

# Ford's Success Stirs UAW Resentment In Labor Talks

Tom Krisher, AP Auto Writer

DEARBORN, Michigan (AP) — Ford's turnaround over the last five years has resulted in big profits and won its CEO a reputation for brilliant management of the automaker.

But those same achievements are stirring resentment among many of its factory workers. And that is complicating contract talks between the company and its union employees.

At The Rouge, Ford's massive, 94-year-old factory complex in Dearborn, Michigan, there's talk along the assembly lines of winning back raises and bonuses lost when the company was near financial collapse in 2007. Workers, who assemble F-150 pickup trucks at the site, are upset that Ford is trying to cut labor costs, especially after nine straight profitable quarters and a \$26.5 million pay package for CEO Alan Mulally.

A few miles (kilometers) to the north, inside Ford's 13-story headquarters known as the Glass House, executives are worried because workers, on average, cost the company \$58 an hour in pay and benefits, the highest in U.S. auto industry.

Both sides are trying to find a compromise this week while work continues at Ford factories under a contract extension. A top union bargainer told workers on a telephone recording Monday night that talks are accelerating and he is "hopefully optimistic" a deal can be reached this week.

Ford's profits and the possibility of a strike could force the company into a deal that's more generous to workers than the one already negotiated with General Motors Co. Chrysler, meanwhile, continues to negotiate its own contract with the union.

Differences between Ford and the union date to 2007, when all three Detroit automakers were on the verge of financial ruin. The year before that, Ford lost \$12.6 billion, and U.S. sales were down 8 percent. Worried that the company would collapse, Ford workers began a series of givebacks.

Like workers at GM and Chrysler, they eventually gave up cost-of-living pay raises, performance bonuses and other benefits. GM and Chrysler needed government bailouts and bankruptcy protection to stay in business, but Ford took billions in private loans and endured on its own.

As a result, Ford became a consumer favorite and the company prospered. It paid Mulally for engineering the turnaround and restored merit pay and some other

## Ford's Success Stirs UAW Resentment In Labor Talks

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

benefits for white-collar workers, angering union members.

"The compensation for the CEO has been widely publicized, and those kinds of things wend their way up and down the assembly line," says Harley Shaiken, a professor at the University of California at Berkeley and a specialist in labor issues. "It creates higher expectations."

At Ford, bargainers are expected to use the deal with GM as a template. But it's unclear if its provisions will be acceptable to Ford or its union workers. Under the deal, GM workers would get a \$5,000 bonus for ratifying the contract, more profit sharing and higher pay for entry-level workers. Although the deal has no pay raise for most workers, it appears headed for approval.

It's the lack of raises that has rankled many of Ford's 41,000 factory workers.

"Ford has to do a lot more," says Gary Walkowicz, a worker at the company's Dearborn plant, the epicenter of union dissent.

Walkowicz says many workers are ready to strike, especially in Dearborn. Workers there led the rest of the company in rejecting a round of concessions in 2009. Ford sought the concessions to match deals given to GM and Chrysler as they were going through bankruptcy protection.

Ford is the only Detroit automaker where the union can strike, something it has not done at Ford since 1976. Walkouts over pay are banned this year at GM and Chrysler Group LLC under the terms of their government bailouts. At Ford plants, workers are making picket schedules in case they need to strike. But getting ready is standard procedure during contract talks.

Gary Chaison, a professor of labor relations at Clark University in Worcester, Massachusetts, says Ford can cut the risk of a strike if it doesn't stray too far from the GM contract. But if Ford tries for big labor cost cuts, the odds of a strike rise to 50-50, he says.

UAW President Bob King has said he's not thinking about a strike. But he thinks workers should get a piece of the profits because they have each given up \$7,000 to \$30,000 a year in concessions since 2007. He also has called Mulally's pay "outrageous."

Mulally, in a recent interview, defended his compensation, saying it was determined by the company's success and the free market. He said much of his pay is "at risk" because it comes in stock that can rise and fall in price based on Ford's performance. Mulally's salary is \$1.4 million, with the rest coming in stock and a bonus.

Ford's white-collar workers say the union complaints about pay are unfounded. Ford compensation records obtained by The Associated Press shows that UAW-represented hourly workers have seen larger increases in pay and benefits over the last decade than many white-collar workers.

## **Ford's Success Stirs UAW Resentment In Labor Talks**

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

And there are Ford factory workers that are happy with the company because they are getting overtime pay and making good money again.

The UAW, according to the records, has protected longtime factory workers from changes to health care, overtime and other benefit cuts that salaried workers were forced to take. Salaried workers pay 30 percent of their health care costs, for example, while hourly workers pay just 6 percent.

The average hourly worker at Ford made \$109,020 in 2010, including wages, benefits and overtime, up 17 percent from 1999. But the average salaried factory supervisor made \$99,760 in wages and benefits, up just 2 percent in the same period, the records show.

The UAW turned its attention to Ford last week after talks with Chrysler fell apart. Chrysler talks now are back on.

GM workers, meanwhile, are likely to approve their contract in voting that ends Wednesday.

**Source URL (retrieved on 07/29/2014 - 1:56am):**

<http://www.impomag.com/news/2011/09/fords-success-stirs-uaw-resentment-labor-talks>