In September, the United Auto Workers (UAW) finished negotiating its contract with the Big Three automakers—General Motors, Ford, and DaimlerChrysler. During this round, the UAW aimed to speed negotiations and create a cooperative environment, hoping to help the Big Three maintain their domestic market share and limit the expansion of transplant factories, the largely non-union domestic plants of historically offshore automakers. Honda, Toyota, and Nissan are the three largest foreign-owned producers in the U.S.

The UAW agreed to accept bonuses instead of wage increases in 2004 and 2005, followed by wage increases of 2% in 2006 and 3% in 2007. Auto production workers’ actual average earnings, as measured by the Bureau of Labor Statistics, typically exceed the contract figure reached in negotiations ($27.80 per hour in 2002). This occurs because some workers belong to higher-wage trades and many receive additional pay for working overtime or night shifts.

Workers in plants making motor vehicle parts earn substantially less. The new UAW contracts with Delphi, formerly part of General Motors, and Visteon, formerly part of Ford, include wage concessions to help keep them competitive.

Because the UAW represents far more retirees than active workers, pensions and associated retirement benefits were key issues in the negotiations. The number of retirees covered under the contract is expected to keep rising as companies continue to trim their labor forces and encourage early retirement. The contract increased future retirees’ pensions 9% over four years but reigned in the costs associated with current retirees by eliminating monthly increases.