

IN Manufacturing Jobs Rebound, But Wages Lower

The Associated Press

INDIANAPOLIS (AP) — Indiana manufacturers are seeing a slow recovery, adding back about 60 percent of the 100,000 jobs lost during the recession, but many workers are finding their paychecks lighter than they once were.

While the average Hoosier manufacturing paycheck has risen to \$23.50 an hour, the uptick hasn't kept pace with inflation, the Indianapolis Business Journal reported (<http://bit.ly/Mns3T8> [1]). That means that once wages are adjusted for inflation, the average factory worker is earning \$1.07 less than he was three years ago.

Production workers are being hit particularly hard. Their pay peaked at \$17.74 in 2003, but it's risen only to \$18.83 today. That's well short of the \$22.18 they'd need to keep up with inflation, the newspaper reported.

Companies say they have to keep their wages down to stay competitive with foreign manufacturers, who can do the same work for less. They're also benefiting from the state's still weak job market, because manufacturing pays better than many other employment sectors.

"There's still quite a few former auto workers that would probably still be happy to have any jobs at all," said Timothy Slaper, director of economic analysis at Indiana University's Indiana Business Research Center. "That supply, no doubt, is suppressing wages to a degree."

Michael Kent Hanlon, 50, has seen the effects of the lower wages.

He'd made \$24 an hour as a construction electrician, but two years ago he found himself out of work and in need of surgery — and medical insurance.

He took a \$13-an-hour welder's position at Great Dane Trailer in Brazil but is looking for other jobs.

So far, the only leads have been through temp agencies.

"Those usually are \$8-, \$9-an-hour jobs, nothing in the skilled trades," he said. "You can't live on those kinds of wages."

Even places that have maintained hefty wages have seen changes, often protecting older workers at the expense of younger new hires.

New hires making Silverado and Sierra pickup trucks at Fort Wayne's General Motors Corp. assembly plant make about \$14 to \$18 an hour. That compares with

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roughly \$28 to \$32 for existing workers.

A year ago, Rolls-Royce reached an agreement with UAW workers at its Indianapolis plant that set new hires' wages between \$18.25 an hour and \$21.25 an hour. On average, the plant's 1,750 UAW Local 933 members earn \$27.25 an hour.

Rolls-Royce officials said that because of the new agreement, the company would move production of a jet engine part to its Indianapolis plant from an outside supplier and create 100 local jobs.

John Gallo, the company's executive vice president of business operations, praised the union for making "tough decisions" that he said allowed the company to move forward with its investment.

"The previous (union) contract that we had wasn't going to be a competitive arrangement for these components," he said.

Wayne Dale, a subdistrict director for United Steelworkers in Indianapolis, said contract negotiations require a delicate balance between the quest for high pay and benefits and a desire for job security.

"It's a bottom line — without a job, we don't have anything," he said.

Even so, that doesn't mean pay concessions are a given. United Steelworkers members did not have to give ground on pay to secure Alcoa's \$90 million investment for a new aluminum lithium production line at its Lafayette plant, he said. The project, which broke ground last month, will add about 75 jobs.

Globalization has forced employers and workers to keep in mind how production costs here compare with those overseas, said Jerry Lynch, a professor of economics at Purdue University.

"This sounds so cynically easy to say when you're a tenured professor, but life has changed," Lynch said. He referred to his own childhood as an example. "Neither parent went past eighth grade, but Dad worked in construction and made a decent living."

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