

# US autoworkers angered as negotiations drag on

**Jerry White****24 September 2007**

Talks between the United Auto Workers union and General Motors for a new four-year contract continued Sunday for the ninth day after the September 14 expiration of the labor agreement covering 73,000 GM workers. It has been 25 years since talks dragged on this long without a settlement at one of the Big Three automakers.

UAW leaders reiterated Friday that they had no intention of calling a strike and would remain at the bargaining table indefinitely, as the contract is extended hour-by-hour.

Anger against the UAW among auto workers, who are being told nothing by the union, is growing. Behind the backs of its members, the UAW is preparing to accept agreements that will impose historic concessions on 180,000 workers at GM, Ford and Chrysler and another 540,000 retirees and dependents. This includes sweeping pay and benefit cuts for new-hires and a “voluntary employee beneficiary association,” or VEBA, that will allow automakers to transfer responsibility for nearly \$100 billion in hourly retiree health care commitments to a union-controlled trust fund.

A worker at Chrysler’s Warren Truck plant near Detroit spoke to the *World Socialist Web Site* about the mood of workers in the plants. “Just today, while discussing the negotiations, I spoke about the VEBA with coworkers. We are wondering what happens when the fund has a surplus or deficit.

“We are pretty nervous. It seems that every day we hear crazy stuff and it is hard to get any understanding of what is going on. I think both sides want it that way—things like Super VEBA, pay cut/freeze, and a substantial bonus. They are playing the membership against each other.

“Now they tell us a VEBA is needed to keep the auto

companies going. What happens if that doesn’t make them strong? They’ll just come for more. Look at Northwest Airlines—management blames the workers for all their problems. How can that be? Workers and customers are the enemies in this screwed-up world, while shareholders and CEOs pretend to be victims and are robbing us blind.”

In a memorandum to union locals, UAW President Ron Gettelfinger urged members to remain patient, while re-stating he would not release any information on the progress of the talks. “We want you to know once again that we do not take your patience for granted, and GM should know not to take the patience of your bargaining committee for granted either.”

He continued, “In any negotiations, things change from one day to the next, and until we have a tentative settlement, or until the negotiations process breaks down, it is difficult to get information to you,” Gettelfinger claimed.

There is little doubt that the framework for an agreement has already been reached. The overriding concern of the UAW bureaucracy is the defense of the income and privileges of the small army of well-paid union officials. At the same time, the union is looking for sufficient “sweeteners” from GM so that it can sell an agreement to its members.

There have been conflicting reports as to whether GM and the union have worked out differences concerning the VEBA. GM is determined to spin off much of its \$50 billion in obligations to its retirees and their families. For its part, the UAW is looking to get control of what would be one of the largest investment funds in the US, making it, in the words of the *Wall Street Journal*, “a significant player in financial circles.”

Such a scheme would help the bureaucracy offset the loss of dues income from the massive decline in UAW

membership. The Big Three have cut 600,000 union jobs since 1979 and more than 100,000 since the last contract was signed in 2003.

The VEBA would, however, spell financial disaster for retired and current autoworkers. The UAW would be responsible to make up any shortfall in the fund by imposing higher out-of-pocket expenses on retirees.

The VEBA set up by the UAW at heavy equipment manufacturer Caterpillar ran out of money, leading to the imposition of high co-pays and premiums on retirees. The UAW agreed to a 50 percent cut in the pay of new-hires, saying this was required to replenish the exhausted fund.

GM and the UAW are apparently haggling over how much the automaker will contribute to the fund, with GM saying it will pay no more than 65-70 cents on every dollar it owes. The union is reportedly pressing the automakers to guarantee future contributions if rising health care costs outstrip projections. A source close to the negotiations told the *Wall Street Journal* that automakers might be willing to “backstop” the fund, but any contributions would be “defined and capped” and not “open-ended.”

GM also wants to spread out payments over several years and finance them with stock and real estate, along with cash. The UAW has expressed concern over this proposal. Already seen by autoworkers as little more than a company union, the UAW, if it took possession of billions in GM stock, would have a direct stake in driving up the exploitation of its own members in order to boost the value of its shares.

There are evidently concerns within the UAW leadership that the rank-and-file will reject the eventual agreement. In 2005, after the UAW imposed first-time-ever health care concessions on GM retirees, 49 percent of Ford workers opposed a similar deal. This prompted the union to drop its effort to reach an agreement at Chrysler.

The UAW is reportedly seeking some cosmetic guarantees for factory investments and protection against outsourcing, as well as a large signing bonus, in order to sell an agreement to its members.

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