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Electronic version

URL: <http://journals.openedition.org/interventionseconomiques/3526>

DOI: 10.4000/interventionseconomiques.3526

ISBN: 1710-7377

ISSN: 1710-7377

Publisher

Association d'Économie Politique

Electronic reference

Donna Kesselman, « The Great Recession and New U.S. Automobile Employment Norms: Financial Rationale in the 'Employment Grey Zone' », *Revue Interventions économiques* [Online], 58 | 2017, Online since 15 May 2017, connection on 16 March 2020. URL : <http://journals.openedition.org/interventionseconomiques/3526> ; DOI : <https://doi.org/10.4000/interventionseconomiques.3526>

This text was automatically generated on 16 March 2020.



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Introduction

- 1 The article studies the difficult process of normalization of the U.S. automobile employment relationship at a time of industrial crisis and unprecedented intervention of the state in 2009, during the Great Recession. In the context of rare tripartite parleys, the state became a direct actor in industrial relations, and notably by conveying financial rationale. The consequences of workplace relations and workers’ home lives challenged the auto workers union in its role and purpose, and impacted the new sociopolitical compromise codified in 2015 contracts.
- 2 In Detroit 3 automobile firms one may still refer to a standard employment relationship, at least until the period in question, given regulated internal labor markets, implicit promise of promotion and job security. In the U.S. bipartite, company-based collective bargaining and revenue redistribution model, where the state normally plays an indirect and minimalist role (Kesselman, 2007), we contend that the United Auto Workers Union (UAW) itself, given its negotiating force and traditional inter-generational solidarity, is a component of the standard employment relationship. Thus in the era of globalization, the union incorporates its major contradictions. Constrained by historical circumstances and striving for renewed legitimacy, as both advocates of immediate demands and spearhead of longer-term needs, such as ensuring

workers' social benefits, the union confronts these challenges in a 21st century labor market that is not, at the present time, a coherent system.

- 3 Employment relationship changes occurring at contractual "boundaries", perceived in generational terms, undermined the single employment norm in automobile. Two-tier career paths introduced lower wage-scales and benefits for entry-level workers. At the other extreme, retirees no longer enjoy the same health-care system as active employees, since the introduction of the VEBA, the Voluntary Employees' Beneficiary Association. This independent trust fund, a new actor in U.S. industrial relations, changes the nature of employee benefits that are henceforth de-linked from employers and market-based.
- 4 Industry restructuring during the Great Recession enhanced paradoxical dynamics in U.S. automobile industrial relations. The UAW, the collective bargaining representative of workers had also become, since the 2007 contract, manager of the VEBA trust. As a state-mandated condition for the 2009 corporate bailout the VEBA trust became shareholder in the capital of GM and Chrysler, thus repositioning the UAW leadership with regards to corporate interests. What's more, the new retiree health-care regime and second-tier career standards for employees hired after 2007 had dire consequences for workers from the shop floor to their home lives. These complexities, tensions and repositioning of stakeholders reflect employment norm transformations in globalization. They are processes that cannot be accounted for by existing, binary categories or concepts derived from the Fordist era standard employment relationship.
- 5 Notions such as precarious work or references to "insiders" or "outsiders" do not apply. The indeterminations and competing efforts to impact regulatory norms studied here create instabilities in work relations that do not correspond to market segmentation theory (Doeringer, Piore, 1971). Workers resistance to maintain and restore gains are indications that the historical page of the employment relationship has not turned (Stone and Arthurs, 2013). While there is relatively little work done upon labor market transformations (Lefresne, 2005), the employment grey zone concept coincides with Transitional Labor Market theory by observing the blurring between private and professional life boundaries and workers attempts to influence their career paths. But this approach is mainly aimed at finding public policy solutions (Gazier and Gautié, 2009).
- 6 The "grey zone" perceived here¹ expands upon A. Supiot's definition of the blurring boundaries between subordination and independent work, whose scope is limited to the institutional gaps in the realm of labor law (2000).
- 7 The employment grey zone concept perceives transforming employment norms in globalization within an overarching public space. In addition to blurring institutional boundaries it traces the incessant attempts by stakeholders to redefine work relations of power. When studied at the closest level of empirical reality, the process of de-standardization reveals trends of decline, such as weakening social protections, which coexist with alternative work situations and worker lifestyles (Azaïs, 2016). These realities at and related to work, which are often un- or insufficiently documented, cannot be reduced to existing categories or institutions but have yet to fully break away to form any new normative paradigm. Individual and collective strategies of workers help bring structure and meaning to this emerging 21st century labor market.

- 8 This study is based on open-ended interviews that took place in July-August 2013 and 2015 with workers and retirees in the Detroit 3 companies and two parts manufacturers, and seven middle-level managers at Ford and GM.
- 9 Detroit 3 restructuring via U.S. state intervention will be the concern of our first part. We will then study contractual changes in this short yet crucial period, from 2004 to 2015 negotiation rounds, and their consequences for workers of all generations. Finally, we will look at how trends of “resurgent Fordism” and post-Fordism combined to contribute to a new sociopolitical compromise in Detroit 3 automobile, and how workers’ strategies affected the outcome.

