# WAGE INCREASES: ROUND FOUR

Organized labor, having taken a rather severe mauling in the first three rounds* is already shadow-boxing and flexing its muscles in preparation for the fourth round in the post-war struggle for wage increases. Out of the corner of the one good eye remaining open, labor hopefully views the paunch of its capitalist opponent, bloated with a record profit rate currently running at $21,000,000,000 AFTER taxes for 1948. It is on this paunch that labor intends to concentrate its efforts to "win" this fourth round of wage increases, or at least "split" the round.

With the Bureau of Labor Statistics announcing on November 23 that the cost of living index had fallen off .9 of a point from 174.5 to 173.6, the labor leaders will not break any track records in bringing the cost of living argument to the negotiation table. Indeed, the General Motors workers, whose sliding scale of wages contract** runs until May 1950, barely escaped a one cent an hour cut in their wages with this drop in the cost of living index.

Since last May when the third round of wage increases was granted, the cost of living index has gone up 3.1 points or 1.3%. In the automobile industry, with an average wage now of $1.65 an hour, this would mean an increase of a fraction over 2 cents an hour based on cost of living figures, and assuming the latter to remain constant until May 1949. But the General Motors workers, as a result of a three cents an hour cost-of-living increase in September, are receiving only one cent an hour more than the Chrysler, Ford, etc. workers, who obtained a flat 13 cents across the board in May, 1948. It would be this one cent difference, rather than the 2 cents, that the corporations would base their cost of living figures on.

Three plus one totals four cents an hour, and certainly the workers in the auto industry, thinking of the 18½, 15 and 13 cents an hour increases, respectively, in the other rounds, are not going to be satisfied with this sort of measly increase. (We wonder what Reuther is going to do about GM, where the workers were frozen to a 3 cents an hour increase in May). Further, discounting the figures issued by the government, and being realistic, it will take much more than four cents an hour increase for workers to get along at present prices. And there is that $21 billion paunch that labor has its eye on.

### THE KEYNOTE IS SOUNDED

Once again the United Automobile Workers (CIO) is sounding the keynote for another round of wage increases.*** Through its newspaper, *The Auto Worker,* and its monthly magazine, *Ammunition,* through statements to the press, and finally through speeches by its Johnny-on-the-spot president, Walter P. Reuther, the UAW is "laying down the line" and possibly the wage demand which the unions in the basic industries, at least in the CIO, are expected to pursue in wage negotiations this Spring.

On November 19, Reuther spoke before the City Club of Portland, Oregon. He stated that "the average automobile worker needs a wage increase of 15 cents an hour to restore his purchasing power to the June, 1946 level, and 43 cents to put him at the level of his wartime earnings in 1944. (*Detroit Free Press,* Nov. 20). Two days earlier, Henry Ford II, in a press statement in Philadelphia, had voiced the opinion that a fourth round of wage increases was "inevitable" and that "nothing can prevent it." Is it any wonder that the UAW is going to initiate its wage drive at Ford's, hoping a settlement there will cause the other companies to fall in line?

The exact amount of wage increase the union will demand, or what it will settle for in the end does not interest us here. What does concern us very much, however, is the "line" which the union will follow in negotiating the wage increase. In other words, what it will base its wage demands on.

An analysis of this "line" will prove it to be shot through with economic fallacies and untruths, a sort of Alice-in-wonderland type of economics dreamed up by the labor heads in an attempt to keep the rank and file in happy confusion. It is our purpose in this article to examine this peculiar type of "union economics", and by exposing it, assist in the education of our fellow-workers both inside and outside the ranks of organized labor.

### WAGE RAISES WITHOUT PRICE INCREASES

In his Portland speech, Walter Reuther also emphasized the point that "the UAW wanted wage increases without price increases." Several days later, the *Detroit Times* of November 24 stated that the UAW-CIO had issued a statement hailing the above mentioned report of the BLS as an indication that prices are decreasing, but sharply criticizing the auto industry for not contributing to the decline in the cost of living. Citing reports of auto industry profits for the first 9 months of 1948 as 26.1%, the union called for a 15.4% price roll back on General Motors car prices. "Auto workers and other consumers have waited in vain for this kind of economic statesmanship from the corporation," the union statement is quoted as having read.

A lengthy article in the *Auto Worker* of November, 1948, under the title, "Umpteenth Round Profit Increase Makes 3rd Round Wage Rate Look Piddling," further aids us to understand the line the UAW-CIO will pursue in its wage negotiations. Giving figures for the 3rd quarter of 1948, the article shows that the profits of General Motors, Chrysler, Studebaker, Kaiser-Frazer and Packard are the highest in the industry's records. Further, the article continues, these figures "prove beyond doubt that recent car price increases bear no reasonable relationship to third round wage increases."

In 1948 the auto worker was receiving on the average 9% over his 1947 hourly earnings. Not so the corporations he works for. General Motors profit take (all figures are taken for the 3rd quarter of this year) is running at the annual rate of 35% on its investment, or 55% over the same period of 1947. But in this period the production of cars and trucks has increased only 24%. Chrysler profits were more than 100% over the like period of 1947, but only 8.3% cars and trucks were produced. Studebaker increased its profits 36% in the 3rd quarter over the second quarter of 1948, yet production went up only 2.6%. Its 3rd quarter profits for 1948 are 237% over the same period of 1947. And similar figures for Packard (*Auto Worker,* November 1948, p. 2).

In other words, the auto corporations have increased their profits beyond the wage increases granted in the 3rd round, and have not had to produce a corresponding amount of cars and trucks to do so.

### SHADES OF 1945

In 1945, following the conclusion of the war, the General Motors division of the UAW, at that time directed by Vice-President Walter Reuther, asked GM for a 30% increase, most of it in wages, but some in different "fringe" demands.

*For a detailed story of how labor has fared since the end of the war, see "Workers Under Prosperity", in THE WESTERN SOCIALIST, October, 1948.

**A full analysis of this escalator contract is given in THE WESTERN SOCIALIST, June, 1948.

***Altho the Textile Workers (CIO) have already started their drive for a 10 cents an hour increase in Northern cotton, rayon, and woolen mills, the peculiar nature of this industry does not result in it setting the pattern for wage increases.