

# UAW defends 50 percent wage cut for Chrysler workers

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In its effort to push through a contract with Chrysler LLC, the United Auto Workers union has sent an email to its members defending its agreement to cut the wages of future workers in half.

The introduction of a two-tier wage scheme—which will reduce wages for tens of thousands of new-hires from \$28 to \$14 an hour and eliminate for these workers company-paid pensions and retiree health benefits—has provoked widespread opposition from auto workers and contributed to massive “no” votes in major union locals.

The email, sent by seven members of the union’s Chrysler Negotiating Committee, urged workers to support the deal, which they claimed would support the pay, health care and retirement benefits of current workers, according to the *Wall Street Journal*.

Opponents of the deal had spread “much misinformation” about the two-tier wage system, the memo said. Rather than a step back for the union, the UAW officials insisted, the provision will help preserve union jobs.

The unstated—but entirely false—premise of this letter is that what is good for the UAW (preserving “union” jobs) is good for auto workers. In fact, as the current Big Three contracts underscore, the union does not represent the interests of the workers who are compelled to pay dues into its coffers. Rather, it represents the interests of a bureaucracy that is hostile to the interests of the workers. Maintaining the dues base of the UAW is good for the bureaucracy, but it in no way benefits the workers.

The letter went on to complain that for years, Chrysler, General Motors and Ford have moved more and more work to non-union suppliers and service companies. The tentative contract with Chrysler, however, “will bring those jobs back at a new entry-level rate of pay and benefits,” it said. While those pay and benefit levels are less than what existing UAW workers get, they exceed “the standards that are paid by the scab companies that now do the work,” the officials said.

“If you think those workers that are now doing that work for outside suppliers would not beg for such an agreement, you should try asking them,” the memo declared.

This sums up the reactionary outlook—and the interests—of the UAW bureaucracy. In response to ever-greater outsourcing to low-wage factories, the UAW has agreed to help transform the Big Three’s factories into cheap labor havens, in order to “preserve union jobs.” For the UAW bureaucracy, a “union job” means nothing more than a worker who has union dues deducted from his paycheck. At the same time, the UAW will enforce sweatshop

conditions and “scab” wages inside the plants.

This underscores the fact that in the contract talks with Chrysler and the other auto companies, the UAW bureaucracy is negotiating to defend its own income and privileges, not the jobs, working conditions and livelihoods of the workers it supposedly represents. In exchange for betraying the interests of its members, UAW is being handed control of a multi-billion-dollar retiree health care trust fund, known as a voluntary employees’ beneficiary association, or VEBA, turning the union into a profit-making business in charge of cutting benefits to its own members.

It should be noted that the existence of low-wage and non-union factories in the auto industry is the direct result of the actions of the UAW. In an effort to lower costs for GM, Ford and Chrysler and boost their competitiveness against Japanese and German rivals, the UAW betrayed one strike after another in the parts industry during the 1980s. The union then signed sweetheart contracts which allowed suppliers to drastically reduce wages, while the non-union sector of the parts industry expanded to more than half of all production.

In 1980, a unionized auto parts worker earned 15 percent lower wages than a worker at a Big Three assembly plant. By 2000, the differential had risen to 31 percent. Today the pay rates at both unionized and non-union companies making radiators, seat covers, starters, etc., are about half of those of the Big Three.

If the UAW collaborated in the lowering of labor costs in the parts industry it was only logical that they would do the same for GM, Ford and Chrysler. The first step was the betrayal of a series of strikes at GM parts plants in the 1990s, and the green light the UAW gave GM and Ford to spin off their parts divisions. Earlier this year, the UAW granted Delphi unprecedented concessions, including 50 percent wage cuts and the shutdown of dozens of plants. This was the prelude to the current contracts with the Big Three.

The UAW has a major responsibility for the low-wage climate that prevails in the auto industry. Having created these conditions, the UAW hopes to exploit the economic desperation of young workers to provide a ready supply of cheap labor to the auto companies. As one UAW Local 7 official from Chrysler’s Jefferson North plant told a reporter from the *World Socialist Web Site*, as she stood in the shadows of Detroit’s impoverished eastside neighborhood, “For a person who doesn’t have a job or is working for \$8 an hour, \$14 might look good to them.”

