

Report: UAW auto contracts no threat to Big Three profits

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In the wake of the US auto contract ratification votes, the business press is celebrating the expected continued flow of record profits. The deals pushed through by the United Auto Workers maintain the two-tier wage system and in fact create multiple tiers, while providing only minimal pay increases for senior workers.

According to a report by *Automotive News*, “UAW contract costs no threat to Detroit 3, experts say,” auto industry analysts point out that the agreements actually decrease, or raise only marginally, automakers’ costs. Summing up, the article says that the impact of the contracts on the auto companies profits will be “negligible.”

According to an estimate provided by the Center for Automotive Research, per vehicle costs for General Motors will actually drop \$24 from 2014 to 2019, to \$2,350. This is due to plans to force out older, better-paid workers and hire more tier two and temporary. Ford’s costs will rise minimally, while Fiat Chrysler will see a rise of \$729 due to the larger number of tier-two workers it employs.

These estimates do not include many behind-the-scenes plans to further slash costs, including a pledge from the UAW to cut health care benefits for tier-one workers.

Auto companies are already enjoying booming sales and profits. Ford made \$6.6 billion in the first three quarters of this year, while General Motors and Fiat Chrysler made \$8.3 billion and \$3.4 billion, respectively.

Art Schwarz, a former top negotiator for GM, told *Automotive News*, “I can think of a bunch of contracts that were more expensive than this. If you rank it among the historical contracts, it’s going to be low.”

These statements confirm the assessment made by the WSWs *Autoworker Newsletter* that the agreements

imposed by the UAW on workers at the Detroit automakers were tailored to the needs of corporate management. While the UAW claimed that they were the “richest” contracts ever negotiated, in fact they ensure a permanent and significant lowering of the overall compensation of autoworkers.

A worker at the Chicago Ford Assembly Plant with four years told the WSWs, “They are gloating and bragging about how much money they are making. The workers have been made to give up their wellbeing for the sake of the auto industry. We give everything, but when it is time to give back, we get very little.

“Manufacturing workers are the backbone of the US economy. Our hard work made the auto companies what they are. They lower our wages. Then when we demand fair wages, they threaten to take our jobs overseas.”

The contracts fail to restore past concessions surrendered by the UAW, such as cost of living increases. The contracts also eliminate the hiring cap for tier-two workers. They provide for only a gradual increase in pay for tier-two workers over the course of eight years, four years beyond the life of the new agreement, to \$29 per hour, the current top pay rate. With inflation taken into account and given the decade-long freeze in pay for tier-one workers, this means a sharp lowering of wages over the course of two decades.

The Chicago Ford worker noted, “I understand with what was given up we are not even coming close to making it back. While Ford is making more money, the value of workers’ pay has declined. Workers are making \$28 an hour, the same as they made 10 years ago. But the value of that has decreased because of inflation to about \$21.90 in real terms. We are tired of this.”

On the role of the UAW, he added, “It is almost like a monarchy. It is like those in high places are setting it up for the next group of people. They’re doing Ford’s work for them.”

The contracts met with massive opposition from autoworkers, with Fiat Chrysler workers voting down the first proposal by a decisive 2-1 margin. In response, the UAW hired a public relations firm to sell a reworked version of the same deal while bombarding workers with lies and threats. After securing ratification at Fiat Chrysler, the UAW moved on to GM, where a deal was narrowly approved by production workers but rejected by skilled trades, who voted nearly 60 percent against.

At Ford the contract appeared headed for defeat after large “no” votes at Chicago Assembly, Kansas City Assembly and several other plants. The UAW rushed into action, calling an emergency press conference at Local 600 in Dearborn, Michigan, the last unit to vote. At the press conference, from which WSWs reporters were barred, the UAW threatened workers, implying that a “no” vote would lead to the loss of jobs.

In the end, the UAW announced it had secured just enough votes to ensure passage of the contract against all odds. Neither the UAW nor the corporate media has responded to widespread allegations of vote fraud, ballot stuffing and intimidation.

A worker at the Dearborn Truck Plant wrote in to the WSWs, “I work at the Dearborn Truck Plant body shop building. The voting process was fixed. The union rep would cross your name off a list, give you a ballot with a yes or no option. The ballot was not numbered or tied to any individual. After you make your selection surrounded by international reps you place the ballot in a small garbage can. When it got full a local rep would place it in his car and drive it to the local for counting...”

Another Chicago Ford worker said, “There are a lot of upset people here. The UAW told us they were raising union dues to help get rid of the two-tier wage system. Now there are five or six tiers. The people with high seniority are not getting what they deserve either.”

He said there was widespread suspicion of vote rigging at Ford. “Everyone was voting ‘no,’ then suddenly there is 51 percent ‘yes.’ We are hoping there will be an investigation. I know from people at Dearborn that there were union reps running around the

plant telling people to vote ‘yes’ or they would lose their jobs. We are sick of it.”



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