1. The State as Vector of Grey Zone

- 10 Tripartite negotiations took place in Washington in 2009 to bail out an industry facing the sharpest decline in production and sales since World War II, down over one third in just two years, especially for the Detroit 3² whose U.S. market share had slid from 50% to 44% in the same period, before confronting a cyclical downturn of sales and credit crisis (Klier and Rubenstein 2013). Such state intervention is exceptional in the United States. It occurred at the critical juncture of a period extending from collective bargaining negotiations in 2004 and 2007 that introduced employment norm transformations to the new sociopolitical consensus reached in 2015 contracts. It was one of state interventions the world over to ward off financial crisis and that affected, in particular, the European model of social dialogue (IRES, 2013). This context helps explain the concessions the auto workers union made in the name of saving jobs and under state injunction.
- 11 The 2007 Detroit 3 collective bargaining contracts had marked a historical turn due to the two major concessions made: the introduction of the two-tier career scale and the UAW’s acceptance to take over management of the VEBA (Sauviat, 2008). Since the government’s first Chrysler bailout in 1979 the UAW, previous trendsetter for workers’ gains in American manufacturing, took the lead in attempting to limit their loss through “concession bargaining” (Lichtenstein, 1995; Katz *et al.*, 2013). The 2007 contracts took the trend to a qualitatively new stage by undermining the single employment norm in automobiles: a downgraded career scale for new entry workers, regarding wages and benefits; the UAW management of the VEBA. First introduced in 2004 but managed by the companies³, the VEBA established a distinct healthcare regime for retirees, previously beneficiaries of the more generous active employees plan. Henceforth managed by the UAW meant de-linkin) this previous form of social redistribution from employers. Other concessions were made but did not go as far as management had proposed in the face of resistance, notably strikes at GM and Chrysler.
4
- 12 The *Detroit Free Press* wrote that the union takeover of the VEBA was the “biggest concession since the beginning of concession bargaining”. Companies accepted to pay the VEBA the sums corresponding to their liabilities for retiree healthcare as a means of eradicating this debt from their accounting. Officially independent according to tax law, with five out of eleven governing trustees coming from the union, including its main officers, and the others named by the courts, it’s the UAW which actually assumed the management of attributing this essential social benefit (Klier and Rubenstein, 2012).

- 13 The 2008 stock market crash placed bailing out the auto industry in the U.S., as elsewhere, on the agenda. The Obama administration, through an *ad hoc* task force, imposed tough terms on GM and Chrysler as conditions for receiving public loans, Ford deciding to go it alone. Cerberus Capital Management, a private equity investment firm, then owned Chrysler and its financial services branch for auto loans to consumers, as well as that of General Motors, GMAC.⁵ The task force members, mostly Wall Street and private equity firm's executives and lawyers with experience in restructuring troubled companies, was headed by Steve Rattner, prominent investment banker, whose nomination was contested by Michigan elected officials and trade unionists, due to his lack of experience in the automobile industry (Ingrassia, 2011:229; Vlastic, 2011: 337-338; Klier and Rubenstein, 2012). The task force rejected the firms' initial restructuring plans, demanding tougher conditions "to become financially viable" (Klier and Rubenstein, 2013) that were endorsed by the Obama administration and Congress: cut indebtedness by two thirds; lower production costs to those comparable to foreign automaker competitors manufacturing in the U.S. called transplants; financing the VEBA not from company payments but by receiving equity in New GM and New Chrysler after restructuration (Vlastic, 2011, pp. 330-342; Ingrassia, 2011; White House, 2009).
- 14 The extent of concessions called for led to an impasse, especially refused by financial fund creditors, resulting in bankruptcy (Klier and Rubenstein, 2012). According to the *New York Times*, "By pushing the matter into bankruptcy court, the [Obama] administration is assuming that the judge will also reject the holdouts' demands" (1 May 2009). Chapter 11 of the U.S. bankruptcy code allows company protection from creditors while restructuring, including the possibility to reject or modify collective bargaining agreements, under control of the judge. In this case, the latter replaced the federal government by requiring the same conditions. To facilitate a rapid exit from bankruptcy, the task force employed a rarely used measure under which "a newly formed company would buy the desirable assets from the bankrupt entity and immediately begin operating as a solvent operation" (Rattner quoted in Klier and Rubenstein, 2012: 40).
- 15 The two "new" firms, restructured in less than two months, pocketed the unprecedented sum of \$85 billion in public loans. As for the new automobile contracts: pay freeze for workers, elimination of contractual overtime pay and lost bonuses, suspension of the cost of living adjustments (COLA) and of Job Bank remuneration (full pay for temporary laid-off workers), six-year contracts including a no-strike pledge. Thousands of layoffs and factory closures were planned. Despite its not entering bankruptcy, Ford received the same concessions in its contract (Katz *et al.*, 2013).
- 16 The two firms were partially nationalized: the U.S. government became 60.8% owner of General Motors and Canada, 10%. As for Chrysler, the two governments became part-owners, but especially imposed a partnership with the Italian automaker Fiat (Ratner, 2010). The most innovative – and controversial – feature was the role of the VEBA: the fund becomes 17.5% owner of General Motors and 67.7% owner of Chrysler. According to government dictated terms, the cash liabilities promised in 2007 to finance the VEBA were reduced and payment would be made in the form of company stock in the two new firms (White House, 2009; Vlastic, 2011).
- 17 Thus, the automobile workers union, through the intermediary of the retiree health insurance trust that it managed, fund now financed by automobile company stock,

became in fact owner – majority owner in the case of Chrysler – of the two firms. As the UAW president stated at the time, if Chrysler goes bankrupt – a possible, if not probable scenario – that would be 67% of “0”. A VEBA trustee entered the board of directors of each firm (Rattner, 2011; Goolsbee and Krueger, 2015).

- 18 In January 2010 the independent UAW-VEBA was launched. In 2011, Fiat purchased the stake owned by the governments and in January 2014 bought out the UAW-VEBA shares to become the new, fully independent firm Fiat Chrysler Automobiles, FCA. By end 2014, the U.S. government had sold on the market its remaining shares of General Motors.