While the union bureaucracy is attempting to appeal to older,

higher paid workers who will soon be retiring, it is to the credit of the majority of auto workers that the UAW has not been able to stamp out their elemental class consciousness and concern for future generations of auto workers. These workers realize that the wages and conditions of current workers were the product of past struggles and that they are now being told to sellout the future of the next generation of workers, in many cases their own children and grand children. This, in large measure, is why the contract has met with such resistance.

The union has responded with a campaign of lies, threats and intimidation. International representatives have been sent to the shop floor to campaign for the agreement and UAW Vice President General Holiefield issued a letter to appointed local officials which suggested that they could lose their positions and salaries if they didn't push the contract.

### Manipulating the vote

Over the next few days more than a third of Chrysler's 49,000 workers will be eligible to cast ballots, with votes scheduled at major factories in Kokomo, Indiana; Sterling Heights and Warren, Michigan and Belvidere, Illinois.

On the eve of Wednesday's vote at the Sterling Heights Assembly Plant, UAW officials suddenly announced the existence of a previously undisclosed "secret" provision in the tentative contract that would supposedly guarantee future work at the plant.

Sentiment against the contract at the plant is widespread, however. At the union local's informational meeting Tuesday afternoon, Derrick, a worker at the Sterling Heights Assembly plant, told the WSWs, "That two-tier is terrible. All I think about is Delphi. We are bringing in all these people under two-tier while older workers are steadily retiring. They bring in two two-tier workers for every person that retires and by the next contract there will be more lower-wage workers than those under the regular wage. At that point the company can get a vote to bring everyone down to the lower level.

"I you don't look at the past, you are bound to repeat it," he said, expressing his opposition to the contract.

According a tally by the *Detroit News*, at least seven union locals, including those at four large assembly plants in Michigan, Missouri and Delaware, have rejected the contract. These locals represent more than 11,000 workers. By comparison, 17 locals, including several small ones with fewer than 100 workers, have approved the deal. The locals that ratified the agreement represent roughly the same number of workers.

Without presenting any evidence, the *New York Times* and other media, citing union sources, have reported that the deal is being narrowly approved. It is very odd and suspicious, however, that the union is refusing to release the actual numbers of workers who voted and how many voted for or against the contract.

There are several other suspicious aspects to the ratification process thus far.

UAW Local 624 claimed that workers at a Syracuse, New York

plant approved the deal by nearly 90 percent. Chrysler sold the plant, which is now called New Process Gear, to Magna International in 2004. Under the terms of the sale agreed to by the UAW, Chrysler is continuing to pay its former workers' wages and benefits until 2011, while Magna is paying all those hired after the sale on the basis of a far lower wage and benefit scale. By 2011, all of the workers at the plant will receive Magna's lower pay.

While the local represents 2,300 members, a reporter from the *Syracuse Post-Standard* confirmed for the WSWs that only those workers still being paid by Chrysler were allowed to vote on the contract, not the hundreds of others who are "Magna" employees.

Nearly 3,000 workers at the Toledo North Assembly plant in Ohio do not have the right to vote at all. Under the terms of an eight-year Modern Operating Agreement rammed through by the UAW in 2003, UAW Local 12 members, who produce Jeep models, cannot vote on the national Chrysler agreement, which determines the wages, benefits and working conditions under which current and future employees will work.

There have been several news reports that the UAW may suspend the vote if it looks like the contract will fail, and move on to negotiations with Ford, in order to sign a contract there and isolate the Chrysler workers. The *Detroit News*, citing union insiders, said that Chrysler's Wall Street owners—Cerberus Capital Management—were urging the union to take a re-vote if the contract was narrowly defeated.

All of this points to an effort by the UAW bureaucracy to defy the will of the majority of Chrysler workers and impose a contract opposed by most of its members. This makes ever more urgent that workers take the struggle out of the hands of the UAW and organize an independent fight to defend jobs and living standards.

Workers should organize rank-and-file committees to monitor the ratification vote and prevent the bureaucracy from manipulating its outcome. A national strike should be launched at Chrysler and spread to GM, Ford, Delphi and other sections of the auto industry. The national chauvinism of the UAW should be rejected and an appeal made to workers in Canada, Mexico, Asia and Europe to wage a common struggle against the global auto giants.

Above all, workers must build a new political movement, independent of and against the two big business parties, in order to fight for the reorganization of economic life to meet the needs of working people, including placing the auto industry under public ownership.



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