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STEWART-WARNER CORPORATION

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A UE Campaign Against Disinvestment

■ *Christine Boardman*

"Whose idea is this? Are they crazy or what!"

"I don't know why they don't fix that machine, we can't really do our work right without it."

Complaints like these can be heard in any number of factories, sometimes said with laughter, sometimes in anger. For most workers, changes in methods of manufacture and other business decisions are totally beyond their ability to affect, but all business decisions can have consequences on the future of their jobs.

There is one line of thinking which says that only if workers are owners or partners with management can they have an effect on their futures. This article is a short summary of a yet unfinished story of one local union's efforts to preserve jobs and have an effect on management decisions without taking that route. The local is the United Workers Association-United Electrical Workers (UWA-UE) Local 1154 at Stewart-Warner Corp. in Chicago.

Stewart-Warner is a major manufacturer of automotive and lubrication equipment whose flagship operation has been located on Chicago's north side for over 90 years. In the 1950s there were more than 5,000 production workers employed there, but by 1981

this had shrunk to 2,600 and today there are just over 1,500 people working at four plant locations.

In January 1985 Stewart-Warner sent the union a letter stating that it was relocating the Chicago plant's Alemite pump line to its (non-union) plant in Johnson City, Tennessee. The company estimated this would affect 150 jobs, but the union's own calculations (figuring both direct and indirect job loss) put that number closer to 500.

The UE International had previously emphasized to the local the need to launch a campaign to avert any type of plant closing. Local research did not paint a pretty picture of Stewart-Warner's future in Chicago. Many of the early warning earmarks of a possible plant closure were evident. While the outside walls of the main plant were repainted quite frequently, inside examination told another story. No amount of paint could replace the out-of-date equipment, freight elevators that didn't operate, and employees using their own ingenious and primitive methods to produce for the company.

The union called a job security meeting and invited all factory employees to attend. At this meeting leadership and membership put their heads together to make sense of what was happening. Committees were set up to do further information-gathering outside the plant, community outreach, and research on the financial status of the company. In reaching out to the community, the local met with the Midwest Center for Labor Research (MCLR), who provided further in-depth analysis of S-W's financial status.

Research showed a conscious policy of disinvestment on management's part, revealing that 1979 was the last year that S-W had not bled *all* of its profits into dividends for the stockholders. The average company, including all of S-W's competitors in the 1980s, utilizes approximately 50% of its profits to pay out dividends and puts the other 50% to use inside the company. Stewart-Warner, in contrast, had paid out 204% of its profits in dividends in 1983, 157% in 1982, 127% in 1985 and 97% in 1984—leaving little for investment in new equipment or product development.

Fighting on Two Fronts

Since 1985, the union has developed a two-pronged strategy of taking on Stewart-Warner's policy of mismanagement and disinvestment. The first front is a shopfloor fight for job security, and the second is a broad alliance of community, church, labor

and elected politicians to keep S-W in Chicago.

The union felt positive about its two-front strategy. It had caught onto S-W's disinvestment strategy early enough to prevent a plant closing, and the S-W corporate make-up, with the entire Board of Directors residing in the Chicago area, provided a good opportunity to appeal to S-W's social obligation not to desert the very community that had made it successful.

The union knew that contract negotiations beginning in late 1985 would be difficult, and that an internal battle alone would not achieve all the gains that S-W workers needed. The UE International has encouraged its locals to develop both internal and external campaigns to save jobs, calling on its members to: "Develop coalitions with labor, community, and church groups with a common interest in halting plant closings. . . . Train stewards and active members to report to the union leadership shop areas and equipment being neglected, jobs being shipped out or subcontracted as well as mismanagement that threatens jobs."

In developing a bargaining strategy, the local made job security the number one issue. The union held lunch-time meetings in every department in the plant, ensuring that the union would have maximum opportunity to talk to every worker about the likelihood that unless S-W changes its management policies, we'd be out of work soon. To further workers' understanding of the issues at stake, the local distributed leaflets on job security. A typical leaflet raised provocative issues like the following:

Stewart-Warner is losing orders because they haven't lifted a finger to improve their products. They can't be competitive with out-of-date gauges, built with poor quality parts on crummy equipment.

