

fundamental shift in the way automakers operate and act to shape international economic policy, the auto industry will be the target of more "consumerist" recall campaigns.

The Center for Auto Safety, a Washington-based "consumerist" group originally set up by Ralph Nader, is now urging the National Highway and Transportation Safety Administration (NHTSA) to recall 10 million Ford cars produced between 1973 and 1978 on the grounds that it has "inside information" that they all have defective transmissions. For the last two years, the NHTSA has been headed by Joan Claybrook, the "Dragon Lady" from Congress Watch, Nader's original Capitol Hill lobbying group. In spite of their alleged fight two years ago, when Nader asked Claybrook to resign the NHTSA job because she was too easy on the auto companies, the two "consumerists" have been working hand-in-hand to cripple the auto companies.

The United Auto Workers too are a major force constraining the auto industry. An industry official has stated privately that they would go all out on a high-technology research and development drive if it were not for the UAW, a vocal advocate of environmentalist and consumerist onslaughts against industry.

Is it any wonder then that the auto industry is at the crossroads, not yet convinced what road to take?

How Ford gave the British a black eye

The British government is still seething over the Ford Motor Company's successful challenge to its 5 percent ceiling on wages last December.

The point has not been lost on the British government that Ford's granting of a 17 percent pay increase to its employees was not only a breach of the government's strictly enforced 5 percent pay limit. It was a battle between the British austerity system and the American system of high technology development — with the American system winning the first round.

The issue was wages. The Callaghan government and the Wilson government before that had insisted on an upper limit of 5 percent in wage increases per year or up to 10 percent with productivity deals and overtime pay thrown in. The government had relied upon its prized "special relationship" with the unions — called the "social contract" — to ensure the continuation of this policy from year to year. When the union and the Labour Party threw out the "social contract" last year and called for a return to free collective bargaining in Britain, the government simply imposed punitive sanctions on employers and firms that granted wage increases in excess of 5 percent.

Most British companies knuckled under in the face of threatened loss of government contracts and subsidies. Ford, however,

concluded that the loss of government orders for 25,000 Ford vehicles per year was less painful than the British pay policy which would produce a net decrease in workers' consequently in net output and expansion capability. After an eight-week strike, the company granted employees at its 23 plants in Britain a 17 percent package of wage increase and fringe benefits. A shorter work week and better pensions are also being negotiated.

The reason? Ford has traditionally operated on the basis that workers need a boost in living standards if they are going to produce high-quality automobiles. In other words, decent wages are a critical component of worker productivity, if combined properly with a high level of capital investment.

When Ford management settled the strike last December and announced union acceptance of a 17 percent wage increase, the British were not at all amused despite the fact that two months of labor strife had been ended. The government promptly called Ford officials into its inner chambers to hear the penalty: government departments would no longer purchase Ford motor vehicles, only present contracts would be honored, and no future deals would be signed.

Ford turned the tables and called a press conference to denounce the British government's pay and sanctions policy. According to the *Daily Telegraph*, such an attack was unprecedented and what's more, "The ferocity of the attack is believed to have the blessing of Mr. Henry Ford, head of the worldwide empire."

There is no question that the Ford Company understood the implications of the stand they took. Under Ford, Sr., the company developed a policy of continual innovation and upgrading of working conditions and living standards, and cheapening products through high-technology investment. In Britain, Ford is one of the few companies that has not cancelled expansion programs. It has recently unveiled plans to build a new engine plant in South Wales which could absorb thousands of the country's unemployed manual workers and technicians.

The British government showed its gratitude by slapping the company with blacklist-type sanctions. But Ford stuck to its guns and forced a defeat in Parliament of the government's whole sanctions policy. This unexpected defeat seriously weakened the arsenal of weapons available to enforce further wage-gouging.

In retaliation, the British press is now blaming Ford for setting the precedent for the wave of strikes now paralyzing the British economy. "The Ford workers are the pacesetters," wrote the *Daily Mirror*, before the strike was settled: "If they smash the pay policy everyone will lose — including the car workers in the long run. If they breach the pay policy every other big battalion will want to. Then three years of sacrifice would be wasted and disastrous inflation would be back."

— Marla Minnicino