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THE AMERICAN DREAM DEFERRED?
EMPLOYMENT TRAJECTORIES OF
FORMER AUTOMOBILE ASSEMBLY WORKERS

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The generalized attributes of life in a large mass-production plant constantly stimulated the desire to leave the factory among workers... Paradoxically, the very process of alienation which Marx thought would transform industrial workers into class-conscious proletarians has instead stimulated their interest in small business and in small-scale private farming, institutions of capitalist society which Marx asserted were doomed to extinction.

So wrote Ely Chinoy in his classic monograph, *Automobile Workers and the American Dream*, first published in 1955, when the U.S. industrial economy was in its heyday.¹ But the aspirations he identified among blue collar workers were seldom realized. Only a handful of the men Chinoy studied actively pursued what he dubbed their "utopian daydreams" of going into business on their own. They clung instead to the relative security and high pay that automobile industry employment provided, and the fantasy of "being your own boss" served mainly as a safety valve. "Even though hopes crumble when put to the test of reality," Chinoy concluded, "the talk and the daydreams they generate may soften the irritations and aggravations of the moment."²

Four decades later, however, with job security increasingly tenuous for American auto workers in the face of intensified international competition, and with self-employment and "informal" economic activity burgeoning, the phenomenon Chinoy identified has become a reality rather than merely a dream for a significant number of former auto workers. This paper explores the employment trajectories of hourly production workers who accepted a cash buyout from a General Motors (GM) assembly plant in New Jersey in the mid-1980s, permanently severing their employment relationship with the firm. I followed a group of them for a five-year period after they took the buyout, through a series of three telephone surveys, and also conducted face-to-face interviews with a subsample.³

I expected that these workers' post-GM employment paths would conform to the general pattern of downward mobility and associated social distress that is now well documented for industrial workers who have been "displaced" by plant closings and

corporate "downsizing" in recent years.⁴ For some, this was indeed the case. But a surprisingly large proportion of these workers landed on their feet. Almost no one who wanted to work was unemployed, and fully a third of the of the employed respondents were running small businesses when I first contacted them, about a year after they took the buyout. While their economic rewards have been modest by the standards of the business world, most of the self-employed reported incomes comparable to that of a GM worker or better, and their enterprises survived at a surprisingly high rate. Five years after the buyout, almost a fourth of the employed respondents were self-employed -- less than the rate four years earlier, but still a substantial group.⁵ Their experiences suggest that the aspirations Chinoy identified among auto workers forty years ago remain powerful and, at least under certain conditions, may be more realizable than in the past.

The other workers who took the buyout -- a majority -- more closely approximated the familiar economic profile of the downwardly mobile displaced industrial worker, except that only a handful could not find work at all. While some found jobs comparable to GM, most of those in wage or salary employment *were* worse off economically -- working in nonunion, service sector jobs with pay and benefit levels far inferior to what they had had at GM. Nevertheless, a large majority of these workers, like their self-employed counterparts, reported that they were delighted to have left the auto industry. Contrary to what the literature might lead us to expect, very few (if any) of the buyout-takers saw their plight as tragic. Most were pleased with their new situation, and initially less than a fourth regretted taking the buyout, a figure that fell to 15% five years after the buyout. From the vantage point of the workers themselves then, for both the self-employed and those in wage or salary jobs, the loss of industrial employment was far less problematic than I had anticipated.

I. Background. Starting with the 1982 and 1984 national collective bargaining agreements, the United Automobile Workers union (UAW) negotiated elaborate new job security programs for GM workers, offering (under specified circumstances) enhanced income security, no-layoff guarantees and retraining. One of these was the Job Opportunity Bank-Security (JOBS) program, first established in 1984. Under its provisions, workers with one or more years of seniority may not be laid off as a result of the introduction of new technology, outsourcing, or negotiated productivity improvements. Instead, workers affected by such events are placed in a "jobs bank," and are provided with full wages and benefits while they receive training, fill in temporarily for other workers undergoing training, or are placed in job openings at their home plant or another GM location. The JOBS program also provided, at some plants, a Voluntary Termination of Employment Program (VTEP), commonly referred to as the "buyout." Workers who opted for the VTEP under the 1984 agreement ceased to be GM employees and received a lump-sum payment ranging from \$10,000 to \$55,000, depending on seniority.⁶

