

US autoworkers union reaches deal with Ford

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The United Auto Workers and Ford Motor Co. reached a tentative agreement October 9 for a new four-year contract covering 101,000 workers at the number two automaker's US plants. The agreement is patterned on the deals reached earlier with DaimlerChrysler, General Motors and Delphi Automotive Systems, providing workers with annual raises of 3 percent, cost-of-living adjustments and a \$1,350 signing bonus.

The UAW-Ford pact includes a provision that will allow Ford to spin off its Visteon parts division, affecting 23,500 UAW members at two dozen US plants. Ford management has been determined to follow the lead of GM, which spun off its Delphi parts division last May, and realize huge cost savings through outsourcing parts production. Visteon workers have opposed the spin-off, fearing that it will lead to layoffs, the sell-off or closing of factories and continuous pressure for wage and benefit concessions.

Initially, both Ford and UAW officials were prepared to craft a deal for the Visteon workers that was similar to one reached with GM involving 48,000 workers at Delphi. Under that agreement Delphi workers are paid the same wages, benefits and pensions as GM workers and can switch back to GM jobs when they become available.

But according to the *New York Times*, "The union found unexpectedly strong, emotional opposition to a Visteon spin-off from rank-and-file members and from some members of its bargaining team. Talks with Ford took longer than expected, and were clearly more difficult than either side had bargained on."

UAW International President Stephen Yokich then set a deadline of midnight Friday to reach an agreement or call a strike. Anger over the Visteon issue had been growing for months at Ford plants, and pickets were reportedly ready to go up outside the automaker's plants as the deadline approached. When the deadline passed, however, Yokich said he was extending it "minute by

minute." Ford workers walked out at plants in St. Paul, St. Louis, Claycomo, Missouri, and Flat Rock Michigan, but the UAW ordered them to return to the job.

Under the deal reached Saturday, current workers will continue to receive their paychecks or future pensions from Ford, even after Visteon is spun off. While neither the union nor management gave any details, an independent Visteon might reimburse Ford for its payroll costs or provide price breaks to the company to offset the labor costs. One UAW official described the proposal: "It's like the janitors working in a commercial building—they work for you but are paid by a different company."

Newly hired workers will be considered Visteon employees. They will reportedly only be guaranteed parity wages with Ford workers for the next four years. Improved retirement benefits and possible incentives will speed up the rate of attrition of older workers in the Visteon plants. Under previous agreements signed by the UAW, younger workers are already subjected to two- and three-tier wage scales, with many working side by side with older employees earning nearly twice as much in pay and benefits. This new agreement will exacerbate this inequality and further undermine solidarity.

Moreover, once the bulk of the older workers retire over the next several years conditions in the Visteon plants will more and more come to resemble the low-wage sweatshops that dominate the parts supply industry. Workers' pay at independent, union suppliers averages about \$13 an hour, versus about \$21 per hour for UAW autoworkers under the just-expired contract. At the nonunion suppliers (88 percent of the industry), wages are as low as \$5 and \$6 an hour.

Ford and the other Big Three auto companies will press Visteon, like their other suppliers, for drastic price reductions or turn to nonunion parts producers.

Visteon will be able to rely on its international production facilities, including those in low-wage regions such as Asia, South America and Mexico, to press for further concessions from the UAW. Undoubtedly, the UAW has already given Ford assurances of its future collaboration in reducing costs at Visteon in order to “save union jobs.”

Burnham Securities analyst David Healy said the Ford-UAW deal would “enable Ford to do the maneuvering they want with Visteon. Maybe the costs are a little higher than they would have liked, but now they can spin Visteon off as an independent company.” Reports of a settlement lifted Ford's stocks on Wall Street by 2 percent.

Ford has become the richest automaker in the world, primarily due to the UAW's collaboration in cost-cutting and downsizing. Last year Ford made \$6.6 billion and is set to break all-time profit records this year. The UAW has not called a nationwide strike against Ford since 1976.

The settlement with Ford completes bargaining for 388,000 UAW members employed by the US automakers. Analysts have noted that the UAW has bargained for wage and pension increases for its older members while accepting the further downsizing of the US auto industry, which has seen the loss of nearly a half million jobs since the 1970s.

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