In response, management issued a letter to all employees claiming that the union's leaflet was a "total distortion of the facts." Calling the leaflet "totally irresponsible, inaccurate and a vicious attack," the company insinuated that such actions by the union would only help the company's competition and could hurt whatever few remaining jobs there were.

The membership's reaction was swift. Many workers went to their stewards with spicy stories of gross company mismanagement and neglect. The union printed a response to the company's letter that included a sampling of these stories:

***Example 1:** One of the panels made in Dept 21 uses a part called 'webbing.' Until April 17, 1984, Dept 25 made the webbing. Then the company decided to subcontract the*

webbing production. Last October Dept 21 started getting webbing from Altra Corp. in Elk Grove Village, instead of from Dept 25. This month 14,616 pieces of webbing came in from Altra with incorrect dimensions in one of the holes.

Although S-W gave incoming inspection a number of webbing dimensions to check, the depth of this hole wasn't one of them. The company is having a 52nd L.G. employee drill out the hole to the correct dimension. It's going to take about 2 weeks to fix all the bad parts at \$12.77 an hour. This will cost S-W 15 cents per piece.

When Dept 25 made the webbing, all the dimensions were right. If S-W is so concerned about us "and the families we support," why subcontract out a job that we were doing right.

Example 2: Dept 20 uses a magnet shaft made in Dept 6. Recently over 100,000 of these magnet shafts had to be sent back to screw machine because they were defective. Bill Williams, foreman of Dept 6, had substituted inferior tooling to be used in the production of magnet shafts. This forced the screw machine operators to hand grind each countersink. They complained to Williams many times that they were being forced to produce junk that wouldn't last and that no amount of SPC [statistical process control] was going to fix. How much money did Bill Williams' inferior tooling save the company?

The next day engineers and managers were standing over the worker drilling out holes in Example 1, with blueprints in one hand and the union leaflet in the other. The foreman in Example 2 was kicked upstairs to a new position shortly thereafter and better tooling was finally purchased.

Despite the appeal of the union's message, many workers felt deeply cynical about whether workers can ever actually gain job security. This was generally summarized, "You're right, but the company's going to do whatever the company wants to do."

S-W management tried to reinforce this attitude by taking a "this is really none of your business" posture on all management decisions involving production and/or job changes. Although they would mouth phrases like "we're very interested in what you have to say," their inaction on workers' suggestions and their deliberate attempts to withhold information from the union showed that the company was trying to make the union appear to be useless and powerless on job retention issues.

While trying to keep the union at bay, the company attempted to start a Quality Circle program in a portion of the plant. The

UE has always taken a position against Quality Circles (QCs), maintaining that: "These programs split workers by rewarding those who undermine the jobs and conditions of others. . . . Behind the rhetoric of 'workplace democracy' and 'job enrichment,' such schemes actually undermine whatever workers' control exists in the shop. Workers are pressured to pass on to company officials their own intimate knowledge of the job. This is then used by management to change work processes and to more closely control the workers." This aptly describes S-W's QC effort. The local notified the company that it would not take part in any type of Quality Circle, and the program never got off the ground.

But while the union did not want to get involved in Quality Circles, it did actively involve itself in any shopfloor changes that affected jobs. Most notable of these activities was the union's role in setting up work centers in the assembly areas.

Under the work center system, the worker continues to do only one function in an assembly process over and over again, but all assembly workers are supposed to have the knowledge to perform every other process performed in the work center and each piece is immediately totally assembled. S-W's reason for setting up work centers was to reduce the damage and deterioration of parts that was occurring under the old assembly system and to even out the inventory of parts.

While the union understood the company's need for fewer rejects and the value of a more skilled workforce, the leadership and workers alike were concerned about how the work center would be set up, the potential elimination of jobs, and the adjustment of pay rates for higher skill levels.

Rather than work with the union on these issues, management tried to implement the new ideas without informing the union. The union demanded that the company bargain with them over how the new work centers would be set up, and after negotiating to the point of deadlock, the company attempted to go ahead and set up the centers the way it wanted. S-W put up postings for workers to bid on the newly structured jobs, promising a higher labor grade for the position.

The union had done its work among the workers in the assembly departments, however. Every worker knew that if the company set up the work centers they way it wanted, they would be stuck with them, good or bad. When the bids went up, hundreds of workers from departments all over the plant bid on the jobs, including workers in higher labor grades bidding down and workers in the same labor grade bidding across classification.

Contractually, the company must examine every bid before awarding the job to an employee. The hundreds of bids would take days and even weeks to process. Management knew the workers were sending them a message—sit down with the union and work something out.

Management did sit down with the union and a formal letter of agreement was reached on specific aspects of the work centers: rates of pay, how the job is filled, cross training, etc. While every issue was not resolved, the negotiations started a better trend.

With the labor contract expiring December 1, 1985, negotiations began in October and continued for more than a year. S-W said it needed major economic concessions in order to remain competitive, but it flatly stated that it would never give any job security commitments in the contract. In January 1986 the union decided to wage an in-plant battle and told the company that it did not want any further contract extensions after January 31. S-W responded by trying to destroy the union economically by eliminating the dues checkoff, but the union successfully collected dues by hand. Finally in November 1986, a new contract containing some job security provisions was ratified by an 89% vote of the membership.

The job security items included: one-month minimum advance notification of any decisions involving relocation or shutdown of plants, departments and/or product lines; monthly labor-management meetings where the union can raise any issues involving company business standing, plans to develop new product lines, technology changes and any other matter that is not a grievance; a commitment to meeting with government officials about job training programs that can facilitate job retention at the plant; and extra rights and benefits for any workers permanently affected by the elimination of a particular job.

The Community Campaign

While the in-plant struggle was going on, the second front of the union's job security strategy was also developing. The Coalition to Keep Stewart-Warner Open became an active organization of S-W workers, community groups and churches. Local union leadership clearly understood throughout the contract fight that the Coalition's effort to save S-W jobs was an integral part of obtaining the job security provisions in the labor contract.

Building the Coalition was a combined effort of many groups and individuals. Most notable among these, besides the union, were MCLR and the Northwest Community Organization (NCO),

a 25-year-old umbrella group active on Chicago's north and northwest sides. More than a dozen organizations and a number of individual politicians and major religious leaders are now members of the Coalition.

The Coalition defines its purpose as: "to keep Stewart-Warner jobs in Chicago by organizing labor and community support for our efforts; by pushing public officials to respond to this job loss by making public resources available and using public power to keep these jobs here; by seeking a dialogue with the management of Stewart-Warner about how to keep current jobs in Chicago and how to create new jobs for Chicago residents; by investigating the reasons for the current job loss and developing an alternative corporate plan that will keep and create jobs in Chicago."

The Coalition's activities in pursuing these goals include rallies of more than 500 people, informational picket lines, press conferences, and special public hearings, like one recently held by the Chicago City Council. A recent Coalition project is an active home visiting campaign. These house calls on S-W employees and their neighbors are intended to actively promote the Coalition's efforts, build support and activity in the community, and involve others in all public efforts around the Stewart-Warner jobs issue.

Another project taken on by the Coalition is a stockholder resolution to be submitted to the S-W Board of Directors. The resolution specifically calls on the corporation to change its reinvestment policies, to put money back into its present manufacturing facilities, and to develop product lines to be competitive in today's markets.

The Coalition also is seeking joint cooperation from federal, state and city public officials to offer various inducements to Stewart-Warner if it makes definite commitments to retain jobs and reinvest in its Chicago facilities.

All of these projects are young and developing. The union and the Coalition are playing roles which advocate further business for Stewart-Warner not from the viewpoint of partners or managers, but from a worker and community perspective of wanting to retain and encourage reinvestment in the present facilities.

Currently Stewart-Warner has changed its tone and is no longer refusing to talk about whether it plans to stay in Chicago. The company has indicated to the Coalition that it may participate in future conferences or discussions on these issues. Hopefully, with the continued development of in-plant and Coalition efforts, 1987 will see a commitment from S-W to develop new product lines and to reinvest in its Chicago plants. ■