Contract talks set to begin for 140,000 US autoworkers

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Negotiations for new labor contracts covering 140,000 General Motors, Ford and Fiat Chrysler workers in the United States formally begin this week in Detroit.

Officials from the United Auto Workers (UAW) will hold their traditional handshake ceremonies with GM executives today, followed by the opening of talks with Fiat Chrysler Automotive (FCA) Tuesday and Ford on July 23. The current four-year agreements end September 14.

The negotiations do not involve antagonistic parties. The UAW long ago abandoned any defense of workers' interests and tied its financial and institutional fate to the profits of the auto companies. Over the last three-and-a-half decades, the UAW has helped the Big Three automakers eliminate 90 percent of their US-based hourly workers and transform what was once the highest paid industrial workforce into low-wage laborers.

The talks are appropriately being opened at the multi-million dollar riverfront headquarters of the UAW-GM Center for Human Resources. This is one of the many labor-management operations that have served as a "non-profit" tax shelter for the transfer of billions of dollars from the auto companies to the UAW.

The main aim of the UAW is to continue to slash labor costs in order to entice the automakers to "in-source" their production back to the United States from China, Mexico and other low-wage countries. This is particularly important to the UAW apparatus because it anticipates an exodus of members in states like Michigan and Indiana, where Republican state governments have passed so-called "right to work" laws, which make dues payment voluntary in unionized workplaces.

The main concern for the UAW is that tens of thousands of autoworkers are determined to recoup their losses now that the auto companies are recording huge profits, including $73 billion in their North American operations since the last contract was signed in 2011. In particular workers want to abolish the hated two-tier wage system—which condemns some 40,000 workers hired after 2007 to wages of $17 to $19 an hour, compared to $28.50 for older workers. In addition, senior workers who have not seen a wage increase for a decade want a significant pay increase and a return of their cost-of-living adjustments.

"We are just getting by, putting food on our tables and living check to check," a young worker at Chrysler's Warren Stamping Plant in suburban Detroit told the WSWS. "We want more. We want a future where we can live comfortably. We're making the same thing as our grandparents did 20-30 years ago and don't even have the benefits they did. I can't retire. I'll have to work until I die."

The main task of the UAW is to find some way of suppressing this opposition. Industry analysts and their media spokesmen are worried that the UAW will fail to contain these expectations. "UAW President Dennis Williams finds himself in a difficult—if not impossible—position," the Associated Press commented last week. "He likely will need to score pay raises to get a contract ratified, and he also wants to create more US jobs. But he can't risk hurting the Detroit companies' competitiveness."

In a shot across the bow of autoworkers, Ford announced late last week that it was shifting production of its Focus compact and C-Max hybrid and plug-in models to Mexico after 2018, threatening the jobs of more than 4,000 workers at its Michigan Assembly Plant in the Detroit suburb of Wayne. This provocation, likely cleared with Ford's "UAW partners," is meant to club down the resistance of workers and soften them up for a new round of concessions demanded by the corporations and the UAW.

Since the "transformational contract" signed by the UAW in 2007—which introduced the two-tier wage system—labor costs per vehicle have been slashed by more than 50 percent, from 11.5 percent per vehicle in 2007 to 5.7 percent last year, according to the Center for Automotive Research. The vast profits extracted from autoworkers—estimated to be around half a million dollars per worker since 2011—have been used primarily to fund stock buybacks and dividend payments to wealthy investors.

The auto executives and the powerful financial firms that wield control over the industry are determined to slash costs even further, permanently replacing increases in base pay with incentive payments based on profitability and production quotas, shifting more health care and retirement costs onto the backs of workers and increasing the output of workers already subjected to speedup and 10-hour days without overtime pay.

Speaking for the auto bosses, FCA CEO Sergio Marchionne—who personally pocketed $70 million last year—has said he "violently" objects to the "notion of entitlement" when in comes to hourly pay raises.

The ability of the companies to add more UAW jobs, the *Detroit Free Press* wrote Sunday, "depends on offsetting increases in wages or benefits with gains in productivity. Health care costs promise to be a central issue, as the automakers face paying a so-called 'Cadillac tax' of 40 percent on rich UAW medical plans starting in 2018." It continued, "Pressure from management and Wall Street to seek ever lower-cost labor in Mexico and elsewhere is relentless, despite evidence that labor is a shrinking piece of automakers' cost structure."

While mouthing rhetoric about "bridging the gap" in pay and "rewarding autoworkers for their sacrifices," the UAW is proposing measures that would further reduce labor costs while shoring up the financial position of the bloated union bureaucracy. These include the creation of a new third tier of so-called unskilled workers, earning as little as $10 an hour, by bringing back in-house some of the parts production spun off by the automakers.

The UAW is also considering a proposal championed by its counterparts in the Canadian auto union, Unifor, that would force new hires to wait eight years before reaching the highest pay.

The UAW is seeking to expand its multi-billion dollar retiree health care trust fund—known as a Voluntary Employees' Beneficiary Association or VEBA—to include active workers along with the companies' salaried employees. The trust, originally set up in 2005, is essentially an investment vehicle for the UAW, and its expansion would give the union executives financial incentive to reduce medical coverage and shift out-of-pocket costs onto current employees as it has retirees.

Standing behind the automakers and Wall Street investors is the Obama administration, which has employed the unions to drastically reduce the social position of the working class. Obama used the 2009 bankruptcy restructuring of GM and Chrysler as the spearhead for sharp reduction of manufacturing wages throughout the US economy. Median manufacturing wages had been higher than average private sector pay from 1976 and 2006. They are now lower and are expected to be nine percent less over the next decade, according to the National Employment Law Project.

The Obama administration has relied on the unions—including the United Steelworkers, which betrayed the months-long oil refinery workers' strike earlier this year—to block what many financial analysts feared would be a "wages push" from American workers who have suffered through the longest period of wage stagnation since the Great Depression, even as corporate profits and stock markets soar.

The artificial suppression of the class struggle, however, has only assured that when the resistance of workers erupts it will be far more explosive and lead to a direct clash with the pro-capitalist trade unions, the corporate and financial elite and the two big business parties. Autoworkers, like workers throughout every industry and every country, face a political struggle against the capitalist profit system, which is impoverishing workers all over the world.