

Protecting workers as we shift to electric vehicles

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The United Auto Workers strike is, in part, a response to concern about the impact on labor of the transition to electric vehicles (EVs). Electric vehicles have fewer parts than those with internal combustion engines,

and that will eliminate some jobs.

Many of the new plants being constructed to build [electric vehicles](#) are in southern states that are hostile to labor unions. Tesla and some of the Asian electric vehicle manufacturers pay relatively low wages to their workers. The [union](#) correctly sees this as a moment to influence how and where American electric vehicles are manufactured and to ensure that labor gets a fair share of the profits generated by this new technology.

In the background of this conflict between auto management and unions, we see a political battle between those seeking to accelerate the transition to electric vehicles and those who want to promote fossil fuels or, at a minimum, allow the market to determine the pace of transition to EVs. As Rachel Frazin recently reported in The Hill:

"The U.S. House of Representatives on Thursday passed a bill targeting California's efforts to phase out gas-powered cars. The legislation, which passed the House 222-190, would bar states from limiting the sales of gas-powered cars..."

Current California law bans the sale of the internal combustion engine after 2035. While the Democratic-controlled Senate and the White House will not allow the anti-EV bill to become law, the 2024 election might change the political equation. Meanwhile, more electric vehicles are visible on America's highways.

While skeptics remain, the pace of the transition to electric vehicles is exceeding most projections. The speed of the transition is based on a combination of consumer preference and government incentives. The U.S. auto industry is quite profitable but currently claims to lose money on electric vehicles. Tesla doesn't seem to have that problem, and with time, the auto companies will make lots of money from electric vehicles.

Today electric vehicles cost more to buy than traditional cars but are less expensive to maintain and operate. They are also newly designed and provide manufacturers with an opportunity to create exciting new products with a high degree of market appeal. All of these factors point to a new business based on new technologies that is now in the process of being structured. Both labor and management understand that this is a moment when the rules of a new game are being established.

Workers see their salaries stagnating and in non-union plants, even declining when factoring in inflation. At the same time, they see corporate profits and management salaries growing. In my view, we need a deal where both labor and management have some skin in the game. There is no question that the manufacturing sector of the U.S. economy is becoming more automated and that fewer workers are needed today than in the past.

It is possible to build electric vehicles without disadvantaging labor unions, but the problem is that culturally and politically, many parts of the United States are hostile to labor unions. According to Claire Bushey, Taylor Nicole Rogers, and Peter Campbell of the Financial Times:

"Electrification does not pose the same threat to unions outside the US. In Germany, where unions sit on company boards, electric vehicle workers are members of the same union as their engine-handling counterparts. Even Tesla, which eschews labor groups in California and Texas and even fired workers who tried to organize, has a union in Germany, although the company has clashed several times with its workers over conditions and demands.

"But in the US, the German carmaker Volkswagen has adopted the practices of US carmakers, opening plants in southern states unfriendly to labor unions. When VW held a vote in 2019 for its Chattanooga plant

in Tennessee, which makes both the VW Atlas SUV and the electric ID. 4, workers rejected the ballot. Nissan's workers at a Mississippi plant voted against unionizing in 2017, while its Smyrna, Tennessee plant, where it makes the electric Leaf, voted down a union earlier this year."

While the UAW is striking to try to increase its leverage during the transition to electric vehicles, it finds itself in a political and cultural battle as well as a traditional labor dispute. Workers in some parts of the United States do not believe that they benefit from union representation. Many management campaigns against unions have succeeded. In a political world dominated by disinformation and campaign cash, this is not surprising, but the unions will need to figure out how to win over these workers if they are to succeed.

Nevertheless, the UAW is receiving political support from the President and the progressive wing of the democratic party, including elected leaders such as Representative Alexandria Ocasio-Cortez and Senator Bernie Sanders. Perhaps most interesting is the stance that [environmental groups](#) are taking in the dispute. Despite their support of the transition to electric vehicles, they are backing the union as well. According to Politico's Ben Lefebvre:

"Environmental groups are lining up on the side of the United Auto Workers against the Big Three—never mind any setbacks for their green energy agenda. So far, only one of the three plants that union members have walked out on produces an electric vehicle—the Jeep Wrangler 4Xe built at Stellantis' Toledo, Ohio site—but an expanded strike could threaten production of the cars that President Joe Biden wants to make up 50% of all new vehicle sales by 2030. Still, environmental groups are supporting the labor action, saying it's needed to ensure that factory workers are included in the transition to a clean economy... The green support for the union marks a relatively new development between two Democratic-aligned factions.

"Environmental groups have broadened their missions in recent years to address a range of social problems, including racial and economic issues, in part as an effort to build broader coalitions to support their campaigns to fight climate change and pollution that disproportionately affects minority communities and low-income areas."

For our pro-labor and pro-electric vehicle U.S. president, this is a critical period where he needs to thread the needle and ensure that fairness to labor reinforces rather than impedes the transition to this new technology. New manufacturing plants utilize more automation than existing plants. New electric [vehicle](#) factories will utilize a variety of more advanced technologies than existing plants. Increased use of new technologies makes it possible for labor to be more efficient and productive and opens the possibility that higher wages could be built on enhanced productivity.

A problem arises however if wages increase, but the number of employees decreases. Therefore, a fair labor agreement needs to protect against layoffs, include resources for training workers on the use of new technologies, and base some portion of wage increases on increased sales and profitability of these newly designed products. In other words, one part of the wage settlement should be some form of profit-sharing. Automakers and workers need to create a shared self-interest to generate both growing profits and growing wages. They must be mindful of the fact that they are competing against lower-wage, non-unionized auto companies.

America's transition from a manufacturing to a service economy left many workers behind, creating resentment that has led to political polarization. Automation, new technologies, new products such as EVs, and even [global supply chains](#) are bringing some manufacturing back to the United States. It won't be a large part of the economy, but it will be significant. As this new part of the economy develops, we need to pay

attention to its impact on workers. Workers are frightened of being replaced by automation and artificial intelligence. They need to be provided with a safety net and training to ensure they can navigate the work world that new technologies inevitably bring.

We have an opportunity here to build a new model of labor-management collaboration. The alternative is a return to the old model of labor-management conflict. In addition to supporting [labor unions](#), congress and the president need to develop new policies to help workers deal with the changing nature of work. While the current congress is far too dysfunctional to do something so creative, perhaps the next one might be capable of helping America's [workers](#).

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