

“I was making more money as a door greeter at Wal-Mart than I am now”

Maintenance of low wages key to US auto profits

Jerry White, Matthew Brennan
13 September 2011

With labor agreements covering 112,000 auto workers at GM, Ford and Chrysler expiring just before midnight on September 14, there is deep anger over the long-term erosion of wages and living standards and, in particular, the two-tier wage system and temporary employment, which condemn young workers to poverty wages.

First accepted by the United Auto Workers (UAW) in 2007 and then expanded during the industry restructuring by the Obama administration in 2009, the wage scheme enables the Detroit automakers to pay new-hires around \$14 an hour—half the wage of tier one workers. According to some estimates, around 7,000 workers presently receive the lower wage, including one out of every eight workers at Chrysler, which has cut its labor cost by 30 percent.

The auto companies—which have made \$10 billion in profits so far this year—see lower wages and benefits as the linchpin to maintaining high profitability, and are pressing for another wave of buyouts and early retirements to drive higher-paid workers out of the industry. Their aim is to create a majority low-wage workforce, with little or no benefits or job security.

For their part, UAW President Bob King and other officials have already signaled their willingness to expand the percentage of lower-paid workers—currently set at around 20 percent of the workforce. Earlier this year, UAW Vice President Joe Ashton offered to reduce all workers to the lower wage in Janesville, Wisconsin and Spring Hill, Tennessee if GM reopened those factories.

Such wages are a key part of the “growth strategy” of

the UAW apparatus, which wants to entice the companies to relocate production back in the US in order to boost the number of dues-paying workers. The UAW is also seeking to expand into the non-union plants operated by European and Asian automakers in the southern US states by promising to cut labor costs and boost productivity.

At \$14.69 an hour, tier two workers barely bring home \$30,000 a year, less than the cost of most of the vehicles they build. Such a worker makes just above 130 percent of the US poverty rate for a family of four—the cutoff for eligibility for food stamps in Michigan and other states.

Put in a historical perspective, the hourly pay of a tier two worker is the equivalent, once inflation and the deduction of union dues are taken into account, of the 92 cents an hour his counterpart made in 1931, four years before the UAW was founded.

Workers outside of Ford’s Michigan Assembly Plant, in the Detroit suburb of Wayne, spoke angrily about this situation to reporters from the WSWWS. A worker in his mid-50s said, “I’m tired of showing up to work every day worrying if you’re going to be fired. They basically dare you to miss a day or call in sick so they can fire you.

“I’m for getting rid of these two-tier wages. Everyone should be paid one wage and they need to get rid of this temp BS. Everyone should get \$28 an hour. That’s the only contract I’m going to vote for—one that gets rid of the two-tier.”

Concerned about the growing opposition of the rank and file, UAW President King has recently made vague

references about raising the starting wage of new-hires, while reassuring the companies the UAW will do everything to hold down “fixed costs.” Even if new-hires get a minimal increase, it will not change their status as a cheap labor source. Moreover, any raise will be paid for by maintaining a wage freeze or imposing other concessions on traditional workers, who have not seen a pay increase since 2003.

Tier two workers also receive less vacation, medical and other benefits. Instead of a company-paid pension, new hires have to build their own “personal retirement plan” based on contributions from the company of less than \$2,000 a year, according to the New York Times.

In addition to these workers, thousands of others—temps, casual workers or so-called sub-contractors—make as little as \$9 or \$10 an hour with no benefits. In factories like the Chrysler Jeep plant in Toledo, GM’s assembly plant in the Detroit suburb of Lake Orion and Ford’s Dearborn Truck Plant, hundreds of such workers do the work traditionally done by higher-paid workers, and can only be distinguished by the color of their uniform and the sub-standard pay they receive.

One of these contractors, operating at the Lake Orion GM plant, is called LSI. With the sanction of GM, the UAW signed up these workers up as “union members” and is now negotiating a contract which will enable the UAW to deduct dues from their meager checks.

Katie, a contract worker and parts sorter at the plant, spoke to the WSWS by phone. As she was speaking, the young worker was packing boxes because her pay is so low she was being evicted from her apartment. “I work with a lot of good people who are barely getting by,” she said. “People around the plant feel like they’re getting shafted by the UAW.

“The contractor lied to me. I was told I would be making \$14 an hour before I took my drug test, and when I got to the orientation, they told us we would be making \$9 an hour. I left a job that paid \$12 an hour. I mean, I was making more money as a door greeter at Wal-Mart when I was 17 years old than I am now.

“I have a UAW card but it doesn’t do anything for me, I don’t have any rights or benefits. And we’re told every month that a contract with better wages is just around the corner, that every meeting went real well. They’ve been repeating this to people at the plant for

over a year.

“They’re not interested in our well-being. I just came back from court for my eviction notice yesterday, and I’m trying to figure out what to do next. A lot of people I work with are going through this kind of thing. I’m not asking for much. Just to be able to pay my bills and keep my apartment and not have to live with my mom.”

The World Socialist Web Site is encouraging auto workers to form rank-and-file committees, independent of the UAW, to spearhead an industrial and political struggle to defend jobs, abolish the two-tier wage system and restore all concessions, including cost of living and pay increases. (See our statement: “A Call to Action”)

We urge auto workers to contact the WSWS.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact