

UAW signs Chrysler pact as opposition to Ford deal grows

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13 October 2011

The United Auto Workers announced a deal with Chrysler Wednesday for a new four-year labor agreement covering 26,000 workers. The UAW signed the deal as auto workers at one of the largest Detroit area assembly plants voted down the agreement reached by the UAW with Ford on October 4.

Like the previous deals with General Motors and Ford, the UAW hailed the Chrysler agreement for creating new “middle class” jobs. In reality, the UAW has served up their members as cheap labor in order to entice the automakers to transfer some of their production from Mexico and China back to the US.

In a press statement, UAW President Bob King said, “This tentative agreement builds on the momentum of job creation and our efforts to rebuild America by adding 2,100 new jobs by the end of the agreement in 2015 to communities left in turmoil in the wake of the country’s economic collapse.”

Almost all of the 20,000 jobs supposedly being “added or retained” by the Big Three automakers will pay “tier-two” wages currently set at \$14.65 an hour, or half the wage of workers hired before 2007. In exchange for accepting near-poverty wages, the UAW stands to add another \$10 million or more dues revenue each year.

Like the other agreements, there are no hourly wage increases or cost of living adjustments for the vast majority of Chrysler workers who have not had a raise in eight years. Tier-two workers will reportedly get a \$1 an hour raise each year, topping out at \$19.28 an hour after four years.

The cost of the meager raise for the lowest-paid workers is more than offset by the boost in profits that will result from a sharp increase in the percentage of tier-two workers.

In an effort to bribe workers to vote for the

agreement, Chrysler is offering a \$3,500 signing bonus, “with half to be paid up-front and half to be paid at a later date when Chrysler reaches certain financial targets,” according to a summary by the *Detroit Free Press*.

In addition, the newspaper reported, workers will be paid an “inflation protection” bonus of \$500 a year for a total of \$2,000 over the life of the contract. This is only a quarter of what would be needed to keep up with the real rate of inflation. It is also less than the \$3,000 paid to GM workers and \$6,000 to Ford workers in their contracts.

In addition, \$500 a year is tied to a so-called quality bonus.

In an industry conference in Montreal last week, Chrysler CEO Sergio Marchionne made it clear the auto bosses, with the assistance of the UAW, were determined to further reduce workers’ pay and tie their livelihoods to the profitability of the companies.

Marchionne said it was no longer sustainable for workers to be paid “using the current formula for steady pay increases no matter how poorly a company is performing,” the *Toronto Star* reported.

“We need to introduce a viable, significant portion of overall compensation to our workers that reflects how well the business is doing,” he said during a news conference in Montreal.

In comments to the *Detroit Free Press* last week, General Motors CEO Dan Akerson struck a similar note and praised the UAW for accepting a contract that corresponded to corporate aims. “I didn’t want to see any structural [labor cost] increases, that if things turn down in this turbulent world, that [auto workers] should be getting raises when management’s not getting anything. And I thought that was enlightened on Bob King’s and [UAW vice president] Joe Ashton’s

perspective to accept that..."

Akerson made it clear the UAW was also on board with corporate plans for the eventual creation of a one hundred percent low-wage workforce. The increase in the number of tier-two workers accepted by the UAW, "was important in relative terms," he said. "We've got to feather this in. It can't be a flash cut...We'll get there, but we don't need to be punishing. We need to recognize that our employees have a right to a certain set of expectations, and we will be competitive over time."

Chrysler already has the highest percentage of tier-two workers—12 percent—and the lowest labor costs of any Detroit-based automaker. A further reduction in labor costs, Marchionne said, was necessary to compete with Chinese automakers.

Exploiting the new low-wage benchmark set by the UAW, Marchionne—who also runs Fiat—is threatening to shift more production to North America if Italian workers resist American-style concessions and "labor flexibility." Fiat workers are planning a one-day strike on October 21 over the threat to jobs, although the FIOM metal workers' union is just as opposed to a unified struggle by US and European workers as the UAW.

"It's a new day at Chrysler," boasted UAW Vice President General Holiefield, who headed the talks. "We did not enter any set of negotiations to break any one of these companies," he said, adding, "We recognize that the corporation is in its infant stages of a comeback."

Meanwhile, rank-and-file opposition to the sellout deal among Ford is gathering steam. One of the first locals to announce results from the ratification vote—UAW Local 900, which covers 2,600 workers at the Michigan Assembly Plant in suburban Detroit—voted down the pact by 51.1 percent to 48.9 percent.

With less than 10 percent of the 58 locals voting, the UAW claims 50.1 percent of production workers have voted in favor of the agreement, while 54.8 percent of skilled-trades workers have rejected it. Voting on the deal, which covers 40,500 Ford workers, will be completed by October 18.

A Michigan Assembly Plant worker with 14 years, told the WSWS, "The union only talks about workers 'being competitive.' They never talk about the two-tier

system or how many millions Ford paid its CEO," referring to the \$98 million paid to the company's two top executives Alan Mulally and Bill Ford Jr. As for the supposedly new jobs, he said, they would pay wages so low that no one worker could afford to raise a family.

The Socialist Equality Party is campaigning for workers to form rank-and-file committees, independent of the UAW, to spearhead an industrial and political struggle to abolish the two-tier wage system and restore all pay and benefit concessions. We urge workers to download and distribute our statement and contact the WSWS.



To contact the WSWS and the Socialist Equality Party visit:

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