

UAW ready to sanction new subclass of low-paid US auto workers

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With labor agreements for 139,000 GM, Ford and Fiat-Chrysler workers in the US expiring in four months, the United Auto Workers union has signaled its support for the creation of a new subclass of factory workers who will earn as little as \$10 an hour. This is roughly a third of what senior workers are currently paid.

The plan, which is actively being discussed between the executives who run the auto industry and the UAW, would set a precedent for further slashing manufacturing wages not only in the United States but around the world.

In exchange, the UAW, which has lost more than one million members since 1979 due to its pro-company policies, would receive a fresh infusion of dues income from thousands of new, poverty stricken “union members.” Among the concerns of the union is that the new “right to work” law in Michigan will go into effect with the new contract, leading to an exodus of workers from the union.

The ultimate goal is to mark a new stage in the transformation of auto workers—once the highest paid industrial workers in the US if not the world—into a highly exploited cheap labor force. Once again the UAW is working closely with the Obama administration, which oversaw the 2009 restructuring of GM and Chrysler that wiped out tens of thousands of jobs, halved the wages of new hires, unloaded pensions and health care costs onto the backs of workers and abolished the eight-hour day.

After reducing labor costs by more than a third since 2009, the Detroit-based automakers have made \$53 billion in profits over the last four years alone and nearly another \$2 billion in the first quarter of 2015. Flush with an immense cash hoard, the companies have spent lavishly on stock buybacks and dividend payments for their biggest shareholders, which in addition to major financiers includes the UAW.

The high-level discussions to further cut wages were revealed by the *Wall Street Journal* in its May 10 article, “UAW, Car Makers Weigh New Class of Hires.” The main business newspaper in the US writes, “United Auto Workers officials are considering a plan to encourage the Detroit

Three auto makers to add thousands of jobs traditionally belonging to auto-parts suppliers, hoping to fuel the union’s recent string of modest membership increases.

“The catch? The wages wouldn’t be great.”

After noting that UAW president Dennis Williams is “under pressure” from workers to recoup lost income now that the “auto industry is awash in profit,” the newspaper echoes Williams’ public claims that “he wants to close the compensation gap between entry-level assembly-line employees making \$19 an hour and veteran workers earning \$28 an hour.”

At the same time, the *Journal* writes, “Mr. Williams is expected to discuss allowing the auto makers to hire new blue-collar employees at an even lower rate—between \$10 an hour and \$15 an hour, according to people familiar with the matter. These new workers would handle low-skilled jobs such as organizing auto parts in bins, and wouldn’t assemble vehicles. ‘It’s a mutual area of interest,’ UAW secretary-treasurer Gary Casteel said in a recent interview. ‘It has been for some time.’”

The article continues: “Auto makers say privately they are intrigued by the idea. In the near-term, GM, with an hourly US workforce of about 50,000, could be the biggest beneficiary, according to people involved in the coming negotiations. Bringing more work in house by hiring thousands of new and inexpensive workers could allow it to better control the manufacturing process, shaving tens of millions of dollars off logistics costs and boosting vehicle quality by catching potential problems earlier.”

Nothing could more clearly demonstrate the fundamental antagonism between the interests of the business executives and aspiring capitalists who run UAW, Inc., and the rank-and-file auto workers that the UAW claims to represent.

Workers informed by the *World Socialist Web Site* about the plans to create a new third tier reacted with shock and anger.

“They should eliminate the second tier. Another tier means we are giving more labor for less money,” said Tiffany, a second-tier worker with three years at Fiat-Chrysler’s

Jefferson North Assembly in Detroit. “We all work hard on the line. To force workers to come in for less money is demeaning.”

Speaking about the upcoming negotiations, she said, “We don’t know what to expect. We are nervous. I don’t think they will get rid of the two-tier system because it is comfortable for them.

“Workers feel the UAW is in bed with management. When my father worked in the auto plant you wouldn’t catch the UAW going to the golf course or to clubs with management. Now they do it all the time, and it’s not a problem. Anything management says, they do.”

Another second-tier worker at Chrysler’s Warren Truck assembly plant in suburban Detroit said, “Why do they want to keep cutting our pay? They are making the rich richer and the poor poorer. Chrysler is not bankrupt any more. Why can’t everyone get the same money they were making before? The companies are doing well now, but they don’t want to give anything back.

“Union dues went up too. They make much more money than we do, and what do they do? The UAW doesn’t care, it seems like they are working for Chrysler.”

In the 1980s and the 1990s, the UAW betrayed a series of bitter strikes in independent supplier plants in order to lower the costs of parts for the US-based carmakers and boost their international competitiveness. In 1980, an auto parts worker earned 15 percent lower wages than a worker at a Big Three assembly plant. By 2000, the differential had risen to 31 percent.

This paved the way for GM and Ford to spin off their parts making operations—Delphi and Visteon—in the late 1990s and early 2000s, and then savagely slash wages and pensions during bankruptcy restructuring. At the same time, the auto companies outsourced parts production to Mexico, China, India and other low-wage countries.

In 1960, 50 percent of all auto workers in the US were employed by the Big Three. Today, 72 percent of all auto workers—384,000 in total—are employed by so-called independent parts manufacturers, where the median wage is \$15 an hour, with many making far less through employment in temporary staffing firms.

Real wages for auto parts workers fell by nearly 14 percent from 2003 to 2013—three times faster than for manufacturing as a whole, and nine times faster than the decline for all occupations, according to the National Employment Law Project.

In effect, the UAW is proposing to bring some of these workers back into the framework of the Big Three, where they will be paid even lower wages than when the parts companies were spun off. The union—following the lead of the United Steelworkers in the steel industry 2000s—is

seeking to help restructure the auto parts industry, in order to further cut costs and institutionalize the role of the UAW as the enforcer of wage cutting, speed up and labor discipline.

The central “growth strategy” of the UAW is to slash wages so low as to convince the automakers to “in-source” production back to the United States. Global parts companies have also shifted production to the US to take advantage of low wages and the proximity to the major auto manufacturers. The head of Indian-based parts maker Sakthi, which supplies GM and Ford, is carrying out a \$32 million expansion in Detroit.

“It was always a given that it was just better and cheaper to outsource, but that is not the case anymore,” Ron Harbour, a manufacturing consultant at Oliver Wyman told the *Wall Street Journal*. “This is an opportunity for the Big Three and the UAW to agree on something where they could both gain.”

The *Journal* cited the gushing remarks of UAW Local 652 president Mike Green in Lansing, Michigan. Pointing to a number of buildings owned by five independent parts suppliers outside GM’s Cadillac assembly plant, he said, “GM is paying those independent parts suppliers to manage the work they can do. Why not take that work, bring it back under the GM umbrella and save millions of dollars? Look, at each building; there is an American flag, a UAW flag and a [supplier’s] corporate flag. All GM has to do is get rid of the company and put up the GM flag.”

These revelations confirm the warnings the WSWS made after the March 24-25 UAW Special Bargaining Convention in Detroit. “For all the public denials designed to fool auto workers,” the WSWS wrote, “the UAW is fully prepared to discuss a third tier.”

This underscores the fact that rank-and-file workers face a struggle not only against the auto bosses and the Obama administration but also their hirelings in the UAW and the profit system they all defend.



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