In this Section:
World-Wide
Asia
Europe
The Americas
Economy
Earnings Focus
Politics & Policy

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Europe
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The Global, High-Tech Economy Makes Striking Riskier for Unions

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First, a bunch of union activists make a lot of noise at the World Trade Organization meeting in Seattle. Then, Wall Street tycoons and media bigwigs cringe in anticipation of a strike by New York City transit workers.

Is this the dawn of a new era of labor militancy in the U.S.?

Not necessarily.

As long as there are unions, there will be strikes. And certainly, labor unions haven't stopped fighting for -- and winning -- higher wages, safer working conditions and sweeter pensions during this time of prosperity. But increasingly, as the tentative settlement of the New York transit labor crisis early Wednesday morning shows, union leaders and members are reluctant to launch labor's ultimate weapon, despite a tight labor market and a booming economy. "We're living in a different world," says Stephen P. Yokich, president of the United Auto Workers union. "We don't have to go out there and rattle our swords. We have to be professional about it." After all, Mr. Yokich adds, "what do you get out of a threat? If you start rattling that sword, you've got to be prepared to do it."

And for many unions, using the sword can get a lot of people hurt -- starting with union members. The calculus of labor relations is indeed different these days. Workers have become shareholders. Technology and globalization can put jobs at risk even when a union has "job security" written into its contract.
Ron Blackwell, the AFL-CIO's director of corporate affairs, says the threat of replacement workers is what's driving the decline in strikes. In 1982, the year after Ronald Reagan fired the striking air-traffic controllers, the number of major strikes dropped below 100 for the first time on record; the number hasn't recovered since. And the threat continues: Earlier this year, after major-league baseball umpires resigned en masse over disputes with management, 22 of them were replaced by minor-league umpires. Even at the Big Three Detroit auto makers, where hiring replacements for striking workers is impractical for a variety of political and operational reasons, unionized workers still worry that they could jeopardize their jobs by repeated walkouts. They know that the companies could punish uncooperative union locals by shifting work to cheaper nonunion or overseas factories.

"It takes an incredibly courageous group of workers to go out on strike," Mr. Blackwell says.

As strikes have become more risky, union leaders have sought other options for applying pressure on management. Today, a union is far more likely to wage a public-relations campaign against a wayward employer. Another strategy is to lobby the big money-management firms that invest union pensions.

Also pushing unions away from strikes is the fact that walkouts are bad for recruiting. This is no small matter to unions such as the UAW, whose active membership, despite rising in 1998 for the first time in a decade, to about 780,000, remains at less than half its 1970 level of 1.6 million. Many of the people the UAW wants to sign up are turned off by strikes: Witness the impact of the UAW's 54-day walkout at two critical General Motors Corp. factories in the summer of 1998. The strike cost the company $2 billion and slashed GM-UAW workers' 1998 average profit sharing to just $200 each, compared to $6,600 for their counterparts at Ford Motor Co. and $7,400 for employees of DaimlerChrysler AG's U.S. arm.

These days, Mr. Yokich tries to avoid casual use of the word strike. No longer does the UAW say that it is picking a "strike target" in its negotiations with Detroit's auto makers. Instead, UAW leaders talk about choosing a "lead" company.

This change in style and substance at the UAW reflects a broader
reality in the U.S. labor movement. The number of strikes involving
1,000 workers or more has been declining for more than 50 years.
Between 1947 and 1957, there were an average of 337 big strikes a
year, including 470 in 1952 alone. During the 1960s, there were an
average of 291 strikes a year. But between 1990 and 1998, the
average number of big strikes each year was just 36, including 34 in

Of course, that trend coincides with the long-term decline in union
membership among U.S. workers. Despite vigorous and
much-publicized efforts to organize workers, the share of the U.S.
work force represented by unions declined again in 1998 to 13.9% of
wage and salary workers, down from 14.1% a year earlier and 20.1%
in 1983. This decline has continued despite labor leaders' arguments
that American workers need unions to protect them from exploitation
in the global economy -- and the fact that unionized workers have a
median income of $659 a week, compared to $499 a week for
nonunion employees.

