

US auto union signals its capitulation on wages, benefits and jobs

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United Auto Workers President Ron Gettelfinger on Monday made clear that the union will accept sweeping and permanent reductions in health benefits, pensions and other conditions that for more than fifty years were considered inviolable provisions of UAW contracts with the US auto companies. The union's abandonment of these core gains of past labor struggles comes in the midst of its collaboration with General Motors, Ford and the auto parts maker Delphi in the elimination of tens of thousands of additional union jobs.

In his opening report to the UAW constitutional convention in Las Vegas, Gettelfinger acknowledged that the union had agreed last year to mid-contract concessions at GM and Ford that for the first time required retired auto workers to pay a significant part of their health care costs, while forcing active workers to subsidize the companies by deferring future wage increases. (The loss of pay per worker amounts to \$2,000 or more this year alone).

This was not an aberration, Gettelfinger indicated. Signaling the readiness of the union to agree to draconian wage cuts and other give-backs in its current negotiations with Delphi, and extend the cuts in health benefits, along with other concessions, in its 2007 contract talks with GM, Ford and DaimlerChrysler, the UAW president declared: "[I]t's clear today that our challenges are unlike any we've faced in the past, largely due to globalization... Like it or not, these challenges aren't the kind that can be ridden out. They demand new and farsighted solutions—and we must be an integral part of developing those solutions."

These remarks were universally and rightly interpreted by the media as a sign of the union's capitulation to the demands of the companies. Gettelfinger was hailed by the corporate-controlled press, liberal and conservative alike, for his "courage" and "farsightedness."

Tom Walsh, the auto industry commentator for the *Detroit Free Press*, bluntly summed up the meaning of Gettelfinger's speech in a June 13 column. "Ron Gettelfinger gets it," he wrote. "And he's proclaiming it loudly and clearly to an audience that hates to hear it..."

"Standard, even sacrosanct staples of past union contracts will soon be history if they aren't already:

*** The 100 percent defined-benefit pension plan? Gone.

*** Health insurance with no copays? Forget about it.

*** An income maintenance deal like the UAW jobs bank that pays people indefinitely if there's no work for them? You must be kidding.

"Even wage rates may slide backward, replaced by so-called gain-sharing provisions that reward workers when profits and/or productivity improve."

Walsh alluded to the motivations of the UAW leadership in agreeing to the cost-cutting measures: "A smart, focused union can sell itself to prospective new members—and even employers—by showing that employee turnover and training costs can fall, as quality and productivity improve, in a well-run union shop." (Emphasis added).

The UAW's capitulation is a further demonstration of the essential nature of the organization. It is not a workers' organization. Rather, it is the instrument of a corrupt upper-middle-class bureaucracy, for whom the union is a business, the purpose of which is to sustain the privileged life styles of thousands of national, regional and local officials.

The bureaucracy exists as a parasite on the workers, who are compelled to join the union and pay dues, which is automatically deducted from their paychecks. They have no real voice in the decisions or policies of the organization, and are seen by Gettelfinger and his cohorts as little more than bargaining chips in the bureaucracy's maneuverings with management. The purpose of these dealings is to preserve the franchise of the bureaucracy as the middleman between the bosses and the workers, in which the union functions to keep the workers in check and impose the basic demands of the employers.

The UAW exemplifies the collapse of the American labor movement as a whole, and provides an irrefutable historical verdict on the attempt to build a labor movement on foundations of nationalism, anti-communism, and defense of the capitalist two-party system.

What prompted Gettelfinger's announcement was the failure of the previous strategy of the UAW bureaucracy, which was to base its finances on a dwindling core of older, relatively better-paid workers, while attempting to place the most onerous concessions to the corporations on the backs of new-hires and lower-seniority workers, in the form of two-tier wage and benefits agreements and similar betrayals.

The mounting crisis of the US auto companies, particularly General Motors and Ford, in the face of intensifying international competition, has put paid to this intrinsically myopic and unviable approach. In its report to the convention, the UAW leadership acknowledged that union membership has plummeted to 557,000, its lowest level since 1942. In his opening report, Gettelfinger

noted that as late as 2002 UAW membership stood at 676,000, tacitly acknowledging that the union's membership rolls have hemorrhaged since he took office.

