

# UAW president open to discuss new lower pay scale for auto workers

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The Special Bargaining Convention of the United Auto Workers (UAW) held in Detroit on March 24-25 makes it clear that the fight by 139,000 General Motors, Ford and Chrysler workers to improve their living standards and work conditions in the 2015 labor agreements will require a determined struggle not only against the auto bosses but the UAW itself.

With the companies raking in profits of \$76 billion since the 2009 restructuring of GM and Chrysler by the Obama administration, factory workers are looking to win significant gains after decades of union-backed concessions.

In particular, workers want to abolish the hated two-tier wage system, which has left 40,000 workers hired after 2007 earning almost half the \$28 an hour wage paid to so-called legacy workers, along with substandard health and pension benefits. Older workers, who have not seen a wage increase in a decade, are also looking to recoup lost income, including annual wage increases and cost of living adjustments.

Under these conditions, UAW President Dennis Williams and other union officials at the bargaining convention postured as opponents of second-tier wages, although they did not outline specific demands for the upcoming negotiations to replace the current agreements.

In speech after speech, Williams and other top executives spoke about “bridging the gap,” an amorphous phrase designed to suggest lessening the chasm between second- and first-tier workers and between auto workers and corporate CEOs. Fiat-Chrysler chief Sergio Marchionne, for example, is expected to pocket \$72 million for 2014.

Further complicating matters for the UAW apparatus is the threat of a mass exodus of members once Republican-backed “right-to-work” laws in Michigan, Indiana, Wisconsin and other states go into effect when the labor agreements with Detroit’s Big Three automakers expire.

These laws make union membership and dues payment voluntary even in unionized workplaces.

As the bargaining convention began, *Bloomberg* revealed that GM and Ford planned to ask the UAW to sanction the creation of a third tier of so-called low-skilled auto workers who would be paid even lower wages than current second-tier workers. Unnamed spokesmen for the two automakers said that the third tier was needed to overcome the nearly \$10 an hour cost advantage enjoyed by Fiat, which has the highest percentage of second-tier workers in the industry: 44 percent, compared to 23 percent at Ford and 17.5 percent at GM.

During his keynote address, the UAW president demagogically declared, “there are already too many damned tiers.” The corporate-controlled news media responded to Williams’ statements by claiming that the third-tier proposal was a nonstarter that had been rejected by the UAW.

Bloomberg posted a March 27 opinion piece, entitled “Detroit Is Bluffing UAW on Third-Class Jobs,” in which the author, Megan McArdle, declared that the leak was a “bargaining chip” aimed at countering calls for an end to the two-tier system, which, she said, “is here to stay.” A third tier, however, “is an idea whose time has not yet come—and never may.”

No sooner had the special bargaining convention ended than Williams suggested that in fact the time may very well have come for the union to help create an even more heavily exploited subclass of workers.

Williams spoke at a March 25 press conference at the close of the convention. The UAW ordered *World Socialist Web Site* reporters out of the conference before Williams spoke, in accordance with an antidemocratic policy the UAW adopted in 2011 to prevent the exposure of its betrayal of auto workers.

The WSWWS was, however, able to obtain a tape recording of the press conference. In it the following

exchange took place:

*Detroit News* reporter: “You mentioned the kind of lower tier GM and Ford want and you said ‘there are already too many damned tiers.’ Is that just completely off the table?”

Williams: “I meant it. How many damned tiers do people need? I don’t mind if we are going to talk about new work coming in and it’s not related necessarily to the OEMs (Original Equipment Manufacturers) or the stamping or the engine but it’s a component or something, we’ll talk. I’m all for growing the business if that makes sense. But we have to be thoughtful about what we are doing. You can’t keep dividing workers and thinking you are going to have a quality workforce and a quality product.”

In other words, for all the public denials designed to fool auto workers, the UAW is fully prepared to discuss a third tier.

In reality, a third and even fourth tier of contract workers, without the slightest job security or health and pension benefits, are presently laboring in the auto factories for barely more than the minimum wage. As the AP noted, “A third tier of wages already is in place at several General Motors factories in the Detroit area for a small number of workers who build battery packs and place parts in the right sequence to be assembled on cars. Without the lower tier, the work may have gone to Mexico or another country with lower labor costs.”

In its 2015 bargaining resolution, under the heading of “bridging the gap for temporary and contingent workers,” the UAW says these workers “should be directly employed by the employer and placed in our bargaining units so that they can also have the protection and benefit of union representation and bargaining.” In other words, the UAW wants temporary and contingent workers to pay union dues from their poverty-level wages for the privilege of the “protection and benefit of union representation.”

Last year, the UAW negotiated a contract with auto parts supplier Lear Seating in Hammond, Indiana that transformed nearly half the workforce into a new category of “sub-assembly workers.” These workers will make \$11-12 an hour, even less than the second-tier workers. Meanwhile, the top wage for “legacy workers” was capped at \$21.58. Under the new agreement, those second-tier workers who were not dumped into the lower pay grade would qualify for top payscale after four years.

Because the new tier of workers was supposedly not doing the exact same job as their higher paid colleagues,

the UAW cynically claimed it was upholding the principle of “equal pay for equal work.”

When the UAW first agreed to the two-tier system in the so-called “transformational agreement” in 2007, the scheme was initially targeted at “non-core” jobs, including certain machining operations, subassembly, inspection, some stamping functions, material handling, warehousing and truck driving.

This scheme, the UAW claimed, was a temporary measure to help the auto companies weather their financial difficulties. However, by 2009, with the Obama administration’s forced bankruptcy and restructuring of GM and Chrysler, the UAW agreed to the White House demand for all future hires to be paid second-tier wages. As a reward, the UAW was given control of a multibillion-dollar retiree health care trust fund—the latest direct cash transfer from the auto companies to their UAW “partners.”

In a column on the convention, *Detroit News* columnist Daniel Howes noted, “As delegates demand the new contract ‘close the gap’ between the second-tier and the legacy pay rates, the brass that works in Solidarity House and meets regularly with automakers talks of ‘bridging the gap.’” This is more than semantics, Howe says, because Williams and the rest of the UAW understand that the lower tier wage negotiated by the UAW in 2007 “made reinvestment in U.S. plants more doable; bolstered sagging UAW dues rolls through difficult times; and helped repatriate production of cars and trucks otherwise destined for plants outside the country.”

Indeed, UAW Vice President Jimmy Settles boasted at the convention that Ford had relocated several operations from China, Mexico and Turkey to factories in Michigan and Ohio. This, he said, added more than 3,000 new dues-paying members. In other words, slashing the wages of auto workers has been at the center of the “growth strategy” of the UAW.



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