The Linden, New Jersey GM automobile assembly plant was one of the first to implement the JOBS program, after the plant was rebuilt and modernized in 1985-86. Combined with the shift to a smaller car model with fewer components, the plant modernization eliminated about 1800 production jobs, triggering the JOBS program and ultimately its VTEP component as well. Indeed, the program was negotiated partly with Linden in mind.⁷ Workers *were* laid off during the model changeover (such changeovers were excluded from coverage under the JOBS program), but when production resumed they were recalled either into the plant or into the jobs bank. During the layoff, which lasted about 15 months, they received unemployment insurance, as well as supplemental benefits provided for in the UAW's contract with GM. Most thus had a steady income only

marginally below their normal pay throughout the layoff, although some lower seniority workers did have to manage for up to three months without any benefits. Many workers turned to other forms of employment during the layoff period, and some also took advantage of the UAW-negotiated tuition assistance program to go back to school or to obtain vocational training.⁸

Starting in late 1986, as the plant resumed production, the VTEP buyout was offered to over 4000 Linden production workers. It proved much more popular than anyone had expected. Over a fifth of the Linden workers eligible for the buyout accepted it in 1986 and 1987, a higher proportion than at other plants where it was offered at the time. In this initial period, a total of 905 Linden workers took the buyout, while another 99 opted for a special early retirement package. Most (84%) of those who accepted the buyout received lump-sum payments of \$25,000 or \$35,000 (before taxes) -- roughly equivalent to one year's pay.⁹

As Table 1 shows, three factors distinguish the buyout-takers from the workers who chose to remain in the plant. First, the buyout-takers were generally younger and had less seniority than their co-workers. Over 90% of buyout-takers had worked in the plant for 11 years or less at the time they accepted the buyout, so that their prospects of returning to a permanent job at GM appeared poor. Secondly, while 25% of buyout-takers were female, women were only 12% of those who remained in the plant. However, women workers generally had lower seniority than men at Linden GM, and the gender differences is much less impressive once this is considered. (The average seniority of women who took the buyout was 8.4 years, compared to 7.7 for men; women who remained in the plant averaged 9 years of seniority, compared to 14 for men.) Race was the third factor: African-Americans were underrepresented among buyout-takers, even though their seniority status was similar to that of whites. Presumably African-American workers were (with reason) less

optimistic than their white counterparts about alternatives to employment at GM. Latinos, on the other hand, were slightly overrepresented among buyout takers, perhaps because this group included immigrants who took the buyout and returned to their countries of origin.

The typical buyout-taker, then, was a white man who had worked in the Linden plant for eight years, and was in his/her early to mid-thirties at the time of the buyout. The typical worker who turned down the buyout was a white man who had been employed at Linden for 13 years, and was in his/her early forties at the time. Interestingly, there were no differences in educational achievement between the two groups: both averaged eleven years of formal schooling.

A telephone survey with a random sample of buyout-takers was conducted about a year after the buyout was first offered, in late 1987, with follow-up surveys in mid-1989 and again in the spring of 1991. The first survey was designed to learn why workers chose to take the buyout, how they felt about it, and how they had fared during their first post-buyout year. Because this initial survey found an unexpectedly large number of self-employed people among buyout takers, I developed a second survey to investigate the durability of their enterprises and to follow up on the group as a whole. Finally, the 1991 survey was designed to find out how the economic recession was affecting both the self-employed and the wage and salary workers (although as the recession proved longer and deeper than anticipated, this third survey may have been conducted prematurely). The first survey was based on a sample of 130 respondents, randomly drawn from the total population of 905 Linden-GM workers who accepted buyouts in 1986 and early 1987. Ninety-one people were successfully interviewed in this initial survey, for a 70% response rate. The 1989 and 1991 follow-up surveys succeeded in re-interviewing 73 and 65 respondents, respectively, so that by 1991 exactly 50% of the original sample members were still participating in the study.¹⁰

II. Why Workers Took The Buyout. When asked what led them to choose to take the buyout, workers cited several factors. Two types of issues were cited especially frequently, however: job security concerns, and a distaste for working at GM. While the survey interviewers explicitly asked about job security, negative feelings about the work only surfaced when workers themselves volunteered them as a reason for taking the buyout. Even so, dislike for the work was cited nearly as often as job security when workers were asked to name the most important reason that they took the buyout!¹¹ Both were cited by about 30% of those answering the question. Another factor, which 13% of respondents gave as their main reason for taking the buyout, was a desire to start or continue a small business.

