

Labor in Focus by Mel Klenetsky

What's down the road

Union concessions in the auto and trucking sectors represent a new victory for Paul Volcker in destroying living standards.

Wage givebacks, work-rule changes, and other concessions offered by unions in the pacesetter auto and trucking industry contracts indicate the early phases of a rout for organized labor.

The contracts with the Teamsters union and the United Auto Workers (UAW) had been targeted by Federal Reserve chief Paul Volcker and others to set an example for other unions. In testimony before Senate Budget hearings last summer, Volcker vowed that "the living standard of the average American must come down." Reports from the trucking and auto union negotiations indicate that Volcker has won.

In hopes of saving the trucking industry from collapse, the Teamster leadership accepted early negotiations of the Master Freight Agreement, not scheduled to expire until March 31. Although details were not released pending ratification, sources close to the union report the contract includes a one-year wage freeze, a reduction in cost-of-living increases, and other significant concessions affecting some 300,000 Teamster drivers and other employees out of the total 544,000 workers in the industry nationwide.

Some industry sources are predicting that more than 35 percent of the trucks now on the road will be eliminated by 1984. Volcker's economic slump combined with government deregulation of the industry has already cost 120,000 Teams-

ters their jobs since the last contract.

Since October 1979 when Volcker began squeezing the economy, ton miles of freight dropped from 43 million to 31 million in the third quarter of 1981. New truck sales of the largest over-the-road category have dropped nearly 15 percent over the already depressed levels of 1980. The average age of trucks on the road has increased by 10 percent over the last year, while the total number of trucks has declined.

One-third of all trucking firms are reported to be "paper bankrupt." At this stage pension commitments are preventing many from declaring bankruptcy. But, a move is reportedly underway to amend the Employee Retirement Investment Security Act (ERISA), which currently regulates privately held pension funds. The amendment sought would make it easier for trucking companies to go out of business or merge, without continuing to pay into pension and benefit funds. If the ERISA amendments pass, industry spokesmen perceive a 15 percent level of permanent shutdowns.

Facing these depression conditions, Teamster negotiators agreed to the following concessions, according to sources close to the union:

- a one-year wage freeze;
- reduction in cost-of-living adjustments, a portion of which will go toward the pension fund;

- removal of restrictions so that long-distance drivers can deliver shipments directly to city customers without transferring them at transshipment points outside the city. This rule had been a major source of job protection for more than half the union membership;

- a one-year period of lower wages, ranging from 70 to 90 percent of current levels, for newly hired employees.

In a similar situation the United Autoworkers agreed to open its contracts early with General Motors and Ford. Over Volcker's 30-month term in office, the prime lending rate has risen to an average of 16.55 per year driving down U.S. auto production by more than 30 percent.

The UAW has offered wage concessions to both GM and Ford on condition that the savings are passed along to car buyers in the form of price cuts. The move is a foot in the door for wage-price controls, and one step further to Volcker further regimenting the economy. While GM has agreed to the UAW offer, Ford has offered a counter-proposal which seeks cuts in paid time off in return for profit sharing and job security. Ford, having lost more than \$700 million in the first nine months of 1981, is in a worse position than GM and can't accept the same UAW offer.

UAW President Fraser has played ball with Volcker, around the "Chrysler bailout" and in his call for credit controls to bail out the economy (Volcker himself favors credit controls as the next phase for destroying productive output). As for the Teamsters, there is still some possibility that they will wake up and mobilize their 2 million members against Volcker.