

UAW stages six-hour strike to push through contract betrayal at Chrysler

Jerry White
11 October 2007

The United Auto Workers union ended a strike at Chrysler plants throughout the US on Wednesday just six hours after calling a partial walkout involving 37,000 out of the company's 49,000 UAW members.

As with the two-day strike at General Motors two weeks ago, the union leadership called the action as part of its entirely cynical and self-serving maneuvers with management. A major consideration for UAW President Ron Gettelfinger and the bureaucracy he heads was the need to vent in a harmless manner the mood of concern and anger among rank-and-file workers over the brutal and unprecedented concessions contained in the contract.

Like the GM contract, the Chrysler agreement imposes a two-tier wage and benefit system that will rapidly transform the unionized labor force at the US-based auto companies into low-wage workers living on the edge of poverty. It also relieves the company of its legal obligations to pay retiree health benefits and establishes a multi-billion-dollar health care trust controlled by the UAW bureaucracy.

By calling a meaningless strike, the UAW leadership sought in some measure to cover its treachery, while drumming home to the workers the message that nothing can be done to defend the wages, working conditions and benefits won by previous generations of auto workers.

Chrysler Vice Chairman Tom LaSorda immediately hailed the deal for "providing a framework to improve our long-term manufacturing competitiveness." He noted that the agreement followed the "economic pattern" set by the UAW-GM contract, which imposes a 50 percent wage cut on future workers, slashes health care and pension benefits, and imposes a four-year wage freeze on current workers.

From the beginning of the negotiations, private equity firm Cerberus Capital Management LP, which bought the automaker from DaimlerChrysler for \$7.4 billion in August, made it clear it would accept nothing less than a "transformational" contract. It demanded a deal that would permanently lower labor costs and allow the company to dispense with billions in so-called legacy costs, i.e., the health care and pension benefits owed to retired workers and their dependents.

Like the deal the UAW signed with GM, the new four-year agreement with Chrysler will set up a retiree health care trust

fund, known as a voluntary employees beneficiary association, or VEBA, that will be controlled by the union. This will allow the company to dispense with a large portion of the \$18 billion in long-term health care obligations for its 78,000 retirees and surviving spouses.

Since 2005, the UAW has pressed to set up VEBA schemes with Detroit's Big Three automakers, not only to save the corporations tens of billions of dollars, but to gain control of what will be one of the largest private investment funds in the US, from which the UAW bureaucracy intends to maintain and enlarge its ample salaries and expense accounts—regardless of the ongoing decimation of jobs and decline in union dues revenue.

Top union officials, as executives of the new union-run insurance business, stand to become very wealthy men and women by directly imposing, in conjunction with their Wall Street advisers, deeper cuts in the retirement benefits of UAW members.

During negotiations this weekend, the two sides reportedly haggled over how much Chrysler would contribute to the fund, with insiders saying the company wanted an even greater discount than GM, which paid less than \$30 billion out of the \$50 billion it owed to retirees. The *Detroit News* reported that Chrysler told the union it would forgo a VEBA and continue paying for retiree health care itself if it did not receive more favorable terms from the UAW.

There is no doubt that the UAW convinced Cerberus/Chrysler to accept the VEBA by agreeing to even more draconian concessions than those contained in the GM pact.

While neither the union nor the company are releasing details of the deal, sources close to the negotiations indicate that Chrysler received health care concessions along the lines of those the UAW granted to GM and Ford in 2005. It is estimated these provisions—which impose out-of-pocket expenses on retirees for their health care benefits—will save the company \$300 million a year.

The GM contract cut wages to as low as \$14 an hour for new-hires, who will make up more than a third of the workforce in coming years, eliminated employer-paid pensions for new workers, and sanctioned further plant closings and layoffs.

Chrysler's negotiators made it clear they were not willing to

accept the GM pattern and wanted even greater give-backs. Just hours before the strike began, the *Wall Street Journal* reported that Cerberus remained determined to accelerate the outsourcing of UAW jobs and sell certain operations, such as Mopar parts depots and transportation units.

The company, which is already in the process of eliminating thousands of jobs, also made clear that it would resist making any specific commitments to build vehicles at its US assembly plants or give guarantees on the number of jobs that would remain at Chrysler.

With the biggest Wall Street investors behind it, Chrysler was prepared to sustain a long strike to win its demands. The company had up to 100-day supplies of several vehicles and had already ordered the temporary shutdown of all but two of its US assembly plants to reduce its inventory of unsold cars, leading analysts to say the effect of a short strike would not be “material.”

In announcing the tentative contract, UAW Vice President General Holiefield said, “Once again, teamwork in the leadership and solidarity in the ranks has produced an agreement that protects jobs for our communities and also protects wages, pensions, and health care for our active and retired members.”

Such statements suggest that the UAW takes its members to be fools. Who would believe that a six-hour strike, under conditions where most of Chrysler’s assembly plants were already closed, could force the company to back down on its demands?

The aborted strike embodied the UAW’s long-completed break with the most elementary tenets of working class solidarity, and the lack of any control by the workers over the conduct of the union.

Having been told absolutely nothing about the contract negotiations, which are conducted behind closed doors, the workers are called out on strike. Six hours later, still entirely in the dark, they are ordered back to work. Next comes the ratification ritual, in which the bureaucracy seeks to sell the contract to the workers on the basis of the most shameless lies.

The concept of “No contract, no work” is just one of the many militant traditions that have been trashed and repudiated by the UAW bureaucracy.

The events at Chrysler only underscore the absolute necessity for auto workers to break free of the UAW. The first step in waging a struggle to defend jobs and living standards is to organize independently and in opposition to the bureaucracy’s corporatist apparatus.

Auto workers should set about immediately to organize rank-and-file opposition to the new sell-out agreement. They should form their own committees, excluding all sections of the UAW bureaucracy, and link their struggle with GM, Ford, Delphi and other auto workers. They should reject the poisonous nationalism and chauvinism peddled by the UAW and appeal to auto workers in Canada, Latin America, Europe and Asia to

join in struggle against the global auto giants.

Above all, the political lessons must be drawn from the decades of betrayals carried out by the UAW. Workers confront a fight on two fronts: against the corporations and the two big business parties, and against the UAW. New forms of struggle must be developed, above all, a political movement of the working class against both the Democrats and Republicans that fights to reorganize economic life in accordance with the needs of working people, not the financial aristocracy.

Ever since the UAW joined Chrysler’s board of directors during the government bailout in 1979-80 and agreed to wage cuts and the destruction of 50,000 jobs, the UAW has sought to integrate itself ever further into the structure of corporate management. With its control of the VEBA, the union has finally transformed itself into a business that directly profits from the slashing of the health care benefits and wages of its own members.

As part of the deal to set up the VEBA at General Motors, the auto company is selling a \$4.4 billion dollar note to the UAW. If, as expected, the UAW converts the bond to stocks, it will become the largest single GM shareholder. This means the UAW will have a direct financial incentive to drive up the rate of exploitation of its members in the factories in order to boost the value of its GM shares.

On Wednesday, the UAW announced that the contract it signed with GM had been ratified. Production workers approved the deal by 66 percent and skilled trades workers passed it by 64 percent, according to the union. The “no” vote by one third of those who voted, combined with the contract’s rejection by at least eight locals, demonstrates the vast chasm that exists between auto workers and the UAW bureaucracy.

GM officials immediately hailed the vote, thanking Gettelfinger and other UAW officials for “their hard work in reaching an innovative agreement.”



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact