

Nearly half of US Ford workers accept buyouts: A vote of no confidence in the United Auto Workers union

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Some 38,000 members of the United Auto Workers union at Ford Motor Company's US plants, nearly half of Ford's North American hourly work force, have decided to accept early retirement or buyout packages, the company announced November 30.

The mass exodus of workers, who will leave their jobs by September of next year, is part of a brutal cost-cutting operation which involves the closure of 16 plants and the permanent downsizing of the crisis-ridden company.

The workers were placed under enormous pressure by both the company and the United Auto Workers union to accept the buyouts. The UAW negotiated the severance plans with Ford and worked in tandem with management to convince workers to accept the deals.

They used the prospect of mass layoffs and the specter of bankruptcy, in the wake of the bankruptcy of the auto parts company Delphi, to bludgeon workers into accepting buyout packages ranging from lump-sum payments of \$35,000 plus retirement benefits to cash settlements of up to \$140,000 in return for foregoing any claim to future pension or health benefits.

Ford officials and the media were fulsome in their praise for the UAW following the announcement of the buyout results. Joe Hinrichs, Ford's North American manufacturing chief, said, "They have truly been a business partner with us... When we presented the actual business case for change, the UAW met us more than halfway."

In addition to the UAW's support for the buyouts, he pointed to more than thirty "competitive operating agreements" the company has negotiated with local UAW officials that will save Ford hundreds of millions of dollars in labor costs. "Those enable us to do some of the things we need to do to run the plants with fewer workers," he said.

Detroit News automotive commentator Daniel Howes wrote on November 30, "In effect, [UAW] President Ron Gettelfinger is working with GM and Ford to engineer the retirement of an entire generation of autoworkers in a bid to save the union..." He cited Joe Laymon, Ford's group vice president for corporate human resources and labor affairs, who declared, "They [the UAW] get it. They have been a business partner with us."

Ford intends to press for further cost-cutting measures from its partners in the UAW bureaucracy. Company officials refused to rule out further layoffs in a conference call with journalists on Thursday, and the *Wall Street Journal* noted: "Despite the big buyouts at GM and Ford, the auto makers hope to persuade the UAW to offer more concessions next year on such issues as health care and the so-called JOBS Bank programs that pay workers even when they are idled by slack demand."

At the UAW convention this summer, union president Gettelfinger made it clear that he was prepared to accept new inroads into health and pension benefits that previously were considered sacrosanct in the Big Three (General Motors, Ford and Chrysler) contracts to be negotiated in 2007.

The union bureaucracy is seeking, at the cost of the jobs, living standards and economic security of its own members, to aid Ford in avoiding bankruptcy by moving a generation of higher-paid workers out of the plants and replacing a portion of them with temporary workers and new-hires who will receive a fraction of the former workers' pay and little or no benefits, but will nevertheless be required to pay union dues.

Temporary workers will receive a starting wage of \$18.50 an hour and no benefits. The wage differential alone represents a 42 percent reduction from the average wage for current permanent employees of \$31.64 an hour.

The joint aim of Ford and the union is to drastically reduce labor costs in the hope that a smaller version of the company will succeed in ending a string of huge losses and return to profitability on the basis of a younger and more intensively exploited work force.

The number of workers opting to leave surpassed the expectations of both Ford and most Wall Street analysts. As part of Ford's emergency restructuring plan announced last September, the company said it was seeking save \$5 billion a year by 2008 by eliminating 25,000-30,000 hourly jobs, in addition to 14,000 salaried positions.

The fact that so many workers decided to end their employment at Ford is an unmistakable verdict on the UAW. The workers have drawn conclusions from more than a quarter-century of union collaboration in downsizing, speedup and wage and benefit concessions, which has resulted in a reduction in employment at the Big Three US companies from nearly a million in 1979 to well below 400,000 today.

The workers have no expectation that the UAW will defend them against the company's attacks. The mass exodus testifies to the fact that the union has been transformed into the apparatus of a privileged bureaucracy which is not accountable to the members, and is seen by them to be an alien force.

Were the UAW in any sense a genuine workers' organization, with which the rank-and-file identified and which the workers actively supported, the vast majority would reject the company's pressure to force them out and look to the union to fight in their defense. The opposite is the case.

