

2/20/09

Dear Mr. Dionne [Washington Post columnist],

Here are my thoughts on your February 18 column on the U.S. auto company bail out:

You say that "The dream that blue-collar work could provide a better-than-decent living is dying." Why should blue-collar work provide a better-than-decent living? Not to diminish the difficulty of assembly line work, but these jobs don't require a lot of formal education or training. Just about any healthy, moderately-intelligent person could do the job, and there are over 450,000 unemployed workers in Michigan who would be happy to take those jobs at \$15 an hour.

You speak of the Big Three's own well-documented mistakes. If you mean making SUVs rather than small, fuel-efficient cars, keep in mind that they have built small cars all along, but couldn't make money on them. The cost of labor for building a small car is not much less than for a SUV, and although car buyers were willing to pay a premium for SUVs that exceeded the cost of the extra steel, they weren't willing to pay enough for small cars to make them profitable. Did you expect them to give up profitable SUVs for money-losing small cars?

You say there are two reasons for the troubles of the auto makers: last year's high gas prices and the credit crunch. Those are only the most recent problems. The U.S. auto industry has been struggling for years, mainly because of UAW wages that far exceed the market rate. By the UAW's own estimate, the average unskilled production worker will make over \$72,000 in each of the four years of the 2007 contract. This does not include benefits, but does include COLA, four hours a week overtime, and bonuses. The following is from a book called "What Do Unions Do?" published in 1984 by a couple of economists (Freeman and Medoff) who actually think unions are beneficial:

"Unions pushed the union wage premium to extremely high levels from the mid-1970s to the early 1980s, gaining more and more for an increasingly small share of the workforce. We believe that union leaders gave insufficient weight to the job side of the job/wages tradeoff facing them, with dire long-term consequences for the well-being of their membership and the union movement in general . . . It is our hope that union workers and leaders will have learned from the experience that always extracting "more" is harmful in the long run, not only to society as a whole, but to labor itself . . ." (Pages 249-250)

Thanks for listening.

Steve Harry  
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