Chronology of Major Events

| | |
|----------------------------------|--|
| 2004: Detroit 3 Contracts | Introduction of the company run VEBA trust to provide for retiree healthcare benefits |
| 2007: Detroit 3 Contracts | Two-tier career paths for new entry workers; UAW takes over management of the VEBA |
| 2009: Great Recession | State mandated Tripartite Industry Restructuration Parlays “New GM” and “New Chrysler” emerge from bankruptcy Exceptional six-year contracts with no-strike pledge |
| 2010 | UAW-VEBA launched |
| 2014 | Governments sell company shares Fiat Chrysler Automobiles (FCA) fully independent firm founded UAW-VEBA still retains 8.85% of GM stock |
| 2015: Detroit 3 contracts | New sociopolitical compromise with partial reversal of contested contract clauses |

1.1 Social Dialogue à l'américaine?

- 19 U.S. state intervention was among those worldwide to stem the Great Recession. Several studies compare tripartite driven policy responses to the crisis (ILO and World Bank, 2012) and in Europe, more specifically, the efficacy of government social dialogue in associating workers to the conduct of public or corporate policies (IRES, 2013). While included in the ILO/WB reports, the U.S. was absent from the part dealing with social dialogue. However, the tripartite parlays did take place and can be likened to social dialogue that took place in Poland, Serbia, Latvia, Montenegro, the Russian Federation, Indonesia or even Spain where, writes the report, despite consultation and sometimes common proposals, “governments’ unilateralism prevailed”.
- 20 Is the U.S. tripartite experience comparable to European-brand social dialogue? This would counter Freeman’s view of systemic differences: “The EU model uses social dialogue institutions to help determine economic outcomes, particularly in the labor market, whereas the U.S. relies more on market forces” (Freeman, 2006). Certainly, the U.S. has no formal mechanisms of social dialogue as in much of Europe, with the notable exception of Germany. But the exceptional 2009 parlays can be likened as well to those in this country, included in the IRES report, where “all three stakeholders” related to each other at the federal level.⁶ What’s more, there is no fixed definition for social dialogue, often accepted as all forms of exchange, be it company-based bipartite

or tripartite, and the national democratic nature of European Social Dialogue has been challenged on several grounds (Dufresne and Pernot, 2013; Ghellab *et al.*, 2011).

- 21 The U.S. parlays did aim to determine the outcome of labor market forces. Much is made, with regards to the 2009 bailout, of the U.S. government “going into the automobile business”, but less attention is paid to its targeted intervention to impact employment norms, to the point of dictating auto contract clauses. It should be noted to what extent state action, through all three branches of government – there was continuity between outgoing and incoming Presidents, while from different parties, the legislature and the judiciary – undermined historical gains such as the single employment norm and paved the way, via the VEBA, for recodifying automobile employment relations along financial, rather than industrial grounds.
- 22 And it is financial logic that impelled the state to engage in the extreme form of intervention, that of nationalization. Along the same lines the VEBA trust, henceforth managed by the UAW, incited the union’s repositioning in industrial relations as a social benefits provider; and this through stock market-based defined *contributions* by workers, as opposed to the previous norm of defined *benefits*, i.e. pay-as-you-go redistribution (*salaire différé*). In addition to the new, downgraded contract terms, these shifts aroused tensions among the UAW’s henceforth multiple constituencies and destabilized traditional references shared by auto workers and their union.
- 23 In the broader context of crisis that “...set in motion spiraling imbalances and stresses nearly reaching the whole world” (IRES, 2013: 6), the U.S. state’s attempt to regulate automobile industrial relations, ended up having the opposite effect. The top-down mandate to dismantle historical gains and reorient others onto financially based grounds created a space of indeterminations that extended from the shop floor to workers home lives, one which would only be sorted out in the 2015 Detroit 3 contract negotiations. In this way the state, itself, became a vector of employment grey zone (Bisom-Rapp and Coiquaud, 2017).

2. Transformations at Employment Relation “Boundaries”

- 24 Changing employment norms in a context of economic and industrial collapse fueled workers’ concerns for their jobs and family well-being, and unsettled workers’ psychological “contract” (Stone, 2001). The adaptations of, mostly young, second-tier workers – those hired *after* 2007 – to their downgraded career path will be studied at several levels: shop floor relations, work organization, impact on home lives and lifestyle expectations. Retirees’ lives were greatly affected by the new, controversial actor providing healthcare benefits: one that weakens the labor movement for some, or potentially renews it, for others.

2.1 The Plight of Second-Tier Workers

- 25 Wages cut to 14 dollars an hour for new hires, about half the industry standard, created shop floor divisions based on material interest.⁷ Cutbacks for those not yet hired rather than for existing workers was a convenient way to lower labor costs within what U.S. automakers increasingly perceived not as a national, but North American continental

market (Babson, 2004). Second-tier auto workers also receive less favorable healthcare and retirement plans than the pre-2007 first tier, or “legacy” workers: individual stock-market investment accounts for retirement (401k accounts) in lieu of the company pension fund and a lesser health plan.

