

UAW local presidents ratify historic betrayal of US auto workers

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With the unanimous ratification vote by local presidents in favor of the historic concessions agreement with General Motors, the United Auto Workers bureaucracy is moving toward a quick ratification vote, hoping to steamroller opposition.

With each passing day the scope of this monumental betrayal becomes more evident.

Acting directly at the bidding of Wall Street, the UAW bureaucracy is surrendering without a fight the hard-won gains of more than 60 years of sacrifice and struggle, such as guaranteed pension and health benefits and annual wage increases. These concessions, along with the establishment of a two-tier system that drastically reduces pay of new hires, set the stage for the transformation of American auto workers, once the best paid industrial workers in the world, into a cheap labor force.

General Motors workers must vote to reject this contract, but this is only the first step. The fight to defend the vital interest of workers requires mobilizing the ranks of GM, Ford and Chrysler workers independently of the company stooges in the UAW apparatus and the building of democratically controlled rank-and-file committees to take negotiations out of the hands of Gettelfinger & Co.

The WSWs warns GM workers that the UAW bureaucracy will stop at nothing to obtain ratification of this agreement. This could include thug attacks on dissident workers and the rigging of votes.

The unanimous vote Friday by UAW local presidents assembled in Detroit, in the face of widespread rank-and-file opposition, to ratify this betrayal underscores the complete transformation of the union into an apparatus alien and hostile to the interests of the rank-and-file. No section of the union bureaucracy is capable of expressing, even in a pale and distorted way, the genuine interests of auto workers.

This agreement culminates decades of betrayals by the UAW in which the union apparatus has separated its interests from those of rank-and-file workers.

The establishment of a Voluntary Employees' Beneficiary

Association (VEBA) will turn the union into a profit-making enterprise and make the auto union bureaucracy full-fledged shareholders in the exploitation of workers. The UAW bureaucracy will get its hands on a massive cash hoard, including shares in GM, which will ensure its income at the direct expense of workers and retirees.

According to an article in the September 28 *Wall Street Journal* entitled "Street Salivates over VEBA cash pile," a combined health care trust fund of GM, Ford and Chrysler would rank among the 40 largest pension funds in the world, "bringing in tens of millions of dollars in fees to its managers."

Top UAW officials like President Ron Gettelfinger, who already earn salaries well in excess of \$150,000 per year, stand to become multi-millionaires. With its income assured by its control of the VEBA trust fund, the union apparatus will be largely freed from dependence on collecting dues payments from its rapidly dwindling membership.

No one should believe therefore the phony promises by the UAW, which stood by while Ford, Chrysler and GM slashed 40 percent of their union-represented production workers since the last contract, that it has secured job guarantees. In fact, the additional cash provided by concessions will allow GM to speed up outsourcing.

In order to protect its multi-billion dollar VEBA nest egg, the UAW bureaucracy will be compelled to launch attacks on retirees, imposing deeper and deeper cuts in medical benefits. Retirees will have no effective means of opposing these attacks since their rights will no longer be covered by the terms of a collective bargaining agreement.

Further, the corporate entity known as the UAW will obtain a direct incentive to help corporate management to gut wages, benefits and work rules in order to "control costs" and keep the company's stock prices high.

The agreement has dire implications for all American workers. The gutting of health benefits for UAW retirees represents the spearhead of an assault by the American ruling elite on the principle of employer-paid health insurance toward a system in which the responsibility for health care is placed entirely on the shoulders of the individual. An article in the September 27 *Wall Street Journal* titled "A turning point for health care" notes that the GM contract represents "a striking

example of a bigger trend sweeping US health-care: employers renouncing their decades-old role as chief health-care buyer.” It continues, “One question now is whether GM’s move may spark consideration of a more radical break with the current reliance on job-based insurance.”

The terms of the contract will have serious consequences for active GM workers. There are no wage increases in the four-year contract—only lump sum payments in the last three years—and the first 10 cents of quarterly cost of living increases will be diverted into the VEBA and to help the company cover higher health care costs for active employees.

By forgoing any pay raises, the UAW is setting the stage for a significant cut in real wages under conditions where inflation shows signs of exploding. This takes places after more than a decade in which auto workers saw stagnant wages—which rose just 1.5 percent above inflation annually since the early 1990s.

The UAW has agreed to unspecified changes in work rules at the local level, which reportedly include combining job classifications and also likely permit more widespread use of outside contractors.

With the adoption of a two-tier wage system, the UAW is breaking with a long tradition in the labor movement, which rejected such wage differentials as blatantly divisive, pitting worker against worker. It represents a continuation of the UAW bureaucracy’s decades long attempt to extinguish all traces of class consciousness and militancy within the ranks of the union, replacing it with anti-foreigner chauvinism, ruthless competition between union locals for jobs and the corporatist ideology of labor-management collaboration.

The creation of a broad category of low-paid so-called non-core workers such as janitors and maintenance personnel will give GM an incentive to force out senior workers in order to bring in new workers at one-half pay and benefits. The *Wall Street Journal* reports that, under terms of the agreement, GM will be able to buy out as many as 24,000 senior workers and replace them with new hires making about half of standard wages and benefits. In addition, the company will be permitted to redefine some entry-level production and skilled trades positions as non-core, meaning they can be paid at the lower starting rate.

New hires will not be eligible for the traditional GM pension, receiving 401(k) plans instead, which are subject to the vagaries of the stock market and do not guarantee a defined benefit. Even if they later move to production jobs, these workers will still be subject to the 401(k) rather than the traditional pension.

The *Journal* also reports that the agreement gives GM the right to eventually outsource all janitorial work.

Reporters from the *World Socialist Web Site* spoke to workers leaving their shift Friday at the Willow Run Powertrain plant in Ypsilanti, Michigan. Many of the workers at Willow Run have been working at GM for decades, with some workers estimating that 70 to 80 percent of those at the plant are close to

retirement. Workers expressed concern about the VEBA deal, the two-tier wage agreement, and rumors circulating in the plant of plans to eliminate tens of thousands of jobs companywide.

One worker, who has been working at GM for 23 years in a non-assembly line production position, said the VEBA proposal was “not right.” He added, “Look at what they did at Caterpillar,” referring to a VEBA arrangement that quickly went bankrupt, forcing sharp cuts in retirement benefits.

Since he is a “non-core” worker, he feared his job would be eliminated. He also voiced the frustration of many workers at the role of the corporate-controlled media. “From what you hear on the media, it is all our fault, it is all the fault of the workers,” he said.

“They are getting rid of the older workers because we make too much so they can bring in young kids with no benefits and low pay.”

As for the union, he said, “The UAW is getting to be a manager along with management. They begin with the aim of making the company more profitable.” The worker said that the contract would probably be rejected at the Willow Run plant.

Another worker, Dan, has been at GM for 30 years. He said that one of the main issues for him was the diversion of the cost-of-living adjustment, because this affects the hourly rate upon which future increases are calculated.

Dan said he had been following GM’s stock price. “Wall Street likes it, which means the contract is bound to be in GM’s favor.” He said that that autoworkers are “going in the same way as other trades, toward individual insurance,” rather than company-provided insurance. “There is a greater separation between the haves and the have-nots,” he noted.

Dan was also concerned about the conditions retirees will face. “There is no way you can retire on your pension,” he said, noting that he still had young children to take care of.



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