

The reality behind the “rebound” of the US auto industry

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The Obama administration, business analysts and the news media are pointing to the supposed rebound of the US auto industry as a bright spot in the otherwise stagnant and fragile US economy.

While automakers are losing billions in Europe and facing falling demand in China, vehicle sales have risen in the US after the nearly 40 percent collapse that followed the 2008 economic crash. General Motors, Ford and Chrysler reaped \$15 billion in profits last year.

“The auto industry is alive and well,” boasted George Magliano, senior economist at IHS Automotive in New York. “And today one of the leading industries in the recovery, though it’s a rather lackluster recovery, is the auto industry.”

How has this been achieved? During the 2009 bankruptcy and restructuring of GM and Chrysler, the Wall Street “turnaround” specialists appointed by the Obama administration ordered the shutdown of dozens of factories, the slashing of wages, health and retirement benefits, and the elimination of any protections against lengthening the workday and back-breaking speed up on the assembly lines.

Over the last six years, with the complicity of the United Auto Workers union, Detroit automakers have reduced hourly labor costs by a staggering 27 percent. Today a young auto worker makes the equivalent—taking inflation and the costs of union dues into account—of his counter-part in 1931 before the founding of the UAW.

During GM’s annual shareholder meeting in Detroit last week, CEO Dan Akerson defended Obama’s bailout, saying, “Four years afterward, it’s pretty hard to argue that it wasn’t successful. Twenty-five billion dollars in profits later, growing employment and a strong manufacturing basis and the first time in more

than a generation that all three manufacturers were profitable, speaks to whether it was a wise decision.”

In addition to these profits and CEO payouts (Akerson got a 44 percent raise last year, pocketing \$11.1 million), the rebound has also provided big dividends for the UAW, which is planning the sale of tens of millions of GM and Chrysler shares it received as part of the bailout. The sale of the GM shares—controlled by the union’s retiree health care trust fund, known as a Voluntary Employees’ Beneficiary Association, or VEBA—is expected to net \$688 million for the UAW. Union president Bob King and his investment advisers are currently involved in a bitter squabble over the value of UAW-owned shares with Chrysler boss Sergio Marchionne.

As a skilled worker at Chrysler’s Sterling Stamping plant in suburban Detroit said, “The union is a puppet for the company. They are for their own interests. Sergio is talking about giving the UAW \$6.5 billion for their VEBA stock. By driving the price of the stock up, [the UAW] makes more money. It is a conflict of interest.”

The 2009 restructuring also stripped workers of basic rights won over generations of struggle, including the eight-hour day and equal pay for equal work. The UAW gave the automakers the green light to hire unlimited numbers of “second-tier” workers paid around \$15 an hour—or half the standard base wage.

Meanwhile, young and old workers alike are being forced to work under the hated Alternative Work Schedule (AWS), which establishes 10-hour workdays with no overtime pay. UAW workers won overtime payments after eight hours in a bitter strike at Ford in 1941.

Under the AWS or 3-2-120 system three work crews work two shifts for 120 hours a week. At the Jefferson

North Assembly plant in Detroit the “A” crew works 10 hours a day on day shift from 6 a.m. to 4:30 p.m. Monday through Thursday. The “B” crew works 10 hours on night shift 6 p.m. to 4:30 a.m. on Wednesday through Saturday. The “C” crew works 10 hours on the night shift Monday and Tuesday and 10 hours on the day shift Friday and Saturday.

“I am on B crew and I don’t like that,” said a young worker at the North Jefferson plant. “I hate to work on Saturday. We work so late into the night we don’t get off until 4:30 a.m. On top of that one Sunday is mandatory per month. We are making so little money because of the two-tier the overtime helps to pay our bills.”

“I have been working at Chrysler for almost a year. A lot of people can’t handle the work and quit. It is not for everybody. Some jobs are more straining than others. It puts a wear and tear on your body. Some jobs have you lift heavy stuff. It is so repetitive.”

He added, “I don’t like the two-tier wage. I am doing the same job as a guy next to me who is making \$30 an hour. When I max out at my pay rate I will still be making less than the older workers are. Ford, Chrysler and GM are making a lot of profits off of this.”

The auto factories are reportedly running at 95 percent capacity. In 2004, the US had 70 auto assembly plants. Now there are only 55—a 21 percent reduction. But the industry will make 10.7 million vehicles in those plants this year, only 850,000—or 7.4 percent fewer—than in 2004, according to Ward’s Automotive.

Jim, a Ford worker, commented, “AWS is awful. People hate it. It’s ruining lives on the floor. I can’t believe the UAW agreed to this garbage, after all they invented the 8-hour workday. I’m very disappointed in my union and so are a lot of members.”

Operating with 300,000 fewer workers today than it did in 2005, the auto and auto parts industry are planning limited hiring to keep up with the temporary rush of demand. Exploiting high levels of unemployment and economic desperation in Detroit and other cities, the new hires will be little more than industrial slaves who will be quickly discarded once demand recedes.

“We are working four ten-hour shifts and every other Sunday, which makes five days,” said a worker with 16 years at Warren Truck. “I don’t know how long people can stand it. It benefits Chrysler, not us. All they care

about is getting out production.”

He added that there was a high turnover among the two-tier workers. “They can’t keep them because of the kind of work they are doing. It is repetitive and heavy. They come in making half the wages and doing the same or more work. Some come in and quit after several weeks. They say they can make more somewhere else. Chrysler doesn’t care—they just want a body in there.”

These conditions have become the model for Obama’s so-called economic recovery. Under the administration’s manufacturing strategy of “insourcing,” poverty wages, brutal exploitation and constant insecurity have become the new normal. The aim is to convince global corporations that it will be just as profitable to locate operations in the US as it is in China, Mexico or other low-wage countries. For its part, the UAW functions as a cheap labor contractor enforcing the dictates of management in exchange for a share of the profits the auto companies extract from workers.

A new generation of auto workers are being thrust into struggle, like their great grandfathers in the 1930s. New organizations of struggle, organized independently of the unions and big business parties, must be built to unite auto workers and fight to abolish two-tier wages, forced overtimes and other forms of industrial peonage.

The powerful traditions of socialism and internationalism, which animated the struggles of earlier generations, must be revived on the basis of a revolutionary perspective and program. The banks and basic industries must be put under the democratic control of working people and reorganized on a global scale, to meet human needs, not private profit and guarantee a good-paying and secure job for all. We urge all workers who want to take up this fight to contact the Socialist Equality Party .



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