

## A SPECIAL REPORT

# SAVING AUTO JOBS AND COMMUNITIES: AN AMERICAN IMPERATIVE

By Jerry Tucker

For much of the 20th Century the automobile has been the driving-wheel of the U.S. economy. Worshiped and cursed, pampered and feared, our auto industry, once it was unionized, produced millions of good paying industrial jobs and enriched thousands of communities. Now, through corporate restructuring and the 'globalization' of the industry, many of those jobs are being lost and communities deserted.

That the domestic auto industry is staggering through the current recession and has lost both profits and market share is indisputable. But that cannot be used as an excuse to ignore, or champion, evolving corporate plans to downsize U.S. production in

favor of plants in low wage countries like Mexico, Korea, and Brazil.

For workers whose jobs, incomes, and communities are caught in this downdraft of corporate disinvestment and political neglect, the future is bleak. Unchallenged, this de-industrialization will undermine the economic and social fabric of our nation. Yet today, U.S. workers and communities face this reality without a plan or concerted effort either to retain or replace these jobs and incomes at comparable levels.

Today's UAW leadership is trapped in contractual and ideological cooperation with the corporate

agenda. Unimaginative and undemocratic, the UAW brass, through ten years of 'jointness' concessions, have squandered precious worker solidarity and our union's legacy of innovative action. They have no program.

Most of the country's politicians are equally impotent. They are tied to the purse strings of big business and the last thing they want is to confront their principal campaign benefactors. Collectively, they lack the intellectual honesty to address this national tragedy.

As the New Directions Movement (NDM) candidate for the presidency of the International UAW, I offer the following analysis and worker/community based strategy to save auto jobs and communities.



## NORTH AMERICAN ECONOMIC INTEGRATION AND THE AUTO INDUSTRY

### I. Economic Integration— A Reality in Auto

In announcing the closing of 21 plants in the U.S. and Canada, General Motors gave the nation a glimpse of the North American auto

industry of tomorrow. The industry is deserting communities and workers at an ever accelerating pace in this country and Canada. Not mentioned in GM's announcement were the 30 or more parts, engine, and assembly plants GM built in Mexico during the 1980s. Together these investment decisions represent a net shift of production to low-wage sites in northern Mexico. GM's plant closings, like those of Ford and Chrysler, are not simply cuts in capacity. Rather they are part of a long-term plan to boost profits by reorganizing production on a continental scale.

The reorganization of the North American automobile industry is already well under way. The ratification of the North American Free Trade Agreement would

only accelerate a process already propelled by the U.S.-Mexico maquiladora program, the 1988 U.S.-Canada Free Trade Agreement, and the 1989 Auto Decrees issued by Mexican President Carlos Salinas.

Both parts production and final assembly are being shifted away from traditional auto centers in the U.S. Midwest, central Canada, and central Mexico, to new plants in northern Mexico.

More of the parts in cars produced in the U.S. and Canada now come from Mexico. U.S. imports of auto parts from Mexico rose from \$1.6 billion in 1984 to \$4.4 billion in 1990. According to *Business Week* (3/16/92) the Big 3 expects to produce between 2 and 3 million vehicles per year in Mexico by the year 2000.

More cars sold in the U.S. now come from Mexico. Prior to the 1980s, almost all cars produced in Mexico were sold there. From 1981 to 1991 the number of passenger cars imported from Mexico rose from 14,000 to 313,000. Virtually all Mexican car production in-

creases above the 1981 level were for export, mostly to the U.S. and Canada.

Thus, while auto parts employment in the U.S. dropped 85,000 jobs during the 1980s, employment in Mexico's export-oriented auto maquiladora plants rose by about 80,000 jobs. Jobs that pay, in many instances less than \$1 per hour.

General Motors' plan was but one more landmark in the shift of production to Mexico. According to the Mexican government, Ford also plans to invest heavily in Mexico in the next decade. Chrysler has a Mexican production strategy as well.

A five-year, five-million-dollar study by the Massachusetts Institute of Technology's International Motor Vehicle Program concluded that small car assembly, along with engine and component production, will shift significantly toward Mexico during the 1990s. The lure of lower wages is proving irresistible in the increasing global competition among U.S., Asian, and European auto makers.

