Latest UAW-Volvo agreement contains attacks on pay, health care

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The United Auto Workers announced Thursday evening a third tentative agreement with Volvo in a bid to shut down the four-week-long strike of nearly 3,000 workers at the New River Valley plant in Dublin, Virginia.

The announcement of the agreement on the UAW website was its first public acknowledgment of the strike since workers walked out at the beginning of June. For weeks, the UAW enforced a news blackout of the strike, seeking to prevent other workers from even knowing it is happening.

Its banner headline Thursday reads, "Striking Volvo Workers in Dublin Virginia Reach Tentative Agreement with Major Gains." In fact, Volvo workers have not reached any agreement with Volvo. The UAW has reached the agreement with the company on the basis of negotiations carried out entirely behind the backs of Volvo workers.

As for the statement, it is full of contradictions. It quotes newly installed UAW President Ray Curry, who is also the director of the UAW Heavy Truck Department: "UAW members and their families felt strongly about the need for financial stability gains in this contract and were willing to strike not once, but twice, to achieve those gains. … This contract reflects significant gains from the prior two tentative agreements."

The UAW, however, claimed that the previous agreements that workers rejected by 90 percent were the best that workers could get. It sought, unsuccessfully, to browbeat and threaten workers into accepting them. Now, the UAW declares that, because of a strike that it did not want and campaigned against, workers have won "significant gains." If this were true, it would not be because of the actions of the UAW, but because workers organized in the Volvo Workers Rank-and-File Committee in opposition to both the UAW bureaucrats and Volvo management.

As for the nature of these "gains," the UAW has only released carefully selected "highlights." Even on the basis of these highlights, however, it is clear that the deal fails to meet workers' basic demands for the immediate elimination of the multi-tier wage *and* benefit system, a 25 percent across-the-board wage increase, the reintroduction of annual cost-of-living increases to keep pace with skyrocketing inflation, and fully paid-for health care for active workers and retirees.

Volvo's claims that it is eliminating tiers should be taken with a large grain of salt. In recent contracts the UAW and Big Three automakers used the same rhetoric about getting rid of tiers to push through contracts. In reality, new-hire workers are strung out over the lengthy contract to reach top pay, whose real value has been eroded after years of wage freezes or below-inflation raises.

The automakers have the same vested interest as they did under the "tiers" system to push out top-pay workers through speed-up and other methods. This looks to be the model for the new Volvo contract, which staggers wage increases for new hires over six years.

In most respects the contract is no better, or even worse, than previous offers. It reduces the lump sum cash payment from $3,500 to $2,000 for non-probationary employees. The lump sum drops down to $1,000 for new hires. The lump sum payment, which does not come to workers until September, is less than what workers have lost while out on strike—during which time the UAW has handed out miserly $275 checks from its $800 million strike fund. Statutory deductions will draw down the lump sum payments further.

The contract highlights selected by the UAW and shared by workers with the *World Socialist Web Site* reveal the derisory wage increases in store. Top pay will only increase a total of 12 percent over the six-year life of the contract, or an average of 2 percent a year, well below the rate of inflation.

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The company and the UAW have for years throttled top pay, such that in 2008 an assembly worker making the top rate made $23.27, or $29.09 in inflation-adjusted dollars today—$1.50 more than what the current agreement proposes for 2021–2022.

Similarly, in the 2008–2011 agreement, it took only three years for workers to reach top pay—still far longer than used to be the norm in the auto industry of just a few months, but nonetheless much quicker than the current agreement's six-year wage progression. Starting pay would be kept at just $19.23 for an assembler over the life of the contract.

Even leaving aside inflation, these are wages that can barely raise a family. According to data from MIT, a single parent with one child in Pulaski County, where NRV is located, currently needs a wage of $27.45 to realize "a living wage."

As for health care, costs will still rise significantly for workers. The agreement will implement premium payments for "core group" workers, those hired before 2011, for the very first time, which, damningly, the UAW's highlights fail to note.

In other words, instead of "eliminating divisions between the tiers" by *reducing* all workers' health care premiums, the company and the UAW are instead attacking the gains made by an earlier generation.

And while the company and the UAW trumpet the fact that they dropped their demand to increase post-2011 hires' insurance premium payments, deductibles would rise from $200 to $350 for individuals, and from $400 to $700 for a family, an increase of 75 percent. Limits on out-of-pocket health care costs for families overall would rise substantially from $1,500 to $2,000 for services in the company's insurance network, and from $6,000 to $8,000 for services out-of-network.

In addition, the company's highlights of the contract—but not the UAW's—notes, "The Company has committed to pay for the next expert analysis to explore ways to reduce retiree healthcare costs, including a full review of the practicality of retirees using the onsite pharmacy." The potential implementation of cost cuts to retiree health care in previous agreements was a major reason why workers rejected the two previous deals.

Moreover, the deal fails to incorporate COLA (cost-of-living adjustment) raises to keep pace with inflation or pensions for workers hired after 2011.

At the same time, the agreement ostensibly drops the previous attempt to implement the "Alternative Work Schedule," which would have imposed 10-hour-plus workdays, similar to the schedules imposed in the auto industry with the assistance of the UAW in the last decade.

The UAW's decision to try to push through a third contract comes as support grows for the strike in the working class, especially among other Volvo workers.

A worker at the Macungie plant near Allentown expressed frustration that the UAW separates contracts for the various Volvo plants. "It's time we got Macungie, Hagerstown, and NRV all on the same contract, all expiring at the same time," he said. "If we all get on the same page, and go out all at once, we can get a better deal."

Volvo workers told the WSWS *Autoworkers' Newsletter* that, because of the strike, the Hagerstown Volvo facility is going to be shut down from July 5 to July 23, and that the Macungie Mack Volvo plant is shutting down shifts.

The UAW has indicated that it will try to schedule a vote on the agreement as early as this coming Friday. It will spend the next week trying to browbeat and intimidate workers into voting "yes." Workers are reporting that the UAW is telling them that if they vote the contract down then the UAW and Volvo will declare an impasse, and a third party will be brought in to impose an agreement, with workers fired if they refuse to accept it.

This only underscores the need for workers at Volvo to join and build the Volvo Workers Rank-and-File Committee to break the isolation imposed by the UAW and expand the struggle to Mack Trucks workers and all auto workers.

Volvo and Mack workers can contact the Volvo Workers Rank-and-File Committee at volvowrfc@gmail.com or by text to (540) 307-0509.

To contact the WSWS and the Socialist Equality Party visit:

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