The GM-UAW profit-sharing fraud

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In recent days executives from General Motors and the United Auto Workers union have hailed the $9,000 "profit-sharing" check GM is sending to each of its 48,000 hourly workers as proof of success of labor-management collaboration, and that the subordination of workers to the profit drive of big business can indeed lead to "rewards."

"That really is recognizing the hard work that the entire team did in 2014 to support our core underlying performance," said GM Chief Financial Officer Chuck Stevens. Not to be outdone, UAW President Dennis Williams gushed, "General Motors' announcement today leaves no doubt about the strong, stable environment the GM/UAW collective bargaining agreement created. GM has demonstrated that the company can profit, shareholders can have value and our members can be rewarded for their hard work."

Several things need to be said about these comments. First, the "stable environment the GM/UAW collective bargaining agreement created" included the abandonment of annual wage improvements, cost of living adjustments, paid holidays, the eight-hour day, current and future health and pension benefits and countless other hard-won gains. Compared to the tens of thousands of dollars each worker lost through these concessions, the $9,000 check at GM—or the $6,900 Ford or $2,700 Fiat-Chrysler Automotive checks—are a mere pittance.

This has allowed some "team members" to do a hell of a lot better than others. The company's $6.6 billion in North American profits, for example, will allow Stevens and GM CEO Mary Barra to pocket at least $18 million in compensation for 2014. This is 303 times the annual earnings of older GM workers; 543 times the yearly wage of a new second-tier worker and 972 times more then contract workers earning as little as $9 an hour.

Then there are the Wall Street speculators who control GM and the rest of the auto industry. Billionaire investors like Warren Buffett certainly saw the value of their shares sharply rise since the auto restructuring. Even after this week's rally following GM's announcement of record fourth-quarter profits, analysts estimate GM shares will rise 18 percent this year.

The company's board of directors is increasing its dividend payments by 20 percent—raising its annual outlay by about $400 million to $2.4 billion, or six times what was paid out in "profit-sharing" checks. GM's estimated cash hoard of $25 billion will not be spent on real wage increases in the coming UAW-GM contract, but on more dividend payments and stock buybacks to benefit financial speculators and corporate executives.

UAW President Williams neglected to mention the other "team members" who have done spectacularly well from the miserable wages and conditions paid to auto workers. These are the aspiring capitalists like Williams who run the UAW, the multi-billion-dollar business that falsely claims to represent auto workers.

With control of billions of dollars in GM, Ford and Fiat-Chrysler stock, VEBA health care retiree funds and joint real estate, investment and employee training ventures, the army of international, regional and local UAW businessmen have prospered from the greater exploitation of workers. They also managed to increase union dues by 25 percent.

Starting in the early 1980s, the UAW abandoned any struggle to improve the wages and living standards of the workers. On the contrary, in the name of defending corporate profits and improving the Detroit carmakers' "competitiveness" against international rivals, the UAW collaborated in the shutdown of hundreds of factories, the layoff of more than a million auto workers and one wage and benefit cut after another.

Today, lump-sum payments and profit-sharing schemes account for between 20 percent and 25 percent

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of a worker's annual pay. By contrast, 30 years ago the UAW regularly negotiated three-year contracts with a 3 percent annual improvement each year, plus cost-of-living adjustments to counter the effect of inflation.

The whole idea of "profit-sharing" has always been a fraud aimed at concealing the fundamental conflict between workers and the capitalist owners and, to preach class "unity." Far from workers having the same interests as the capitalists, the enrichment of the capitalist class depends on the ever-greater exploitation and impoverishment of the working class. This social reality has been confirmed in the experiences of workers in every part of the globe.

American workers are living through the most prolonged stagnation of wages since the Great Depression, while the super-rich have accumulated levels of wealth that would put the Egyptian pharaohs to shame. Today, wages have been reduced to the smallest portion of yearly economic output since the end of World War II, while corporate profits have soared.

This state of affairs has begun to cause alarm for a section of the corporate and political establishment. Increasingly various think tanks are warning about a major "wage-push" by workers. Any successful fight to improve wages threatens to open up a floodgate of struggle.

This is the meaning of President Obama's empty rhetoric about "middle class economics" and "more inclusive prosperity." At the same time, UAW President Dennis Williams has declared that "general wage increases are important to our members, and it is important to us as a nation, to bring our standard of living up."

In reality, Obama and the UAW used the 2009 restructuring of GM and Chrysler as the model for turning America into a cheap labor haven, to the point where they boast that corporations are shifting production from China and Mexico back to the US.

The larger-than-expected checks are a calculated ploy to dampen expectations for a genuine wage increase in the 2015 contract negotiations. Workers know they are not responsible for the criminal mismanagement of GM executives who covered up deadly defects and if they were forced to pay for them—in the form of lower profit-sharing checks—this could blow up UAW-GM plans to use performance-based schemes in the new contract to replace real wage increases.

Williams' rhetoric about raising wages and ending the two-tier system is merely for mass consumption. The fact is, the UAW is just as opposed to any genuine increase in wages as the company and Wall Street. Any increase in "fixed costs" is seen as damaging to the flow of profits—to the company, Wall Street and the UAW—that has been assured by a staggering 35 percent reduction in labor costs since 2007.

Fiat-Chrysler boss Sergio Marchionne has recently said he is "hostile" to the idea that workers are "entitled" to regular raises. As he previously said, "We do need to provide real (financial) upside to our workers as long as organization continues to perform. (But) our people also have to share in the downside of this business, particularly the cyclical nature."

In other words, as long as the automakers profit from the temporary boom in auto sales—fueled largely by lower gas prices, cheap credit and pent-up demand from the recession—workers might get a few crumbs. But if profits decline, as they inevitably will, due to the global economic crisis, a sudden collapse in consumer demand or the criminal and shortsighted decisions of corporate management over which workers have no control, it is the working class that must pay.

The slavish outlook promoted by the UAW should be rejected. The livelihoods of workers cannot depend on the anarchy of the capitalist market. Rather than "profit sharing" the struggles of the working class must be guided by a socialist strategy: the reorganization of economic life so the wealth created by workers can be used for the betterment of society, not the enrichment of the few.

Auto workers must begin now to build new organizations of struggle, controlled by the rank-and-file and independent of the UAW and both big business parties, to prepare a real fight to recoup the devastating losses they have incurred. We urge workers to contact the Socialist Equality Party to take up this fight.

To contact the WSWS and the Socialist Equality Party visit:

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