

Wall Street hails UAW-GM deal

Jerry White
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Wall Street analysts have hailed the new four-year labor agreement between the United Auto Workers (UAW) and General Motors. In the first contract since the bankruptcy of GM, the automaker expanded the deep cuts in wages, benefits and working conditions demanded by President Barack Obama as a condition for the bailout in 2009.

Increases in hourly labor costs for GM's 48,500 workers are limited to 1 percent, the smallest rise in four decades. The additional outlay for buyouts and bonuses and a small raise for the lowest-paid workers are more than compensated for by the elimination of cost-of-living improvements, income protections for laid-off workers and a myriad of other concessions.

GM—which has recorded six quarterly profits and has a \$30 billion cash hoard—will provide no wage increase for workers who have suffered an eight-year pay freeze. Given the current rate of inflation, every worker will lose another \$16,000 in real wages over the course of the contract. For the first time since 1953, hundreds of thousands of retirees will see no improvements.

In a teleconference, CEO Dan Akerson—who is expected to pocket \$11 million this year—told investors, “The new agreement positions GM to win long term.” Standard & Poor’s immediately raised GM’s credit rating.

The deal is a conspiracy between two business entities, one of them still referred to as a “union,” determined to turn back the clock to the 1930s. From the outset, UAW President Bob King pledged not to raise GM’s “fixed costs,” rejecting out of hand any suggestion that workers had interests that had to be defended regardless of the profits of big business.

Since 2005 alone, the UAW has helped GM reduce the number of hourly workers from 111,000 to 48,000 and cut labor costs by a staggering two-thirds. For workers this has meant falling living standards, near poverty wages for young workers and brutal speedup.

Welcoming the ratification of the contract, King praised President Obama for “keeping good-paying jobs in America,” and added that the UAW was “determined to work together with GM management to grow jobs in the US.”

By driving down wages, the UAW has enticed GM to return some production from plants in Mexico back to the US. This includes the reopening of the plant in Tennessee, which will operate under an “innovative” labor agreement with a large percentage, if not the majority, working for tier-two wages.

The only “good-paying jobs” being preserved are those of the corrupt businessmen who run the UAW. While demanding workers accept poverty-level wages, over the last two years the six-digit salaries of King and other top UAW officers increased 24 percent.

The contract will mean millions more in dues revenue and will be used to encourage European and Asian automakers to hire the UAW to police their workforces. By doing so, the UAW hopes to maintain the bloated salaries and perks of its hundreds of executives and full-time staffers and offset the revenue decline from an 80 percent fall in membership since 1979.

An inevitable clash is brewing between the working class and this corporatist entity.

King pointed to the 65 percent ratification vote as a ringing endorsement. In fact, there was deep opposition to the sellout, with at least three factories—Delta Township Assembly and Willow Run Distribution Center in Michigan and Indianapolis Stamping—voting it down decisively. There were large “no” votes at the Lake Orion assembly in suburban Detroit and other factories. Blogs and Facebook pages maintained by workers were filled with denunciations of the UAW, and retirees called for a boycott of dues payments because of pension cuts.

Perhaps most significant was the mass abstention, with some locals registering a turnout as low as 10

percent. This exposes the deep alienation of workers from the UAW, which they knew would do nothing to defend them if the contract were rejected. The majority of workers no longer see any division between the company and the so-called union.

Opposition, however, cannot remain passive. There is a class conflict between workers and the UAW. In opposition to the claims by the phony UAW dissidents in the Auto Worker Caravan and Soldiers of Solidarity, and their pseudo-left supporters, the UAW cannot and will not be pressured to fight. It is a hostile organization, unaccountable to the workers, which functions openly as an instrument of the corporations and government.

That is why workers need a new organization of struggle. Auto workers should prepare now by organizing rank-and-file committees, independent of and in opposition to the UAW, to overturn the agreement at GM, defeat whatever rotten deal is negotiated at Ford and Chrysler, abolish the two-tier system and restore all wage and benefit concessions.

This is a political fight against the Obama administration and both parties of big business, which insist workers accept mass unemployment and poverty to channel billions into the pockets of the corporate executives and Wall Street investors.

Workers must be organized as an independent force to conduct an industrial and political fight to break the stranglehold of the financial elite over society and reorganize the economy in the interests of the working class.

Seventy-five years ago, left-wing militants and socialists led a rebellion against the pro-company AFL unions and established the UAW in the sit-down strikes in Flint and other cities. The militant and socialist traditions that animated those struggles must be revived.

Economic life needs to be organized according to a rational plan, drawn up democratically by those who produce society's wealth, in order to satisfy human needs, not private profit. This includes transforming the auto industry into a publicly owned utility as part of a planned socialist economy in the US and internationally.

The Socialist Equality Party calls on all workers who see the necessity to begin this fight to contact us, study our program, and help build the SEP as the new

leadership of the working class. For information on the SEP and its program, click [here](#).

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