

Construction industry must remain strong, solvent

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The construction industry doesn't need a union until there isn't one.

Union construction in some people's minds is useless, expensive, protective and unruly.

Some may say that the members of labor unions cannot stand on their own two feet and hide behind the steel veil of powerful union organizations.

Most insiders will be the first to admit that our industry is far from perfect. However, leaders and members work together to make the industry productive, competitive, inclusive and compliant. This is how the majority of the industry members view their work. These people know who is paying their wages and have the utmost respect for each and every customer who entrusts them to build their projects.

It is with this confidence that the industry publicizes our wage and benefits cost structures. Our cost is not only transparent to our customers but also to our competition.

We actually make it very easy for our competitors to undercut us in labor cost by virtually any amount they want. However, we are confident that our productivity, skills, recruitment, training, diversity, safety and security practices will outperform day in and day out -- to provide our customers the best value.

Shifting benefits

Based on these cost structures, our competition can also shift benefits from a fixed to a variable cost, to reduce the contractor's risk should the job go bad. The job will be priced at a level just under the competition, but large margins are on the table to cover the risk for the contractor. This may look good as a business decision, but at what risk and to whom? Does it really provide incentive for the work force to perform or does it only reduce risk? A disproportionate amount of risk then passes to the worker. If the job works out, the worker gets a bonus. If the job goes bad, the craftsmen get robbed. Maybe they can buy health benefits and shore up their retirement with the next job – if one comes in. As competition gets fiercer, if wrong decisions are made, pretty soon everyone is working without any security of benefits for the future.

The next target is wages. As competition increases, if the union and contractor artificially reduce their wages below the agreed-upon fair levels, competitors will only lower their wages another fraction. So now the industry will have succeeded in reducing benefits and wages for the entire work force. So much for a sound infrastructure.

We would then have a true "race to the bottom."

Whether one agrees or disagrees, the negotiated compensation packages between labor and management, with few exceptions, have yielded a competitive and fair value for the buying customer, both public and private. Those who choose not to participate in the process contribute less to the stability of the community at large.

The professional services provided do not happen by accident. It takes tremendous investment of time and treasure. There is a lot of pride in saying that this industry provides value, not expense, to our customers. If you think about it, when was the last time your business building or your personal home lost value?

Members of our industry are committed to doing their jobs well, and will continue to seek and earn the trust and confidence of all we serve.

John Topp is the executive director of the Construction Labor Management Council of Southeast Wisconsin Inc. and its Building Advantage campaign.