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**II.**

### **Stagnation Auto Markets and Increased Competition**

All but the rosiest of studies see a stagnant world auto market for the 1990s. The U.S. Department of Commerce estimates that the U.S. auto market will top off at about 15 million cars and trucks, while the Canadian Auto Workers predict a stagnant market in that country. Although the promoters of the North American Free Trade Agreement like to predict vibrant growth in the Mexican market, there is little economic justification for such optimism.

Mexico's Gross National Product (GNP) is a scant 3.7% of that of the U.S. The per capita GNP in Mexico is \$2,010. Only an elite sector can afford big ticket items such as cars. Furthermore, real income in Mexico has fallen 60% since the mid-1980s because of the government's austerity program.

The simple fact is that unless there is a change in economic policy in one or more of the three nations of North America, there is little hope for greater auto sales. Instead, we can expect the foreign and domestic

auto corporations to be fighting one another for market share and seeking still further cost reductions through relocation, speed-up, and concessions in wages and benefits. All of this points to severe pain and loss for American workers and communities, and continued economic hard times for the majority of Americans.

**III.**

### **The Union As A Factor**

During all the public discussion of the GM plant closings, no one, least of all the current UAW leadership, spoke of the union as a factor

affecting this decision or the future of the industry. The UAW leadership pointed the finger first at Japan and only later at GM, but proposed nothing and took no action.

For a decade the current UAW leaders have been contractually and ideologically committed to a "new era of partnership" with the Big-3. Massive economic and working condition concessions were made by workers to gain this cooperative relationship. It was supposed to "save jobs" and provide joint decision making for the union as an institution and for workers on the shop floor. Neither has resulted. Hundreds of thousands of jobs have been lost and corporate disinvestment strategies have enjoyed the complicit blessing of mute union leaders. The union has become a junior business partner with no agenda of its own. The greatest concession of the 1980s was instilling the belief that the union is helpless. We're not helpless, we're leaderless.

In contrast, the experience of Europe shows us that unions can be a leading factor in the shape of economic restructuring and dislocation. Not only have unions there won or defended more progressive government policies for dealing with economic change, but they have played a direct role in saving jobs and cushioning the impact of dislocation. Despite Europe's higher wages, U.S. auto corporations continue to increase investment in the European market.

Since 1985, unions throughout western Europe have fought for and won the shorter work week. This was done in part to prepare for the dislocation that is certain to hit many industries when the European Single Market is fully implemented at the end of 1992. A consequence of this concerted effort is that German workers, who led the fight, now work 36 hours a week at higher hourly wages. Working 4 to 5 hours less a week, they still make as much weekly income as their U.S. counterparts. German unions claim they have saved tens of thousands of jobs without losing income. Yet, it would be hard to accuse German industry of being uncompetitive.

Any organization can adopt a long list of rhetorical goals and policies. The UAW's community/political program for 1992, "It's America's Turn," is a good example. But UAW workers need more than a laundry list of good intentions. We need the spirit of the 1930's and leaders who know 'which side they are on'. We need a specific pro-

gram and strategy to mobilize our members and allies around to fight for jobs, incomes, and communities—a strategy divorced from the corporate agenda, based on solidarity unionism.

In the belief that the rate of job loss and economic pain can be significantly reduced by combining

union militance and mobilizing community support for public policy alternatives, the Movement for New Directions proposes the following Four-Point program and such action in workplaces, at the bargaining table, and in public places as is necessary to secure its implementation.



## SAVING OUR JOBS:

### A FOUR-POINT PLAN AND A CALL TO ACTION

#### 1. Shorter Work Week:

As a recent study shows, employed Americans worked the equivalent of one month more a year

in 1987 than in 1969, without any increase in real income for the vast majority. We are working ourselves into new stress and motion-related diseases, while compounding the problem of unemployment. A recent UAW magazine news item estimated that if all its members in auto had worked only a 40 hour week in 1988, they would have created 88,000 jobs—more than were lost to Mexico during the entire decade. In a period of economic restructuring and business reorganization, the only way to save jobs is to share them through shorter work time with no loss in income.

In four successive rounds of collective bargaining in auto, the UAW, beginning in 1982, failed to demand or win shorter work time. Current corporate downsizing efforts would look much different if UAW leaders had not abandoned this historic labor objective and thousands of jobs would have been saved.

The UAW should resume the fight for shorter work time that it began in the 1970s and abandoned in the 1980s. The goal should be to reduce the contractual work week to 35 hours, with no loss of pay, within the next two contracts. Overtime work should not be permitted where layoffs exist, and the UAW should also work with other unions and organizations for the reduction of the statutory work week through legislation.

#### 2. Conversion:

An irony of North American economic integration is the renewed interest in, and demand for, im-

proved infrastructure and transportation in the U.S. Several western states, for example, are working with the private sector to develop high-speed, environmentally sound rail transport, while more cities (e.g., Los Angeles) move toward light rail systems to alleviate

traffic problems and increase labor mobility in the area. German, French, and Japanese firms crisscross the country seeking contracts, while not one company in the U.S. has the current capacity to build heavy or light rail equipment. The firm that eventually won the L.A. contract was a repair shop that plans to convert to production. Auto plants can easily be converted, and environmentally retrofitted to produce the parts, engines, and rolling stock for both regional high-speed and local light rail systems.

In the tradition of Walter Reuther's "500 planes a day" conversion plan for World War II, the UAW should offer a detailed plan for converting auto plants

destined for closure to the production of modern rail equipment, affordable pre-fabricated housing, and other socially useful production.

The UAW can fight for this plan through labor-community coalitions, collective bargaining, and legislative action at the state and federal levels. Thousands of additional jobs could be saved as a result.

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### **3. Community Severance Pay and Reparations:**

Corporations have profited from extensive state and local tax abatements,

unpaid-for local infrastructure, and the whole range of support provided by the communities in which they operate. Yet, when the decision to close a plant for "economic" reasons is made, not a word is said about off-setting the economic and social damage to the community—let alone about repaying what the corporation has already taken. This is neither fair nor economically sound. It is simply another way the costs of doing business are passed on to the taxpayer.

Nationally, there should be a 'tax' imposed on U.S. corporations who export jobs to produce products for import back into the U.S. And, in addition to a fair severance package for workers, the UAW must fight for a worker/community severance and reparations package approximating the loss of gross community product over a number of years beyond the intended plant shutdown. This package should include corporate funds to offset lost tax revenues from the company and the unemployed workers, training and social service costs for re-employment of the displaced workers, general economic development funds, and funding of community conversion planning for the closed plant. This is a fight which would be enthusiastically joined by community allies and involve political coalition building with organized labor at the activist center.

Corporate competitiveness can be developed within a framework of social responsibility. The future of America depends on it.

### **4. International Solidarity:**

The integration of the North American automobile industry and, increasingly of other UAW jurisdic-

tions such as agricultural implements and aerospace, requires that the unions in the three countries work for common goals, including eventual coordinated bargaining. Practical, active solidarity across borders is essential to increase the power of the unions in this changing situation. The current UAW leadership does not have good relations with the Canadian Auto Workers or with the unions in the Mexican auto plants. Actual steps toward international solidarity have been taken in the U.S. almost entirely by UAW local unions, where contact with the CAW and various Mexican unions has been forged.

The UAW should immediately re-establish a working relationship with the CAW and begin to make extensive contacts with the various unions in Big-3 and transplant operations in Mexico. This, along with a renewed drive to organize all unorganized auto, and auto related workers in North America, must become the vehicle to confront the downward spiral of worker to worker competition and corporate whipsawing.

Chief among the goals of a new tri-national labor solidarity must be the raising of Mexican wages, health and safety standards, and working conditions. A tri-national coalition of unions can also fight for the shorter work week, upward harmonization of social security and health care, social services, and environmental regulations in all three countries, and for coordinated bargaining with the major auto producers and other industries.

## **CONCLUSION**

Along with an ongoing effort to democratize and revitalize the UAW, NDM is committed to this program of action to save jobs in an industrial sector vital to the economic health of our nation. We do not believe these ideas are panaceas or that they can be achieved overnight. While, individually they have merit, it is their collective impact and community action potential which offers the best hope for re-establishing social and economic equity. They are the right direction for workers and communities.

Politically, we must stop limiting workers in this country to the choices of the business community. We must create alternatives along the lines of Canada's New Democratic Party (NDP), or Mexico's Party of the

Democratic Revolution (PRD) in the U.S. Thereby providing a healthy, interactive North American opposition to the current corporate dominated three-country ruling establishment.

We believe, like generations of UAW activists before us, that the union makes a difference when it is democratic, socially and politically progressive, and prepared to mobilize its members and the communities in which they live. Today, we are not helpless. We are leaderless.

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More information on the UAW New Directions Movement or the Tucker candidacy may be obtained through P.O. Box 6876, St. Louis, MO 63144, or by calling 314-531-2900