As contract negotiations open

UAW, Detroit carmakers prepare new attacks on US auto workers

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26 July 2011

The United Auto Workers opened up formal negotiations Monday for a new labor contract with Chrysler, the first of the Big Three Detroit automakers whose four-year agreements expire on September 14.

Despite efforts by the media and so-called labor experts to present the negotiations as a contest between antagonistic parties, the talks in fact are a conspiracy between two business entities against the 114,000 auto workers at Chrysler, General Motors and Ford.

The UAW executives fully agree with the drive by the car companies—backed by Wall Street and the Obama administration—to further lower the living standards of auto workers in order to boost corporate profits and secure the interests of the UAW managers who hold a significant ownership stake in the corporations.

This year's talks followed the "transformational" contracts signed by the UAW in 2007, which relieved the auto companies of any obligations to pay retiree health care benefits and established a two-tier pay system that halved the wages of new hires. The UAW then agreed to reopen the contracts in 2009 as part of the forced bankruptcy of GM and Chrysler and accepted another round of sweeping concessions. In addition, the UAW accepted a no-strike clause and agreed to binding arbitration for any outstanding issues, further underscoring the sham character of the current negotiations.

In the last few years, Chrysler, which was taken over by Italian automaker Fiat as part of the government restructuring, slashed all-in hourly labor costs by a staggering one third—from nearly $76 to $49—through downsizing, hiring a higher percentage of new workers at the entry-level wage of $14.89 and handing over control of retiree health care to a UAW-controlled trust fund. All three of the US car companies have reduced labor costs roughly to the level of the nonunion factories operated by German, Korean and Japanese automakers in the Southern US.

As a result in 2010, GM, Ford and Chrysler made a combined $10.65 billion. For the first three months of this year, GM earned $3.2 billion, Ford earned $2.6 billion and Chrysler earned $116 million.

The opening of negotiations at Chrysler's company headquarters in the Detroit suburb of Auburn Hills, Michigan was a love fest between UAW and company officials. As the *Detroit News* noted, "As a symbol of this new spirit of cooperation, representatives from both sides wore identical maroon jackets emblazoned with the logos of both Chrysler and the UAW."

In a reference to the government restructuring of the auto industry, UAW President Bob King said, "I think the negotiations are different because we collectively feel we have a huge responsibility to the American public to thank them for their support." He expressed his commitment to keep Chrysler and the other automakers "competitive" and not to repeat any "past mistakes"—i.e., negotiate any improvements for auto workers that would undercut the profitability of the auto bosses.

Chrysler Vice President of Employee Relations Al Iacobelli underscored this point, saying, "We have a responsibility to ensure that we do not go back to the old formulas."

The UAW has already signaled its willingness to abandon any hourly wage increases for workers and has agreed in principle with the demands by the auto companies to tie wages to productivity, quality improvements and profitability. UAW officials have also said they are willing

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to expand the number of workers making poverty level wages in order to "maintain jobs," i.e., dues income for the highly paid managers at UAW headquarters.

As far as the possibility of a strike, King said, "We're not thinking about strikes. We're not thinking about a strike target. That's old thinking."

The *Detroit News* reported that sources familiar with the company's bargaining position said Chrysler will not sign any contract that includes cost-of-living adjustments or similar automatic pay increases. "It won't happen. Not here," one person briefed on the matter told the newspaper, adding that the automaker was prepared to go into arbitration with the union over the issue if necessary.

Chrysler and Fiat CEO Sergio Marchionne, the newspaper reported, "personally helped draft the arbitration language in the 2009 agreement, so it is not surprising that Chrysler is more willing to consider the option."

The company is reportedly offering profit sharing that would pay between $4,000 and $5,000 annually if the company continues to make money. The payout would be tied to "to personal performance metrics like attendance and productivity." The company is studying plans used by European and Asian transplant operators that tie as much as $2 to $3 per hour to "variable compensation," one source told the *Detroit Free Press*.

"What makes sense to Chrysler is a deal that maintains the competitiveness gains the automaker won in 2009 and does not add to its fixed costs," the *News* reported. "Those gains included a freeze on cost-of-living increases, more flexible work rules and the elimination of some holiday pay. Ford and GM are looking for the same thing, and all indications are that the union and the companies are not far apart."

In addition, the automakers are seeking to at least double the amount auto workers must pay for health care coverage. This would be in line with workers at the Japanese transplants who give up between 10 and 15 percent out of their paychecks for medical insurance.

Automakers are complaining that GM and Chrysler workers "only" pay about 7 percent of their annual health care costs while Ford workers pay about 5 percent. "The average American private sector worker with a family pays about 33% of his or her health care premiums, according to the Bureau of Labor Statistics," the *Detroit Free Press* carped.

In addition, the automakers want to eliminate the number of higher paid skilled trade positions in the plants.

Over the last three decades, as it insisted that concessions were the only means to "save jobs," the UAW has been complicit in the destruction of more than a million jobs in the auto industry. Thoroughly tied to the profit interests of the corporations and hostile to any struggle to unite the auto workers internationally against the global auto giants, the corporate managers who control the UAW are fully on board with the drive to impoverish the working class.

In an effort to bolster the union's income—after seeing the dues-paying membership fall from 1.5 million to 390,000 over the last three decades—the UAW is seeking to entice auto makers to invest in the US by offering up US auto workers as cheap labor. At the same time, King is appealing to European and Asian automakers to let the UAW into their plants in the Southern states. The UAW has pledged not to press for higher wages in these factories and has offered itself as a labor police force so the foreign automakers can achieve the same "success" the Detroit automakers have attained through cost-cutting and speedup.

The precondition for a struggle by auto workers to defend their jobs and living standards is a break with this pro-corporate organization and the development of new organizations of struggle controlled by the rank and file. This requires a new strategy based on the international unity of auto workers and a rejection of the pro-capitalist perspective of the UAW and other unions.

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