

Total surrender by US auto union

By the editorial board
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The United Auto Workers union called off the strike by 73,000 auto workers against General Motors early Wednesday morning and announced a tentative contract that represents a total surrender to the massive concessions demands of the company.

The union's suppression of the strike after only two days, during which the workers shut down all of the auto giant's US facilities, demonstrates the urgent necessity for auto workers to free themselves from the grip of the UAW and develop their struggle against the destruction of jobs, wages, health benefits and pensions on a fundamentally new basis and with new organizations entirely independent of the parasitic and corrupt UAW bureaucracy.

The new basis of struggle is, above all, political—the fight for the independent political mobilization of the working class against America's corporate oligarchy and the twin parties of big business.

GM workers should emphatically reject the betrayal worked out by the UAW in connivance with General Motors. More fundamentally, however, they must draw the bitter lessons of the aborted strike.

The GM strike—the first national auto strike in three decades and the first at GM since the 67-day strike in 1970—was an expression of the growing discontent and resistance among workers in the US and internationally. The workers manned picket lines to fight against the company's plans to destroy health benefits for retirees, slash wages, undermine pensions and continue the assault on jobs.

For the UAW, however, the strike was from the outset a cynical maneuver whose main aims were to provide a cover for its collusion with management, provide a harmless outlet for the anger of the rank-and-file, and use the workers as pawns in its tussle with GM over the terms of a deal that will relieve the company of its legal obligations to retirees and turn the union into a corporate entity controlling a multi-billion-dollar retiree health trust fund.

The union called off the strike just at the point when it was beginning to cripple GM's operations throughout Canada and Mexico. There can be little doubt that the union's conduct of the strike from the outset was coordinated with GM to do the least financial damage to the company.

The deal that UAW President Ron Gettelfinger announced Wednesday was in all likelihood agreed to before the strike. It in no significant way differs from the agenda for transforming the US auto industry into a low-wage, sweatshop operation announced by the company in advance of the strike.

At no point were the interests of auto workers represented in the negotiations. The closed-door talks had the character of haggling between two corporate entities, each vying for the best possible terms for its commercial interests. Except that the UAW exhibited none of the intransigence and combativity of GM's corporate rivals, earning Gettelfinger the well-deserved contempt of those on the other side of the bargaining table.

The union will be unsparing in the lies it peddles in its attempt to convince GM workers to ratify the agreement. But the reality was demonstrated by the verdict of Wall Street, which celebrated the historic renunciation of the most basic conditions of auto workers by driving up GM shares by a huge 9.4 percent, or \$3.22. Ford Motor

Co. shares rose 6.5 percent, on the expectation that the UAW will grant it a similar cost-cutting deal.

The UAW sits on a "strike fund" of \$950 million. This would be sufficient to sustain strike benefits—even if they were raised from the paltry \$200 a week allotted by the union leadership—for many weeks. But, like everything else about the UAW, that cash hoard exists not for the purpose of struggle, but rather to sustain the bloated salaries and expense accounts of the thousands of bureaucrats who run the union.

To add insult to injury, none of the union's millions will be used to cushion the financial hardship for the workers resulting from the loss of two days' pay, since strike benefits kick in only after eight days.

If ratified, the new four-year agreement will have catastrophic consequences for current and future auto workers, along with hundreds of thousands of retired workers and their dependents. As the *Wall Street Journal* noted, the deal "includes a historic restructuring of GM's obligations for UAW retiree health care and sets up a mechanism for GM to buy out many of its current workers and replace them with new employees at lower wages."

Thousands of older workers will be forced into retirement to be replaced by younger workers making half the traditional pay, with massively reduced benefits. The new union-controlled health care scheme will impose ever greater increases in out-of-pocket medical expenses on retirees, deplete resources from the pension fund, and lead to new wage and benefit cuts for current workers.

With the establishment of a retiree health care trust, known as a voluntary employee beneficiary trust, or VEBA, which GM and the other automakers will partially fund, the UAW will get its hands on one of the largest investment funds in the US—estimated to be worth \$70 billion—and become, in the words of the *Wall Street Journal*, a "major financial player."

Gettelfinger and the other top UAW officials will become millionaires—at the direct expense of the jobs and living standards of the workers they nominally represent.

Contract terms

* **Health care:** The union has given up the right to employer-paid health care coverage for retirees, a gain won by UAW workers in 1964. The introduction of the VEBA ends GM's legal and contractual obligation to provide such benefits to its more than 400,000 retirees and their dependents.

