

Shift to electric vehicles poses threat to US union jobs

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Claire Bushey, *The Financial Times*, May 12, 2021

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United Auto Workers frets over prospect of fewer jobs and a non-unionised supply chain



Electric vehicles require fewer components overall, which means they require fewer people to make the parts and assemble the vehicles © Brian Cassella/Chicago Tribune/TNS/Abaca Press via Reuters

[Claire Bushey in Chicago](#)

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On the outskirts of Normal, Illinois, sits a factory that exemplifies the challenges facing the US labour movement as the car industry steers toward electrification.

A former Mitsubishi plant, next month electric vehicle start-up Rivian will begin manufacturing pick-up trucks and sport utility vehicles there. It will employ 1,800 by next month, with plans to scale up to 2,500 by the end of the year.

Mitsubishi closed the plant in 2015, laying off a unionised workforce that was 4,000 strong at its peak around the turn of the century. Rivian bought the factory for \$16m from a liquidator and will be launching its first products from there.

But the factory, even though it employs some of the same workers, is no longer a union shop, and the situation in Normal illustrates the changing dynamics in the US car industry.

Electric vehicles are recognised as the undisputed future of the industry. Ford and General Motors are pouring billions into plans to build EVs as they compete against Tesla, which has become the dominant US electric vehicle maker.

The US car industry is foundational to American manufacturing, employing nearly 390,000 at vehicle manufacturers and another 539,000 in the supply chain.

But electric vehicles raise the possibility of job losses for assembly workers and the automotive supply chain. EVs require fewer components overall, which means they require fewer people to make the parts and assemble the vehicles.

Moreover, fewer of the jobs in EVs are likely to be union jobs, which tend to offer workers better pay and benefits. Rivian and Tesla are not unionised, nor are many businesses in the EV supply chain.



Rivian has taken over the former Mitsubishi factory in Normal, Illinois © Sipa US/Alamy

A 2020 report from the left-leaning Economic Policy Institute found that unionised workers earned 11.2 per cent more than non-unionised peers. Membership of the United Auto Workers union has declined since hitting a high of 1.5m in 1979, and real wages for car workers have declined 17 per cent since 1990, according to the US Bureau of Labor Statistics. The union still represents 400,000 workers, but a 2018 research study from the UAW said as many as 35,000 of those union jobs could go as a result of the transition to EVs.

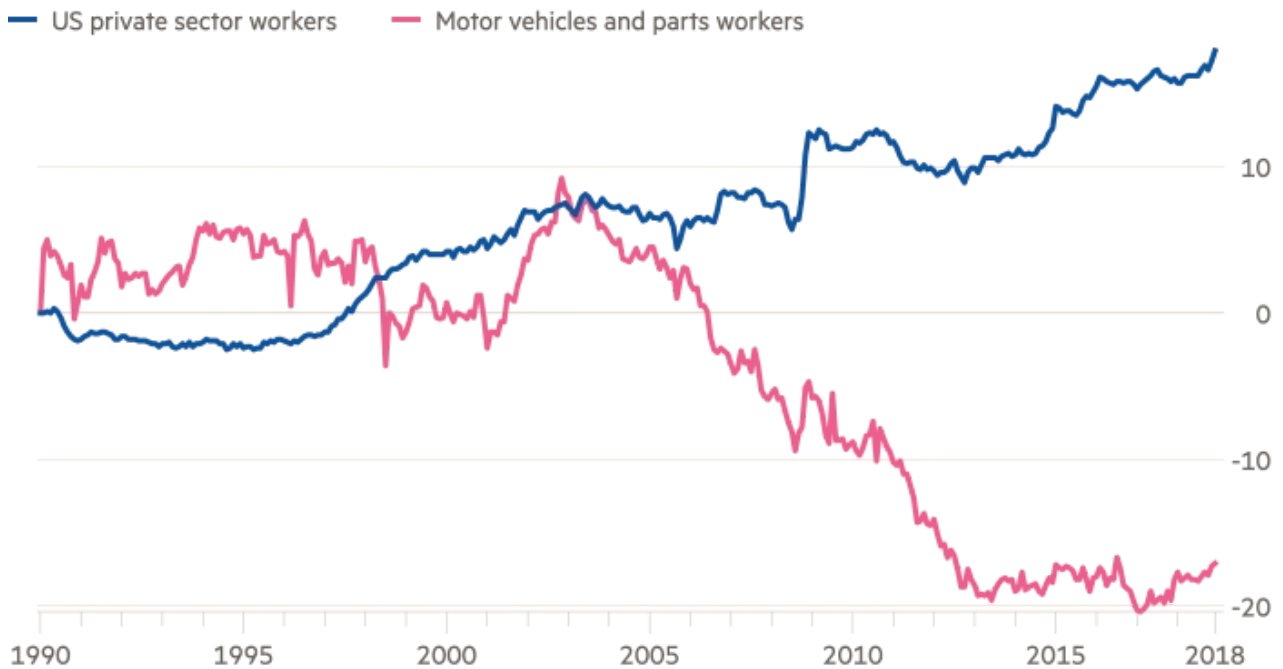
“When you look at the fact that you need fewer people . . . and the supply chain involves more non-union employers, you have significant potential job loss,” said Marick Masters, a professor of business at Wayne State University in Detroit.