Behind all these numbers are some bigger social and economic shifts
that are pressing even hard-nosed union leaders such as the UAW's
Mr. Yokich to reassess their tactics.

What has changed? For starters, the old lines between labor and
capital are becoming blurred as more workers hold stock in their
companies and get a cut of corporate profits.

Long before Silicon Valley made stock options a standard piece of an
ordinary worker's compensation, the UAW was pushing to win
factory workers a piece of the capitalist pie. During the late 1970s and
early '80s, as Japanese cars were running over Detroit's Big Three,
then-UAW President Douglas Fraser realized something big was
happening.

"The world changed: globalization," he says. "And I think the workers
realized that their fortunes were tied to the company's. They couldn't
survive unless the company survived."

Ford, GM and the former Chrysler Corp. all have launched
profit-sharing plans for their UAW workers. Those plans, particularly
at Ford and the former Chrysler, have become major chunks of
workers' compensation. According to calculations by Mr. Fraser, who
now teaches labor studies at Wayne State University in Detroit, the
average hourly worker has earned $37,541 in profit-sharing checks
since the program started at Chrysler, $32,975 at Ford, and $4,342 at
GM.

**Pride of Ownership**
Auto workers now own substantial chunks of their employers' stocks. About 20% of Ford's common stock is employee-owned, a company spokesman says. At GM, employee ownership through company sponsored plans accounts for 10% of outstanding shares.

This means workers' personal fortunes are dependent on factors such as profits, market share and stock prices, not just what the union can get at the bargaining table. That in turn has led union members and leaders to think and act more like owners, and less like cogs in the machine.

UAW Local 659 shop chairman Norwood Jewell, who led his GM local out on the summer 1998 strike, says that since that bitter walkout, he and his members are learning more about the competitive pressures their metal-stamping plant faces, and how they must adapt to survive.

"It's no secret that GM's market share has declined," he says. "The better they do, the better we do as workers."

At Delphi Automotive Systems Corp., the auto-parts unit that GM spun off last spring, workers and managers are collaborating these days, after years of conflict that bred a series of strikes during the mid-1990s.

After years under GM's wing, Delphi plants now must compete in the open market against nonunion automotive suppliers and factories in Mexico and Asia. The pressure has made allies of former antagonists.

"A trade unionist can't operate as trade unionists have in the past," says Paul Schuh, president of UAW Local 1097, which represents workers at a Delphi plant in Rochester, N.Y., that makes engine parts. "The global economy has forced us to change."

**Working Together**

Once management laid out the grim details of the plant's financial outlook, Mr. Schuh's local agreed to work with Delphi to introduce lean-production techniques to boost productivity. Among the changes was the elimination of chairs on the shop floor as workers were forced to move from station to station instead of waiting for material to come to them. Union members, whose average age is 48, initially resisted, according to local officials, but ultimately recognized that efficiency is the key to survival.

After nearly two decades of downsizing at the plant under GM, local officials say Delphi's independence now opens the prospect of actually expanding the business.
"If we get to the point where more of our business is non-GM, then I believe the sky's the limit," he says. "I'm starting to sound like a businessman now, but a union leader has to understand business now more than any time before."

Delphi also is pushing to turn its employees into investors, giving them stock options and the chance to buy stock in an initial public offering earlier this year. Many union members bought shares, although they now are looking at paper losses, with Delphi stock currently trading below its $17 initial offering price. In Big Board trading Wednesday, Delphi closed at $14.50, down 18.75 cents. Mr. Schuh says he heads off calls from disgruntled members to walk out over disputes. "The easy part is getting you guys out on the street," he says. "The hard part is getting you back without disruption and losing business."

**Easily Replaced**

What the Delphi union leaders recognize is that technology and global markets make it easier than ever for big companies to displace highly paid but low-skilled workers -- notwithstanding the overall labor shortage.