Caught between accepting an exit package and remaining at work to

face ever greater concessions in wages, benefits and pensions—plus the ever-present threat of being laid off—nearly half of Ford’s hourly US workforce chose to get out, even though the exit terms offered by the company, and agreed to by the UAW, ensure that many will face economic hardship and insecurity.

The Ford buyout follows a similar program at General Motors and its former parts division Delphi, where last June a total of 47,600 unionized workers elected to accept early retirement and severance deals negotiated by the union. At GM, 35,000 workers, or about a third of the hourly workforce, opted to leave the company.

The UAW paved the way for the mass buyouts by reaching unprecedented mid-contract concessionary agreements with GM and Ford in late 2005 that for the first time slashed the health benefits of retired workers. Under the deals, retired UAW workers are forced to pay hundreds of dollars a year in deductibles and co-payments, while active workers are compelled to pay higher drug co-payments plus about \$2,000 a year in wage concessions to help defray the companies’ overall health care costs.

Rank-and-file Ford workers waged a struggle against the union-backed agreement, which was narrowly ratified by a 51 percent to 49 percent vote.

The complicity of the UAW in the assault on retiree benefits was a major factor in the decision by 53 percent of those who agreed to leave Ford to reject the option of early retirement in favor of “non-traditional” buyouts, in which workers gave up any claim to retiree benefits in return for larger cash payments, college tuition subsidies and other monetary payouts.

This result was hailed by Ford and Wall Street analysts as an additional boon to the company’s cost-cutting efforts.

Monday, November 27 was the deadline for the company’s North American hourly workers to decide whether they would accept a buyout. To increase the pressure, Ford timed for that day its announcement that it had mortgaged virtually all of its US assets—plants, machinery, patents, even its blue oval logo—to secure \$18 billion in loans and credits from Wall Street.

The company was forced, for the first time in its 103-year history, to use its assets as security for loans because of its dire financial situation. It posted a \$5.2 billion third quarter loss, bringing its total losses so far this year to \$7 billion. Its US market share, which stood at 25 percent in 1995, fell to 16.5 percent last month. It has resigned itself to a further drop in market share to 14-15 percent.

Even with the massive job cuts, Ford projects that it will not return to profitability until 2009, and in a regulatory filing this week it revealed that it will burn through \$17 billion in cash reserves over the next two years.

Between the buyouts at GM, Ford and Delphi and similar programs at other suppliers, a total of nearly 100,000 unionized workers will leave the Detroit-based auto industry between the start of this year and the autumn of 2007. Thousands of salaried workers will also leave their jobs. This marks the single largest exodus in automotive history.

It is, however, an acceleration of a process that was already well underway. The outplacement consultancy firm Challenger, Gray & Christmas estimates that companies in the auto sector announced the elimination of 231,000 jobs in the last two years.

The mass exodus of auto workers will have a particularly devastating economic and social impact in Michigan, which already has the highest jobless rate—6.9 percent—in the country. Nearly 40 percent of the 38,000 UAW workers at Ford who are taking buyouts live in southeast Michigan.

As of October, 2006 there were 211,800 auto workers in Michigan, a 26,000 drop from the previous year. In 2000, there were 343,000 auto workers in the state. When all of the currently accepted buyouts go into effect, that number fall to 197,300—a drop of 43 percent in seven years.

The decision of large numbers of auto workers to accept buyouts and early retirement is the result of decades of betrayals by the UAW bureaucracy. The role of the union in suppressing the resistance of auto workers and collaborating in the companies’ attacks is reflected in the near-collapse in UAW membership. The mass exodus of workers taking buyouts will drop membership in the UAW, already at its lowest since World War II, to fewer than 500,000, compared with 1.5 million at its peak two decades ago.

The UAW 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.

The most far-reaching conclusions must be drawn from the dead-end into which workers have been driven by the bankrupt organizations of the labor bureaucracy. A new movement must be constructed on the basis of a fundamentally opposed perspective, one that proceeds from the needs of working people, not the accumulation of personal wealth by a corporate elite. The defense of jobs, working conditions and living standards can be taken forward only through the building of an independent political movement of the working class based on the struggle to unite workers internationally and reorganize economic life along democratic and egalitarian—that is, socialist—principles.



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