US auto workers union to abandon hourly wage increases

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After decades in which the United Auto Workers union has collaborated with the auto companies in destroying the gains won by generations of workers, the UAW is now preparing to permanently throw overboard the principle of hourly wage increases.

According to the *Wall Street Journal*, "The United Auto Workers union is open to discussing wider use of profit-sharing plans instead of fixed pay increases for its members, a key shift as the union nears contract talks with Detroit auto makers." In particular, the newspaper notes, "GM is pushing to give pay increases attached to quality, speed and cost-effectiveness of work on the assembly line, rather than pay raises based solely on seniority."

In an interview with the leading business newspaper, UAW President Bob King said, "It would be an advantage if you can guarantee to the companies certain things on fixed costs so that they would remain competitive."

Under this scheme the living standards of auto workers will be held hostage to the profit interests of auto bosses and big investors. All of the risk associated with disastrous management decisions, falling sales or an economic downturn is to be transferred from the corporate executives and Wall Street onto the back of the workers. If no profits are made workers will take the loss. Meanwhile, the wealth extracted from low-wage workers will continue to flow into the pockets of the auto bosses, Wall Street investors and the UAW executives who have a substantial ownership stake in the companies.

The UAW originally introduced "profit-sharing" in the 1980s as part of its efforts to undermine class consciousness and convince workers they had the same interests at the corporate executives. This went hand in hand with devastating wage concessions, hundreds of thousands of job losses and sharp increases in productivity, which the UAW said were necessary to boost corporate profits.

What few profit sharing bonuses that were paid out were in *addition* to increases in base pay. Under the new scheme base pay will be frozen and up to 15 percent of hourly compensation will be performance bonuses and lump-sum payments tied to profits.

Hourly wages will remain frozen no matter what the rise in the cost of living for workers and their families. For new workers pay will remain at $14 an hour, a wage so low that UAW officials admit it will allow many young workers to qualify for food stamps.

This is completely in line with the demands of the Wall Street financiers, which the White House put in charge of the restructuring the auto industry during the 2009 forced bankruptcy of GM and Chrysler. In order to guarantee maximum returns for big investors regardless of market conditions, they jettisoned "legacy costs" associated with retiree health care benefits, shut down scores of factories and insisted that fixed costs, above all, wages, could not increase even as the corporations resumed profitability.

As part of the deal, the UAW accepted a no-strike clause and binding arbitration in the upcoming talks with the auto companies this summer. According to the agreement, any "wage and benefit improvements must be based on GM maintaining an all-in hourly labor cost comparable to its US competitors, including transplant automotive manufacturers."

The corporate media has hailed the pay proposal as another transformation in labor relations in the US. In a June 14 editorial, the *Washington Post* cited King's comments as a "good and hopeful sign for the country," adding that "linking worker compensation to the company's success can turn an adversarial

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relationship into a cooperative one."

It noted, however, that workers historically opposed profit-sharing "for the obvious reason that the workers don't get any when the company doesn't turn a profit, and the less obvious one that the union never quite trusted the company to report its profits honestly."

The newspaper expressed concern that auto workers wanted to recoup the $7,000 to $30,000 in concessions they each made since 2005, particularly as the corporations were once again making huge profits and paying record bonuses to their CEOs. "Mr. King and other union leaders face tremendous pressure to demand the return of the concessions they have already made. That's the traditional union approach, to be sure. But in a world where Volkswagen has just announced plans for a new factory in Tennessee that pays almost half what UAW workers make, such a course would be suicidal. Rather, the union must accept more of the enterprises' overall risk, along with more responsibility for making sure that they succeed."

The pay proposal is a thorough repudiation of the most basic protections fought for by auto workers. After a bitter 113-day strike against GM in 1945-46, the UAW secured the Annual Improvement Factor (AIF) and Cost of Living Allowance (COLA) in the 1948 contract. These provided a guaranteed wage increase each year and a quarterly adjustment tied to the consumer price index to protect living standards from the ravages of inflation. These and other gains won by auto workers up through the early 1970s served to boost the living standards of workers throughout the US.

Having purged the socialists and left-wing militants that built the UAW and tied the fate of the organization to American capitalism, the UAW responded to the sharp decline in US industry and rise of powerful economic competitors in Europe and Asian by abandoning any struggle for the independent interests of workers. In the 1980s the UAW officially adopted the corporatist doctrine of "labor management partnership," paving the way for three decades of wage-cutting and other concessions and the loss of over 600,000 jobs at GM, Chrysler and Ford.

Today the UAW declares in its collective bargaining agreement, "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. Through teamwork and creative problem solving, we are building a relationship with employers based upon a foundation of respect, shared goals and a common mission. 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."

Such an organization cannot be called a "union" in the sense of unifying workers to defend their wages, working conditions and jobs against the corporations. On the contrary, the corporate executives who run the UAW are in a "union" with the corporate executives who run GM against the working class.

There is a growing recognition that in order to fight the corporations workers must wage a struggle against the company agents in the UAW. Todd, a worker at GM's transmission plant in Defiance, Ohio, told the WSWS, "Everything that comes to us is a 'joint agreement'—that's what they dictate to us.

"I don't believe GM was bankrupt and that it was necessary to take away our COLA and wipe out 4,000 jobs at my plant over the last five years. The economy totally collapsed and all their guys from AIG and the banks ran off to Bermuda with lots of cash. I make 15,000 crankshafts a day, what do they do?

"As for the president, I hear Republicans bitching about Obama—but I tell them he is right up your alley, mandating health care for the insurance companies and doing everything to butter up Wall Street."

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