

Missed Opportunity: How the UAW Has Failed America's Working Families

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My name is Diana Furchtgott-Roth. I am the director of the Center for Energy, Climate, and Environment at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

Chairman Sanders, Ranking Member Cassidy, Members of the Committee, I am honored to be invited to testify before you today on the subject of "Missed Opportunity: How the UAW Has Failed Working Families." In addition to my role at The Heritage Foundation, I am also an adjunct professor of economics at George Washington University. My professional training is in economics. From 2019 to 2021 I was deputy assistant secretary for research and technology at the U.S. Department of Transportation. Previous positions include acting assistant secretary for economic policy at the U.S. Department of the Treasury; chief economist at the U.S. Department of Labor; and chief of staff of the Council of Economic Advisers under President George W. Bush.

Today I'd like to make the following points:

If the UAW were truly helping its members, it would have negotiated for the auto companies to continue to make the internal combustion engines and hybrids that Americans want to buy, rather than going all electric in 2035. What would help all American working families is getting rid of electric vehicle (EV) mandate—which Congress did not pass. Administration is doing an end run around Congress.

Only 6 percent of private-sector American workers belong to unions, because they do not think that the dues are a worthwhile investment of their hard-earned dollars and they don't want the inflexibility of a union environment. The PRO Act would not help workers, who should have the freedom to join unions using a secret ballot, and also to leave unions when they choose to do so.

New UAW Contract Is Missed Opportunity

Not only does the new UAW contract make GM, Ford and Stellantis uncompetitive with non-union automakers, but it preserves the automakers' plans to eliminate production of internal combustion engine cars by 2035.

United Auto Workers president Shawn Fain has repeatedly spoken out against EVs because he knows that electrification of the automobile will mean fewer auto workers. To give one example, he said in a statement on April 26, 2023, "Stellantis' push to cut thousands of jobs while raking in billions in profits is disgusting. This is a slap in the face to our members, their families, their communities, and the American people who saved this company 15 years ago. Even now,

politicians and taxpayers are bankrolling the electric vehicle transition, and this is the thanks the working class gets. Shame on Stellantis.”¹

The renegotiation of the UAW contract was an opportunity for the UAW to make Detroit automakers go back on their promise of electrifying the fleet by 2035. Yet the UAW in its new contracts did not succeed in getting the Detroit automakers to give up making the cars people want to buy.

Ford Motor Company president Jim Farley estimated that the industry will need 40 percent fewer workers to produce EVs rather than gas-powered cars and light trucks. That’s 200,000 fewer jobs in 2030 and 400,000 fewer jobs in the long run. The EV plan is poison for auto workers and the UAW should have tried to change it.

This was the ideal time to apply pressure because Detroit automakers are waking up to reality. Ford is losing \$60,000 per EV sold and unsold EVs are piling up on dealers’ lots. After promising the Biden administration that they would eliminate most of the cars Americans want to buy from dealer lots by 2035, GM and Ford last month announced they are cutting back on projections of EV sales and lowering production targets for the cars and batteries.

Ford Chief Financial Officer John Lawler said [on a media call](#), “Given the dynamic EV environment, we are being judicious about our production and adjusting future capacity to better match market demand.” He announced that Ford is postponing \$12 billion of spending and investment on EVs, including a Kentucky battery plant, after [it halted](#) its \$3.5 billion Michigan-China battery partnership in September.

This follows an announcement by General Motors on Oct. 17 that it is pausing expansion of electric pickups “due to evolving EV demand.”

A new UAW contract should have forced the Detroit automakers to shelve plans to go all electric.

It is not only auto company employees are hurt by plans to go all EV. There will also be layoffs in auto parts companies, and mechanics who repair gasoline-powered cars. EVs have fewer parts, and the new batteries come from China. Local mechanics who repair internal combustion engine cars now will not be able to repair EVs. It is a tragedy that Americans’ jobs in auto plants, in auto parts manufacturing, and in auto repair and upkeep are being sacrificed to Chinese nationals (sometimes with forced labor) making EVs, batteries and electric vehicle components.

