

Whether the agreement proves worthy of such hyperbole will depend on the health of the auto industry and the willingness of management to keep jobs in the United States. Outsourcing, setting up auto and auto-component factories in foreign countries, was not limited in the new pact, although union leaders began negotiations with that in mind. After the agreement, though, GM president F. James McDonald was able to say, "As far as the outsourcing decisions, they lie with us. We certainly maintain the management rights on outsourcing."

Nevertheless, what the contract does provide should be of interest to organizations sensitive to the plight of workers threatened by new technology, increased efficiency, consolidation of plants or work transfer to other facilities. For the contract, later endorsed by union rank-and-file, protects workers with at least one year's seniority from such incursions on job security. (Management's price, it should be noted, was not cheap: The union had to agree to settle for wage increases of one to three percent at a time, this in what was a year of record GM profits.)

The new contract extends over six

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years. In this time, eligible workers, instead of being laid off as a result of the forces cited above, can enter a "job opportunity bank" where they continue to draw full salary. The UAW and GM already have a jointly administered Tuition Assistance Plan for retraining laid-off workers in new jobs, and this will continue for the foreseeable future. Again, workers with at least one-year seniority, on indefinite layoff and with recall or rehire rights are eligible. Once chosen, these workers can get up to $1,000 per year for four years of schooling to learn new job skills. This contrasts with the job opportunity bank, which puts workers in training programs, transfers them to other plants and—a potentially controversial provision—assigns them to in-plant utility work where job classifications are unspecified, part of management's plan to eradicate inefficient work rules.

A $1 billion fund has been set up by GM to cover the pay and benefits of workers admitted into the job bank. According to one estimate, a maximum of 20,000 workers could be compensated by a fund with such a cap. By tying outsourcing to "market forces," management avoids compensating the potentially greater numbers of workers who could be affected when GM makes autos and parts overseas. Critics have charged that outsourcing and planned automation could result in a 30 percent reduction in GM's work force over the next few years. Moderate union officials, such as UAW Region IC director Stanley Marshall, are philosophic on the issue. Last fall, he noted that job security and retraining have price tags just like any other negotiable benefits, that "there's less pie to cut up for other things.

"We've got to get the point across how important it is to take care of everyone."

Marshall and other moderates got the point across to enough union members to get the contract passed, but his is not the only voice. Although the recent negotiations prompted rave reviews from many quarters, not everyone remains satisfied. Before the vote was put to union membership, a lone voice on the rank-and-file bargaining committee, Local 160 president Pete Kelly, said, "The proposed contract fails to accomplish any of the goals we set for the 1984 bargaining."

Traditional bargaining goals have included the elimination of outsourcing, higher pay raises, early retirement and shorter work weeks. When the new contract expires after its three-year term, negotiations could take on the tone of previous UAW/GM debates or maintain the clearly consiliatory tone of the last contract talks. If enough of the interested parties believe the contract was a success, then labor and management indeed may have entered an unprecedented era of cooperation—unprecedented because it comes on the heels of a recession that devastated union membership. Under such circumstances, a strike would have surprised no one.

Instead, both sides felt justified to claim victory. In addition to the job bank, the contract called for the creation of a national, joint business-development committee. This committee is designed to act as a clearinghouse for creating new jobs and large ventures where needed. The suggestions then are passed on to the top.

All these contract provisions are startling only in the context of U.S. labor/management history. Job banks, for instance, have existed in one form or another for some time. State and Federal agencies have assisted laid-off workers with unemployment compensation and job training programs. But the UAW/GM agreement demonstrates the continuing impact of the privatization of such efforts. A recent Washington conference sponsored by the U.S. Department of Labor, the National Institute of Education and the Organization for Economic Cooperation and Development drew conclusions that support this trend: public policy in the form of *incentives*, vouchers, etc. will be more effective than public *programs;* an important government goal is to promote economic growth; and employers (management and labor together) know best what kind of training their employees need, and they have the primary responsibility for providing that training. The UAW/GM contract puts these theories to the test.

The air of cooperation on training issues in the latest series of labor/management talks did not develop overnight. Groundwork was laid in negotiations that produced tuition assistance and other related programs. The 1982 UAW/GM agreement addressed the retraining of both displaced and intact workers by providing for the establishment of a Joint Skill Development and Training Committee. The committee's major responsibilities focused on providing "training, retraining and development assistance for employees displaced by new technologies, new production techniques, and shifts in customer preference." In addition, the committee reviewed skilled trades employees' training in new technology—including robotics—and training to enhance skills for present and anticipated job responsibilities to meet new technology. As a result of the committee's work, a comprehensive project was established that included mental health and transportation support services, job search assistance and placement, and retraining.

The 1982 collective bargaining agreement between Ford and the UAW resulted in the jointly administered Employee Development and Training Program coordinated by a national center. Career counseling, retraining, job search training and placement assistance for laid-off workers were among the principal objectives set by the program.

An outgrowth of these efforts was the establishment of a program that came to be known as the Nickel Fund, so called because Ford promised to pay five cents an hour into a retraining pot unemployed workers drew on to take technical and skills courses in American colleges. (Ford now contributes 15 cents an hour.) Anthony Carnevale, ASTD chief economist and vice-president for government affairs, believes that programs like Ford's, while not as valuable as pre-employment education and training, are better than nothing—a choice facing many unemployed industrial workers.

Other industries and organizations are keeping a close watch on the progress of these programs, particularly the ones called for in the UAW/GM contract. Unions traditionally look to UAW as the pacesetter, and GM is a highly visible corporate giant. Should the partners in this new agreement have a falling out during the term of the contract—not entirely unlikely given the fragility of such agreements—it might mean a halt to the planning of such efforts elsewhere. Should labor and management return to the bargaining table believing they have something in common—and that means that both job security and productivity were well served—then 1984 will go down as year one in the era of labor/management good feeling.