

## UAW chief Gettelfinger: Workers' tab just 10% to build car

By David Flaum

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Critics of unionized workers who say they are the core of the U.S. automakers' problems don't have a grasp of the facts, the head of the [United Auto Workers](#) contends.

The labor expense to assemble a vehicle at a Ford, [General Motors](#) or Chrysler plant is about 10 percent of the total cost, said Ron Gettelfinger, president of the UAW. He was in Memphis Thursday to speak to the [Economic Club of Memphis as the Obama administration considers appeals from Ford](#) and [Chrysler](#) for more federal aid.

Gettelfinger believes it makes no sense to blame all of the industry's problems on a group that accounts for such a small percentage of car costs.

"Some of the foreign brands operating in this country pay (workers) very close to what American firms pay," he said.

The subprime mortgage crash, credit crunch, volatility of gasoline prices, lack of consumer confidence and the economic decline were behind the drop in U.S. vehicle sales from 17 million a year to 13 million, Gettelfinger said.

"Plus, this has become a worldwide problem," he said.

And it's not a quality issue, either. The 10 most productive plants in North America are either UAW- or [Canadian Auto Workers](#)-represented, he said, according to a 2008 Harbour Report.

To help automakers get federal help, "We're making substantial concessions," Gettelfinger said.

The UAW has made contract concessions going back to 2005, including the changes in agreements with GM and Chrysler.

"It's not ratified, so I won't talk about what's in it," Gettelfinger said.

The union and automakers must still work out financial issues surrounding the Voluntary Employee Benefit Association, the setup to take retiree medical, vision, hearing and dental benefits off the manufacturers' books.

"What we'd like to see is Ford remain stand-alone and GM remaining stand-alone," Gettelfinger said. "The Fiat-Chrysler alliance makes sense."

That would bring about work-force stability at Ford, which employs 42,000 UAW workers, some growth at Chrysler, which has 30,000, but a loss of jobs at GM with 62,000 unionized workers, he said.

In the global environment, U.S. automakers must produce cars that are competitive in price and quality with other manufacturers, said Ronald Spahr, professor of economics at the [University of Memphis](#).

He contends that operating expenses of those companies are "pretty standard" around the world.

The disadvantage to U.S. manufacturers, Spahr said, is corporate income tax rates that, with Japan, are the highest in the world.

"We can either reduce our standard of living and maintain our taxes, which means we'd have to reduce our wage rates, or we can cut taxes," he said. "We can't continue to have both (high wages and high taxes)."

Gettelfinger said he does not know enough about that issue to say whether that is right or wrong.

He believes a large disadvantage for U.S. manufacturers is unfair trade policies.

In the auto industry, that means U.S. firms are locked out of Japan and sell about 1 car in South Korea for every 100 South Korean-made autos sold in this country.

"These other countries take care of their companies," Gettelfinger said. "They have industrial policies. We don't."

-- David Flaum: 529-2330

### **Ron Gettelfinger**

**Position:** President, United Auto Workers since 2002.

**Age:** 64

**Education:** Bachelor's degree from Indiana University Southeast in 1976.

**Start of union involvement:** 1964, Ford Louisville, Ky., assembly plant.

**Family:** Wife, Judy; two children, four grandchildren.