Of the 90 individuals who answered this question, 22 indicated that lack of enough seniority to be sure of a permanent job at the plant was the most important factor, another four cited fear of being transferred to another GM plant, while one individual volunteered that he "saw no future in the auto industry." Thus a total of 27 people (30%) cited job security concerns of some sort as the key factor in their decision. Nearly as many (26 people, or 29%) cited various frustrations with working at GM, *none of which were directly mentioned by the interviewers*: Sixteen workers said that they took the buyout mainly because they were "fed up with working on the line," or words to that effect; another three said that their most important reason for leaving was that the work was too difficult or dangerous; two more said they left primarily because GM offered no opportunities for advancement; and five workers said it was because they wanted a career change or a new job. We can only speculate as to how many more workers might have cited such issues had the interviewers directly asked about them. Finally, 12 people, or 13%, said that the main reason they took the buyout was that they "wanted to start or continue [their] own business" (a reason that was directly mentioned by the interviewers).

Job security was of major concern, especially to workers with relatively low seniority, for a variety of reasons. The informational sessions on the buyout, jointly run by the local management and union, presented management's projections as to how much seniority a worker would need to be assured of reemployment at the plant. Initially, workers were told that if they had been hired on June 22, 1977 or earlier, they could probably count on a job. This naturally led lower-seniority workers to be fearful about their prospects. "The cutoff date was 6-22-77, that was the last person who was going to work in Linden, on any shift in production," a local union official recalled. "6-22-77, his name was Ortiz, I see it in my sleep. That was one big thing that made them do that [take the buyout]... At that time when we were giving the presentation, the 6-22-77, that looked like it was in concrete." Charts were distributed at the informational meetings with projections of cutoff dates for each plant department as well. Fully 90 percent of the initial buyout-takers had less plant seniority than these projections indicated they would need to be assured of recall, and nearly two-thirds (64%) had seniority below 6-22-77. The projections made by management clearly exerted significant influence on workers' choices. In addition, the informational sessions portrayed the jobs bank, which workers would enter if they turned down the buyout but were not recalled to the plant, in a manner that encouraged skepticism about its viability. One issue was that there was a \$1 billion national cap on the funding for the JOBS program. "We told people, 'You can stay in the bank, but we don't know how long it's going to last,'" a local union official recalled. The fact that workers in the jobs bank could be forced to relocate to other GM plants also was stressed in the informational sessions. The following excerpt is from a list of four "anticipated questions and answers" used in these sessions:

Q. What will happen to me if I don't accept the VTEP payment?

A. You will be recalled to work or to the jobs bank. If recalled to the bank you will be assigned to work as agreed to by the local jobs committee. You may be assigned to a job in Indiana and if refused would go on layoff status.

"Say you had 1979 or 1980 seniority," a union official explained to me later. "You're like in limbo. The buyout looks good, because we're telling them, 'You may wind up in Indiana.'" In addition, all sorts of rumors circulated among workers about the future of the plant. "Everyone was talking this, talking that," one buyout-taker recalled.

As it turned out, workers with seniority dates as late as 1982 were eventually recalled to work in the plant -- partly *because* so many workers took the buyout. For the rest, the jobs bank provided ample protection, at least in the short term. Only a handful of workers ended up relocating, and those few did so on a voluntary basis. On the other hand, a few years later, the Linden plant laid off its entire second shift -- made up mainly of low-seniority workers, who eventually exhausted the benefits available to them. After that, the entire plant was shut down for a two-year conversion to light truck production (still underway at this writing), with a much smaller projected workforce than in the past. And in 1993 the national GM jobs bank fund, despite a funding level of \$3.35 billion under the 1990 GM-UAW contract, is likely to be exhausted.¹² In the long run, low-seniority workers who took the buyout because they feared they would have neither a permanent job in the plant nor long-term income security may have gauged the situation accurately.

The other key factor that propelled many workers to take the buyout, whose importance is difficult to exaggerate, is that they disliked working at GM so intensely. "I was miserable there. I didn't like it at all," one buyout-taker recalled. "I was just looking for an excuse to get out." Similar sentiments echoed throughout my interviews with buyout-takers:

I really hated it. First of all, it was very belittling. It seemed like they were always trying to play games with you, always trying to degrade you....I've never been brought to such anger in all my life than I was at that place.

It's just like the Army, you know. It's just a compound...It's just not my cup of tea.

My wife calls it 'the holocaust.'

The people were like robots...and their foremen and supervisors were more or less a slavedriver. It wasn't for me.

It's not a job to love.

