US auto union prepares to hand over massive concessions

Shannon Jones
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With threats of further job cuts continuing, the United Auto Workers union is preparing to implement a series of unprecedented attacks on workers on behalf of US auto manufacturers.

The crisis in the US auto industry, highlighted by the record losses suffered by Ford, has already been used to impose massive job cuts, totaling over 100,000 at General Motors, Ford, Chrysler and auto parts maker Delphi over the last year alone. With the national auto contract due to expire in September, the auto companies and the union are using threats of further cuts to permanently roll back the conditions of auto workers.

According to a report in the March 2 edition of the *Wall Street Journal*, headlined “Desperate to cut costs, Ford gets union’s help,” UAW locals at 33 Ford plants have agreed to “competitive operating agreements” that have allowed the company to slash production costs.

The *Journal* reports, “Thousands of UAW members accepted changing to four-day, 10-hour shifts that can include weekend days, without collecting overtime. At an engine plant in Lima, Ohio, some union workers have volunteered to manage their brethren, for a 50-cent-an-hour bump in pay. Elsewhere, long-honored seniority rules have been waived and job definitions have been broadened.”

Local 600 at the Ford Rouge complex in Dearborn, Michigan has agreed to new work rules permitting the company to bring in nonunion workers, earning half of standard pay, to perform tasks formerly performed by union members. However, the UAW took measures to preserve its dues income. While allowing Ford to outsource 100 to 150 jobs, it stipulated that the union be permitted to organize the workers, who earn only a fraction of the pay of UAW members at the factory and few benefits.

Ford boasted that the agreement saves the company about $70 million, the largest savings it has achieved at any plant.

The agreement at the Lima, Ohio engine plant to place hourly workers in supervisory positions has allowed the company to cut the number of salaried employees from 280 to 90. The agreement has saved Ford an estimated $27 million a year.

The above cited piece in the *Journal* notes, “The UAW supervisors are called ‘team leaders’ and work in a structure borrowed from Japanese assembly lines. Overseeing eight to 12 other union members, the team leaders use big electronic scoreboards above their heads to track each day’s target for assembling engines. If line speeds need to be increased or slowed, “rebalanced” in Ford parlance, the decision is made by UAW members instead of salaried engineers, who typically were paid $60,000 or more annually.”

Turning union members into straw bosses for the companies is the logical outcome of the corporatist policy of labor-management collaboration long practiced by the UAW. In order to impose the dictates of management the union bureaucracy has sought to root out the militant traditions of autoworkers and promote the fiction that workers have no interests opposed and apart from the corporate bosses.

The *Journal* describes how one former assembly line worker volunteered, with some initial reluctance, to take on supervisory duties and now manages 11 other employees, scheduling vacations, overseeing work quality and monitoring production. “I’m loyal to the company,” he explained.

Noting the costs savings reaped by Ford, General Motors is now demanding that the UAW accept similar work rule changes. Among the company’s goals is the reduction of the number of higher paid skilled trades jobs, which now comprise 23 percent of its workforce. A reduction of the proportion of skilled trades positions to 10 percent would result in significant cost savings.

UAW President Ron Gettelfinger has made it clear that the union is preparing to hand over massive concessions to the Big Three automakers. A major goal of US auto manufacturers is to dump their obligations to pay for retiree healthcare. The UAW has already agreed to significant cuts in retiree healthcare, requiring for the first time that retirees pay a portion of their medical costs.

The recent round of healthcare cuts, which aroused considerable rank-and-file opposition, did not come close to meeting the US auto executives' target of obtaining competitive equality with the Japanese and other overseas competitors who operate nonunion plants in Southern US states. A recent study by auto analyst Harbour-Felax, entitled "Automotive Competitive Challenges—Going Beyond Lean," denounced the "numerous structural, cultural and philosophical barriers," which, the company says, contribute to an average of $2,400 per vehicle profit disadvantage between US auto companies and their Japanese competitors that operate nonunion plants in the US South.

The study denounced "the huge cost penalty for health care for active workers and retirees" and other "problems," including the Jobs Bank and Supplemental Unemployment Benefits that provide income protection for laid-off workers. In addition it called for the UAW's support for the abolition of "restrictive work rules, assembly line relief time, uncontrolled absenteeism and the level of vacations and paid days off," which were allegedly costing the auto bosses hundreds of dollars per vehicle in lost profits.

In order to directly enlist the UAW bureaucracy in slashing retiree healthcare the auto companies are now considering a proposal that amounts to a multibillion-dollar bribe. According to a report in the January 23 edition of the *Wall Street Journal*, Ford and GM are looking at a scheme which involves handing over full administration of future retiree benefits to the UAW. The idea behind the plan is that by shifting retiree obligations off their balance sheets, at a cost significantly less than their true value, the companies can rid themselves of much of their debt without resorting to bankruptcy.

The *Journal* said the UAW and the automakers are using as their starting point the recent agreement between the United Steelworkers (USWA) and Goodyear Tire and Rubber. Under the terms of that contract the company handed over its $1.2 billion in healthcare obligations to a fund managed by the union, seeding the fund with $1 billion in cash and stock.

The USWA accepted the $200 million shortfall in funding, using the argument that if the company filed bankruptcy retirees might get nothing.

So interested is GM in the plan, according to the report, it has hired advisers that worked on the Goodyear agreement.

Assuming they can raise the necessary cash, there is every indication that Ford and GM will seek to hand over their future healthcare obligations to the UAW, paying far less that the 83 cents on the dollar handed over by Goodyear.

The *Journal* cited a J.P. Morgan analyst who estimated that "Ford and GM could buy themselves out of their combined $77 billion in health-care liabilities and create a union-managed fund for $46 to $54 billion in cash, stock and convertible-debt proceeds."

For its part, the UAW stands to gain a new source of income that will help offset the loss of dues as a consequence of its declining membership, a result of the union's refusal to defend the jobs of US auto workers. Over the last three decades UAW membership has fallen from 1.5 million to less than 600,000 today.

Workers, however, stand to see their benefits decimated. The auto companies would save billions in future healthcare obligations at the direct expense of the estimated 1 million UAW retirees and dependents. With healthcare costs steadily rising, the underfunding will sooner rather than later result in huge cuts in health-care benefits.

Such an agreement, if consummated, would transform the UAW into one of the largest healthcare providers in the United States. At the same time the UAW would gain a vested stake in imposing fiscal austerity, slashing benefits, increasing copays, etc., in order to maintain its multibillion-dollar nest egg.

The *Wall Street Journal* added a word of caution about the viability of this proposal, worrying that taking on "the role of the bad guy" in cutting workers' benefits might be too risky a course for the union. However the UAW bureaucracy has shown no such qualms. Last year, after the UAW agreed to force GM and Ford retirees to pay for healthcare coverage for the first time, it joined a lawsuit with GM to block the retired autoworkers from going to court to protect their benefits.

The UAW first raised with GM the idea of shifting administration of retiree healthcare funds to the union in 2005. That the UAW would embrace such an arrangement illustrates once again that it is not a genuine workers organization. It functions as a vehicle for the privileged union apparatus, which, in exchange for ample bribes and handouts, acts as an arm of the auto companies in helping to cut costs and increase productivity at the expense of the working class.