- 26 Two-tier hires occurred simultaneously with Great Recession layoffs, all parts of the industry’s decade of “unprecedented restructuring”. From its peak in the year 2000 of 1.6 million jobs, 600,000 were left 10 years later, with a majority lost previously in 2007, and 30% more jobs lost by 2009. Most were “buyouts” – workers receiving packages for leaving – often early retirement. Michigan was the hardest hit, accounting for 112 plant closures between 2004 and 2010 – 25% of those existing in 1979 –, among which 37 in Wayne County, surrounding Detroit (Eberts, 2012; Klier and Rubenstein, 2012). Closures occurred even despite contractual commitments made by companies, which helped to fuel a “culture of suspicion and constant worry” (Vlasic, 2011:338) and weaken the union as a countervailing shop floor power. General Baker, historical leader of Black autoworkers in Detroit, told us in an August 2013 interview:

“Industrial workers so far are scared to death. They don’t know which way to turn... All they know is the cyclical economic downturns where the industry gets hit, they get laid off, but then they get back again. So it doesn’t really slap them with the fact that some of these are permanent losses. So their response is still weak.”

- 27 In the years following the bailout, news headlines worldwide proclaimed that the Detroit 3 had “renewed with job creation”.⁸The 2011 Detroit 3 contracts announced job creations but at the same time continued buyouts for first-tier workers. In 2016, the U.S. government announced the auto industry’s addition of more than 300,000 jobs since the 2009 bankruptcies (White House, 2016). This, however, is not a zero-sum game: it transforms employment norms towards lower-paid jobs, and at numbers far from peak levels.

- 28 The climate on the shop floor was one of tensions that were predictable, if not intentional (Lallement, 2010), especially among workers doing the same job but at different pay scales. One second-tier worker at GM commented that tensions among first- and second-tier workers were constantly present though often remaining “unsaid”: “On the shop-floor there’s resentment and divisions, people try to downplay it but it does exist.” Reactions among two-tier workers were varied, including mixed feelings. Some are quite critical: “The tier-ones are just thinking about themselves, they voted the contract and then tell you ‘you’re just lucky to have jobs’, they sound like conservatives”. Some come to earn a living while their mindset is turned towards personal lives. Still others try to understand the dilemmas such as Scott, who confided in 2013 that this was his first interview:

The senior members, they felt like they were broken, they had given a lot of concessions, were afraid and weren’t sure that the Chrysler turnaround would work. I sympathize with them, but is that a reason to punish us, the new people who are just trying to feed our families?

- 29 Some second-tier workers joined the UAW dissident opposition that gained ground in opposing both the two-tier system and the VEBA and ran an opposition candidate for union President in 2010 against the traditional UAW leadership caucus, an exceptional occurrence in the UAW.⁹Many engaged in alternative and creative initiatives. The social media was widely used, be it for demonstrations of unity among both tier workers, or opposition, or discussion forums where all opinions could be expressed, such as Scott’s Facebook association which had over 500 members: “People talk about business within

the plant, hours, frustrations, exchanges about the human aspect or relations between workers and with the union. They're being treated like dirt by management, by senior union Brothers and Sisters, but ya shouldn't generalize, there are also lots of solidarity and sympathy."

- 30 The instrumentalization of divisions by management leaves no doubt. For example, regarding work time, after contractual elimination of overtime pay each firm restructured schedules to avoid paying federally mandated overtime time and a half – 150% – over a 40-hour week. "Alternative Work Schedules" at Chrysler consist of grueling ten-hour shifts over seven-day periods, with changing schedules and days off to meet weekly production needs without overtime pay. Management intentionally separates first- and second-tier workers into different shifts to nurture divisions.
- 31 The lower wage scale and worsening working conditions transformed automobile from the hallmark of the country's blue-collar middle class, to a low-wage industry. Expectations for the middle-class lifestyles that second-tier worker parents had enjoyed dwindled, literally, from one day to the next. The hourly rate at \$14 totals \$30,000 a year. For the Family Resource Simulator it takes \$40,000 a year for a two-parent family with two children to afford basic necessities in Detroit.¹⁰
- 32 Declining employment norms and divisions among workers thus eroded what in the U.S. model was the shop floor locus of power (Brody, 1993) and had consequences extending towards the community.

2.2 The VEBA: a New and Controversial Industrial Relations Actor

- 33 How have automobile retirees fared with the new healthcare system? This will be explored first. Then we will see the hopes placed in the VEBA as a source of renewal.
- 34 The VEBA drew retiree criticism from the start. Out-of-pocket expenses were required for the first time, drug costs rose, dental and vision coverage was eliminated. The administrative bureaucracy was exasperating: "We thought it would be better because the union is for the workers but it's worse than an insurance company."
- 35 One delegate at the 2010 UAW convention stated:
- In 2007 we were told that the VEBA would be strong for 85 years when, in fact, we need investment return on VEBA assets, high value of company stock to make the required contributions. Rising prices with medical inflation and increasing prescription costs put a huge burden on retirees with multiple prescriptions.¹¹
- 36 Doug told us that, in answer to his question at a UAW retiree meeting, "How many people are raising grandchildren?" almost everybody raised their hands. They referred to either day care, helping or living with them, and many had their adult children back. Young adults living at home has grown in the U.S., due to factors such as lower wage scales and Great Recession consequences,¹² weighing especially upon those, like current generation automobile retirees, who enjoy comfortable pensions. The encounter with Doug took place after reading a poignant open letter he had placed on the internet explaining how he and his wife had been obliged to adopt their grandchildren for them to qualify as dependents receiving healthcare under the UAW-VEBA.¹³
- 37 While the number of VEBAs has grown since a 1993 tax law change¹⁴, they tend to be associated with bankruptcy. Many function as planned but those that fail receive visibility in the press, such as the UAW negotiated trust at Caterpillar that was

underfunded and went under in 2005 or the one at auto-parts supplier Detroit Diesel (Ghilarducci 2010). Consequences for workers caught in the middle have been dramatic, as retirees and union officers at one Detroit Diesel Local Union told us in summer 2015. The company had won upon appeal, reversing a lower court decision in favor of retirees based on written commitments previously given to the union: it refused responsibility to pay retiree healthcare costs once the VEBA was depleted. Exorbitant costs have forced retirees to live in poverty, renounce healthcare and/or try to find jobs, if health allows, to make do.

