

Wage-cutting deal at New Castle Machining and Forge

Pay cut for auto workers means payoff for UAW

Shannon Jones
10 June 2003

The acceptance by the United Auto Workers of a contract imposing pay cuts of up to 40 percent on workers at New Castle Machining and Forge in New Castle, Indiana illustrates some important truths about the UAW.

The New Castle parts factory, presently owned by DaimlerChrysler, is set to be transferred to Michigan-based Metaldyne Corporation in September. The UAW agreed to the massive pay cuts in return for an understanding by Metaldyne that it would not interfere with efforts by the UAW to organize 10 other facilities, presently nonunion, that are owned by the auto parts manufacturer.

Last year Metaldyne approached DaimlerChrysler about a joint venture and possible sale of the New Castle facility. The proposal sparked outrage among the workers, who feared the sale would threaten jobs, pensions and wages. There were demands by New Castle Machining and Forge workers that the UAW invoke the clause in its national agreement with DaimlerChrysler prohibiting the sale of parts plants. When the national UAW leadership in Detroit refused to take any action, the local organized a picket at UAW international headquarters in Detroit. Workers also picketed DaimlerChrysler headquarters in Auburn Hills, Michigan.

Having permitted workers to let off some steam, the UAW Local 351 leadership soon wound up the protests, declaring further opposition to the sale futile. In January 2003 Metaldyne took over direct control of plant operations.

The national UAW leadership did not at any point oppose the sale of the New Castle facility to Metaldyne, despite the fact that Metaldyne insisted on steep pay cuts. This was because the parts maker had expressed from the start its willingness to work with the union. Early this year Metaldyne and the UAW went into intense closed-door negotiations to hammer out an agreement.

Under the terms of the proposed pact announced in mid-May, the wages of workers at New Castle Machining and Forge will fall from around \$26 an hour to \$16 an hour. In an attempt to diffuse opposition, the UAW negotiated an incentive for some 400 New Castle workers to retire. The remaining 800 are eligible to transfer to a transmission plant 60 miles away. Workers able to transfer will remain under the DaimlerChrysler national agreement and be paid according to the higher pay scale stipulated by that contract.

The tentative agreement with Metaldyne is slated to take effect next September, when the auto parts maker assumes full control of the facility.

Metaldyne will allow the UAW to recruit new members at its 10 nonunion plants and establish union jurisdiction without having to

hold an election under the auspices of the National Labor Relations Board. Once the UAW is able to get more than half the workforce at any of its factories to sign union cards, the company will recognize the union as the collective bargaining agent at the plant.

Thus the UAW bureaucracy will secure new sources of dues revenue as a direct quid pro quo for agreeing to the destruction of decent wages and conditions at the New Castle plant and sanctioning the maintenance of sub-par conditions at the rest of Metaldyne's factories.

This betrayal by the UAW bureaucracy will come as no surprise to most auto workers. Over the past 25 years the UAW bureaucracy has presided over wage cuts and the slashing of hundred of thousands of jobs by the auto companies, aerospace firms and farm and heavy machinery manufacturers without offering any serious resistance.

The imposition of what is essentially a sweatshop contract on workers at New Castle Machining and Forge in exchange for the right to collect more union dues sums up the role of the UAW today. It is not a workers organization in any proper sense. It has become in the course of decades of degeneration an organization of, by and for the union bureaucracy: it defends the corrupt and parasitic social layer that administers the union and a small periphery of more privileged workers in its immediate orbit.

Since the establishment of the mass industrial unions in the great sit-down strikes and industrial battles of the 1930s, the UAW and the AFL-CIO as a whole have undergone a profound degeneration. Following World War II, the UAW and the American trade union organizations as a whole moved to purge from their ranks those militant and socialist-minded workers who had led the great struggles of the 1930s. They sought to cement their relationship with the employers and the capitalist state on the basis of anticommunism and the defense of the national interests of US big business. This found political expression in the opposition of the unions to independent political action and the subordination of the working class to the Democratic Party.

The decline of the UAW took a decisive turn in the late 1970s when the auto industry faced a crisis because of mounting international competition and recession. UAW president Douglas Fraser made an unprecedented agreement to accept wage cuts and plant closures to bail out Chrysler in 1979. Wage cuts and shutdowns at Ford and General Motors followed.

At the same time the UAW collaborated with the auto companies to cut costs by slashing jobs and wages at parts plants. The UAW engineered the defeat of a series of strikes by workers at auto parts

plants, accepting huge cuts in pay at companies such as Motor City Automotive, Plymouth Stamping, C M Smillie and others. In many cases the UAW permitted union locals to be broken and the UAW workers fired.