One reason for the drop in the UAW's membership is that much of the work traditionally done in auto makers' own factories has been shifted to suppliers' plants, which tend to be nonunion. While the number of production and skilled-trades jobs in U.S. auto-assembly plants has dropped by 90,000 in the past two decades, parts-making jobs have jumped by 40,000, according to the union.

Another threat is the advent of foreign-owned auto plants in the U.S., which, like the supplier factories, usually aren't unionized. And many of the products built at these foreign-owned, nonunion plants are gaining market share at the expense of UAW-built products.

That's why UAW members such as 32-year-old Dan Storm, who works in a Ypsilanti, Mich., plant that makes starters for Ford vehicles, are less optimistic than their elders about the union's power to stop management moves the union dislikes.

On a chilly night this October, as the clock ticked toward the midnight deadline when the UAW's existing contract with Ford would expire, Mr. Storm huddled at UAW Local 849's union hall with a dozen or so other members. They were awaiting word on whether UAW leaders would shut Ford down to block the company's anticipated spinoff of its Visteon Automotive Systems parts-making unit, of which the Ypsilanti plant is a part. UAW members worried that a spinoff would cut union jobs and pay.
Swapping Stories

Down the hall from the kitchen, which was stocked with trays of Danish to feed workers in the event they were called to picket, older members of the local traded stories of past walkouts and predicted they were in for another one.

Not Mr. Storm. "Yokich knows he can't stop a spinoff," Mr. Storm said. "He's flexing his muscle to show he's fighting for us, fighting for Visteon. But he can't stop it."

Mr. Storm was right. In the end, Mr. Yokich and Ford bargainers cut a creative deal that allows current Visteon employees to remain on the Ford payroll at full Ford wages and benefits. But new hires ultimately would belong to Visteon, and, if the industry's patterns hold, probably would earn less than their Ford counterparts in the long run.

The failure of union efforts to stop erosion of membership at companies such as Ford and GM has forced labor leaders to do something they haven't done much, or done well, in the past decade: Market themselves to prospective new members.

When John J. Sweeney took control of the AFL-CIO in 1995, he vowed to rejuvenate the labor movement, mainly through hard-nosed organizing, but also by making unions more palatable to modern workers. Since then, the labor federation has spent millions on splashy ads trying to cast off its image as a dinosaur once associated with rusting factories.

Last September, Mr. Sweeney surprised many observers by touring the New York Stock Exchange. He also has sought to foster stronger ties with his counterpart at the U.S. Chamber of Commerce.

Some Successes

Unions have scored some organizing successes, and are reaching beyond their industrial base. In Seattle, the Communications Workers of America is trying to forge ties with part-time workers at Microsoft Corp. It also built an informal alliance with IBM workers who protested last summer when the company announced it was changing the workers' pension plan. The company backed off.

But so far, these initiatives haven't resulted in a convincing turnaround in overall union membership. And as UAW leaders have discovered, having a reputation for being strike-happy makes organizing all the more difficult.

When the UAW struck GM in 1998, the union got hammered in public opinion worse than GM did. The upshot: Now the UAW is
finding it difficult to organize DaimlerChrysler's Mercedes-Benz sport-utility vehicle factory in Vance, Ala., even though Mr. Yokich is on the company's board and won management's promise to remain neutral in the union's organizing drive.

"The reality is, unorganized workers feel that the strike is a very negative thing," says Mr. Fraser, the former UAW president. "And one of the reasons they don't join unions is fear of strikes."

The UAW has opened an office near the factory and staffed it with organizers. But the union still hasn't called for the workers there to vote on whether to join the union. To Mr. Fraser, that means the union isn't confident about its chances for success.

Mr. Yokich declines to discuss the situation in Alabama. But he stresses that the union's desire to work more cooperatively with management hasn't made it soft at the bargaining table.

"Has it made us negotiate lesser contracts? Hell no," he says. "It's the same Steve Yokich. I am no different at the bargaining table than I was. It's just the method" that the union uses these days at the bargaining table that has changed. "You try to enter with the high card."

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