

US auto industry talks

# United Auto Workers reaches deal with General Motors

**Jerry White**  
**30 September 1999**

The United Auto Workers union reached a tentative agreement with General Motors Tuesday for a new four-year contract covering 143,000 workers at its US factories. The contract is similar to the one reached with DaimlerChrysler September 16, and includes a 3 percent yearly wage increase, a cost-of-living raise and a \$1,350 signing bonus. DaimlerChrysler workers approved their agreement by a 86 percent margin last Sunday.

The new contract will allow GM, which has eliminated 250,000 jobs since the late 1970s, to continue downsizing. Under one provision the world's largest automaker will be able to reduce its work force by 20 percent of a preset level before replacing each job lost. If employment falls to 80 to 90 percent of the benchmark level—to be established jointly by GM and the UAW at each plant on a quarterly basis—one of every two jobs must be filled. If the job level falls to between 90 and 100 percent, the ratio is one to three.

GM was particularly concerned with continuing to reduce its payroll through attrition. Industry analysts say the number one automaker must cut up to 40,000 jobs over the next few years to stay competitive with its more efficient national and international rivals. The contract will allow GM to put off hiring until 2002 or 2003, after tens of thousands of workers retire. Future new hires will receive substandard wages and benefits under provisions already included in the UAW national contract and local agreements.

The UAW announced Tuesday that it had also reached a separate agreement with Delphi Automotive Systems, the parts manufacturer spun off by GM last May. The new four-year contract, covering 48,000 UAW members, allows Delphi workers to transfer back

to GM plants when openings occur. It also extends the deadline for older workers to retire with a GM pension to January 1, 2000.

Over 7,000 Delphi workers are expected to retire in the next year alone. Many higher seniority workers want to leave because they anticipate the new company will demand further concessions under the threat of plant closings and layoffs. GM's former parts division eliminated more than 30,000 UAW jobs in the seven years before its spin-off. During that time, Delphi closed or sold 62 plants while shifting plants or production overseas or to Mexico, where it is now the country's largest private employer. The moves have left the UAW representing just 24 percent of the work force and have helped Delphi reduce average hourly wages by 30 percent, from \$27 to \$19.

Workers at a Delphi brake plant in Dayton, Ohio, many already in their 50s and 60s, have reportedly applied for jobs at GM plants in Tennessee and as far away as Texas. Under a local agreement signed by workers at the Dayton plant, they must increase productivity by 1.5 percent per month for two years or face the shutdown of their plant. New hires are subjected to a three-tier wage system.

From the outset of the negotiations both the UAW and GM were determined to prevent a strike, particularly after the costly 54-day walkout at two parts plants in Flint, Michigan in the summer of 1998. During that strike GM took a hard line against the UAW, insisting that it had the prerogative to outsource work to lower-wage factories. The UAW called the strike in an effort to slow down the loss of membership, which has reduced the union's dues income. In the end the UAW capitulated to the company's major demands.

However, investors did not want a repeat of the strike that idled more than 200,000 GM workers throughout Canada, Mexico and the US and cost the automaker more than \$2 billion.

UAW President Stephen Yokich made it clear that he opposed any strike and reiterated that the UAW enjoyed a good “partnership” with the auto companies. For its part top management at GM decided to replace the negotiators who were involved in the Flint strikes with Gary Cowger, an executive with close ties to the UAW who was currently running GM's German operations. With profits over \$14 billion since 1996, company officials decided to grant the necessary wage and benefit increases to the union in order to achieve four years of “labor peace.” During this time GM will continue to streamline its operations with the union's cooperation.

“This is essentially a buyout, an incentive for older workers to leave,” Jim Lawrence, a recent retiree from GM's Dayton, Ohio brake plant, told the *World Socialist Web Site*. “The union has given the company a green light to wipe out jobs. The UAW has never resisted downsizing. Even the old provision to hire one worker for every two who retired was never adhered to. If such and such happens, like a downturn in the economy, all bets are off, the union said. Or, like they did in 1979, the company can re-negotiate a contract to get further concessions. We still haven't gotten back the paid personal holidays we lost in 1979. Nothing that doesn't benefit GM will be retained.”

Lawrence said that a series of defeated strikes, including two at his plant in Dayton and last summer's walkout in Flint, had underscored the fact that the UAW leaders would not conduct a struggle to defend workers. “Most workers felt that even if they struck, the company would still get its demands. No one wants to risk losing income to follow leaders who are only seeking to further their own agenda. The major concern of the UAW is to work with the company and continue to rake in dues money. That's why they want to unionize the parts plants, not to improve conditions for the workers.”

The UAW is now focusing its attention on reaching a deal with Ford Motor Co. One of the major bargaining issues is the number two automaker's plan to spin off its Visteon parts division, affecting more than a quarter of Ford's 99,700 workers. Despite the union's official

opposition to the spin-off, industry analysts expect the UAW to accept a deal patterned on the Delphi agreement, allowing Visteon workers to transfer to Ford plants when positions become available and encouraging them to retire.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**