- 38 Others perceive the VEBA as a symbol of the union renewal. The tax-exempt, non-profit, stock market-based trust for providing employee benefits is promoted as a new solution for social insurance, one that is de-linked from employers and enjoys greater assurances of continuity in benefits. One specialist called the VEBA the “New Treaty of Detroit”, referring to the 1950 UAW-GM accord, symbol of the U.S. contract model. This potential “...employee benefit of the future [would] help unions attract workers and employers” (Ghilarducci, 2010: 244; Bernstein, 2008). Through the VEBA, the UAW, aims to reposition itself in relation to Detroit auto firms, it is “...a tool in its own strategy to establish labor standards in the industry” (Ghilarducci 2010: 258¹⁵).
- 39 After a rocky start, the UAW-VEBA has been praised for cutting drug costs, adding preventive care and partially restored dental and vision benefits while also increasing assets. At another level, it has become an influential shareholder on corporate governance issues, pressuring major firms – McDonald’s, Walgreens – towards greater transparency in political donations, joint lobbying for lower drug and medical treatment prices, etc. It is an actor in a growing debate over the progressive role unions can play, through pension and healthcare funds, as stock markets activists (*Bloomberg Businessweek*, 27 Dec. 2015; McCarthy, 2014; Adler and Youngdahl, 2010).
- 40 Whatever one’s view, the UAW-VEBA’s internal contradictions remain. The trust is market-based and so bears investment risks. It redistributes resources available: benefits are extended or reduced according to stock and bond market values (section 3.5 of trust agreement) and in the case of collapse, no one is responsible for providing healthcare to UAW retirees (section 6.5). The VEBA’s estimated worth dropped by almost half by May 2009 before rebounding (*Automotive News*, 13 Oct. 2015).
- 41 The question of conflict of interest has been raised. The online review *Crain’s Detroit Business* praised the UAW president who negotiated the 2007 union management takeover of the VEBA from a corporate perspective (28 Sept. 2007): “[Ron] Gettelfinger and his VEBA are the toast of Wall Street”. In an article entitled, “What Would Walter Reuther¹⁶ Think? UAW’s New Direction Inspires Visions of Hope and Disaster,” the *Detroit Free Press* wrote of the conundrum facing the union due to the key role the UAW-VEBA played in the state stewarded bailout (7 Sept. 2009): “The UAW, through a trust created to pay for retiree healthcare, has emerged from the chaos with a significant ownership stake in the automakers, even as its membership sank to lows that threatened its power. But that ownership stake could align the UAW’s interests more with the companies – because retirees need the stock to be valuable to pay for their benefits – over those of workers, who want financial and job security.” In other words, it’s when companies cutback on jobs and labor costs that stock values rise. The *Detroit Daily* pursued: “The UAW Pres. Ron Gettelfinger has said that he doesn’t see a conflict.”
- 42 Changes at contractual boundaries have repercussions that pervade the employment relationship and also extend beyond the workplace. The auto retirees are still part of

this relationship through the contract as they receive their source of income from the company pension fund. While not being able to vote on contracts, active UAW members negotiate in their name for the contract is the only area where pension improvements are written. They also negotiate as future retirees themselves: in the 2007 GM contract, for instance, hourly pay an annual wage increases were sacrificed to help finance the VEBA.

- 43 The UAW, through its organizational roots, collective representation, intergenerational solidarity and sense of identity is thus an integral component of the employment relationship in automobile. Contract terms that downgrade social gains for second-tier autoworkers and auto retirees affect work, family and community relations. In a state like Michigan, the fate of the automobile industry and collectively bargained contracts for autoworkers are inseparable from the collapse of the middle-class and the bankruptcy of cities, such as Detroit. Transformations in industrial relations thus create a grey zone of interactions and complexities that extends into the public sphere.

3. Fordism, Post-Fordism and Social Compromise

- 44 Contracts negotiated in 2015 restored social compromise in automobile, a situation that both depends on and reinforces social peace (Stewart, 2003: 4). Their most debated clauses – and most unexpected outcomes – concerned the two-tier system and healthcare benefits. What can be termed as “resurgent Fordist” and post-Fordist trends combined to impact the automobile employment relationship, already undermined by a generation of globalization.
- 45 Resurgent Fordism (Bédard, 2016) took the form of workers mobilizing social power through traditional means – bread-and-butter demands, collective bargaining, contract votes, strike threats at all three firms¹⁷ –. They subsequently obtained wage increases and moved towards restoring the single career norm. Moreover, a UAW proposed Healthcare Cooperative for active employees, presented as modeled after the post-Fordist VEBA, was rejected outright by the membership. In both cases it was rank-and-file opposition that imposed the results.
- 46 On 1 October 2015, Fiat-Chrysler (FCA) workers, in a rare occurrence,¹⁸ voted down the first UAW negotiated national contract by an almost two to one margin (65%), despite substantial pay rises, for it included two-tier workers and the new health-care plan. The proportion significantly surpasses the 46% of two tiers in the firm, an indication of renewed, at least at this juncture, inter-generational solidarity. Scott, the second-tier worker we had met two years earlier, interviewed by the *New York Times*, bears witness to the view that the results were unexpected: “People feel like the leadership has insulted them... We showed we aren’t quite as naïve as they thought” (24 Oct. 2015). For the NYT: “It was a stunning rebuke of the company and the UAW leadership, and completely altered the course of the talks... and ultimately the cost structures of GM, Ford and Fiat Chrysler.”
- 47 In the renegotiated contract, voted by 77% of FCA workers, entry-level workers would reach top wage scales after eight years: the two-tier system, if not totally eliminated, commented Kristen Dziczek, Director of the Center for Automotive Research, started to be “phased out” (Dziczek, 2016). The new healthcare initiative for active workers, proposed by the national union leadership but rejected by the rank-and-file, was withdrawn. Ford then GM workers voted their similar contracts, obtaining even higher

