

UAW abandons wage increases

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On the eve of next week's opening of contract talks between the United Auto Workers and the Big Three auto companies, UAW President Bob King has proposed the elimination of annual wage increases in favor of directly tying any wage improvements to corporate profitability.

The *Detroit News* on July 18 cited an interview in which King said workers should “trade wage increases for profit sharing.” The newspaper quoted the UAW president as saying, “Do [the workers] want base wage increases? Of course... But that isn't the most important priority.”

King's statement underscores the fraudulent nature of the contract talks. The fact that the union is voluntarily abandoning one of the most elementary gains won by American workers in the bitter struggle to build the UAW and the other industrial unions in the 1930s demonstrates that this is not a negotiation between representatives of the corporations and representatives of the workers, but rather a conspiracy between two entities equally hostile to the interests of the workers. The common aim is to arrive at the most effective and efficient means of increasing corporate profits by gutting workers' wages, benefits and conditions.

King justifies the abandonment of wage increases with the claim that it is necessary to preserve jobs. “The single most important thing to our membership is long-term security,” King said in his interview with the *Detroit News*.

The time-worn lie that concessions will defend workers' jobs merits only contempt. For more than 30 years, since the UAW agreed to plant closures and wage cuts in the Chrysler bailout of 1979, round after round of concessions has been imposed in the name of “saving jobs.” Over that period hundreds of thousands of jobs at General Motors, Ford and Chrysler have been wiped out and UAW membership has plunged from nearly 1.5 million to 377,000.

The abandonment of wage increases serves two basic and interconnected aims. The first is to completely subordinate the workers to the profit interests of the companies, tying their wages and living standards directly to an expansion of the wealth of the CEOs, bankers and big shareholders. Any decline in profits will immediately be imposed on the workers. The inevitable result will be an accelerating fall in the real wages of auto workers, with inflation far exceeding any profit-sharing bonuses they might receive.

The second aim is to destroy all vestiges of class consciousness among the workers by suppressing any notion that they have interests independent of and divergent from those of the capitalists.

There is no precedent for this level of integration between so-called “unions” and corporate management other than the corporatist labor syndicates established under the fascist dictator Benito Mussolini.

Behind the UAW's policy is not simply the subjective cowardice and corruption of the union officials, although there is an abundance of that. The UAW executives are pursuing a calculated strategy to protect and expand their personal wealth and secure the position of the UAW apparatus by concluding a contract that will establish a new benchmark in rolling back the wages and conditions of auto workers.

This will be the first contract since the massive concessions imposed by the Obama administration, with the support of the UAW, in the forced bankruptcy and restructuring of General Motors and Chrysler in 2009. That historic betrayal gutted the benefits of retirees and imposed a 50 percent pay cut, to \$14 per hour, on newly-hired workers.

The poverty wage for new-hires has since been

extended to older workers at a number of plants, and the new contract will facilitate its further expansion. The White House-dictated agreement also included a no-strike guarantee to run through 2015, underscoring the cynical and reactionary character of the coming “negotiations.”

On the basis of these conditions, labor costs at the US auto companies have been dramatically reduced, resulting in a return to bountiful profits for the bosses. Labor costs at General Motors and Ford have been reduced to the level of non-union Japanese-owned plants in the US, while labor costs at Chrysler—which the company announced have been lowered by 35 percent—are now substantially lower than those at the Japanese transplants.

The strategy of the UAW is to capitalize on what has been “achieved” thus far at the Big Three to induce the nonunion foreign-owned companies to bring in the UAW. The UAW sees the new contract as critical in making the case to the nonunion companies that they can increase their profits by hiring the UAW to police the work force. This is seen as essential to increasing the UAW dues base, so as to protect and grow the six-figure salaries and perks of the union executives and the organization’s army of careerists, and solidify the position of the UAW as a partner in the exploitation of the working class.

In comments to the press this week, King boasted about the labor cost savings realized by the Big Three through the UAW’s intervention, saying that foreign companies can expect the same results. “All of these [foreign] companies have been surprised and impressed by the role we played in the turnaround of the American companies, about the ongoing relationship with the American companies, about the culture we’re building,” he told Reuters.

The precedent set by the UAW’s acceptance of a \$14-per-hour wage for new-hires has paved the way for further cost-cutting by the entire auto industry. This year, Volkswagen opened a plant in Chattanooga, Tennessee in which the entire workforce makes \$14.50 per hour. This has brought Volkswagen’s per-hour labor costs in the US down to an average of \$30, the lowest of any of the auto makers.

The downward spiral of auto wages is of a piece with the Obama administration’s plans—endorsed wholeheartedly by the UAW—to double US exports by

converting American manufacturing into a low-wage platform for export to the world market.

The abandonment of wage increases not only further exposes the UAW as a right-wing, corporatist arm of the auto bosses. It is also a devastating exposure of the whole milieu of middle-class pseudo-socialists and left-liberals who promote the fiction that the UAW and the rest of the official unions are “workers organizations” to which the workers must loyally adhere. By promoting the lie that pressure from below can reform these organizations and make them fight for the interests of the working class, the right-wing middle-class “left” allies of the union officials help suppress the working class and keep it tied to the Democratic Party.

The Socialist Equality Party urges all auto workers—from the older workers who have seen the gains for which past generations fought wiped out, to the younger workers who toil for poverty wages and rightly see the UAW as an alien and hostile force—to organize now against the new round of cuts being prepared by the UAW and the companies.

This requires a rebellion against the UAW and the organization of rank-and-file committees of action independent of the union to prepare for strike action, plant occupations and a campaign to win the widest possible support from non-union auto workers and auto workers internationally who are facing similar attacks.

This must be combined with a new political strategy—the independent mobilization of the working class against the Obama administration, the Democratic Party and the two-party system on the basis of a socialist program. This includes the nationalization of the auto companies under workers’ control and the reorganization of economic life on the basis of social need rather than corporate profit.

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