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## *The UAW Strike: a Historic Fight to End 44 Years of Concession Bargaining*



Photo: UAW.

This past weekend, Sept. 23, the UAW strike entered its second week. Little movement on demands by the big 3 auto companies has prompted the union, UAW, to now broaden the strike to 38 plants. For the entire first week, Sept. 15-22, the union leadership struck only 3 plants to start off the strike. One each for the 3 companies: GM, Ford, Stellantis.

The mainstream media hyped striking all 3 companies at the same time as a big deal. It wasn't. Historically the UAW always targeted one of the companies, but striking all its locations. A settlement at the one was then agreed to by the other two companies. The strategy of striking just one plant is each of the three companies, the UAW has called a 'stand up' strike—a play on words of the UAW's historic 1937 'sit down' strike that marked the birth of the union. After the UAW's historic victory by 'sitting down' US

courts quickly ruled 'sit down' striking was illegal. 'Stand up' is not in any sense historic or comparable to the great Sit Down Strike.

The UAW has often been the leader in innovative strike and contract strategy. But it is doubtful if 'stand up' qualifies in that regard. As this writer predicted a week ago, targeting just one plant in each of the three most likely will lengthen the strike; it hardly impacts the companies' bottom lines. That fact is now confirmed by the UAW leaders at the start of week two of the strike, who appear to be abandoning the 3 plant tactic and are expanding the walkout to 38 plants, as UAW president, Fain, has announced.

So why did the UAW introduce 'stand up' and striking at only a minimum number of plants to start? A number of possible explanations exist, any one of which explains it. First, the Union's strike fund amounts to only \$850m or so. That exhausts quickly when 146,000 union workers in all three companies are involved in a walkout; and almost as quickly if one of the three is targeted. GM and Ford have about 60,000 workers each under contract. The third company, Stellantis (formerly Chrysler) hardly matters and is economically the weakest.

Another explanation—more likely—is that the UAW union leadership doesn't want to hit the companies hard to begin with. They are probably looking toward their 'friends' in the Biden administration to intervene and help out. But when push comes to shove the Democrat party will not intervene on behalf of the workers. Just ask the Railroad workers whose contract was forced on them in 2022 by the threat of the Biden administration, and Democrats in Congress, threatening the unions and workers with anti-strike legislation if they walked out. Biden likes to talk the talk that he's the most pro-union president but his actions speak louder than his words.

Nevertheless, union leadership in general—and UAW today in particular—still believe Dem party intervention can help them. It could. Biden is sitting on tens of billions of dollars of grants and tax subsidies to the big 3 auto corporations to help pay for the companies building EV plants in the US. Biden could threaten to withhold the disbursement of those funds if the companies didn't settle on at least some terms demanded by the UAW.

And what are the union's terms (proposals): Auto workers made huge concessions back in 2019 contract negotiations. Their real wages have declined by -19% in just four years since. The union initially asked for a 40% pay hike in a 4-year contract. That 40% was just what the auto companies paid their CEOs since 2019. The companies are at 20% over a 4.5-year term. The UAW at the walkout lowered its wage package to 36%. (Mainstream media keeps saying, however, it's 40%). Other union demands include ending the 2-tier

wage system that has divided workers now for decades. New workers get lower pay, take longer to reach top wage progressions and get fewer benefits and rights to job security. The union also wants its Cost of Living Adjustment (COLA) clause returned to the contract. The UAW pioneered COLA in years past but lost it in concessions over the years since 1979.

1979 is the year that concession bargaining began in earnest throughout the union movement in general. UAW's infamous 1979 strike against Chrysler that year inaugurated what has become four decades of concession bargaining. If the current UAW strike is historic, it's because it's a test case for ending concession bargaining—not because of some hyped media 'stand up' label.

Auto workers have four decades of concession bargaining to begin to reverse. Their current wages begin at \$18/hour! Flipping burgers in California now pays \$20 to start. Top wages in auto top out at \$32/hour. That's about \$60,000 a year at top pay. Try living on that with a family of four in California or most big cities anywhere.