wage gains.¹⁹ Autoworkers were intent upon sharing in the industry's prosperity they had largely contributed to through sacrifices during a decade of lost wages for legacy workers. Two-tier wages and the UAW takeover of the VEBA had been the two main sources of cost cutbacks (Cutcher-Gerschenfeld *et al.*, 2105).

- 48 This is not the scenario framed at the outset. Observers had underscored the UAW's dilemma: closing the wage gap between two-tier members hired after 2007 and the previously employed legacy workers, while at the same time satisfying the latter's pay raise demands. Greater influence had been attributed to the "...forces outside the [negotiation] room" (DFP, 12 July 2015) including: expanding corporate investments in Mexico and pressures from management and Wall Street to pursue them, recent Right-to-Work laws in Michigan and Indiana,²⁰ the need to maintain competitive labor costs.²¹ Of course, contracts are complex constructions: the two-tier system was not totally eliminated, Ford and GM second-tier workers won healthcare plans equivalent to legacy workers but not at FCA and second-tier social benefits continue in all three firms, other major concessions previously made for all active workers were not recovered (Dziczek, 2016). Nevertheless, at no time was it assumed in the press that both major rank-and-file demands, upgrading two tiers and pay hikes for legacy workers, would be obtained.
- 49 The outright rejection of the health cooperative, presented by UAW leaders to the rank-and-file as modeled after the VEBA (*Automotive News*, 25 Aug. 2015), set UAW leaders aback. The post-Fordist scheme would have combined the numbers of Detroit 3 active employees and VEBA beneficiaries into one insurance pool, becoming a more powerful bargaining force with healthcare providers (insurance companies, hospitals) for quality, low-cost healthcare, such as at the VEBA.²² During the 2015 negotiation period VEBA accomplishments were lauded in the press, quoting past vocal opponents who had since taken more positive views. Our own interviews in 2015, even with some of the same Detroit 3 retirees who had previously been critical, gave similar results.
- 50 In a letter to union members, the UAW President framed the setback as a communication problem. Yet after campaigning for a VEBA-like system, now insisting on how the co-op actually *differed* from the VEBA – there would be no out-of-pocket payments as in the VEBA, no variation in benefits, etc. – may have just added to the confusion.²³ The announcement of a \$20.7 billion VEBA funding shortfall during the period of negotiations, forcing the Trust to trim benefits, was not timely (*Wall Street Journal*, 12 Oct. 2015).
- 51 Dissidents campaigned against any change to the traditional, company financed system, and among workers, there was a blatant lack of trust. Union locals wrote critical leaflets fearing "hidden healthcare costs" not revealed to members, while robust debates and videos of union meetings, largely critical of the proposed cooperative, covered the social media.²⁴ One must add the collective consciousness of past experience, as the plight of friends and neighbors who are facing hardship due to failed VEBAs, such as at Detroit Diesel.
- 52 The recurrent debate over "conflict of interest" re-emerged. For Gary Chaison, professor of Industrial Relations at Clark University: "The UAW is now more involved in administering employee and retiree benefits than in bargaining for substantial economic gains.... It presents something of a conflict of interest" (DFP, 16 Sept. 2015). The *Detroit Free Press* wrote: "UAW President Dennis Williams made it a priority to help

the Detroit Three automakers control or reduce healthcare costs,” thereby expressing the union leader’s concern for company interests (DFP, 8 Oct. 2015).

- 53 What are the implications of years of ownership of two of the Detroit 3 firms by the VEBA, given its close and well-known ties with the UAW? Noting as well that during the 2015 negotiations, the UAW-VEBA still owned 8.85% of GM stock and was the company’s largest share owner? Hindsight is needed to respond to the question raised by the IRES, as to whether measures taken to face the Great Recession crisis reflect momentary arrangements within a particular context or enduring trends, whether pre-existing social relations have been altered and future directions of industrial relations changed (IRES, 2013).
- 54 The same question may be asked regarding modified cost structures that allowed companies, despite the unexpected concessions made, to hold the line on costs, at levels required by the 2009 bailout (Dziczek, 2016). The government-managed bailout had introduced new, post-Fordist norms regarding corporate revenue redistribution: labor costs – wages and benefits – would be based upon neither workers’ productivity, even less so on workers’ buying power as consumers or the traditional auto reference to cost-of-living increases (Levy, Temin 2010; Katz, 1987), but determined through the market-based notion of aligning labor costs to the level of foreign car manufacturer competitors producing in the United States.²⁵ The discriminating feature of these Asian and European firms is that they are mostly settled in southern Right-to-Work states, do not use union labor or bargain collectively and therefore provide significantly lower benefits²⁶ (Cutcher-Gerschenfeld *et al.*, 2015).
- 55 Moreover, State action through legislation, since the 1974 ERISA law on pension funds and the 1993 law on VEBAs, incites the development of trusts as a harbor for workers’ savings and more risk-taking investments by trust managers. For S. Montagne this “pre-eminence of finance over other institutional forms tends towards the formation of a new, ‘financialized’ wage-labor nexus (*relation salariale*) as opposed to that existing during Fordism” (Montagne, 2008: 222).
- 56 What is comparable, then, among Great Recession state interventions was not just their form – the state’s tripartite parleys and unilateralism, while clothed in the Obama Administration’s prestige enjoyed with Labor – but substance. In the U.S. as elsewhere, rather than upholding demands framed around workers’ interests, previously customary in most European countries, public measures were “...focused on competitive conditions for businesses, traded off for job maintenance: wage moderation, flexibilized labor markets, changed pension and healthcare rules” (IRES, 2013:9-10). The trend reflects the growing influence of the financial elite upon government policy choices, notably during the global financial crisis (Jessop, 2016), and supports arguments that the content of European social dialogue has moved towards neoliberal standards (Dufresne and Pernot, 2013).
- 57 Ultimately, the juncture of two opposing processes – Resurgent Fordism and Post-Fordist trends – resulted in social compromise in 2015 contracts: satisfaction of rank-and-file demands through workers traditional means of mobilization, just as production norms are transformed to corporate advantage on other grounds. This concurs with the hypothesis of gradual institutional change (Mahoney and Thelen, 2010).