¹ United Auto Workers, UAW Statement on Job Cuts at Stellantis, <https://uaw.org/uaw-statement-job-cuts-stellantis/#:~:text=%E2%80%9CStellantis'%20push%20to%20cut%20thousands,this%20company%2015%20years%20ago> (accessed May 1, 2023).

Detroit auto makers are going along with new proposed regulations on automobile emissions from the Environmental Protection Agency that would require new car sales to be 60% battery powered electric by 2030 and 67% by 2032, compared to fewer than 6% in 2022. EPA is also planning new rules for power plants, driving up the costs of the electricity needed to charge these vehicles. These rules would not only eliminate American auto-related jobs but raise driving costs for Americans.

The UAW could have helped all American families by taking a stand against EVs in the negotiation process. But it did not. Most Americans prefer a gasoline-powered vehicle. The best-selling car in America is the Ford F-150 pickup truck. Small businesses, farmers, and Americans who need to get to work, school, or shopping use these vehicles every day.

New electric vehicles cost more than gasoline-powered vehicles. The electric version of the base version of the Ford 150 pickup truck, the best-selling vehicle in America, costs an additional \$26,000. Tesla's base prices start at about \$40,000 for a Model 3 and go up to almost \$100,000 for a Model X. These are staggering costs to impose on American families. Cars are part of the American Dream for many Americans, a dream that for too many American families is put out of reach by these new regulations.

Charging will also cost more. At the same time as EPA has proposed new rules for automobile emissions, it has also proposed new rules for emissions from power plants. EPA plans to regulate carbon dioxide and other so-called greenhouse gas emissions from both new and existing natural gas and coal-fired power plants, and require carbon capture systems or a switch to hydrogen fuels. These systems for capturing carbon are costly and will be passed on to consumers in the form of higher electricity rates. Drivers will find it more expensive to use electricity for all purposes, including charging their electric vehicles, harming poor and middle-class drivers the most.

Recharging an electric vehicle from empty can take over an hour, compared to 5 minutes to fill up with gas. If there is a line to use the charging station the wait can double. Most people do not want to let their EV battery go below 20%, and the charging rate goes down when it is charged over 80%. Throughout America the poor rarely have access to indoor garages for overnight charging, and in most large cities, such as New York City, the middle-class also have no access to indoor charging. Using charging stations on the street, if available, risks theft of expensive charging cables.

Battery-powered vehicles lack sufficient range to satisfy most American families. Although 60 to 70 miles of range is enough for most trips, people buy cars for all circumstances, including vacations and cold weather. Moreover, batteries lose up to 40% of their range in cold climates. A study by [Autocar](#) shows that electric vehicles lose, on average, a third of their range in the

winter, which reduces the typical 240-mile range to 160 miles. If a heat pump is added to the car, the loss is less, but still the 240-mile range would shrink to 180.

The loss of range in cold weather is one reason why, at the end of 2021, the latest full year available, North Dakota had 380 electric vehicle (EV) registrations, the fewest in the United States. Wyoming has 510 registered EVs, South Dakota had 680 EVs, and Alaska had 1,290. In comparison, there were 563,070 registered EVs in California and 95,640 in Florida.

Minerals such as lithium and cobalt are essential for batteries. Mining for these minerals is energy-intensive, and the Chinese Communist Party (CCP) has facilitated access to domestic and foreign minerals for battery production. Lithium is mined in western China's Qinghai Province, aided by government funding, and China purchases cobalt for electric batteries from Kisanfu, in the Democratic Republic of Congo. The United States makes opening new mines virtually impossible, even though the jobs generated would help all Americans, particularly the poor and middle class. Thus, EVs will result in a massive increase in mining in countries that have no respect for the environment or human welfare. The sorts of mining that will be conducted as a result of the rule will be bad for the environment and are frequently performed by child workers.

Electric vehicles are not emissions free. In addition to batteries made with fossil fuels, increased electricity demand places additional stress on the electrical grid, as California has found out from rolling blackouts. Electricity to charge EVs is made with natural gas and coal, because wind and solar powers a small share of America's electricity. EPA [admits that](#) "We expect that in some areas, increased electricity generation would increase ambient SO₂, PM 2.5, ozone, or some air toxics."

