

WHAT THE AP LEFT OUT ABOUT THE UAW

The AP has an article reporting that Ron Gettelfinger, head of the UAW, says the union will not make any more concessions to keep the Big Three in business. I guess the editor cut a big chunk—because the article obviously falls short of explaining why the UAW is taking this stand. Here's what the AP left in:

"The focus has to be on the economy as a whole as opposed to a UAW contract," Gettelfinger told reporters on a conference call, noting the labor costs now make up 8 percent to 10 percent of the cost of a vehicle.

"We have made dramatic, dramatic changes and the UAW was applauded for that," he said.

Instead, Gettelfinger blamed the problems the auto industry is suffering from on things beyond its control – the housing slump, the credit crunch that has made financing a vehicle tough and the 1.2 million jobs that have been lost in the past year.

"We're here not because of what the auto industry has done," he said. "We're here because of what has happened to the economy."

And here's what the AP didn't report (I'm sure it was just an oversight, really).

In its contract last year, the UAW made painful concessions, adopting a two-tier wage structure, such that new employees make just \$12 to \$15 an hour. The move is projected to bring the American manufacturers in line with their Japanese rivals' non-union labor costs in the near future.

In addition, the union has taken responsibility for providing retiree healthcare, thereby eliminating one of the last remaining competitive disadvantages for the American manufacturers' unionized workforce as compared to their Japanese rivals.

With these agreements, the UAW has managed to save jobs, while still providing the superior labor force that leads most segments (big PDF, see page 10-11) in terms of the most efficient plants measured in hours per vehicle.

The UAW's workers have made deep concessions to ensure American-owned auto industry remains competitive with its foreign competitors. Now that the American-owned manufacturers have eliminated some of the structural disadvantages that gave foreign competitors a market advantage, it would be a terrible waste for its country not to do what's necessary to sustain American manufacturing through this tough financial period.

There. Now it tells a more complete story.