

Wall Street wants settlement that facilitates GM downsizing

Our reporter
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Negotiations between top General Motors and United Auto Workers officials continued Thursday amidst concerns on Wall Street that any quick settlement to end the local strikes in Flint, Michigan may not address the auto maker's need for a full-scale restructuring of its operations.

At separate news conferences at the end of Thursday's closed-door meetings, UAW Vice President Richard Shoemaker and GM negotiator Gerald Knechtel each said progress had been made, but that many significant issues remained to be resolved to reach a settlement.

'There's a long way to go, but it's doable' before GM's two-week summer vacation ends Monday, Knechtel said. Shoemaker, however, said he would be 'absolutely amazed' if a settlement were reached in the next few days.

Knechtel said GM was pushing for a settlement before the week's end so it could be ratified by Flint workers over the weekend. This would allow the two strikebound parts plants to reopen Monday and begin the flow of parts to idled assembly plants throughout North America.

Production losses, which have already reached \$1.2 billion, will begin to mount again when the vacation shutdown ends. The two walkouts, which began on June 5 and 11, are the costliest since a 67-day walkout in 1970.

Knechtel and Shoemaker acknowledged for the first time that GM wants to settle disputes at its parts plants in Dayton, Ohio and Indianapolis as part of a settlement in Flint. The UAW official, expressing his concern that a prolonged walkout would lead to an escalation of the confrontation with GM, said they should not seek such a comprehensive deal. That would likely prolong the Flint strikes, Shoemaker said, which would not be in anyone's interests. 'It just makes no sense.'

As the strikes have worn on, Wall Street investors have pressed GM not to accept a deal with the UAW along the pattern of inclusive settlements that ended 13 other local strikes in the last five years. They are demanding that GM accelerate its downsizing plans, including the elimination of 50,000 jobs, the closing of unprofitable plants and the sell-off of its Delphi parts-making division.

'They had better come up with something this time that is more than 'we invest \$50 million and agree to give them 100 jobs,' an industry analyst told the *New York Times*. 'If it is something along those lines, it won't be enough' to satisfy institutional investors, the report cited.

Press coverage in recent days has focused on the sell-off of Delphi Automotive Systems, GM's parts division which employs 68,000 UAW members. Workers at the Delphi Flint East plant have expressed concerns that their plant is one of those targeted to be sold off. Earlier this week a group of investors who bought two plants from GM announced they were shutting them and laying off 1,400 workers in Flint and Livonia, Michigan.

Shoemaker told the press that the UAW had reached an understanding more than a year ago to allow the company to sell up to 20 percent of the division, possibly through an initial public offering. But, he said, the sale of the entire division would not be acceptable to the union.

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