

# Obama touts South Korean trade deal at Michigan auto plant

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President Barack Obama and South Korean President Lee Myung-bak touted a newly passed US-South Korean trade deal Friday at a Detroit-area auto plant where 40 percent of the workers, members of the United Auto Workers, earn \$14.50 an hour.

Flanked by UAW President Bob King and other union officials as well as General Motors CEO Daniel Akerson, Obama told workers at the Orion assembly plant that the trade agreement would result in more jobs for US auto workers. What he did not say is that any increase in jobs will be predicated on an expansion of the poverty level tier-two wage scale imposed by his Auto Task Force in 2009 with the support of the UAW.

Obama used the occasion to boast of having “saved” the US auto industry by forcing GM and Chrysler into bankruptcy and extending bailout loans on the basis of unprecedented attacks on the wages, health benefits and pensions of auto workers, as well as tens of thousands of additional layoffs. He introduced President Lee, the former head of the South Korean auto giant Hyundai, to sell the trade deal as an opening for more US auto exports to his country.

Lee and Obama were silent on the fact that the drive by the Obama administration to double US exports by 2015 is based on a drastic cut in US labor costs to bring them closer to the levels of Asian workers. This is combined with a cheap dollar policy that has seen the US currency decline by 10 percent against the South Korean won since Obama took office.

The Korea Free Trade Agreement is a further step in the drive by the Obama administration to counter the growing economic influence of China in East Asia and

reassert US economic hegemony. Obama's remarks included a number of thinly-veiled barbs at China.

Lee demonstrated his supposed affinity for auto workers as head of Hyundai, where he oversaw brutal attacks on workers who struck for the right to form unions, including the use of hired thugs to attack and kidnap union organizers. Just last May he sent 2,500 riot police to break up a strike at an auto parts maker.

Obama's pseudo-populist demagoguery was on full display. In one breath he declared, “Most importantly, we believe in American workers,” and in the next he hailed “an American auto industry that's more profitable and competitive than it's been in years.”

But in promoting the trade agreement with South Korea, he could claim only that it would “support” 70,000 American jobs. This is a small fraction of the hundreds of thousands of auto jobs that have been lost in the past two decades, and an even smaller slice of the 11.1 million jobs needed to make up for those lost in the US over the past four years and the growth of the working-age population in the interim.

Last October, UAW officials signed a deal with GM behind the backs of the Orion workers to slash the wages of workers with less than 11 years seniority to the new-hire level of \$14.50 an hour—a 50 percent pay cut. The union told a shocked meeting of workers that they would not even have the right to vote on the agreement, and then proceeded to impose it against widespread rank-and-file opposition.

The expansion of the tier-two wage at the Orion plant was the first step in driving out the older workers and

turning Orion into the first GM plant with an all tier-two work force. It has set a precedent for doing the same at all Big Three (GM, Ford, Chrysler) plants.

In his remarks, Obama made special mention of UAW President King, whom he called his "dear friend" and "one of the key people who made this deal possible." The UAW has thrown its support behind the free trade agreement, saying the deal will "raise the living standards for workers" and "promote understanding and peace globally."

This places the UAW at odds with the AFL-CIO, which opposes the deal on economic nationalist and protectionist grounds. It also represents a shift in the previous anti-"free trade" policy of the UAW.

In the past, the UAW fought for higher tariffs against foreign imports because it felt obliged to uphold the basic wage structure of UAW auto workers, which had been established over previous decades of workers' struggles, even while it increasingly eroded the wage scale through one round of concessions after another. The UAW promoted chauvinism and racism against Mexican, European and Asian auto workers while adopting corporatist policies of labor-management "partnership" and abandoning the strike weapon.

In calling for protectionist measures, the UAW was chiefly motivated by the desire to keep auto production in the US and in UAW plants so as to maintain the dues base on which it largely relies to finance the six-figure salaries and expense accounts of the union executives. While the UAW remains wedded to a nationalist perspective and continues to promote chauvinism, it has under Obama fully embraced the destruction of the traditional wage scale of its members in favor of wage levels equal to or even lower than those which prevail at foreign plants and non-union plants in the US.

The UAW now feels it has nothing to lose in embracing a deal to lower tariffs between the US and South Korea, since it is prepared to help slash the wages and conditions of its members as far as necessary to compete with Hyundai and other Asian companies.

At the same time, the UAW is hoping that in return for its backing of the trade deal, Hyundai will agree to give it the franchise to "represent"—and collect dues from--the workers at the South Korean company's US plants.

The Korean auto plants operating in the US generally pay lower wages and provide fewer benefits than either the Big Three or the Japanese transplants, but they have recently been underbid by Volkswagen, which is starting assembly workers at \$12 per hour at its Chattanooga plant. With the deepening of the economic crisis, the Korean auto makers, whose main appeal is the low cost of their vehicles, will be driven to cut wages even further.

In offering its services to the Korean auto makers, the UAW is touting the return to profitability of the Big Three, which the union made possible by agreeing to sweeping job cuts, wage and benefit concessions and speedup. Chrysler, for example, has reduced its labor costs by 35 percent since 2006.



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