

# New union contracts clear way for US automakers to cut 50,000 jobs

Jerry Isaacs, Colin Davis  
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New information is surfacing about the extent of the job cuts and other concessions the United Auto Workers (UAW) bureaucracy has accepted in the agreements concluded earlier this month with General Motors (GM), Ford, DaimlerChrysler and their two largest parts suppliers. The four-year deals, which cover 307,000 auto workers at the Big Three and Delphi and Visteon, sanction the continued restructuring of the US auto industry at the expense of tens of thousands of jobs and the further undermining of working conditions, wages, health care and retirement benefits.

According to industry analysts, the UAW agreed to the shutdown and sale of 20 factories and other facilities, employing 17,000 workers. Moreover, it granted the company further “exemptions” from contract language, which in the past required that automakers fill a portion of the positions left vacant by retirements and resignations. Nearly half of the UAW workforce will be eligible to retire within five years. Under the terms of the new contracts, the auto companies will be able to eliminate 50,000 jobs through attrition over the next four years, bringing the total number of jobs cut at the five companies to more than 100,000 since 1999.

The agreement will allow DaimlerChrysler to sell or close up to six plants, which collectively employ 8,160 workers, including the McGraw Glass plant in Detroit (500 employees) and Indianapolis Foundry (988), which will be permanently shut. In addition, another four plants, employing 8,000 workers, will be shut when the contract expires if they do not improve productivity and profitability.

The UAW also signed “side letters,” not included in the contract, that will allow the layoff of 400 salaried UAW car designers and eliminate the jobs of 5,000 of the Chrysler Group’s 12,000 skilled trades workers through an expedited retirement program.

Ford will close assembly plants in Edison, N.J. (1,600) and Lorain, Ohio (1,700), as well as smaller facilities in Woodhaven and Dearborn, Mich., and Brook Park, Ohio, near Cleveland. Ford will also get rid of 1,500 contract workers and 50 salaried workers in North America as well as 1,700 blue-collar and salaried workers at its German division, Ford-Werke AG.

GM will shutter its Baltimore assembly plant (1,100) and Saginaw, Mich., powertrain plant (378). The company will also sell its LaGrange, Ill.-based locomotive division—the world’s largest builder of diesel locomotives.

Delphi Automotive, the parts division spun off by GM in 1999, will shut down or sharply reduce production at plants in Flint, Mich.; Tuscaloosa, Ala.; and Olathe, Kans.

Pressed by falling profits and the loss of market share to European- and Asian-owned companies operating nonunion “transplants” in the southern US, the Big Three automakers are drastically downsizing their operations in line with the production glut in North America and general crisis of overcapacity afflicting the global auto industry.

Despite the cost-cutting efforts of the UAW, the Big Three are continuing to outsource thousands of jobs to lower-cost suppliers in the US or in countries like Mexico, where Delphi Automotive is the largest private employer.

The UAW closely collaborated with the auto companies in choosing the plants to be shut. In line with the union’s policy of pitting workers in UAW-organized factories against each other, the plants targeted for closure failed to keep pace with productivity increases and other cost-cutting measures imposed by UAW officials on workers at other so-called “competitive” plants.

The auto companies also based their plant-closing decisions on how many tax breaks and other concessions they could extract from state and local governments. Last-minute concessions made by the state of Missouri—including \$9 million in tax breaks, job-training incentives and other enticements for Ford—temporarily saved a 2,700-employee plant outside of St. Louis. The number-two carmaker chose to close a plant in Ohio instead. The mayor of Lorain, Ohio, offered Ford a 15-year, 100-percent tax abatement to no avail.

Dozens of working class communities, already reeling from the loss of jobs and tax revenues due to the economic downturn, will be hard hit by plant shutdowns and mass layoffs. The job cuts will, in turn, have a ripple effect throughout local industries, since some 13.3 million jobs in the US—or one out of every 10 jobs across the country—are related to the auto industry.

Workers received little or no notice while management and the UAW bureaucracy decided their fate during negotiations in Detroit. Instead, they were simply informed after the fact. According to the *Indianapolis Star*, workers at the DaimlerChrysler foundry said the closing announcement came without warning and was made by plant manager Robert Varsanik during day and evening shifts. “He read four sentences, and he and the union took no questions,” said Jerry Smith, a skilled tradesman at the plant. “He said we would be closed sometime in the next four years.”

In other cases, factories have been dying a slow death and the contract was the coup de grace. At the McGraw Glass factory in

Detroit, renamed “McGone Glass” by some workers, windshield production had already been outsourced to nonunion companies and more than 50 percent of the workforce had already been laid off before final word of the closing came.

