

# United Auto Workers opens talks with US car companies

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As contract talks open between the United Auto Workers (UAW) and US car manufacturers Ford, Chrysler and General Motors, management is making clear it expects massive concessions from the union. Wall Street and the auto manufacturers are calling for changes of an historic character that will sharply reduce the present \$30-per-hour cost differential between US automakers and Japanese-owned companies operating so-called transplants in the US.

Negotiations formally opened Friday with a ceremony at Chrysler's world headquarters in Auburn Hills, Michigan. Talks with Ford and General Motors begin Monday. According to the UAW, 177,000 workers are covered by the national agreements that expire on September 14. Another 3,100 workers at Chrysler Jeep in Toledo, Ohio, negotiate a separate contract. An additional 420,000 retirees and 121,000 surviving spouses will be covered by these agreements but have no right to vote.

The negotiations take place in the midst of a continuing crisis in the US auto industry as GM, Ford and Chrysler face intense pressure from global competitors in the US and internationally. With auto markets in the US, Europe and Japan saturated by a glut of automakers, the once-dominant "Big Three" US carmakers are laying off tens of thousands of workers, shuttering scores of factories and reconfiguring themselves as much smaller players in the world market.

Today the US-based companies account for barely half of all domestic auto sales. Vehicle sales continue to fall as gasoline prices make US autos, which are weighted toward larger, high fuel consumption models, less attractive. Ford is teetering on the edge of bankruptcy, while General Motors continues to lose market share. Meanwhile, Chrysler is in the process of being taken over by private equity firm Cerberus Capital Management, an outfit notorious as a corporate asset stripper.

UAW membership stands at just over 500,000, down two thirds from its high of 1.5 million in 1979. Since 2003, UAW membership at Ford has fallen 41 percent and by 39 percent and 30 percent at GM and Chrysler, respectively.

With the latest round of job cuts and buyouts, there will be

only 46,000 UAW members left at Chrysler by the end of the year, down from 110,000 in 1979. UAW membership is expected to fall to 55,000 at Ford and 76,000 at GM. In 1979, the Big Three employed 750,000 UAW members.

Over the past year, the Big Three and parts supplier Delphi eliminated some 100,000 North American jobs in collaboration with the UAW. All told, some 150,000 jobs were eliminated in the automotive sector last year, and the numbers continue to mount.

To survive, the carmakers say they will require a further massive assault on the living standards of autoworkers. In particular, they want a restructuring of healthcare to remove tens of billions of dollars in retiree healthcare obligations from their balance sheets. While UAW concessions have reduced hourly pay to more or less the same level as at nonunion Honda, Toyota and Nissan factories in the US, the Big Three still face a disadvantage because of costs associated with retiree benefits, as Japanese automakers in the US have a younger workforce with few or no retirees. By contrast, the Big Three pay out medical benefits to more than 1 million retirees and their dependents.

The auto companies and the UAW are reportedly looking at setting up a union-run trust, known as a Voluntary Employees' Benefit Association (VEBA), that would assume responsibility for the \$90-\$110 billion in retiree healthcare obligations of the Big Three. It would be funded by a one-time infusion of cash, paid out at only a fraction on the dollar, leaving the UAW liable for all future benefit payments. According to press reports, Ford and other automakers have begun selling assets to raise cash in anticipation of such a deal.

The UAW recently negotiated a VEBA at auto parts supplier Dana Corp. that shifts responsibility for \$1.1 billion in retiree healthcare benefits to the UAW in exchange for a one-time payment of \$780 million in cash and stock, or about 71 cents on the dollar. The UAW-controlled fund would then be responsible for imposing whatever cuts are needed to make up any shortfall.

The agreement is widely seen as a model for the Big

Three. If adopted, such an arrangement would allow the auto companies to eliminate some \$30-\$40 billion in liabilities.

Having overseen the dismantling of wages working conditions and benefits and the wiping out of hundreds of thousands of jobs, the UAW apparatus sees a VEBA as a means to defend its own financial interests, regardless of the fate of autoworkers. The UAW plans to go into the healthcare business, getting the auto companies to pay for a trust fund that would turn the union into one of the largest healthcare providers in the United States.

While healthcare is the main target of the auto companies, management is seeking to rip up all the gains won by autoworkers over the past 70 years. In particular, they are seeking a permanent reduction in wages through the institution of some form of two-tier wage system. In the recently ratified contract with parts maker Delphi, the UAW agreed to make permanent and extend to all employees a wage cut of nearly 50 percent imposed on new hires. At Dana, the UAW also agreed to a two-tier wage system that will allow the company to hire new workers at pay rates considerably lower than those of current workers.

The issue of a two-tier wage is of particular importance to the carmakers, since nearly half of current Big Three employees, 63 percent at General Motors, will be eligible to retire within five years. The auto companies are determined that the new workers it hires to replace retirees will earn drastically lower wages and fewer benefits.

The union is reportedly sounding out local officials about a two-tier wage structure. The UAW has already put in place a two-tier wage scale for workers at Chrysler's Belvidere, Illinois, assembly plant. Under the agreement, new workers received just \$18.50 an hour, \$10.00 less than standard scale, and receive no job protection and few if any benefits. Called "enhanced temporary workers," they can be employed for up to two years.

A group of these workers filed a federal lawsuit last year against the UAW and Chrysler, claiming they were never informed that they were applying for lower-paying, less-secure jobs.

The auto companies are also seeking changes in work rules and the elimination of job classifications that will allow for intensified exploitation of workers on the shop floor. The UAW has already agreed to so-called competitive operating agreements at many Ford factories. For example, Local 600 at the Ford Rouge complex in Dearborn, Michigan, has agreed to let nonunion contractors come into the plant to do work formerly done by union members at one half the pay.

The broad outlines of an agreement between the UAW and the Big Three have undoubtedly already been worked out. For its part the UAW has indicated its willingness to consider whatever concessions the auto companies ask for.

At a press conference Friday marking the opening of negotiations with Chrysler, UAW President Ron Gettelfinger did not raise a single bargaining demand. When asked if anything was non-negotiable, the UAW leader indicated everything was up for discussion. "We go in with an open mind," he said.

In a press packet released to the media, the UAW boasts "the actions taken by our union have saved our employer billions of dollars, helping to position these companies to be more competitive."

What is being prepared is the transformation of the US auto workforce. Pay, pensions and medical benefits in the auto factories, which once set the standard for the American working class as a whole, are to be gutted. A new, younger workforce, highly exploited, with low wages and few if any benefits, is to be created. This will have enormous implications for the living standards of workers in every industry and profession.

This is the tragic and inevitable outcome of the pro-capitalist and nationalist policies of the UAW. Under conditions of global production and transnational corporations, this has led to the transformation of the UAW into little more than a labor contractor. In exchange for guaranteeing the auto companies a supply of low-wage, highly exploited workers, the Big Three will allow the union to continue to collect dues and reap even more income once it hands over its multibillion-dollar retiree healthcare fund to the UAW.



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