It is possible that the buyout-takers hated working at GM even more than those who remained.¹³ Unfortunately there is no systematic way of comparing the two groups, but the extent to which auto workers generally share these feelings can hardly be underestimated. Hatred of the work was a constant refrain in many of the open-ended interviews I conducted with both buyout-takers and workers who stayed in the plant (as will surprise no one who has ever explored the experience of auto workers).¹⁴ They routinely compared working at GM to being in the military, prison, slavery, or even a concentration camp. One worker (who declined the buyout) interviewed before the survey was conducted told me, "I considered the buyout just for the aggravation that I've been getting for this past so many years at the plant." And in a household where both father and son worked at GM and also have the same given name, the father began to respond when I called for the first telephone survey. When he realized that I was trying to interview buyout takers, he said, "Oh, you want my son. I still work in that hell hole!" Similarly, many of those responding to the highly structured telephone surveys offered unsolicited, emotional comments about how much they had disliked working at GM.¹⁵

The third major reason workers cited for taking the buyout was that they wanted to start or continue their own businesses. This was a factor for fully 36% of respondents, and was the primary reason for taking the buyout for 12 people, or 13%. Twice this proportion, indeed a full third of those respondents who were employed, were in small business of some sort at the time of the first survey, even though the main reason they cited for leaving GM was often unrelated to this fact. Another group (six respondents) had wage and salary jobs and ran their own businesses on the side, as a second job. If they are included, 34% of all

respondents, and 41% of those who were employed, were in business on their own at the time of the first survey. Many of these businesses had been started before the buyout was offered, which may be why relatively few respondents cited the desire to run such a business as their main reason for accepting the buyout.

III. Post-Buyout Employment Trajectories. The vast majority of those who took the buyout found new employment of some kind. A year after they took the buyout, 76 of the 91 respondents to the first survey (84%) were employed, and only 2 respondents who wanted to work could not find a job. (The other 13 were going to school, raising young children, physically ill, or chose not to seek new employment for some other reason.) Although it rose over time, the number of respondents who wanted a job but could not find one remained low across all three surveys: it was 2% in 1987, 4% (3 of 73 respondents) in 1989 and 6% (4 of 65 respondents) in the recession year of 1991.

Table 2 summarizes the data from the three surveys on the characteristics of the jobs held by employed respondents. The proportion whose primary occupation involved self-employment was 33% at the time of the first survey, and then fell to 23% by 1991.¹⁶ Even the 1991 figure is substantially higher than the proportion of self-employed people in the workforce as a whole -- by a factor of two or three, depending on which estimates one prefers.¹⁷ Former manual workers, and especially males, have always been overrepresented among the self-employed, and self-employment is a well-documented mobility strategy for manual workers who lose their waged jobs, although systematic data on the frequency of these phenomena do not exist.¹⁸ In addition, the buyout occurred in a period when self-employment and informal economic activity generally were on the increase.¹⁹ Still, the extent of self-employment among these former automobile workers seems extraordinary.

Survival rates for these businesses also seem fairly high. One reason is that many of them were established long before, as second jobs while their owners were auto workers, or during the long layoff immediately preceding the buyout, so that they had already successfully survived the especially difficult initial period. This was the case for 10 of the 17 businesses, first identified in 1987, that were still the primary occupation of the respondents two years later, and for 9 of the 12 businesses that survived into 1991. In addition, these businesses typically had low capital requirements. Almost none had more than 5 employees, and most were unincorporated. Between a third and half of them were in the construction sector, in most cases involving home repair and/or remodeling. Almost all the rest were small service or retail businesses, including a bar, a dry cleaning business, gas stations, a pizzeria, a chimney sweep business, a jewelry store, and a video rental outlet. In many cases the business was run directly out of the owner's home, and several respondents confessed to operating on an "all cash" basis. Such informal microenterprises may have a higher survival rate than the larger "small businesses" tracked in most previous research.²⁰

Among the entire group of buyout-takers surveyed, as one would expect, initially most earned less in their new jobs than they had at GM. (See Table 2) However, the proportion for whom this was true fell over time from 56% in 1987 to 41% in 1991. On the other hand, almost one-third (31%) of the buyout-takers initially reported earning more than at GM -- a proportion which also fell over time, to 25% by 1991. Overall, the self-employed fared much better than the wage and salary workers in terms of earnings, with about half of the self-employed reporting earning more than at GM in all three surveys.

To a great extent, the winners and losers among buyout-takers were differentiated by gender and race. Earnings of African-American buyout-takers were far lower than those of white males, and the gender gap in pay was even greater. (By contrast, the small number of

Latino males in the sample fared as well as the white males.) This pattern is quite different from what these same workers had experienced at Linden-GM, where wage rates for production workers seldom varied by more than 50 cents an hour, and where in 1987 the lowest rate was \$13.51 per hour (for sweepers and janitors) while the highest was \$14.69 (for metal repair workers in the body shop).²¹ Now, however, the "normal" differentials of the external labor market, stratified by race and gender, prevailed. These inequalities were further magnified by the fact that there were almost no women or African-Americans among the self-employed group, who had higher earnings than the other buyout-takers. In all three surveys, at least 90% of the self-employed respondents were male (the figure was 100% in the initial survey), and at least two-thirds were white males.²²