Conclusion

- 58 A short but crucial period occurred in U.S. automobile industrial relations between the 2004-2007 Detroit 3 contracts that undermined the single employment relationship and the 2015 negotiation round that reached a new social compromise, but whose longevity is unpredictable. In the meantime, work relations comprised a disputed space of complexities and indeterminations from the shop floor to community. Accounting for this grey zone and its dynamics is essential to understanding the de-standardizing employment relationship as an unequal and overarching process that extends into the public sphere. It includes a degree of wavering as to the nature of union representation.
- 59 Constrained by historical circumstances, striving for renewed legitimacy as an advocate of immediate demands in the workplace while attempting to foresee longer-term needs, the UAW endeavors to be a player in the framing of the 21st century labor market, which is still emerging. It nevertheless remains that its flagship plan for providing healthcare, the VEBA, is a stock market trust that enhances financial logic within transforming employment relationship norms. When specialists at the *Economy Policy Institute*, close to the AFL-CIO, promote the VEBA for its ability to provide auto retirees “greater assurances” of continuity of benefits (Cutcher-Gershenfeld *et al.*, 2015), the notion of risk overshadows that of social rights.
- 60 At the same time corporations test and transgress conventional and contract bounds. And in the case studied here, government played a direct role in automobile industrial relations through its attempt to introduce financial rationale into contracts.
- 61 Workers mobilization helped bring structure and meaning to these competing levels of regulation, thereby reducing the employment grey zone. Their individual and collective strategies remain linked, directly or indirectly, to employment and its social gains, including though worker collective consciousness. The analytical thread of the grey zone is to what extent globalization, in its many forms and consequences, impacts the employment relationship and the degree of resilience of the latter.
- 62 The automobile workers union, through its organizational roots and inter-generational solidarity, remains the anchor of the still largely standard employment relationship in major U.S. auto firms. The extraordinary tripartite moment in 2009 essentially counterposed top-down political injunctions with recomposing worker resistance. Final contract terms codified a new sociopolitical compromise through traditional means of collective bargaining.
- 63 The employment grey zone concept as a public space (Azaïs, Dieuaide and Kesselman, 2017) is a useful concept for perceiving these processes in terms of employment norms and their transformations. It accounts for emerging trends at and around work and how actors negotiate their interests in a global labor market that has undermined, though not eliminated, traditional frameworks of social legitimacy, be they public institutions or contracts.
- 64 Like any process, industrial relations consensus is one of complex and mediated relations that incorporate change and shocks, counter-movements and continuities. This includes the historical intricacies of evolving from one system of labor-capital relations to another, the non-linear process of moving towards post-Fordist paradigms (Lipietz, 1997; Jessop, 2001). It occurs in a 21st century labor market that must be understood in un-reified and non-teleological terms, due to work experiences and

norms that are in constant motion. They are characteristic of employment grey zones, whose study as close as possible to empirical reality is a promising field of critical research.