Earlier in the year, McGraw Glass workers, members of UAW Local 227, picketed the UAW International Headquarters, located at the misnamed Solidarity House in Detroit, to protest the closing of their plant. After voting for the contracts last week, many workers expressed anger that they had voted to eliminate the jobs of the next generation of workers.

“It will be hard for younger workers to get a decent-paying job for the next 15 or 20 years until there is time for more people to retire,” a McGraw Glass worker told the *World Socialist Web Site*. “The UAW is no longer a union. They are all sellouts. They are just looking out for their own interests. They have been lining their pockets for years and now they are telling us that the contract is good, but they are getting something good out of this just like when [former Chrysler CEO Robert] Eaton told us that the merger with DaimlerBenz was the best thing that ever happened. He took off with all the money. The company and the UAW are going to sell us off, piece by piece. DaimlerChrysler does not need us. Maybe the company will hold onto the Jeep and the minivans—that’s it.”

Another worker pointed to the ongoing assault on the living standards of auto workers throughout the world. “If there were truly a good policy about human rights, not only here but also abroad, then you would not be exploiting the new Mason-Dixon line or Mexico. Slavery was supposed to have been over in 1865 and Jim Crow in the 1960s. We have found a new way to enslave, especially when you give them a dollar or two and they’re living in shanties.

“There is this talk about the race to the bottom, but through the means of credit they want everybody to feel all right for two, five or seven years. That is just another form of indentured servitude.”

DaimlerChrysler workers ratified the contract last week. Auto workers at the remaining companies continue to vote. The ratification was due not to any support for the agreement—the largest concession contract signed by the union since the Chrysler bailout in 1979-1980—but because rank-and-file workers had no confidence, the union would bring back anything else if they rejected the deal. The UAW bureaucracy explicitly opposed any talk of striking and boasted that it was in a partnership with the US auto bosses against their European and Asian rivals. As the *Detroit News* noted, UAW president Ron Gettelfinger “has changed the union’s tune, painting overseas automakers as the real enemy of the UAW—subtly turning the Big Three into would-be allies.”

Summing up the union’s corporatist outlook, UAW vice president Bob King said: “There’s no longer an oligopoly in the auto industry. If we want to keep manufacturing jobs in the US, we can’t be fighting management... Our number one charge is to make sure that we [are] value-added, that the UAW-represented plants are at the top for quality.”

The ratification votes at Chrysler and other automakers were an exercise in cynicism. In many cases, votes were held inside the factories, depriving workers of any ability to collectively oppose the contract. Where union meetings were held, local officials read

out “highlights” to conceal the extent of the betrayal of auto workers’ interests and refused to answer questions.

“We went to our union meeting Sunday and all they did was read the contract,” a McGraw Glass worker said. “They did not answer questions. They did not have answers. I am sure they [local officials] have positions waiting for them in the International. I think the UAW leaders like to take the money. For the rest of us it will not be a good future. These shutdowns will affect the whole economy.”

After the ratification, many workers were surprised and angered to learn that they have voted to eliminate their own jobs. Designers at Chrysler’s Auburn Hills, Mich., technology center and Detroit Jeep and truck engineering complex, for example, learned that the UAW had signed a “side letter” not included in the contract, which allowed the elimination of 400 of the salaried UAW jobs. “The letter/agreement was signed and agreed upon with the full knowledge of the union representation and was not disclosed prior to the ratification vote,” read an angry memo circulated among Chrysler designers last week.

The UAW also jettisoned the principle of “equal pay for equal work” by agreeing to lower wages for new hires at Delphi and Visteon (the parts company spun off from Ford), which currently employ 30,000 UAW workers. The companies are seeking to establish a permanent two-tier wage system, in which new hires work for vastly lower starting wages and benefits—in line with other suppliers—and can never catch up to workers who were hired before the current contract.

The UAW and the two parts suppliers will meet within 90 days of the contract ratification to work out the extent of the wage and benefit cuts. Delphi and Visteon workers will have no vote on the matter.

As one worker noted, the two-tier wages will further break up the solidarity of auto workers. In future contracts, the companies are sure to tell newer workers the only way they can pay for wage improvements is to vote for pension reductions for the company’s tens of thousands of retirees.

In exchange for the wage cuts at Delphi, GM has reportedly agreed to the UAW’s demand that it give its former parts division \$1 billion in work. This will have the effect of retaining the present number or even expanding the number of workers covered by the UAW at Delphi. In other words, the UAW bureaucracy will be ensured of a future income flow, while its members receive drastically lower wages.

The UAW worked out a similar deal with DaimlerChrysler to offset the financial impact of the further loss of dues-paying members. The company reportedly agreed to allow an expedited unionization vote at its nonunion plants in the South—where the UAW has repeatedly been rejected—in exchange for the union’s blessings for plant closures in the Midwest that will wipe out thousands of jobs.



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