From the beginning the VEBA trust will be under-funded, with reports that GM will pay as little as \$30 billion of the \$51 billion it owes. The fate of retired workers and their families will depend entirely on investments made by the union in an increasingly unstable stock market. Any shortfalls in the fund will lead to skyrocketing co-pays and premiums, as UAW workers at Caterpillar and Detroit Diesel learned when their VEBA funds ran out of cash.

* **Pensions:** According to *BusinessWeek* magazine, the UAW gave GM a green light to raid the pension fund to pay for part of its contribution to the VEBA trust. This will endanger the future

solvency of the pension fund and retirement benefits.

* **Wages:** The deal establishes a two-tier wage system that will include, according to the *Wall Street Journal*, “wage and benefit rates for some new hires that would probably be far less—maybe even half—the current wage-and-compensation package given to UAW-GM members.” Wages for current non-assembly line workers (maintenance, janitorial) will also be cut.

Current workers will receive no wage increases for the life of the contract. Instead, the company will pay lump sum bonuses in the last three years of the four-year agreement. GM will also be able to negotiate a diversion of cost-of-living adjustments and increased cost-sharing of health care for active workers.

This represents the extension to the Big Three (GM, Ford and Chrysler) of the drastic wage-cutting carried out by auto parts giant Delphi, and the achievement of Wall Street’s demand to put an end to the “middle class” auto worker.

* **Jobs:** The UAW claimed it called the strike to extract job security guarantees from GM. But the attempt to cast the contract as a boon to job security is an insult to the intelligence of auto workers. The agreement, according to all accounts, includes no job guarantees, but only empty promises that the company will consider investing new money in US plants.

GM will retain an absolutely free hand to continue downsizing and using the threat of plant closings and layoffs to wrench future give-backs from the workers.

The transformation of the UAW into a business by means of the VEBA is the culmination of a protracted process of degeneration, 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 is not just a question of personal corruption (although corruption is rife within all layers of the union bureaucracy). It is rooted in the failure of the entire outlook and policy of not only the UAW, but of the official American labor movement as a whole.

The leaders of the industrial unions that emerged from the sit-down strikes pitched industrial battles of the 1930s, including the UAW, rejected the fight for a labor party and instead aligned the unions with the Democratic Party. This signified the subordination of the interests of the working class to America’s ruling elite, and the abandonment of any struggle for universal, government-run social benefits, such as health care, as well as any struggle for industrial democracy. The UAW accepted the economic dictatorship exercised by American capital in every factory and at every job site.

This meant that the wages and benefits of auto workers were tied and subordinated to the profitability of the companies.

In the heyday of American industrial dominance—when six out of ten of the world’s cars were being built by Detroit’s automakers—

the consequences of this betrayal were not apparent. But with the steep decline in the global economic position of US capitalism, which finds its sharpest expression in the decay of America’s manufacturing base, the disastrous implications of the union’s pro-capitalist and nationalist policy are being felt by every auto worker. Today, all of the past conquests of generations of auto workers are being destroyed.

The UAW responded to the crisis of the US auto industry by renouncing any form of class struggle, suppressing the resistance of auto workers to plant closures and wage-cutting, and embracing a corporatist policy of union-management partnership. On this basis it has collaborated in the elimination of 600,000 union auto jobs since 1978 and ever more brutal attacks on wages, benefits and working conditions.

The final nail in the coffin of not only US unions, but unions throughout the world, was the increasing globalization of production, which undermined all labor organizations based on a nationalist program of attempting to extract concessions from corporations within the framework of the national economy and the national labor market. From organizations that once pressured the companies for concessions to the workers, unions everywhere were transformed into organizations that pressure workers for concessions to management.

The central concern of the UAW bureaucracy over three decades of rapidly declining union membership, and the resulting contraction of its revenue stream from union dues, has been to secure its own interests even as it collaborated in the decimation of UAW jobs. By going into the health insurance business through its control of the massive VEBA trust fund, the UAW hopes to solve its problem. It has no problem sacrificing the jobs and living standards of UAW members to obtain the right to enrich itself.

The GM strike has highlighted the organic conflict between workers and the old, bureaucratized labor organizations. Its betrayal underscores the fact that workers cannot conduct any serious struggle without throwing off the dead weight of these organizations and developing a new political movement of the working class.

Such a movement must be independent of both parties of big business and base itself 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. It must be founded on the principles of social equality and genuine democracy—that is, on socialist principles.

The vast industries upon which modern society depends can no longer be the private domains of corporate executives and Wall Street speculators. The auto industry must be transformed into a public enterprise, democratically controlled by working people, to provide safe, affordable and environmentally sustainable transportation, and economic security for the producers.

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