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NOTES

1. The notion “employment grey zone” has been developed in the ANR project, « L'évolution des normes d'emploi et nouvelles formes d'inégalités ; vers une comparaison des zones grises ? », in the program theme « Inégalité-Inégalités », 2011-2015.
2. The term “Detroit 3”, referring to General Motors, Ford and FCA (Fiat Chrysler Automobiles) has come to replace the previous term “The Big Three” (automobile manufacturers) since Toyota become the number one world producer of automobiles in 2008.
3. The VEBA is defined under 501 (C) Section (9) of the U.S. tax code, equivalent to a non-profit association.
4. A two-day strike at some GM plants and a one-day strike at Chrysler.
5. After having bought Chrysler in 1998, Daimler sold to Cerberus Capital Management in 2007.
6. Borrowing from a typology set out by Jacques Freyssinet in a report for the ILO government on reactions to the crisis, the IRES study adopts its three categories of countries that include Germany in these terms, while noting that this country lacks a tradition of tripartism or central government interventionism into industrial relations (Freyssinet, 2012).
7. The end-career wage levels of \$19/hour is two thirds of the \$29/hour earned by the first tier, those hired before 2007 (\$15.78-\$19.28 in 2015).
8. *Les Echos*, 3 October 2011, *Detroit Free Press*, 12 July 2016.
9. Gary Walkowitz, a Ford Local bargaining committee man, ran for UAW president on a dissident slate opposing two-tier contracts and the VEBA.
10. The Family Resource Simulator (FRS) is a web-based tool developed by the National Center for Children in Poverty. <http://www.nccp.org/tools/frs/>. For the national average threshold for a family of four in 2015 was 24,250 dollars a year. U.S. Department of Health and Human Services, <https://aspe.hhs.gov/2015-poverty-guidelines#thresholds>. Last consulted 4 August 2016.
11. Mark Payne, Local 1250, delegate to 35th Constitutional Convention Proceedings, UAW, 14-17 June 2010. Detroit, Michigan, p. 64.
12. The number of U.S. young adults living in record numbers with parents reached a record high in 2014, notes a Pew Center study (Fry, 2016).
13. Letter consulted June 2012, interviews August 2013.
14. While previously existing in the U.S. tax code, VEBAs spread after a 1993 requirement by the Financial Accounting Standards Board (FASB) for large companies to deduct retiree health-benefit liabilities from reported profits.
15. Teresa Ghilarducci is a renowned specialist of labor and retirement issues and also serves as a public trustee for the health care VEBAs for United Auto Workers retirees of General Motors, Ford Motor Company and Chrysler, and United Steelworkers retirees of Goodyear Tire and Rubber Company.
16. Walter Reuther was a founder and historical leader of the UAW.
17. Workers at GM and FCA had only just recovered the right to strike which had been sacrificed since 2009 as a condition for the bailout.
18. It was the first time since 1982 that UAW members rejected a national agreement recommended by their leaders.
19. Voting in favour were 55% at GM and 51% at Ford, where the contract seemed headed for defeat, large locals voting it down 2-to-1 (Dziczek 2016).

20. These were the first automobile negotiations since the law was introduced in Michigan in 2012, the same year as in Indiana.
 21. Main sources during 2015 negotiations: *The Detroit Free Press*, *New York Times*, *Crain's Detroit Business*, *Automotive News*, *The Center for Automotive Research (Car)*, *Labor Notes*.
 22. The UAW VEBA covers 607,000 retirees and dependents, to which would be added 140,000 Detroit 3 hourly workers and possibly 150,000 salaried employees.
 23. Unlike the VEBA there would be no out-of-the pocket payments, benefits would not be de-linked from employers who would continue to provide healthcare. The UAW's letter stated: "We DO NOT want another VEBA... for active auto members. We believe that healthcare should be provided by the employer." "A message from UAW President Dennis Williams", October 5, 2015, <https://uaw.org/a-message-from-uaw-president-dennis-williams/>, last consulted 18 January 2016.
 24. Of the many Facebook Pages, "UAW Real Talk GM, Ford, FCA", run by Brian Keller, a FCA worker, drew more than 1,700 members and is cited by the press.
 25. The notion of "costs" is used here instead of wages given the U.S. bargaining model where most social benefits are provided by employers in the same remuneration package as wages.
 26. Et alors qu'en 1978, 82 % de tous les véhicules vendus aux États-Unis et au Canada étaient produits par des ouvriers syndiqués, ce taux est tombé en 2010 à 50%.
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ABSTRACTS

The article studies the difficult process of normalization of the U.S. automobile employment relationship at a time of industrial crisis and unprecedented intervention of the state in 2009, during the Great Recession. Changes introduced at contractual "boundaries", understood in generational terms, undermined the single employment norm: lower wage-scales for entry-level workers and a distinct health-care regime for retirees, through a new actor in industrial relations, the VEBA trust fund.

It highlights the mounting influence of financial rationale in this process of recodifying employment norms, both in setting wage standards and through the VEBA, as a market-based provider of social benefits and the trust's role in the state-mandated bailout of General Motors and Chrysler. The tensions that ensued, from the shop floor to workers' home lives, challenged the union mandate to represent all workers and marked the new sociopolitical compromise reached in 2015 contracts. This short but crucial period created an "employment grey zone", a theater of confrontations among stakeholders and indeterminations where workers' individual and collective strategies proved decisive in how events played out.

L'article étudie le processus difficile de normalisation de la relation d'emploi dans l'industrie automobile aux États-Unis au moment de la crise dans l'industrie et de l'intervention sans précédent de l'État, pendant la Grande Récession de 2009. Des changements intervenant aux « frontières » des relations contractuelles, perçus en termes générationnels, ont remis en cause la norme salariale unique : une grille de carrière inférieure pour les primo entrants et un système d'assurance maladie spécifique pour les retraités, par l'intermédiaire d'un nouvel acteur dans les relations professionnelles, la VEBA, un fonds d'investissement en bourse.

Il met l'accent sur l'influence grandissante de la logique financière dans le processus de recodification des normes d'emploi, que cela soit dans l'établissement des normes salariales ou à

travers la VEBA, comme prestataire d'avantages sociaux et à cause du rôle du fonds dans le sauvetage des entreprises, la General Motors et Chrysler, sous l'injonction de l'État. Les tensions qui en découlent, du lieu du travail jusqu'à la vie familiale des travailleurs, ont soulevé un défi pour le syndicat unique des entreprises, l'UAW, dans son mandat qui consiste à représenter l'ensemble des travailleurs automobiles, et ont marqué le compromis sociopolitique qui a été réalisé lors des négociations collectives de 2015. Cette période courte, mais non moins cruciale, a donné lieu à une « zone grise d'emploi », le théâtre d'indéterminations et de confrontations entre parties prenantes où les stratégies individuelles et collectives des travailleurs ont joué un rôle déterminant dans l'issue des événements.

INDEX

Keywords: employment grey zone, Great Recession, Post-Fordism, UAW, VEBA

Mots-clés: Crise de 2009, Post-Fordisme, UAW, VEBA, zone grise d'emploi

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