

UAW, GM discuss pay scheme tied to productivity and profits

Jerry White
13 January 2011

The United Auto Workers is currently in discussions with General Motors and the other Detroit automakers about replacing standardized wages with an incentive system that would tie each worker's pay to productivity, quality improvements and profits.

If implemented, the pay scheme would overturn one of the most basic gains won by the UAW in the first half of the last century, when it abolished the hated piecework system and established hourly wage rates guaranteed by a union contract.

According to the *Wall Street Journal*, "GM wants more flexible pay levels for workers as a way to encourage better performance and avoid locking the company into handing out big pay raises when the company isn't performing well, company executives say."

Speaking before the Automotive News World Congress in Detroit Tuesday, GM CEO Daniel Akerson said he favors an "incentive-enhanced variable pay system for employees" that would not increase the company's fixed structural costs.

Akerson, a former Wall Street financier, was slotted into GM's top management by Obama's Auto Task Force and earned \$10 million last year as CEO. He has already eliminated annual pay raises for 26,000 white-collar workers, replacing them with bonuses tied to profits.

"They are trying to give hourly workers the same metrics as salaried workers, GM Vice President Stephen Girsky told the *Journal*. "There's a big pay-for-performance element going through the company and there is going to be more of it."

"I want to make sure we pay people for superior results—period," Mark Reuss, GM's president for North American operations told reporters at the auto show in Detroit earlier this week. "When we are not performing, I'm not going to be paid out and neither is anyone else."

UAW President Bob King told reporters the union was willing to consider the proposal. GM's Girsky—a former

consultant to the UAW who represents the union-controlled retiree health care trust on the company's board—said King is "open to exploring all options."

In the coming months the UAW will begin formal negotiations with Detroit's Big Three automakers on a new contract covering 120,000 workers. Referring to discussions on the upcoming negotiations, Akerson said the UAW and GM were working "hand in glove."

The UAW and the automakers first introduced so-called profit sharing in the 1980s as part of the corporatist labor-management schemes used to blur the line between the interests of workers and those of the companies and to facilitate the destruction of tens of thousands of jobs in the name of becoming more competitive and profitable.

What is now being contemplated is the scrapping of any vestige of the independent interests of workers and their reduction to raw material for exploitation, subject to immediate wage cuts if profits fall and dismissal if demand declines.

The UAW is now negotiating the terms for a return to conditions not seen in the factories in three-quarters of a century. One of the most central demands of the Flint sit-down strikers who forced GM to sign the first contract with the UAW in 1937 was the abolition of piecework in favor of straight hourly rates.

What were conditions before then?

The web site of UAW Local 72 in Kenosha, Wisconsin gives a flavor of conditions inside the Nash (later Chrysler) plant before piecework was abolished by the mass struggle of workers in 1943:

"The pace of work burned out workers by the time they turned 40 years old. At model changeover time, these older, worn-out employees were cast aside in favor of younger, quicker men who were kept on. Armies of unemployed young men spawned by the Great Depression gathered each day outside the plant, desperate for work; they stood ready to take the jobs of any who would stand

up against the company's unfair treatment. The workers inside, equally desperate to keep their jobs, would bribe foremen with gifts ranging from fruit and vegetables to Prohibition bootleg whiskey."

In 1932, workers were paid (48 cents an hour or \$7.50 an hour in 2009 dollars) "only when cars actually passed a work group's work station on the assembly line. When the line stopped for repairs or because of production bottlenecks outside the workers' control, the pay stopped too."

Under the piecework system, when production hit peak periods employees could wind up working as much as 18 hours a day at straight time. What overtime pay there was typically went to the foreman's favorites. Once peak production periods ended, the work week shrank to as little as 18 hours. For the entire year of 1932, according to his W-2 form, worker Lawrence Michel of Department 833, Final Assembly, earned a paltry \$282.31 (\$4,367.03 in 2009 dollars)."

Very little would need to be changed to get an idea what Akerson's "incentive-enhanced variable pay system" and "continuous productivity improvements" would look like today. Instead of the foremen of old, however, UAW officials would be cracking the whip to drive up productivity and collecting bribes to determine which workers were eligible for "quality" incentives.

The UAW has thoroughly repudiated the achievements won through the struggle of generations of auto workers. It functions brazenly as a junior partner of the auto bosses. Speaking at the Automotive News World Congress at the Detroit auto show Wednesday, King said, "The UAW has learned from the past and we have embraced radical change. We have completely discarded the us versus them mentality."

Over the last three years alone, the UAW has imposed wage and benefit concessions resulting in losses of between \$7,000 and \$30,000 for every worker. This includes halving the wages of new-hires—to \$14 an hour—and imposing the same wage cut on current workers at so-called strategic small car plants, such as the Lake Orion, Michigan factory.

For the first time in history, the UAW also agreed to a binding arbitration clause that bars strikes over wage and benefit issues that would make domestic automakers less competitive with Asian automakers operating non-union factories in the southern US states.

In return, the Obama administration handed the UAW billions of dollars in corporate shares, making the UAW executives co-owners at GM and Chrysler, with a similar

deal negotiated with Ford. King has said he also hopes the UAW will get positions on the corporate board of directors of all the Detroit automakers.

This only underscores the fact that there is essentially no difference between the agenda of the UAW and that of the corporate bosses when it comes to ratcheting up the amount of profit extracted from auto workers.

The UAW is now launching an organizing campaign at the Asian and European transplants in an effort to counteract the loss of dues income from disastrous policies over the last three decades, which have led membership rolls to fall to 355,000 from a peak of 1.5 million in 1979.

Previous drives at Nissan and other plants failed in the 1980s and 1990s, as workers saw no point in paying dues to an organization that was joining management to cut jobs, wages and benefits. Looking at the closed and abandoned auto plants in Detroit, auto workers often referred to the acronym "UAW" as "You Ain't Working."

This time King is appealing to the corporate CEOs, not the workers, telling the heads of Nissan, Toyota and other companies that the UAW was the first to the table to make concessions and sacrifices that helped the Detroit automakers emerge from bankruptcy and return to profitability.

"We're building on the success of the Big Three in saying the UAW leadership and the UAW membership delivers the best quality, the best productivity and the best attendance record," King said. "We're really committed to the success of companies where we represent workers."

The UAW has agreed to sign a pact pledging that it will not tell non-union workers that joining the UAW will result in any wage increase.

A new stage in the three-decades-long degeneration of the UAW has been reached. The plans for a modern day version of piecework in the factories underscores the need for workers to break with this corporate-controlled organization and build rank-and-file committees, independent of and opposed to the UAW, to unite auto workers in the fight to reconquer the achievements won through generations of struggle.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact