

As United Auto Workers bargaining convention opens

## Media worries whether UAW can contain auto workers' expectations

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The United Auto Workers bargaining convention opens in Detroit today with industry analysts and the news media expressing concern over whether the UAW will be able to contain the expectations for improved wages, benefits and working conditions of workers at General Motors, Ford and Chrysler. The four-year labor agreement covering 140,000 workers at the Detroit-based automakers expires on September 14.

The corporate-controlled news outlets go through the motion of presenting the upcoming negotiations as a struggle by the UAW against the auto companies. Everyone in the know, however, understands that the next six months will involve a struggle by the UAW to impose the dictates of the corporations against an increasingly restive workforce.

The quadrennial UAW bargaining conventions are stage-managed affairs, attended by vetted union delegates and closed to the rank-and-file. Expressing the anti-worker alliance of the UAW with the Obama administration, among those invited to speak this year will be US Secretary of Labor Thomas Perez. Perez recently intervened on behalf of the White House to impose a pro-company agreement on 20,000 West Coast longshoremen in order to block a potential joint strike with oil workers.

Leading the proceedings will be UAW President Dennis Williams, who currently sits on the board of truck maker Navistar. As head of UAW Region 4 based in Chicago, Williams negotiated concessionary contracts with heavy equipment maker Caterpillar in 2004 and 2011 that ended company paid pensions, slashed health benefits and imposed a two-tier wage that set a precedent for the auto industry.

A March 21 article in the industry publication

*Automotive News*, entitled “Navistar deal shows UAW president’s pragmatism,” praised Williams for being “well aware of the pressures that companies face from global competitors.” It noted that Williams had just agreed to a four-year deal that granted “lean-manufacturing rule changes to aid Navistar’s turnaround.”

At the center of the 2015 talks will be the two-tier wage system, which the UAW agreed to in 2007 and expanded in 2009 under terms dictated by the Obama administration. Under its provisions new hires receive wages that are little more than half the standard base wage of \$28 an hour. Tens of thousands of young second tier workers have been brought into the auto plants so that 42 percent of Fiat Chrysler workers are now Tier 2.

With the auto companies making profits of \$10 billion in 2014 and an estimated \$76 billion since 2009, sentiment is strong among both younger and veteran workers for bringing the Tier 2 workers up to the top pay level. At the same time, among workers earning the top tier wage, who have seen their pay frozen for 10 years, the sentiment is for a pay raise as well as for restoration of annual cost-of-living increases.

In the face of anger among the rank-and-file, the UAW has been forced to make certain verbal adaptations to these sentiments, while maintaining its commitment to sustain the profits of the auto companies. Of further concern to the UAW, due to Michigan’s new right-to-work law, payment of union dues will be voluntary after the expiration of the current contract.

Reflecting the thinking of the financial elite, an article in the March 22 edition of *Automotive News*

rejects the notion that the Tier 1 wage should be the standard for all workers. The piece headlined, “Is higher paying Tier 1 at risk in UAW Talks?” cites unnamed analysts and industry sources, who, the author writes, “say the outcome of negotiations could just as readily find the Tier 1 system in jeopardy rather than the Tier 2.” He further notes, “The Detroit 3 see the expansion of the entry-level wage system as key to achieving labor-cost parity with their Asian rivals eventually.”

The article cites the position of Fiat Chrysler CEO Sergio Marchionne, who has publicly opposed the two-tier wage and called for its elimination by phasing out the Tier 1 pay scale. Another analyst quoted by *Automotive News* said that eliminating the Tier 2 wage was not acceptable to the auto companies who, he said, are “eventually hoping to land at Tier 1.5”

With some 5 million workers facing contract expiration deadlines in 2015, big business and the Obama administration are relying on the UAW to hold the line on wages. The UAW auto contract has historically set a pattern for manufacturing wages. Indeed, according to the National Employment Law Project, a liberal advocacy group, the two-tier wage in auto set a precedent throughout manufacturing leading to sharply lower wages. According to their statistics, one quarter of auto parts workers now make less than \$13 an hour, down from \$18 an hour paid before the implementation of two-tier wages.

Auto workers contacted by the *World Socialist Web Site* were adamant that the two-tier wage had to be eliminated, but not at the expense of senior workers. Perez, a Tier 2 worker at Chrysler’s Warren Truck plant outside of Detroit, told the WSWS, “I think they are going to have to put a plan in place to bring up Tier 2 to the Tier 1 level.” He reacted to the threat to eliminate the top-tier wage. “It doesn’t go. It is not fair that the top tier has not had a raise in 10 years.”

Earl, a veteran Tier 1 worker, also at Warren Truck, said he favored raising the wages of Tier 2 workers, but not at the expense of Tier 1. “They are not going to bring down the top tier. If they try it there would be strike action right there.”

An article in the March 22 *Wall Street Journal* noted the anger in the plants over the two-tier wage. Titled “UAW’s ranks press to close pay gap,” it warned the UAW against bending to the pressure for significant

improvements. Saying that UAW President Williams was “in a tough spot,” the piece continues, “If he doesn’t take a hard line, his base will be demoralized. If he commits to abolishing the tiers, he paints himself into a corner before negotiating with the Big Three executives uninterested in cost increases.”

It concludes with this admonition, “Regardless of the solution, any wage increases won this year will need to be paid back with reduced pension benefits or higher health costs for UAW members in the years to come. Explaining that reality for the delegates gathered in Detroit may be the most important item on Mr. William’s agenda.”

Auto workers should be forewarned that the UAW is preparing to betray their aspirations for improvements in their working conditions and living standards. The UAW represents not the interests of workers, but of the well-paid executives that staff its offices. Over the past 35 years the UAW has presided over the decimation of the jobs, wages and benefits of auto workers, leaving a trail of misery and ruin in its wake.

The fight to defend jobs, wages and living standards can only be waged successfully if workers build new organs of industrial struggle. This requires not only a break with the UAW, but rejection of its program of economic nationalism, support for the Democrats and the capitalist profit system.



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