

# UAW sets benchmark for wage-cutting in global auto industry

Jerry White  
25 April 2011

Having eliminated a quarter of a million jobs in the US over the past decade, General Motors, Ford and Chrysler are now planning to hire 35,000 new workers for their American plants by 2015, a leading industry analyst recently reported.

Since the 2009 restructuring of the auto industry by the Obama administration, Big Three profits have risen sharply, reaching \$11 billion in 2010. This has been achieved not through any significant expansion of sales or market share, but through a historic assault on the conditions of auto workers, carried out with the full support and collaboration of the United Auto Workers union.

Under the current UAW contract, new workers will be paid less than \$15 an hour, half the traditional wage earned by auto workers, and increasing numbers will be relegated to temporary status. These workers can be fired at will.

In the run-up to this summer's talks on a new contract covering 114,000 workers, the UAW has signaled its willingness to expand the number of workers being paid near-poverty "tier two" wages, including current workers who would see their wages cut by 50 percent.

The drastic lowering of manufacturing wages has been a major policy goal of the Obama administration, which sees cheap labor, along with the falling value of the dollar, as the means to increase US exports to the global market. Major exporters such as General Electric, Caterpillar and Boeing have followed the example of the auto companies and imposed or are working to impose substandard wages and benefits for new-hires.

After years of outsourcing jobs to Mexico, South Korea and other low-wage countries, Detroit's auto companies are shifting some production back to the US, where they entrust the UAW to enforce discipline, speed up production and slash labor costs.

The auto companies plan to consolidate operations in Michigan—the headquarters of the UAW—where mass unemployment has created an ample supply of desperate workers willing to work for \$15 an hour. This historic reversal of the pattern established in the latter part of the 20<sup>th</sup> century testifies to the transformation of the UAW.

Following the great sit-down strikes of the late 1930s that established the UAW at the major auto companies, the auto bosses set about dispersing production away from Michigan and the Midwest in order to dilute the influence of the UAW. Now they are concentrating production in the home base of the organization in order to make maximum use of its services, which, in the meantime, have become wholly devoted to suppressing the class struggle and increasing the exploitation of the workers.

The growth strategy of the executives who run the UAW is to entice the auto bosses to bring jobs—and increased dues income—back to the US by underbidding workers in other countries. At the same time, the UAW is appealing to the European and Asian car companies to let it into their nonunion factories in the US, saying it will guarantee higher productivity and profits.

According to Italian media reports, Fiat, which will soon control a majority stake in Chrysler, is planning to shift production of several models currently made in Italy to North America in order to lower production costs. As a result, Fiat plans to cut 5,000 jobs in Italy, or roughly 16 percent of its domestic workforce of 30,000.

Earlier this year, Fiat blackmailed workers into accepting an American-style labor contract at its flagship factory in Mirafiori, near Turin. The agreement undermines the right to strike, imposes 10-hour work shifts and triples the amount of compulsory overtime.

"It's a pleasure to negotiate with US trade unions," Fiat and Chrysler CEO Sergio Marchionne recently said. "I haven't had any objection from the UAW to transforming Chrysler into a competitive company at a world level." He contrasted this with Italy, where because of "historic and ideological reasons people don't identify themselves with this new proposal by Fiat."

UAW President Bob King returned the praise for the auto boss, saying, "Relationships with Marchionne are extremely positive, we believe in him a lot." Giving vent to the reactionary nationalism that is the hallmark of the union leadership, King added, "I don't want to get into the

Mirafiori question. I wouldn't want an Italian trade union to come to us and tell us what to do."

In the name of "saving American jobs"—i.e., dues income for the union apparatus—the UAW is setting an international benchmark for a race to the bottom by workers throughout the global auto industry. There is nothing that the UAW will not concede to boost the profits of the US auto companies.

This was spelled out in the resolution passed by the UAW Bargaining Convention in Detroit last month:

"In order to promote the success of our employers, the UAW is committed to innovation, flexibility, lean manufacturing, world best quality and continuous cost improvement... We are moving on a path that no longer presumes an adversarial work environment with strict work rules, narrow job classifications or complicated contract rules."

To underscore the point, the resolution states further on:

"The UAW pledges that if the workers choose union representation, the union as an institution will be committed to the success of the employer and will encourage our members to engage in the employer's successful achievement of its mission."

This language defines the UAW as a corporatist instrument of the auto companies that in no way speaks for or represents the interests of auto workers. It reads like a slaves' charter, with the UAW advertising its services as straw boss and labor contractor.

In the resolution, the UAW embraces the demands of the auto companies for a "gain-sharing" scheme that ties pay to productivity, quality improvements and corporate profits, and proposes that such measures be expanded to other sectors of the economy. Like the hated piecework system that workers fought to abolish more than half a century ago, gain-sharing would lead to speedup and increased injuries as workers compete against one another to meet targets.

There is a certain social inertia in names and terms. The word "union" continues to summon up images of struggle and notions of solidarity. But any such connection has long since been severed by the UAW and the rest of the official unions.

The UAW is a business enterprise, complete with a substantial ownership stake in the auto companies. It is controlled by wealthy executives. They profit from the impoverishment and exploitation of auto workers, who are forced to pay tribute in the form of union dues.

According to the organization's filing with the US Labor Department last month, the UAW has total assets of \$1.13 billion. Last year it disbursed \$3.4 million to its top 24 officers—for an average salary of \$142,000 (four-and-a-half times the annual wage of \$15-per-hour new-hires)—and another \$80 million for the salaries and perks of nearly 1,000

staff members, including servicing reps and organizers making as much as \$136,000 a year. Hundreds of local level officials, including presidents, vice presidents and financial secretaries, are also on the UAW gravy train, making as much as \$128,000 a year for suppressing opposition to the dictates of management.

The outbreak of struggles by auto workers in Fremont, California, Indianapolis and Lake Orion, Michigan last year points to a growing rank-and-file rebellion against the UAW. This will only be intensified by the addition of tens of thousands of young workers who rightly see the UAW officials as gangsters to whom they must pay part of their meager wages for the privilege of having a job.

The Socialist Equality Party supports and encourages a rebellion by the workers against this corrupt and reactionary apparatus. This is the precondition for a serious struggle against the destruction of jobs, wages, benefits and working conditions.

The first step is the building of rank-and-file committees democratically controlled by the workers and completely independent of the UAW.

The "Buy American" chauvinism of the UAW must be rejected, and new forms of struggle organized to unite US workers with workers in Italy and around the world in a common fight against the global auto giants.

Above all, auto workers need a new political party—the Socialist Equality Party—to conduct a fight against the capitalist system and the two big business parties, the Democrats and Republicans, which defend it. Securing the livelihoods of workers in the US and around the world requires placing the industries under workers' control and the socialist reorganization of the economy to meet human needs, not private profit.

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