

Union agrees to plant closure, concessions

## US Goodyear strike ends

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After a 12-week strike, 14,000 Goodyear workers at 10 US plants voted to ratify a three-year contract with the global tire maker. The United Steelworkers of America (USWA) did not release the vote count, but indicated that at least one third of the workers voted to oppose the contract, which accepts the destruction of more than a thousand jobs and other wage and benefit concessions. Meanwhile, 400 striking Goodyear workers in Canada are voting on a separate agreement.

Following the announcement of the ratification, Goodyear share prices jumped 98 cents, to their highest level in one year. Goodyear CEO Robert Keegan praised the deal, saying it would make the company a strong global competitor.

The USWA surrendered its stated goal of preventing further plant closings and agreed to the closure of the Tyler, Texas plant, after a one-year delay, which will result in the loss of some 1,100 jobs. It also agreed to a two-tier wage structure that will slash pay and benefits for new hires at a time when a large percentage of current Goodyear workers are approaching retirement age and are set to be replaced with younger workers, who will make substantial lower wages. These measures alone will save the company hundreds of millions of dollars.

The strike was conducted in such a way as to have the minimum impact on Goodyear's operations. No serious attempt was made to halt production at the plants involved, where the company was able to maintain partial operations using strikebreakers and supervisory personnel, and production continued at Goodyear's non-union facilities. The USWA limited its "solidarity actions" to the standard toothless consumer boycott.

In comments on web logs and in the news media, Goodyear workers expressed particular concern over the establishment of the two-tier system, justifiably

fearing that it would lead to frictions between older and younger workers and provide the company with an additional incentive to get rid of more senior workers.

Given the miserable settlement, a number of Goodyear workers expressed the well-founded suspicion that the prolonged character of the strike was due largely to the determination of the USWA bureaucracy to protect its own interests, not concern for workers.

The latest agreement follows concessions made in the 2003 contract, when Goodyear was facing bankruptcy. At the time the USWA agreed to plant closures that resulted in the loss of some 6,000 jobs and concessions totaling \$2 billion.

Since that time the company returned to profitability, but it has continued to insist on the need for drastic cuts.

The agreement contains no general wage increase, although it provides for the continuation of cost-of-living (COLA) increases. However, a portion of the inadequate COLA payments will be diverted to help fund retiree health benefits.

The USWA claims that the new agreement protects retired workers' healthcare benefits. However, a close examination of the contract shows that this is not the case. The contract establishes a Voluntary Employees' Beneficiary Association (VEBA), which Goodyear has agreed to fund with \$1 billion in stock and cash.

Even with the diversion from workers' COLA increases added in, this amount is less than the total needed to fully fund retiree benefits. At the same time the contract allows Goodyear to cap its obligation for retiree health care.

Further, the arrangement takes retiree healthcare out of the collective bargaining agreement. All decisions regarding premiums and benefit payments, following a

transition period, will be made by the VEBA, opening the door to wholesale cuts.

However, from the standpoint of the USWA bureaucracy, this arrangement has many advantages. The VEBA will be independent of Goodyear. It will be managed by three USWA trustees and four additional trustees appointed jointly by the company and the union, providing the USWA bureaucracy with a new source of potential income and financial leverage that would continue even if Goodyear filed for bankruptcy.

The entire arrangement is subject to approval by the courts. A court veto of the proposed VEBA would result in the termination of the 2006 contract.

The settlement at Goodyear follows the concessions contract negotiated with BF Goodrich in August. That agreement also established a two-tier pay scale and provided for the diversion of workers' COLA payments to fund retiree healthcare.

Now the USWA will turn its attentions to negotiations with Bridgestone/Firestone, which had been suspended during the Goodyear strike. Earlier this month the company permanently closed its light truck and passenger tire plant in Oklahoma City as previously announced, citing low demand.



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