

UAW, GM slash workers' wages by half at Michigan plant

Tom Eley
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Setting a new wage-cutting precedent, the United Auto Workers (UAW) on Sunday announced that 40 percent of current workers at the General Motors Lake Orion plant will work at about \$14 per hour, half the standard wage, once the temporarily idled Michigan factory begins production on a new line of small cars.

This marks the first time that the \$14 per hour wage, which was broadly imposed on new hires through the Obama administration's reorganization of the auto industry last year, will be forced upon existing workers. Workers with 11 years or less of seniority—about 500 of the plant's 1,300 workers—will reportedly be relegated to the "Tier Two" category.

Workers were not allowed to vote on the agreement, which lasts through at least 2015, and only learned of its details on Sunday.

The deal is based on vague language in the 2009 labor contract—forced on members with the threat of bankruptcy—that allows GM and the UAW to administer "innovative labor agreement provisions" related to the production of small cars. Obama's Auto Task Force reportedly insisted on the provision as a condition of the auto bailout.

The wage cutting at Lake Orion, located in north suburban Detroit, is the latest salvo in a far-reaching assault on the wages of US workers spearheaded by the Obama administration and its trade union allies. It comes in the midst of a bitter struggle being waged by GM workers at an Indianapolis stamping plant against the UAW's effort to force 50 percent pay cuts to smooth the factory's sale to financier J.D. Norman.

(See: "Indianapolis workers face fight against threat to close GM plant")

While workers are being reduced to poverty-level wages, executives and shareholders are reaping the profits. GM CEO Daniel Akerson will receive as much as \$9 million in annual compensation, including \$1.7 million in cash. His predecessor, Ed Whitacre, will take home \$6.4 million for only eight months as CEO, including \$300,000 for "staying on" as company chairman from September 1 until the end of 2010. The pay packages were approved by Kenneth Feinberg, President Obama's "pay czar" for firms bailed out by the Troubled Asset Relief Program (TARP).

In contrast, the average autoworker has given up anywhere between \$7,000 and \$30,000 in pay and benefits through the Obama administration's reorganization of the auto industry, according to the *New York Times*.

The UAW celebrated the Lake Orion deal. "It worked out—we're keeping jobs in America," said UAW 5960 Local official Mike Dunn. Of course, what Dunn means is that it "worked out" for the UAW executive, who will continue to collect dues from those who will see their wages cut in half. As for workers, Dunn added, "I can't say everyone was happy, but they seemed to understand it."

In fact workers increasingly understand that the UAW and the AFL-CIO are not "their unions," but their enemies.

"Nobody's happy about it," plant worker Kandy O'Neill told the *World Socialist Web Site*. "People are

going to lose their homes. The UAW is not representing us. I know it's not representing me."

With 10 years experience, O'Neill is among those facing a 50 percent pay cut, as is her husband who is also employed in the plant. It was O'Neill who was attacked by *New York Times* columnist Andrew Ross Sorkin in November 2008 as an example of an auto worker supposedly living in the lap of luxury with "gold-plated" and "off-the-charts" wages and benefits. (See: "Michigan GM worker answers attack by New York Times columnist")

Another worker with 10 years experience, Jose Facundo, also denounced the agreement in comments reported by the *Detroit News*. "It's outrageous, and we never voted on this," he said. "This was never discussed. This is not in our contract and, as far as we are concerned, it's illegal."

The UAW no longer attempts to hide that its fundamental purpose is to maximize profits for GM. Dunn told an industry journal that the wage cut is necessary so that the production of the Aveo is profitable. "It's an integral part of the plan," Dunn told *Automotive News*.

Workers who don't like taking 50 percent wage cuts can quit, according to the UAW. "If some of the 1,500 Lake Orion workers on layoff don't want to work for the lower wage, they can join the pool of workers seeking transfers within GM," the *Detroit Free Press* reported, citing a union official. There are untold thousands of workers in the UAW's "transfer pool" who have almost no chance of ever being employed by GM again.

The Lake Orion plant is currently closed for retooling. Until last year it made larger model vehicles for Chevrolet and also Pontiac, a brand that has been scrapped in the reorganization of GM. Lake Orion won a competition for production of the Chevrolet Aveo that pitted it against GM plants in Spring Hill, Tennessee, and Janesville, Wisconsin. The GM plants in Spring Hill and Janesville have been shuttered.

Production of the Aveo, which GM will market as a

"global brand," will also continue at its current location in South Korea.

GM praised the wage-cutting role of the UAW. "GM has worked closely with the UAW to create new and innovative contractual language that will allow this facility to be flexible and lean—essential elements in this highly competitive, small car market segment," spokeswoman Kim Carpenter said.

The WSWS urges auto workers in Lake Orion and throughout the country to follow the initiative of workers in Indianapolis and form independent rank-and-file committees, in opposition to the UAW. For more information, contact the WSWS today.



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