The self-employed consistently reported higher average earnings than did wage and salary workers, although the ratio fell over time from 2.8 to 1 in 1987 to 1.8 to 1 two years later. The self-employed also expressed especially high levels of satisfaction with their present work. In 1991, while 75% of all employed respondents reported that they preferred their present job to working at GM, this was the case for 100% of the self-employed respondents. Similarly, in both 1987 and 1989, all but one of the self-employed respondents had this preference. Many remarked on how much they liked "being their own boss" -- particularly in contrast to working at GM. The one thing that they often missed about their jobs at GM was the fringe benefits, which are very expensive for self-employed people to obtain (although some received benefits through their spouses' employment).

The wage and salary workers among the respondents were employed in a wide range of occupations and industries. Relatively few found new employment in the sector from which they had come, namely, manufacturing: this accounted for only 10% of the wage and salary workers in the first survey, although the proportion had doubled by 1991. The vast

majority of the wage and salary workers were employed in some sort of service-producing industry. In most cases their earnings declined significantly relative to GM. In 1987, the median hourly pay for the wage and salary respondents was only \$9.00, although it rose to \$11.70 in 1989, and in 1991 to \$13.20 (with even lower figures for women and African-Americans). Roughly half of the wage and salary group were no longer working in unionized workplaces, and a significant minority now lacked health insurance (about 20-25%) and pension benefits (about 40-50%). Despite these economic losses, however, few of these wage and salary respondents were nostalgic for their old jobs at GM. In the recession year 1991, five years after they took the buyout, less than 20% of the wage and salary respondents said they regretted their decision -- only marginally higher than the 15% of the entire group of buyout-takers who expressed regrets.

IV. Conclusion. Overall, few buyout-takers reported that they would change their decision if they could go back and make it over again. In 1987, 22% of respondents said that they regretted their decision to take the buyout, and the proportion fell to 18% in 1989 and to 15% in 1991.²³ To be sure, a higher percentage (ranging from 28 to 32% across the three surveys) indicated they would return to GM if given the chance (provided they did not have to return the buyout money). But most reported that they were delighted to have left. "It's such a great change for me, than working on a line like that," one worker who had moved into a white collar job that paid considerably less than GM told me. "I'm *thrilled* that I'm out of there, what can I say?" Like this young man, many others whose incomes were now lower than those of GM workers felt that getting out of the factory was worth the price. "I know mentally and physically I'm better off being out of there," another worker said. "I never went there a day that I wanted to go.... You asked me before, if I had a chance to go

back, would I? Absolutely, point blank, no!"

Underlying these sentiments is workers' intense hatred of their jobs at GM. Not only is the work itself hopelessly monotonous, but many workers were treated very poorly by their supervisors, which bred deep-seated resentments. What motivated most of these workers to remain at GM as long as they did was the fact that, for people with limited education and few marketable skills, this work offered a middle class income, excellent fringe benefits, union representation, and historically at least a high degree of job security. Of course, this is precisely why so many observers have portrayed the decline of this type of employment in tragic terms.

Such commentators would probably also point out that the self-employment phenomenon that I uncovered here has its negative side. Even if it offers some individuals the opportunity to earn higher incomes, the shift to small business ownership from traditional corporate employment is a type of workforce casualization, with all the disabilities that implies: economic precariousness, lack of fringe benefits, etc. It is also part of the broader decline of manufacturing employment, as most of the microenterprises formed by these workers are in the service and construction sectors.

Why then do so few of these GM workers express any regrets? The technique of asking individuals how they feel about a decision they have already made may produce some bias against their acknowledging that they had made a mistake, and perhaps leads them to exaggerate their well-being as well. Also, it is possible that a disproportionate number of the workers who could not be located or who refused to participate in the study were in serious distress, although our response rate was reasonably good. Still, the overwhelmingly positive assessment by the respondents we did reach of their post-buyout experience cannot be discounted entirely. A large majority seemed genuinely relieved to have left the automobile

industry, which had provided most of them with employment for nearly a decade.

The explanation for this seemingly paradoxical finding may lie less in the research methodology than in the characteristics of this particular group of workers, who are in many ways atypical members of the growing population of displaced industrial workers. Not only did they receive a substantial payment when they left GM, but they were a relatively young group, typically in their mid-thirties at the time. It was far easier for them to make a new start than it would have been for workers twenty or thirty years older. As one buyout-taker told me, "I figured that I was young enough. I was thirty years old at the time. I could fall on my face, you know, working for myself, and I knew I could still go out and get work."

Equally critical, they were a self-selected group, and many who chose to take the buyout did so with a clear alternative in mind. Another factor is that these workers lived in New Jersey, where in the period just after they took the buyout in late 1986 or early 1987, unemployment was about one-third less than the national average. Among large states, only Massachusetts had a lower rate at this time.²⁴ And whereas many displaced workers live in monoindustrial communities devastated by large plant closings, in this case the plant continued to operate, albeit with a reduced workforce, in a highly diversified local economy.

Should one conclude that de-industrialization is not as socially devastating as many others have argued, or perhaps even a positive thing? I think not. Rather, the lesson of this case study is that under the right set of conditions -- conditions which are all too rare in the U.S. today, the transition away from industrial employment *can* be relatively painless, and perhaps in some cases even beneficial. If this is so, it follows that with appropriate policies in place -- either public policies or, as in this case, private ones achieved through collective bargaining -- the inevitable shrinkage of the nation's industrial base can be achieved with far less pain to its potential victims than has typically been the case.

Table 1. Selected Characteristics of Buyout-Takers and of Workers Declining Buyouts.

Characteristic	Buyout-Takers	Workers Declining Buyouts
Average Plant Seniority in 1986	8.2 years	13.3 years
Average Age in 1986	35 years	42 years
Percent Female	25%	12%
Percent African-American	21%	28%
Percent Latino	14%	12%
Percent White	64%	60%
Average Formal Education	11 years	11 years

Source: Computed from data supplied by Linden-GM plant management

Table 2. Selected Characteristics of Employed Buyout-Takers and Their Jobs, 1987-1991.

Characteristic	1987 (n=75) 33%	1989 (n=70) 28%	1991 (n=61) 23%
self-employed as % of all employed respondents			
% of self-employed in construction	48%	41%	33%
% of self-employed in service sector*	48%	47%	66%
% of all employed respondents earning less than at GM	56%	49%	41%
% of all employed respondents earning more than at GM	31%	28%	25%
% of self-employed respondents earning more than at GM	50%	53%	50%
% of wage and salary employed respondents earning more than at GM	19%	10%	11%
ratio of white male earnings to African-American male earnings	1.3/1	1.4/1	**
ratio of white male earnings to female earnings	2.0/1	1.5/1	1.5/1
% of self-employed respondents who are males	100%	94%	92%
% of self-employed respondents who are white males	77%	76%	67%
ratio of self-employed earnings to wage and salary workers' earnings	2.8/1	1.8/1	**
% of all respondents who prefer current job to working at GM	71%	73%	75%
% of all self-employed respondents who prefer current job to working at GM	96%	94%	100%
% of wage and salary workers in manufacturing	10%	18%	20%
% of wage and salary workers in service sector*	80%	73%	73%
median hourly pay of wage and salary workers	\$ 9.00	\$11.70	\$13.20
% of wage and salary workers who are unionized	40%	56%	49%
% of wage and salary workers with health insurance as job fringe benefit	72%	82%	78%
% of wage and salary workers with pension plan as job fringe benefit	49%	62%	61%
% of all respondents who regret taking buyout	22%	18%	15%
% of all respondents who would return to GM (if they could keep buyout money)	29%	28%	32%

*service sector as used here includes all industries except manufacturing and construction: transportation; wholesale and retail trade; finance, insurance and real estate; government; and private service industries.

