

# UAW reaches sellout agreement with Ford

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The United Auto Workers and Ford announced a tentative contact agreement Tuesday that will expand the number of low-paid second tier workers while freezing wages for senior workers.

The new four-year pact covering some 41,000 Ford workers is being hailed by company executives, who say it will enhance the company's "competitiveness," i.e., ensure billions in profits for the second largest US car manufacturer.

While the full details of the settlement are not available as of this writing, what has been revealed makes clear that the agreement is patterned on the General Motors contract. Like the contract agreed to last month with GM, the Ford deal does nothing to restore the \$7,000 to \$30,000 per worker in wages and benefits surrendered by the UAW since 2007. Both the UAW executives and Ford officials have praised the agreement for ensuring the continued profitability of the company, which posted a near-record \$6.6 billion profit in 2010.

The contract is so transparently detrimental to the interests of auto workers that some in the business press have voiced concern that it could be defeated in the upcoming rank-and-file ratification vote. Ford workers voted down additional concessions in November 2009 based on those surrendered by the UAW as part of the forced bankruptcy of GM and Chrysler engineered by the Obama administration. The concessions included a no-strike clause and a freeze on pay for second tier workers.

Under the terms of the tentative agreement announced Tuesday, Ford workers will reportedly get a \$6,000 signing bonus as well as annual lump sum payments of \$1,500 in lieu of cost-of-living increases. The elimination of cost-of-living raises and increases in base pay for senior workers will save the company billions of dollars, since pensions and other benefits are calculated on the basis of hourly wages.

Instead of a wage increase, the UAW has substituted profit-

sharing. This means that the wages of Ford workers are directly tied to the future profitability of the company. The plan links profit-sharing to quality and production targets, a recipe for brutal speedup. In addition, 10 percent of the profit sharing bonuses will be diverted to the UAW-controlled retiree health benefit fund.

Ford is reportedly offering \$75,000 buyouts to skilled trades workers. The company is pushing to get these better-paid workers out the door as a step toward creating a workforce consisting entirely of lower paid workers.

In attempting to sell the contract to UAW members, union executives are touting Ford's promise to add 5,750 new jobs. However, nearly all of the new jobs will pay the lower, second tier wage, currently \$15.50 an hour. This is little more than half the \$28 pay of regular hourly workers. Ford is boasting that as a result of the agreement, it will be able to begin "in-sourcing" work from such cheap labor countries as Mexico and China.

In a press release announcing the new agreement, UAW Vice President for Ford Jimmy Settles said it would allow workers to "share in Ford's prosperity." This is a lie. The vast expansion in the number of second tier workers will more than offset an increase in second tier wages to \$19.28 by the end of the four-year contract. Not only will second tier workers continue to earn lower hourly wages, they will still be saddled with greatly inferior health and pension plans. The net result will be little or no net increase in labor costs for the company.

As every Ford worker knows, company CEO Alan Mulally took in \$26.5 million in compensation in 2010. On top of that, Ford gave him \$56.6 million in stock earlier this year. The compensation of Ford's top executives alone would be enough to provide a substantial pay raise to every Ford worker.

The credit rating agency Standard and Poor's in a statement released September 29 said it will likely raise

Ford's rating if the settlement follows the pattern at General Motors and is ratified by Ford workers.

The *Wall Street Journal* cited one equity analyst who declared, "The introduction of the two-tier wages system combined with the UAW's willingness to keep the fixed costs in check means a win-win for the UAW and the auto makers. The UAW is adding more members to its ranks while GM and Ford benefit with cheaper labor that allows them to be more strategic in how they use their US plants."

The expansion of low-wage jobs at the US automakers is central to the plans of the UAW to expand its dues base. It wants to bring production back from overseas and convince foreign automakers in the US to let it into their plants by offering up UAW members as cheap labor. This is what the UAW means by "job security."

This policy reflects the interests of the well-paid officials staffing the UAW offices, who, by driving down labor costs, stand to reap handsome profits from their holdings in the stock of the auto companies.

In a UAW press release announcing the settlement, Settles spelled out the identification of the interests of the union with those of Ford. He declared, "Long-term job security for UAW members depends on quality, innovation and efficiency. UAW members at Ford are completely committed to top-quality and top-selling products."

Since 2000, the UAW has helped Ford reduce its workforce from 102,462 to about 41,000 today. Workers have received no wage increase since 2003 or cost-of-living raise since 2009, resulting in an effective wage cut of 20 percent.

The auto contract negotiations amount to little more than a conspiracy between two business entities—Ford Motor Company and the UAW—that share a vested interest in the intensified exploitation of auto workers. This is symbolized by the venue chosen to announce the tentative contract—the UAW-Ford National Programs Center in Detroit.

Ford workers should begin mobilizing now to defeat the contract. They should appeal for support from all auto workers, including workers at Chrysler and GM as well as those at the nonunion transplants. All wage and benefit concessions surrendered by the UAW must be restored. This means the abolition of the two-tier wage system and the restoration of full cost-of-living increases to all workers as well as a substantial annual wage increase. Every auto

worker, in the US and internationally, must be guaranteed the right to a secure, decent-paying job.

This struggle requires a rebellion against the UAW, which functions as an arm of management. New organizations of struggle must be built in the factories—rank-and-file committees democratically elected and controlled by workers. These committees should prepare for strike action to secure a decent contract and seek to spread the struggle to all auto workers in the US and internationally.

This industrial action must be combined with a new political perspective. The defense of jobs, wages, pensions, health care and working conditions requires an offensive against the capitalist profit system and its defenders in the two big business parties, the Democrats and Republicans.

The Obama administration, in alliance with the UAW, has used the world economic crisis to spearhead the deepest assault on auto workers since the formation of the industrial unions in the 1930s. The working class needs a political party of its own in order to mobilize its full independent strength.

Society must be reorganized on the basis of a rational plan drawn up democratically to meet the needs of the working class, the vast majority of the world's population, not the profit drive of the financial elite. Such a plan would include public ownership of the auto industry under the democratic control of the working class.

The Socialist Equality Party encourages auto workers to study our program and make the decision to join the SEP and help build the new leadership in the working class.



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