Union Membership and the PRO Act

Unions do not act in the interests of all American families, but in their own interests. Although American families find better uses than union dues for their hard-earned dollars, and union membership has been declining for decades, some in Congress are still trying to push Americans into unions. The latest data from the Bureau of Labor Statistics show that 6 percent of private sector workers belonged to a union in 2022, down from 6.1 percent in 2021. The total union membership rate was 10.1 percent in 2022, down from 10.3 percent in 2021. During the 1950s, one third of American workers belonged to unions, and in 1983, the last year for which comparable data exists, 20.1 percent of workers belonged to unions.

Although this is not a problem for American workers, who get to keep more of paychecks, it is a problem for union leaders, because their salaries depend on union dues and initiation fees. That's why union leaders and their supporters are trying to change the law to force hard-working Americans into unions through the [Richard L. Trumka Protecting the Right to Organize Act of 2023](#) (PRO Act), a bill that would expand the power of union leaders at the expense of workers.

American workers have been wise to reject union membership. Before Congress passed the [American Rescue Plan](#) in 2022, which authorized \$36 billion in taxpayer funds to shore up failing union pension plans, such as the Central States Pension Fund, 2.5 million union workers and retirees would not have received their promised pensions because unions did not take care to fund members' pensions. Even after the massive taxpayer-funded pension bailout, plans are in trouble. In 2023, the Labor Department [listed 45 union plans](#) in critical status, defined as less than 65 percent funded, or in endangered status, with less than 80 percent funded. Unions desperately need new workers to join, because they pay contributions for many years without withdrawing money.

Union leaders and their allies on Capitol Hill believe the way to increase membership after decades of decline is to pass the PRO Act, which would make it easier to organize workers against their will. The idea behind the PRO Act, and different proposed regulations now being issued by the Department of Labor and the National Labor Relations Board, is to encourage employment by large businesses rather than by small franchised businesses or free-lance work. Workers in the gig economy are seen as falling through the cracks in a fissured workplace, to use the words of Professor David Weil, former administrator of the Wage and Hour Division at the U.S. Department of Labor.

The PRO Act would restrict the ability to be an independent contractor, and it would attempt to define employees of franchised businesses as employees of the corporations that manage the franchise. This would harm millions of working Americans who work as independent contractors and in the franchise business sector.

The PRO Act would weaken the right to a secret ballot in elections for union representation, providing scope for intimidation and corruption by exposing workers' votes to employers, colleagues, and union officials. It would allow the National Labor Relations Board to overturn secret ballot elections and put in place a union using signed cards, which are not secret.

Equally harmful, the PRO Act would impose mandatory binding arbitration on contracts between workers and employers, if the union and the employer fail to reach an agreement on pay and benefits. These mandatory terms are unprecedented in American labor law and revoke the basic principle of collective bargaining—that employers and unions are free to disagree unless they voluntarily accept arbitration.

Another provision in the PRO Act would abolish right-to-work laws passed in 27 states. These laws protect workers by stating that employers cannot force employees to join a union as a condition of employment. Many right-to-work states have lower unemployment rates and higher rates of economic growth than other states.

Proposed penalties from the PRO Act include fining employers that hold staff meetings at which union organizing is discussed; and creating new fines of \$50,000 per firm for unfair labor practices. Such fines could put small firms out of business or discourage them from challenging union organizing.

In our highly competitive economy [with 9.6 million unfilled jobs](#), workers have many options and shouldn't be forced by the PRO Act to pay union dues and fund failing union pension plans. Many Americans believe they can get great pay, safe working conditions, and wonderful benefits without help from a union. Workers may not want to have an adversarial relationship with their employer, instead they may want to feel pride in their career and their employer. Big union contracts may be too risky for the business in the long-term and ultimately may have a negative impact on job security. Workers don't trust union leaders, and the new UAW contract provides additional justification.

Thanks for giving me the opportunity to testify today. I would be glad to take questions.