**insufficient data

Source: author's surveys

NOTES

1. Urbana: University of Illinois Press, 1992 (second edition), pp. 82-83, 86.
2. Chinoy, pp. 94-95.
3. The three surveys were conducted in late 1987 (about a year after these workers took the buyout), in mid-1989, and in the spring of 1991. The initial survey was designed by the author and Cydney Pullman; the follow-up surveys were designed by the author. In addition to the surveys, I conducted ten in-depth interviews with buyout-takers (all of whom were survey respondents as well). Eight of these interviews were conducted in mid-1989 (just after the second survey) and two in 1991.
4. See, among many others: Barry Bluestone and Bennett Harrison, *The Deindustrialization of America* (New York: Basic Books, 1982); Katherine Newman, *Falling from Grace: The Experience of Downward Mobility in the American Middle Class* (New York: Free Press, 1988); Carolyn C. Perrucci, Robert Perrucci, Dena B. Targ and Harry R. Targ, *Plant Closings: International Context and Social Costs* (New York: Aldine de Gruyter, 1988); Daniel S. Hamermesh, "What Do We Know About Worker Displacement in the U.S.," *Industrial Relations*, vol. 28, no. 1 (Winter 1989), pp. 51-59.
5. However, this may overstate the extent of self-employment, as we were unable to reach some respondents in the follow-up surveys. In the second survey (1989), respondents who were self-employed were overrepresented among those we were unable to reinterview (9 of the 12 respondents we lost had been self-employed in 1987); although in the third survey (1991) the opposite was true (2 of the 8 respondents we lost had been self-employed in 1989). Also, some respondents who had previously been in wage and salary jobs moved into self-employment between the surveys. This was the case for four respondents between 1987 and 1989 and one between 1989 and 1991.
6. See *Agreement Between General Motors Corporation and the UAW, September 21, 1984, Appendix K*, pp. 185-215. The program has been carried forward in more recent contracts (1987 and 1990) with an increase in the payment amount and other, minor alterations. Similar programs exist at Ford as well. See also Sheldon Friedman, "Negotiated Approaches to job Security," *Proceedings of the 1985 Spring Meeting, Industrial Relations Research Association*, in *Labor Law Journal*, vol. 35, no. 8 (August 1985), pp. 553-57.
7. On the plant modernization, see Michael C. Gabriele, "GM's Top Automated Plant Hits Full GM25 Output," *Metalworking News*, May 18, 1987, pp. 10-22; Charles Emerson, "Building Assembly Automation," *American Machinist and Automated Manufacturing*, March 1987, pp. 67-72. GM officials interviewed by the author reported that during the 1984 contract negotiations, both the company and the union knew that Linden would be among the first to implement the JOBS program.
8. This information and that in the next few paragraphs was obtained from UAW and GM officials. For more details, see Ruth Milkman, "Technological Change and Job Security: A Case Study of GM-Linden." (New York: The Labor Institute, July 1987, mimeo), esp. pp. 10-20. This report was based on joint research conducted by the author and Cydney Pullman.

9. This is based on data provided by management on the first 841 workers to accept the buyout (not the full group of 905 from which our survey sample -- discussed in note 10 -- was drawn). Of this group, 57% had between 5 and 10 years' seniority, and received \$25,000; another 27% had between 10 and 15 years' seniority, and received \$35,000. In the period since 1987, the buyout (as well as the early retirement option) was repeatedly offered, and on somewhat improved terms, and it would later be accepted by still more workers.

10. The random sample of 130 members of the total population of 905 workers who accepted the buyout at this plant was drawn from a list supplied by local plant management. Most took the buyout in late 1986 or early 1987, but the population of 905 did include 53 people who took the buyout when it was offered a second time, in the summer of 1987. The response rate of 70% was due primarily to the fact that it proved difficult to contact many individuals. Nearly all of those we failed to contact could not be reached due to unlisted phone numbers (15% of the sample) or because we could not locate them (12%). Only 4% refused to be interviewed. In the second survey we re-interviewed 73 of the original 91 respondents. Nine of the original respondents had changed their phone numbers and were now unlisted, and three more were no longer at their original phone number and could not be located. Six individuals refused to participate in this second phase of the study. In the third survey we completed interviews with 65 of the 73 respondents from the second survey. Of the 8 we were unable to reach, 4 had changed their telephone numbers and were now unlisted, and the other 4 had moved and could not be located. (In the latter group, however, we were able to verify that one respondent was still employed in the job he had held in 1987, by telephoning his employer, but he did not return messages left at his place of work.)

11. The question was worded as follows: "I have a list of reasons here that some people have told us were important factors in their decision to take the buyout. I'd like to read you the list, and ask you if any of these factors were also reasons for you. Did you take the buyout because:

- a. you wanted to go back to school?
- b. you wanted to start or continue your own business?
- c. you didn't have enough seniority to be sure of a permanent job at Linden?
- d. you wanted the lump sum of money to pay off bills?
- e. you had another job that you preferred to GM?
- f. you didn't want to transfer to another GM plant?
- g. your spouse worked and the family income was enough without your Linden job?
- h. you wanted to spend more time with your family?

Were there any other reasons that I haven't mentioned that contributed to your decision to take the buyout?" Respondents were then asked whether each factor they had cited was a major or minor factor in their decision, and finally they were asked, "Of all these reasons you've just identified as contributing to your decision to take the buyout, which was the most important?"

12. See Joseph B. White and Neal Templin, "GM Is Moving To Speed Up Cuts in Labor," *Wall Street Journal*, Nov. 9, 1992, p. A3.

13. In this regard, a study conducted twenty-five years ago of auto workers who accepted early retirement (after 30 years' service), then a new program, is of interest. The study found that neither "satisfaction with job and with place of work, ease or difficulty in getting along with superiors, extent to which the work was repetitive, [nor] ability to control the pace of the work were found to be systematically related to having retired early." In this case the projected size of retirement income was found to be the key determinant of whether a worker chose to retire

early. See Richard Barfield and James Morgan, *Early Retirement: The Decision and the Experience* (Ann Arbor: The University of Michigan Survey Research Center, 1969), p. 4.

14. This is a major theme in virtually all the literature, academic or popular, on auto workers. See, among many others: Charles R. Walker and Robert H. Guest, *The Man on the Assembly Line* (Cambridge: Harvard University Press, 1952); Robert Linhart, *The Assembly Line* (Amherst: University of Massachusetts Press, 1981); Ben Hamper, *Rivthead: Tales from the Assembly Line* (New York: Warner Books, 1991).

15. This was true not only of the portion of the survey where workers were asked why they took the buyout, but also in response to a later question, which read, "Aside from the pay, do you like this job [respondent's current job] more, less, or about the same as your old job at Linden-GM?" Not only did 71% say they liked their current job more, but this question often provoked explosions of rage about what it had been like to work at GM. In the first (1987) survey, 41% of respondents offered unsolicited negative comments about that experience at some point in the telephone survey interview; and even in 1991, five years after they had left GM, 28% of respondents did so.

16. By the time of the second survey, four of the 26 respondents who had been self-employed in 1987 had turned to wage and salary employment, though one of them kept the small business as a second job. Meanwhile four people who had been wage and salary workers in 1987 had established businesses of their own by 1989. Nine of the 26 respondents who were self-employed in 1987 were among those we were unable to reinterview in 1989. The self-employed were in fact overrepresented among the respondents we lost, so that it is possible that the business failure rates is higher than it appears.

By 1991, at the time of the third survey, 11 of the 17 respondents who were self-employed in 1989 were still self-employed, and one respondent who had been in wage and salary employment in 1989 had entered the self-employed group. Three others among the 17 were now in wage and salary employment, one was unemployed, and two were among those we failed to reach in 1991. In the third survey, respondents who were self-employed in 1989 were underrepresented among those we were unable to recontact.

17. George Steinmetz and Erik Olin Wright calculate that the self-employed comprised 12% of the labor force for 1984 in their article, "The Fall and Rise of the Petty Bourgeoisie: Changing Patterns of Self-Employment in the Postwar United States," *American Journal of Sociology*, vol. 94, no. 5 (March 1989), p. 1010. A lower estimate of 7.5% of persons in nonagricultural industries in 1985 can be found in Sheldon E. Haber, Enrique J. Lamas, and Jules H. Lichtenstein, "On Their Own: The Self-Employed and Others in Private Business," *Monthly Labor Review*, vol. 110 no. 5 (May 1987), p. 17.

18. The classic study is Seymour Martin Lipset and Reinhard Bendix, *Social Mobility in Industrial Society* (Berkeley: University of California Press, 1959). See also Kurt B. Mayer and Sidney Goldstein, "Manual Workers as Small Businessmen," and Ivar Berg and David Rogers, "Former Blue-Collarites in Small Business," both in *Blue Collar World: Studies of the American Worker*, edited by Arthur B. Shostak and William Gomberg (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1964), pp. 537-566.

19. See Steinmetz and Wright; Haber et. al.

20. See U.S. Small Business Administration, *The State of Small Business: A Report of the President* (Washington, D.C.: U.S. Government Printing Office, 1990), p. 25; and Arnold C. Cooper, William C. Dunkelberg, Carolyn Y. Woo and William J. Dennis, Jr., *New Business in America: The Firms and Their Owners* (Washington, D.C.: The NFIB Foundation, 1990).

21. *1987 Agreement between Chevrolet-Pontiac-GM of Canada, Linden Plant, General Motors Corporation and Local No. 595, United Auto Workers, Region 9*, privately published, pp. 37-42.

22. There no women respondents in the first survey whose primary occupation involved self-employment; there was only one woman in this category in the two later surveys. Minority men were as well represented among the self-employed as among the respondents generally, but most of the self-employed minority men were Latinos.

23. It is possible that the respondents we failed to reach in the follow-up surveys were more likely to regret taking the buyout, in which case the regret rate may have actually increased.

24. In October 1986, the state's unemployment rate was 4.8%, falling to 4.3% by March 1987. See U.S. Bureau of Labor Statistics, *Employment and Earnings*, Table D-1, various issues. See also Roger Lowenstein and Robert Guenther, "New Jersey Rides the Tide of an Economic Upswing," *Wall Street Journal*, August 6, 1987, p. 6; Robert D. Hershey, Jr., "Jobless Figure is Stable at 5.9% Despite Increase in Employment," *New York Times*, Sept. 5, 1987, p. 29.