

MANUFACTURING IN U.S. GAINS JOBS BUT WAGES FALL



In the United States, manufacturing companies are hiring once again, which helps to soften a slide in factory employment. It is likely though that lower wages up to retirement will be how a new generation of blue collar workers will operate. This is especially true for global companies such as General Electric. As labor costs continue to decrease at their appliance factories, the company is bringing the production of water heaters and some refrigerators back to the United States, all while expanding its staff to do so effectively, according to the New York Times. The new hires at General Electric will be earning anywhere from \$10 to \$15 per hour less than the pay scale for hourly employees who are already employed by the company. There is also a concession that the employees will not be able to catch up with their wages for the foreseeable future. Steel and tire companies within the auto industry are also seeing these types of union contracts to go along with manufacturers of farm equipment and other heavy equipment. Gordon Pavy, the president of the Labor and Employment Relations Association, said the following: "Some companies want to keep work here, or bring it back from Asia," Mr. Pavy said, "but in order to do that they have to be competitive in the final prices of their products, and one way to be competitive is to lower the compensation of their American workers." The pay scale for the new workers, \$12 to \$19 per hour, is much less than the pay scale for longtime workers, which is \$21 to \$32 per hour. This new pay scale is going to threaten the middle class status of the best paid blue collar jobs left in the manufacturing industry of the country. New employees at Ford Motor Company's stamping plant are also operating under a similar pay scale. The thing with these new contracts though is that no one is objecting to them or the wages. This includes the 2,000 hourly employees at General Electric, the 2,900 hourly employees at Ford, their unions and Louisville, Kentucky Mayor Greg Fischer. "The trade-off is absolutely worth it," Mayor Fischer said. "You must have a globally competitive wage to create jobs," the mayor insisted. One of the reasons that the wages have not been objected is the fact that by the time the new employees can top out at the highest hourly rate, the baby boomers making those rates now will no longer be around to tell them of what they are missing. Linda Thomas was one of the first employees to be hired under the new arrangement back in 2005, who makes \$18.19 per hour, which has almost topped out. Thomas said the following: "You don't want to rock the boat," Ms. Thomas said. "You take a chance on losing everything you have if you do."

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