The UAW is also demanding pension benefit improvements for retirees who, on fixed incomes, have been devastated by inflation. The UAW has demanded an end to the 2-tier system and a 4-day workweek. The media's making a big deal about that, although it's not a primary demand of the union as the union has publicly declared.

Can the auto companies afford 36%? Judge yourself: auto company profits have totaled \$250 billion in the last 10 years. As noted, CEOs have been given a 40% pay hike in four years. Auto shareholders have been given \$80 billion in stock buybacks and dividend payouts. During the 2008-09 great recession, the Obama administration bailed out the auto companies with a \$80 billion freebie. Trump gave them tens of billions of dollars in tax cuts in 2018 as part of his \$4.5 trillion 10-year tax cut, almost all of which went to corporations, investors and the wealthiest 1% of households. During the recent Covid recession, the government then gave them more tax cuts and wage subsidies. And now Biden's allocated tens of billions of dollars more to pay for the companies' construction of EV plants in the US.

If the auto companies paid 36% today, it would turn out to be much less after four years. Why? Because building EV plants means EV cars have fewer parts and many auto workers won't be needed. The companies will thus 'take back' the wage costs they agree to in any forthcoming settlement. In addition, if the 2-tier wage system is retained, the companies will continue to hire new workers in the lower-paid tier to replace older workers in the 1st tier as they retire.

Is 36% an outrageous demand? Not when compared to other unions' recent settlements. For example, airline pilots got a 40% pay package this summer. West coast longshore dockworkers in the ILWU got 32%—on a base pay of \$80-\$100,000—compared to the auto worker's average pay of well less than \$50,000.

At the end of this past first week of the strike, Ford settled with its Canadian auto workers in a pay package it refuses to report publicly. That undoubtedly means well above 20%. How much above is yet to be determined.

Auto companies are complaining they need all the super profits they have in order to invest in EV plants in the USA. But, as noted, the US government is subsidizing much of that already. The government also subsidizes EV sales with a minimum \$7,000 tax credit that auto companies tack onto their prices for new cars. As a result, auto prices are surging, thus ensuring profits.

Another interesting development in recent days is Donald Trump has indicated he intends to go to Detroit on Wednesday to address auto workers. Concerned he may be upstaged, Biden quickly said he's going on Tuesday. It's doubtful that without the Trump political move, Biden would even have bothered.

So now the politicians are in a 'war of words' to see which one can sound more pro-worker. But it's all 'talk the talk' since neither will walk the walk on behalf of the UAW and its workers. It's all political posturing in an election year.

The Teamsters recently had it right. Its new president, O'Brien, publicly toward Biden to stay away in the recent UPS negotiations. The Teamsters union consequently extracted a decent pay package from the UPS. More importantly, it made major progress in ending the big pay gap between 1st and 2nd tier workers. It didn't end the Two-Tier but it took a big bite out of it. Teamsters-UPS was certainly no 'concession bargaining'.

The question is whether the UAW can also begin the end of the 2 tier system and pay gap and get a decent settlement that brings auto workers a paltry \$18-\$32/hr. pay into the 21st century? It remains to be seen. We may be witnessing the 'beginning of the end' of concession bargaining that has, for 40+ years, devastated American workers' wages and contributed greatly to the growing income inequality afflicting American workers.

The UAW strike is in this sense historic at least. As is that other historic strike now approaching its third month: the strike of actors and writers to protect their very jobs from the destruction that's coming from technology and Artificial Intelligence in general. The Goldman Sachs bank research arm has predicted that 130 million jobs worldwide will be

destroyed by Artificial Intelligence. The writers-actors union SAG-AFTRA deserves support from workers and unions everywhere, just as the UAW strike.

Can American workers stop the concession bargaining that has devastated their incomes for more than four decades now? Can union labor come up with a strategy and effective response to protect their jobs from technology/AI in the decades to come? Those are the two most important challenges facing the American labor movement. And one thing is certain: relying on Democrat party politicians, or their no less anti-worker Republican political cousins, is a dead end. Either wing of the Corporate Party of America (Dems or Republicans) won't lift a finger to help workers. But they'll make promises and promises in this election year. And then give workers the 'finger' afterward, as they have for more than 40 years now.

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