UAW president calls for elimination of pay increases

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Bob King, president of the United Auto Workers union, last week reaffirmed his support for cutting scheduled wage increases for US auto workers as part of the impending 2011 contract negotiations with the big three automakers.

In an interview published Monday by the Detroit News, King called for replacing wage increases with a "profit-sharing" model that would allow the company to pass off losses onto workers. "Do they [the workers] want base wage increases? Of course," said King, "But that isn't the most important priority."

The UAW head restated the points he made in an interview last month with the *Wall Street Journal*, where he first broached the idea of "profit-sharing" as a replacement for wage increases.

Proposing to tie wage increases to the manufacturers' assessment of "quality" and "productivity," King set out to publicly reassure the automakers of the UAW's intent to drive down workers' incomes.

Under the current contract, workers receive increases to their base pay corresponding to seniority. But King would propose eliminating these increases, leaving workers earning wages so low that, at $14 per hour, even the UAW admits that many will qualify for food stamps.

"The companies' history of profit-sharing has not been very consistent or strong," said King. "There have been many years when it was zero and one when it was just $50. That's not enough. It's going to have to be significant and reliable."

If profit-sharing were "significant and reliable," it would not be called profit-sharing, but a wage increase. The only benefit of profit-sharing to corporations is that it allows them to pass on losses to workers in bad years, which is exactly what King wants.

What is different now from those previous years, in which companies paid "zero" and $50 in profit-sharing, is that the UAW is advocating the measure not as an additional benefit, but as a replacement for existing wage increases.

Accepting wholeheartedly the right of the automakers to fire workers at will, King repeated the UAW's mantra that wage cuts are the only way to prevent layoffs. "People don't want a guillotine hanging over their heads," he said. "They don't want to have to worry about whether they have a job tomorrow or not."

The claim completely contradicts the last three decades of labor history, in which each round of wage and benefits concessions by auto workers paved the way for new mass layoffs.

King added that he would like to see UAW representatives on the automakers' boards of directors, in addition to the representation that the UAW already receives from its trusteeship of the VEBA health care fund, integrating the so-called union even further into corporate management.

The effects of the UAW's efforts can be seen in the automakers' falling labor costs. Last month, Chrysler announced that from 2006 to 2010, it had slashed its labor costs by an astonishing 35 percent. In 2007, Chrysler spent an average of $77 per hour on wages and benefits. Today it spends a mere $49.

This drop in workers' incomes is the direct result of the UAW's concessions drive. In the 2007 and 2009 contracts, the UAW expanded the practice of paying new-hires half the wages of existing auto workers. A new auto worker now makes $14 per hour, while older workers start at $28. With King's proposal to cut pay increases, workers would be stuck at this pay level indefinitely, even amid soaring food and energy prices.

According to King, workers have no choice but to take pay cuts in order to keep the companies "competitive and growing," as the *Detroit News* put it. But in defending the "competitiveness" of the auto makers, King is not defending the interests of the workers who pay him dues, but the profits of the financiers who own the companies.

King's comments underscore the fact that the UAW has become nothing but a cheap-labor contractor for the automakers, working to cut wages and lower living standards, while keeping workers under control.

The incomes of American auto workers have historically set the precedent for the country's entire working class. Likewise, in recent years, auto workers' plunging incomes have been the harbinger of a national decline in wages. Amid growing inflation, real wages in the US have fallen by 1.7 percent over the past year.

The cost cuts implemented by the UAW at the Big Three have likewise already made their impact on non-union auto workers. Earlier this year, Volkswagen opened a new assembly plant in Chattanooga, Tennessee, on the basis of sharply reduced wages. The plant will pay only $14.50 per hour in wages, equivalent to the cost of new-hires at the Big Three.

This new benchmark wage, equivalent to roughly half of that paid to auto workers in Volkswagen's native Germany, has been made possible through the aggressive cost-cutting implemented by the UAW. With the coming of the 2011 contract, the UAW is working with all its strength to set the bar even lower.