This collapse is the outcome of a protracted process. At its height, in 1979, UAW membership stood at 1.5 million.

A week before the convention, the UAW agreed to a deal with Delphi and General Motors that signaled a new approach on the part of the union bureaucracy. Delphi, the parts division of GM until it was spun off as a separate company in 1999, filed for Chapter 11 bankruptcy protection last year and promptly announced it would close or sell off 21 of its 29 US factories. It simultaneously demanded that the remaining unionized work force accept a cut in wages from \$27 to \$12 an hour, along with pension and health care cuts.

In the agreement announced last week, the union underwrote a plan to slash the work force at both Delphi and GM by offering buyouts and early retirement packages to all union workers at both companies—113,000 at GM and 23,000 at Delphi. As the June 12 *Detroit Free Press* wrote concerning the impact of the deal on UAW membership rolls, "Those figures are likely to drop by tens of thousands more this year. Up to 30,000 workers at GM and Delphi have signed up for early retirement or buyout offers, and thousands more are expected to accept the exit package before it expires June 23... And about 4,800 workers at Ford have also signed up for exit packages."

This policy of forcing higher seniority workers out of the plants will undoubtedly be extended to the Big Three auto makers in the 2007 contracts. Thus the UAW has adopted a policy of working with the companies to slash the current work force and replace it with fresh blood—younger workers who will be forced to perform the same tasks at a fraction of the pay and minus the health and pension benefits of the older workers.

In this way, the UAW has deliberately set out to significantly lower labor costs, in the hope that it will be able to stanch the decline in its dues revenues by bringing in new members, with the support of the companies, who will be compelled, in the manner of a protection racket, to pay dues in return for low-wage, highly exploitative jobs.

The bureaucratized and reactionary character of the UAW was on display at the convention itself. The event was an assembly of the bureaucracy, not the rank-and-file workers or even delegates selected by means of a democratic process. The 1,300 delegates were overwhelmingly comprised of local union officials and a smaller number of hangers-on. Gettelfinger's reelection as president was a foregone conclusion, as was the election of his entire slate of national officers.

Gettelfinger's speech, punctuated by calls for economic protectionist measures and injunctions to "take back the House and Senate" for the Democratic Party in the November mid-term elections, received four standing ovations. A motion to allow UAW retirees, whose health benefits have been slashed and who face the gutting of their pensions, to have a vote on future contract changes was not even put to a vote on the convention floor.

The main innovation approved by the convention, presented by the leadership as a move to increase funding for union organizing drives, was a scheme to siphon funds from the strike fund to

sustain the salaries and perks of the officialdom.

While the UAW's general fund, which finances the day-to-day activities (and salaries) of the bureaucracy, dropped to \$37 million last year, down from \$65 million four years ago, as a result of the decline in dues revenues, the strike fund, which is less dependent on dues income, has ballooned over the same period from \$805 million to more than \$925 million, a near record.

The growth of the strike fund, in the midst of an unprecedented attack on the jobs and conditions of auto workers, is itself a testament to the degeneration and transformation of the union. The UAW, along with the AFL-CIO and its rival "Change to Win" union coalition, has abandoned the strike weapon. There has not been a national strike against one of the Big Three American auto makers in decades, and even local strikes have all but ceased. The strike fund has become a giant insurance fund to protect the interests of the bureaucracy.

The problem for the UAW bureaucracy is that, legally, it cannot use the strike fund to pay for its salaries, benefits and expense accounts. So the convention agreed to shift up to \$110 million from the strike fund, with \$50 million going to the union's general fund and another \$60 million to establish a slush fund controlled by the UAW executive board, ostensibly for organizing activities, member education and advertising campaigns.

There was also a sop to the local bureaucrats. Back in the 1980s, after the first wave of plant closures, mass layoffs and contract concessions, the UAW altered its constitution to provide a "rebate" to the locals, financed from cash diverted from the strike fund. The rebate remained in effect as long as the strike fund surpassed \$550 million. This was, of course, a direct cash incentive for local officials to avoid calling strikes and to support the national leadership's policy of shelving the strike weapon.

This week's convention agreed to raise the rebates to the locals and lower the strike fund threshold to \$500 million—providing the local officials with more cash and increased confidence that the infusions of money will keep rolling in.



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