# U.S. Automakers Paying On Par With Foreign Rivals For Labor

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DETROIT — After years of paying their U.S. manufacturing workers more than their foreign rivals, Detroit's automakers are now paying the same amount as foreign companies and could even achieve a labor cost advantage in the next few years, an economist with the Center for Automotive Research said Monday.

Sean McAlinden said that in 2007, General Motors Corp. was paying $1,400 more per vehicle than Toyota Motor Co. in North American labor costs, primarily because of a $950 charge for retiree health care coverage.

But that same year, historic labor negotiations cut costs and transferred the responsibility for retiree health care to a trust run by the United Auto Workers union. The UAW agreed to cut wages in half, to around $14 an hour, for new hires and also cut their pension and health benefits.

Before GM and Chrysler Group LLC went into bankruptcy protection last summer, workers agreed to additional concessions, including reduced overtime and cost-of-living adjustments and the elimination of a jobs bank that paid workers who were laid off. Ford Motor Co., which didn't seek bankruptcy protection, couldn't convince its workers to match those concessions.

McAlinden said that by 2008, Detroit automakers were paying their hourly workers an average of $69,368 per year, while the biggest foreign-based competitors were paying $70,185.

For salaried employees, though, the differences were bigger. Salaried workers at the Detroit automakers made $122,963; at foreign competitors, they made $81,506.

McAlinden said wages and benefits now cost GM around $58 an hour, just $2 more than Toyota. But he said Toyota's advantage won't hold as GM hires more workers at the lower wage and it hires fewer skilled-trades workers, who make more money than other factory workers. GM has already hired 2,300 workers at the lower wage, he said.

McAlinden predicted that between 2013 and 2015, Toyota could even be paying $10 more per hour than GM unless the Japanese company reacts and lowers wages.

McAlinden made the comments at an auto conference at the Detroit branch of the Federal Reserve.

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