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Living

Posted on Sun, Sep. 05, 2004

Labor fights to hold onto power in global economy

Unions struggling

By John Russell

Beacon Journal business writer

UTSOURCING. Globalization. Terrorism. A jobless recovery.

The growing economic pressures on American workers are forcing many labor unions, from airlines to textiles, to swallow concessions and accept weaker contracts. Unions that once had the power to bring huge segments of the U.S. economy to a standstill with a slowdown or a strike are treading lightly.

On this Labor Day weekend, as workers mark their achievements and remember the sacrifices of earlier generations, some unions might be wondering if their best days are behind them.

But not all unions are created alike. Some still enjoy some strong bargaining power. Those whose jobs can't be moved to the likes of India and China have a stronger hand than manufacturing unions that are seeing jobs disappear by the thousands.

The question of who holds the upper hand in labor-management negotiations remains a complex one. Consider:

- Nurses at Akron General Medical Center walked out for 11 days in June after rejecting a new contract they called unacceptable on wages, pensions and health-care benefits. The hospital, facing a national nursing shortage, was forced to decrease its patient load and quickly offer nurses a better package. Advantage: the union.

- Timken Co. announced in May it would close three bearings plants in Canton because it couldn't reach a cost-cutting agreement with the United Steelworkers of America. Two months later, the two sides said they would begin negotiating a weaker contract that might save hundreds of the 1,300 jobs. Advantage: the company.

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phone company, waged a four-day strike in May after negotiations deadlocked over wages, health-care costs and job security. The company, facing a backlog of repairs caused by heavy thunderstorms, quickly offered the workers a new package. Advantage: the union.

• Newell Rubbermaid Inc. announced in December it would close its longtime Wooster plant and distribution center, blaming the plant's high operating costs and excess industry capacity. It was the company's only union plant. The United Steelworkers of America prepared a cost-cutting proposal, but was unable to change the company's mind and save 850 jobs. Advantage: the company.

Overall, union bargaining power has been declining for years, due to growing trade pressures, employer militancy, technological changes and changes in labor laws, according to the Economic Policy Institute's *State of Working America 2004-2005* report, which was released this weekend.

As a result, some unions are seeing their "union wage premium" -- the degree to which union wages exceed nonunion wages -- slipping.

"But there are a lot of innovative unions known for not just sitting on their hands, but trying to do everything possible to organize and win strong contracts in the face of the odds," said Lawrence Mishel, the study's lead author.

Unions once represented about one of every four U.S. workers, but now represent just 12.9 percent of workers, according to the Bureau of Labor Statistics.

In Ohio, the rate of union workers has fallen, but not as steeply as the nation as a whole. Today, unions still represent 16.7 percent of Ohio workers, down from 25 percent in 1983.

But not everyone thinks those figures mean unions have lost their way.

"Yes, our numbers are down, but we're still seeing a lot of fairly decent contracts out there," said John Wagner, executive secretary-treasurer of the Tri-County Regional Labor Council in Akron, an umbrella group for 85 unions in Summit, Medina and Portage counties.

He pointed to new contracts signed in recent years by unionized workers at the Children's Services Board, Goodyear Tire & Rubber Co., Akron General Medical Center and the Akron Beacon Journal as examples.

Some trades and crafts have more power than others to fashion strong contracts. Workers whose jobs can't be moved to another location -- bus drivers, nurses, government clerks and hotel maids, to name a few -- don't have to worry so much about competing with low-cost workers in China or Mexico.

But workers whose jobs can be shifted halfway around the world -- think Steelworkers, mold makers and textile workers -- have much less bargaining power.

"The textile workers are very united, but many of their plants have been closed down," said Kate Bronfenbrenner, director of Labor Education Research at Cornell University. "All the organizing in the world won't give them more bargaining power when the jobs aren't there."

"Unionized workers have become vulnerable to the company's argument that we're going to take these jobs and leave," said Amy Hanauer, executive director of Policy Matters Ohio, an economic

• NEC Invitational

think tank based in Cleveland. "They've seen it happen."

Still, workers in hard-hit industries have seen their power diminish in recent years.

The large airlines, for example, have lost billions of dollars since the 9/11 terrorist attacks, and have laid off thousands of workers and turned to the unions for wave after wave of concessions.

Even within unions, some workers have more power than others at the negotiating table. The United Auto Workers has crafted strong contracts with several large auto-parts suppliers, including Johnson Controls, Dana and Collins & Aikman.

But at Caterpillar Inc., the union has turned down two offers and workers have stayed on the job. The union seems afraid to call a strike, a tactic it has used repeatedly in the past in winning new contracts from the heavy equipment maker. One big reason for the difference: only 12 percent of Caterpillar's 74,000 workers worldwide are UAW members, down from about half in the late 1970s. That means management would have an easier time stepping onto the production line or shifting work to other plants if the unionized workers walk out. They can also hire permanent replacement workers.

The union staged an 18-month strike in 1994 and 1995, but Caterpillar was able to weather it because about 30 percent of the workers crossed the picket line, many of them in the first week, said Victor Devinatz, an Illinois State University professor of management who specializes in labor relations.

"I think the union is afraid of a strike this time because of what happened last time," he said.

And it's not just the auto workers who are afraid to strike. The number of labor strikes has dwindled over the decades, from 200 to 400 a year in the 1960s and 1970s to less than 40 a year in the 1990s and 2000s, said Peter Feuille, head of the University of Illinois' Institute for Industrial and Labor Relations.

"Overall, unions are less willing to strike, because they've seen strikes can be unsuccessful," Feuille said.

So what can unions do to get strong contracts if they are reluctant to call a strike, their traditionally strongest weapon?

Unions still have a few tools, Feuille said, such as following the contract to the letter, which often slows down work, launching customer boycotts, banding together with other unions to make work difficult with the company, and trying to persuade the public to put moral pressure on the company.

The bottom line: Unions cover a vast group of industries and crafts, and no two are alike. Often, their members and leaders have limited control on the strength of their bargaining hand.

"You can't make a blanket statement about which unions are doing the best and doing the worst," Devinatz said. "It changes from year to year. Hopefully, things will change for the better for some of them."

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