Contract workers denounce low wages in US auto industry

Jerry White
14 December 2011

Despite the vast differences in technology, the modern automotive assembly plant in the US increasingly resembles the auto factory of the 1930s. A growing number of workers, particularly younger new hires, are now earning what their great grandfathers did before the United Auto Workers (UAW) was established in the sit-down strikes 75 years ago.

In the present situation, however, rather than defending workers, the UAW is functioning as a cheap labor contractor. So thoroughly has the UAW reduced wages that American automakers are now boasting they can produce cars as profitably in the US as in Mexico, China or other low-wage countries.

Not only has the UAW sanctioned second-tier wages of $16 to $19 an hour—little more than half of what traditional workers earn. It has also opened the door to a third tier of contract workers who earn as little as $9 an hour, with no medical or retirement benefits. Up until a few years ago, the jobs they perform, such as materials handling, would have been done by workers paid $29 an hour.

A case in point is the situation many workers face at General Motors' Lake Orion, Michigan assembly plant, 40 miles north of Detroit. GM moved production of the subcompact Chevrolet Sonic from South Korea to the plant after the UAW imposed wage-cutting concessions. The factory employs around 800 traditional workers, 500 tier-two workers and 200 others employed by third-party parts suppliers.

At $9 an hour, the contract workers at the plant make an annual straight-time salary of $18,720, well below the government's official poverty threshold for a family of four. At this rate, few if any can afford the $14,000 Chevy Sonics or $23,470 Buick Veranos that roll off the assembly lines at the pace of 400 a day.

"When people hear I work at a GM plant, they say, 'Wow, you're lucky to have such a good-paying job.' Then I tell them the real situation," said one of the 78 contract workers at the plant. "Everyday I wake up I think about quitting because I don't want to drive two hours back and forth—and spend so much on gas—just to make $60, after taxes."

The worker is employed by supply chain contractor Logistics Insight (LINC), which is owned by Matty Moroun, the billionaire owner of the Ambassador Bridge between Detroit and Windsor, Canada. LINC supplies workers to stock the assembly lines at the plant.

"A lot of workers get off work and have to go to another job because wages are so low," the LINC worker continued. "Many are struggling working two or three jobs. I know a worker who just had her house foreclosed on."

As part of the 2009 restructuring of GM, the Obama administration insisted that "innovative labor agreements" be put in place at factories building small cars. The UAW pushed through, without a vote by local union members, a provision that allowed 40 percent of the workers at Lake Orion to be paid tier-two wages. The deal also opened the door to hundreds of even lower paid contractors.

The number of contract workers and temporary workers is expected to double when the plant ramps up to full production of 500 cars a day next year.

"We bring parts for certain sections of the car for GM workers to install. Things like ashtrays, cup holders,

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braces that hold up the instrument panels or hinges that keep the back seat down. It's a fascinating production process as the car moves from the Trim #1 line, where all the innards you can't see are assembled, and passes through to Trim #2, where all the stuff you see—seat belts, covers, buckles—are installed.

"We fill boxes—called kits—with dozens of parts. And for each car we get a different set of parts, for American or Canadian versions, for different colors. We get a print-out telling us each set of parts to add to the kit. Every hour we have to build 50 kits in order to keep up with the speed of the assembly line."

Workers are entirely subject to the whim of management. A schedule of four 10-hour days is normal, but workers are regularly forced to work 11 or 12 hours, and additional days during the week.

"By lunchtime, if the assembly line stops, we all ask ourselves: are they going to make us work 11 or 12 hours today? All we get is two hours' notice if they want us to work overtime.

"If there is no mandatory overtime for the week, I get Fridays off to recover and take care of all my personal business like doctors' appointments. They screw your life, telling you the day before that you are going to be working Friday. I've had to pay doctors' co-pays for missed appointments."

Among industry analysts there is increasing concern that younger workers will not accept this pariah status, even as the automakers and their suppliers plan to add 190,000 workers over the next four years to keep pace with rising demand, after decades of mass layoffs. An article by Agence France Presse warned, for example, "The use of even lower-wage contractors in jobs once held by higher-paid union workers is rattling more nerves now that the automakers are once again posting massive profits."

Under these conditions, the UAW is once again offering itself as a labor police force for GM and other Detroit automakers. Last spring, with the blessing of GM, the 78 LINC workers were turned into UAW "members" and put under the jurisdiction of UAW Local 5960, which pushed through the wage-cutting contract against Lake Orion workers.

After no movement on a new contract, last June LINC workers voted by 98 percent to authorize a strike. However, they have been kept in the dark ever since. "They will not show us the contract that is being negotiated between LINC and the UAW. We've left several voice mail messages with Pat Sweeney, the president of Local 5960, and he hasn't called back," the young worker said.

"When I heard the UAW was going to organize us, I thought of what we learned in history about the power of workers coming together to fight for not only what they deserve, but for what everyone else deserves.

"But on my job I've got to ask, 'Why are they [the union] here?' They are not doing anything to advance our interests."

In mid-October the UAW scheduled a demonstration of LINC workers. It was called off because UAW officials did not want to offend Barack Obama who was visiting the plant with South Korean President Lee Myung-bak.

"If the president of the United States can be bought off, then they can buy off the UAW too."

"I heard [UAW] President Bob King's speech about wanting to make GM more competitive. What does that mean? It means that GM workers should hate Ford workers and even workers at other GM plants. Does that mean working for such low wages that a worker loses her house? I've already heard about two or three suicides by workers in the plant. We should all be able to make a decent standard of living."

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