The result of this policy was the imposition of nonunion sweatshop conditions throughout the auto parts industry. Deaths and injury on the job increased as safety conditions were gutted.

The UAW collaborated in the assault on auto parts workers. It did so deliberately, in order to help the US automakers cut costs in the face of intense competition from rivals in Germany and Japan.

The UAW agreed to help the auto companies compete against their foreign rivals in exchange for the continued patronage of the US auto bosses. If the Big Three US automakers pledged to continue to work with the union, the UAW would assist in beating back rank-and-file opposition to wage cuts, layoffs and plant closings.

This course flowed inevitably from the national orientation of the UAW. In the face of the erosion of the relatively insulated US labor market and the advent of globalized production and a globalized workforce, the UAW sought to make US labor “cost competitive,” i.e., cheaper and more intensively exploited. The policy of the UAW and the American unions became the model for the unions in Japan and Europe, which responded in essentially the same way to the rise of the transnational corporations.

The UAW attempted to deflect opposition to wage cuts and plant closings by waging a filthy campaign directed at workers in other countries. It promoted anti-Mexican and anti-Japanese chauvinism, effectively undermining any bid for international solidarity in defense of jobs. The nationalism of the UAW helped provoke the split with Canadian auto workers, further weakening the union.

In the 1984 Big Three national auto contract the UAW formally embraced the policy of corporatism, the complete subordination of the working class to the interests of the employers and the government. It sought to set up new relations with management that would insure the income of the union bureaucracy in the face of a falling membership base. The UAW and the auto companies set up a host of union-management committees at all levels. The union bureaucracy became increasingly integrated into the structure of management itself, functioning more and more as direct agents of the auto bosses on the shop floor.

During the 1990s the fall in UAW membership continued. The UAW did nothing to oppose attempts by the auto companies to spin off their parts operations and slash wages, benefits and work rules. It only insisted that the new companies retain the UAW as the bargaining agent for their workforces. In an attempt to offset membership losses, it attempted to enlist the support of the auto companies in efforts to organize nonunion parts suppliers. For example, in 1996 the UAW established an informal understanding with Ford that the union would drop its opposition to the outsourcing of jobs if Ford would help the UAW organize the automaker’s nonunion subcontractors, such as Johnson Controls.

Today, the UAW has 638,722 members, down from 1.5 million in 1979, a 57 percent decline. Union membership continued to fall during the last decade. In Indiana, which leads the nation with 21 percent of workers concentrated in manufacturing, there were 100,000 auto parts workers during the boom of the 1990s. Since 1998, however, some 60 auto parts and machine shops have closed their doors.

While the actual dues paying membership of the UAW has declined, the income of the union apparatus has remained relatively stable. It

has been able to sustain its income through increasing individual dues and obtaining direct handouts from the employers and the government. UAW assets topped \$1.096 billion in 2000, most of it in the union’s huge, but rarely used, strike fund.

Meanwhile graft, cronyism, nepotism and corruption flourish throughout the union apparatus. For example, a group of autoworkers charged that UAW leaders in Local 594 in Pontiac, Michigan conspired to extend the 1997 strike at GM’s Truck and Bus plant in order to win fraudulent overtime payments worth \$200,000 and jobs for relatives.

Excess capacity and a continuing sales decline are expected to force the Big Three to close at least four assembly plants during the current decade. The wage cut worked out by the UAW bureaucracy in New Castle is a foretaste of the kind of deal being prepared by the union and the auto bosses as the contract for hundreds of thousands of GM, DaimlerChrysler and Ford workers expires later this summer.

The agreement at New Castle Machining and Forge underscores the futility of a perspective based on reforming the UAW. The failure of the UAW is not simply the product of corrupt officials, nor is the degeneration of the trade unions limited to the United States. In every country the collapse of the perspective of trade union reform is reflected in the betrayal of workers’ basic interests and the direct subordination of the working class to the requirements of “their” national ruling class. The subordination of the working class to this perspective propels North and South American, European and Asian workers into a fratricidal competition with one another for an ever-dwindling pool of jobs.

Only a strategy based on a global perspective, the international unity of the working class in defense of jobs and living standards in a struggle against the profit system, is viable in this period of transnational corporations. This struggle is above all a political struggle and requires independent political organization—the building of a party of the working class fighting for socialism. This movement must fight to place the auto corporations and all basic industry under public ownership, reorganizing production to meet the needs of workers and consumers, not profits.

On this basis the working class must also construct new organs of industrial struggle, purged of bureaucrats and under the democratic control of the rank and file.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact