

Vote 'no' on UAW sellout at Chrysler! Elect rank-and-file committees for contract fight!

Statement of the Socialist Equality Party and *World Socialist Web Site*
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Auto workers should emphatically reject the total surrender by the UAW and fight for an indefinite national strike against Chrysler and its Wall Street owners, Cerberus Capital Management.

The contract gives Chrysler/Cerberus a green light to close the majority of plants and make billions by carving up the company and reselling what remains to the highest bidder.

It sanctions the destruction of virtually all of the gains won by generations of auto workers. If ratified, it will have catastrophic consequences for active, retired and future auto workers.

UAW President Ron Gettelfinger and Vice President General Holiefield have traded the jobs, wages, pensions and health benefits of UAW members for the right to control a multibillion-dollar VEBA trust fund. GM, Ford and Chrysler will be turned into low-wage sweatshops while top union officials become wealthy corporate executives.

This historic betrayal—the culmination of decades of UAW collusion with management—demonstrates that from the standpoint of the workers' interests, the UAW is dead and cannot be revived. Auto workers need to free themselves from the grip of the UAW and build new organizations of struggle entirely independent of the union bureaucracy.

Auto workers should organize rank-and-file committees to campaign for a rejection of the agreement and monitor the ratification vote to prevent the UAW bureaucracy from intimidating opponents of the contract and manipulating the vote tally.

Rejection of the contract is only the first step. The contract fight must be taken out of the hands of the UAW and a struggle launched to defend workers' jobs, living standards and working conditions. A national auto strike should be launched and a campaign begun to bring out GM, Ford, Delphi, Visteon and other workers, together with an appeal to auto workers in Canada, Latin America, Asia and Europe who are facing attacks by the same global auto giants.

The defense of workers' conditions and rights must be developed on an entirely new basis. This means, above all, the building of a new political movement of the working class, independent of the two parties of big business, to fight for a program that starts from the needs of working people, not the profits and stock portfolios of CEOs and Wall Street speculators.

Workers should reject completely the claim that the resources do not exist to provide secure, good-paying jobs, decent pensions and full health-care coverage. The problem is that the profit system and the two-party monopoly that defends it subordinate the needs of the vast majority of people to the modern-day robber barons. To change this, workers need their own party fighting for

a socialist program based on the principles of social equality and the defense and extension of democratic rights—including the democratic control of the workplace by the workers who produce the wealth.

The contract summary distributed by the UAW is a piece of propaganda consisting of half-truths and lies. Its talk about job security is a fraud. Its assurances that the health benefits and pensions of retirees are secure are phony to the core.

Contract provisions

* Jobs

At least seven facilities, including plants in Delaware, Detroit, Indiana and Missouri, will likely be shut over the next few years. Chrysler has made no commitment to continue operating any of its 26 factories, including assembly plants in Sterling Heights, Michigan and Belvidere, Illinois, after the 2011 contract expiration.

This opens the door for Cerberus to accelerate its plans to dismantle the company by selling off and shutting down dozens of factories and other facilities. As for the rest, investment will be contingent on new local agreements to impose more brutal speedup, forced overtime and other "flexible" work rules. Outsourcing and the use of temporary workers will be increased.

Wholesale plant closings and layoffs, in addition to the 11,000 hourly and nearly 5,000 white-collar job cuts previously announced, would be in line with the business model of Cerberus, notorious for buying up firms, wiping out jobs and slashing wages in order to resell companies at an enormous profit. Already the private equity firm is developing plans to eliminate five models and drastically consolidate operations.

* Health benefits

The deal puts an end to company-paid medical benefits for retired workers, something that was won in the 1950s and 1960s. Under the VEBA, benefits will be subject to the gyrations of the stock market and the pressure of big investors to make ever-deeper cuts.

The VEBA will cover only currently employed workers. It will not cover anyone who is hired after the starting date of the contract. Within a few years, workers at Chrysler will have no medical coverage once they retire. They will have to rely on a meager 401(k) plan, subject to the ups and downs of the stock market, for their health benefits. These retirees will be stripped of any form of economic security.

The UAW will be transformed into a corporate entity, in control of one of largest investment funds in America. Tens of millions of dollars will go to consultants, investment firms, lawyers and the top union officials. The UAW, in its corporate capacity as health insurance provider, will directly cut the benefits of its own members.

