

Vote 'no' on UAW sellout at GM!

Elect rank-and-file committees for contract fight!

Statement of the Socialist Equality Party and World Socialist Web Site
1 October 2007

Auto workers should emphatically reject the total surrender by the UAW and resume the struggle against General Motors. The tentative contract means 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 Big Three workers.

UAW President Ron Gettelfinger has traded the wages, pensions, health benefits and jobs of UAW members for the right to control a multibillion-dollar VEBA trust fund and make himself and his cronies millionaires.

The fact that not one local president voted against the agreement comes as no surprise to anyone who has followed the UAW. Nevertheless, it demonstrates that from the standpoint of the workers' interests, the UAW is dead and cannot be revived.

Rejection of the contract is only the first step. Auto workers should take the struggle out of the hands of the UAW by electing rank-and-file committees to re-launch the strike and formulate demands that defend workers' jobs, living standards and working conditions. An appeal should be made to Ford, Chrysler and Delphi workers to join this fight, and 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 the corporate elite.

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 equality and genuine democracy.

The contract summary distributed by the UAW is a whitewash 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.

Wall Street's verdict on the deal confirms that it is a sellout of historical proportions. The company's stock went up 7 percent for the week. The *Wall Street Journal* wrote on Thursday that the contract signals the end of an era when auto workers' "pay and benefits set the standard for the American middle class."

The GM contract sets a precedent for all of corporate America. Already Ford officials are complaining that the GM contract does not go far enough in reducing labor costs.

Contract provisions

*** 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 vagaries of the stock market and the pressure of big investors to make ever deeper cuts.

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 union has agreed to higher co-pays and other takeaways, including new restrictions on eligibility for dependents and efforts to lower GM outlays for disability benefits.

A chunk of the assets controlled by the UAW will be tied to the price of GM stock, giving the union bureaucracy a direct incentive to slash the wages and benefits of UAW members in order to push up the value of assets in the VEBA.

*** Two-tier wage system**

Auto workers will be forced to pay dues to a union that enforces a return to the low-wage, sweat shop conditions of the 1930s. The agreement gloats 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.

As many as 24,000 senior workers will be pushed out and replaced by new-hires making half the traditional pay rate. Entry-level production and skilled trades positions will be redefined as non-core, meaning the workers can be paid lower wages and benefits.

*** 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 1949, is being abandoned. The first 10 cents of quarterly COLA increases will be diverted to bolster the VEBA and defray company health costs for current workers.

*** Pensions**

Current workers and retirees' pensions will be undermined by the diversion of pension funds into the VEBA. New hires will receive no pension. Instead, they will get a 401 (K). This is the first step in the elimination of pensions for all auto workers.

*** Jobs**

The so-called job guarantees are bogus. GM explicitly exempted three plants from any commitment to new product lines. This means these plants are targeted for sale or closure. As for the rest, GM's pledges are contingent on new local agreements to impose more brutal speedup, forced overtime and other "flexible" work rules.

The UAW, as the proprietor of the VEBA, will have less incentive to oppose jobs cuts than before, since its income will be less dependent on the size of its dues base.

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 by the working class 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 and accepted the economic dictatorship exercised by American capital over the working class.

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

The global integration of production was the final nail in the coffin of the unions, not only in the US but internationally. Because of their nationalist programs, unions have been transformed from organizations that pressured the companies for concessions to the workers into organizations that pressure workers for concessions to management.

The claim by the UAW bureaucracy that the Democratic Party will carry through a serious reform of the health care system 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 for oil 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 born 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.