Rivian declined to comment on unionisation at the Illinois plant. The UAW said in January 2020 that it looked forward “to these jobs returning and UAW members having the opportunity once again to organise”, but Normal’s mayor Chris Koos said he did not think any discussions had yet occurred between Rivian and the UAW.

“Personally, I’m a believer in unions,” Koos said. “They bring a lot to the table . . . But in terms of this situation, that’s a decision between Rivian and the workforce.”

Real wages for auto workers lag

Inflation-adjusted wages since 1990 (percentage change)



Source: US Bureau of Labor Statistics

© FT

While UAW president Rory Gamble has said the need to organise workers at the new electric carmakers is “a given”, it will not be an easy task.

Workers at Tesla’s plant in Fremont, California have been attempting for a long time to organise through the UAW. More than three years ago, Elon Musk’s company fired Richard Ortiz, who had passed out pro-union leaflets in the plant’s parking lot, and only this year did the US National Labor Relations Board rule that his dismissal was illegal. The board ordered Tesla to rehire him with back pay.

Tesla also broke the law when it barred employees from speaking to reporters, retaliated against another union activist and engaged in “coercively interrogating” other supporters, the board said.

It also criticised Musk directly, saying a tweet he sent in May 2018 constituted an illegal threat to the remuneration of workers who were considering unionising. Musk wrote that workers could unionise if they wanted to, “but why pay union dues & give up stock options for nothing?”

He was ordered to delete the tweet. As of May 7, it remained online.

Koos said that in conversations with Rivian executives, Tesla's seemed more open to a unionised workforce.

A bigger hurdle may be the shifting supply chain. Decades ago the UAW used its relationships with Ford, GM and Chrysler to unionise suppliers. Now, the biggest battery makers, Panasonic and LG Chem, are located in Asia, and EV suppliers in the US are less likely to be unionised.

GM and a unit of LG Chem have a joint venture that is building factories in Ohio and Tennessee. The Ohio plant will not initially be unionised. When GM announced the Tennessee plant last month, the UAW said the carmaker had "a moral obligation . . . to make sure these are good paying union jobs like those of their brothers and sisters who make internal combustion engines".



Tesla factory in Fremont, California, where the UAW has been trying for years to organise workers © Justin Sullivan/Getty

"The UAW is going to have to be very aggressive in trying to organise those facilities," Masters said. "Right now, it's being more reactive than proactive . . . They have to look at the whole auto production parts picture and say, 'What parts don't we have organised?' and go after those."

The UAW said the shift to EVs presents an opportunity to create high-quality manufacturing jobs, but the US will need "a strong, forward-looking industrial policy" to get there.

The union is lobbying for policies that would include retraining for displaced workers, creating “quality jobs” in the buildout of a nationwide EV charging infrastructure and trade protections for “advanced vehicle technology”.

It also wants to change current legislation so that consumer subsidies will only apply to electric vehicles assembled in the US. The federal government subsidises EV purchases to stimulate demand for a product that currently comprises 2 per cent of the US car market. Joe Biden’s administration has not so far commented on the idea, though, and it faces uncertain prospects in Congress.

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Meanwhile, the UAW has praised decisions by US carmakers to invest in US factories for EV technologies and criticised decisions to steer work away from the US workforce.

For example, Ford said last month it planned to open a new battery R&D facility in Michigan, which the union said would “position Ford and UAW members and families to prosper for decades to come”.

Later the same week, GM announced a \$1bn investment to build electric vehicles in Mexico. UAW vice-president Terry Dittes called that “a slap in the face” to union members and US taxpayers.

“We have to make sure we’re attaching government funding to labour standards and making sure the work’s in the US,” UAW legislative director Josh Nassar testified on May 5 to a US House subcommittee. “If we do not . . . there’s no assurance the auto jobs of the future are going to be the good jobs we’re accustomed to.”