In addition, the union agreed to higher co-pays and other takeaways for current workers and greatly reduced health benefits for new-hires. Retirees will be forced to pay up to 3 percent more for medical coverage in each of the next nine years, and then 4 percent more in years afterwards.

* Two-tier wage system

Auto workers will be compelled to pay dues to a union that enforces a return to the sweatshop conditions of the 1930s. The agreement stipulates that wage cuts will be based on the Delphi model, reducing the pay of new workers to \$14 an hour and undermining solidarity by repudiating equal pay for equal work.

Tens of thousands of veteran workers will be pushed out and replaced by new-hires who make half the traditional pay rate. Entry-level production and skilled trades positions will be redefined as non-core, meaning the workers will be paid lower wages and benefits.

The contract defines entire factories and divisions as non-core, including Detroit Axle, Toledo Machining, Marysville, Chrysler Transport, Mopar. At these plants the entire workforce will work for low wages, once the older, higher paid workers are pushed out.

* Wage freeze

Base pay for current workers will be frozen. As a result, take-home pay will be ravaged by inflation. The Cost of Living Adjustment, won by UAW workers in the bitter 67-day GM strike in 1970, is being abandoned. A large portion of COLA increases will be diverted to bolster the VEBA and defray company health costs for current workers.

* Pensions

The pensions of current workers and retirees will be undermined by the diversion of pension funds into the VEBA. New-hires will receive no employer-paid pension. Instead, they will be saddled with a defined contribution plan, similar to a 401(k). This is the first step in the elimination of pensions for all auto workers.

Last May, Gettelfinger declared that the sale of Chrysler to the Wall Street carve-up specialists at Cerberus was in the "best interests of our members." He was really speaking for the union bureaucracy, which sought from the beginning to make a deal,

sacrificing the conditions of auto workers for UAW control over the VEBA cash hoard—which will hit \$70 billion if the deal goes through at all of the Big Three companies.

With control over one of the largest private investment pools in the US, the Solidarity House bureaucracy will be guaranteed a massive stream of income, even as they collaborate in cutting the jobs, wages and benefits of their own members.

This betrayal must be rejected. Above all, the political lessons must be drawn. The transformation of the UAW into a profit-making business is the culmination of a long process in which the union has become increasingly antagonistic to the interests of the rank-and-file and ever more the instrument of a privileged bureaucracy that is unaccountable to the members.

This betrayal is rooted in the failure of the entire outlook and policy not only of the UAW, but of the official labor movement as a whole.

The leaders of the unions that emerged from the class battles of the 1930s rejected the building of a labor party and instead aligned the unions with the Democratic Party. This signified the subordination of workers' interests to the profit system and the abandonment of any struggle for universal, government-run social programs, such as health care. The UAW purged the union of the socialist and left-wing elements who had led the sit-down strikes of the 1930s and accepted the economic dictatorship exercised by American capital over the working class.

The UAW responded to the crisis of the US auto industry in the 1970s and 1980s by renouncing any form of class struggle and embracing national chauvinism and the corporatist policy of labor-management partnership. On this basis, it has collaborated in the destruction of 600,000 Big Three UAW jobs since 1978.

In an effort to provide a cover for its sellout of health benefits, the UAW appeals to the Democratic Party to institute national health care. This is a farce. The Democrats, like the Republicans, are funded by big business, including the health-care monopolies.

The Democratic Congress gives Bush hundreds of billions for the war in Iraq, which will soon consume \$1 trillion in addition to the lives of thousands of American troops and hundreds of thousands of Iraqis. The full brunt of this tragic waste of blood and treasure is borne by the working class.

A political movement, independent of both corporate-controlled parties, must be built by the working class based on a fundamentally different social principle: Economic life must be organized not to serve corporate profit and private wealth, but rather the needs of working people and society as a whole.

The vast industries upon which modern society depends can no longer be the private domain of corporate executives and Wall Street speculators. The auto industry must be transformed into a public enterprise, democratically controlled by working people.

This is the policy advanced by the Socialist Equality Party and the *World Socialist Web Site*. We urge auto workers and other workers to contact the WSWS to discuss this program and the building of a new leadership of the working class.