

Ford and UAW press for deeper concessions from US auto workers

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In the aftermath of the imposition by the United Auto Workers of its sell-out agreement with Chrysler against the mass opposition of Chrysler workers, the UAW has begun talks with Ford Motor Company. The number two US automaker is seeking even greater concessions from its 60,000 hourly workers than those granted by the UAW to General Motors and Chrysler.

Those agreements destroyed fundamental gains won since the founding of the UAW such as employer-paid pensions and retiree health care benefits. They shattered the principle of equal pay for equal work by establishing a two-tier wage system, which permanently saddles new hires with pay and benefits about one-half the level of current employees.

The new contracts have won immediate praise from Wall Street. The brokerage firm UBS raised its rating on GM stock from “sell” to “buy.” According to a report in Reuters, UBS said the contract with the United Auto Workers enables “transformational changes” at GM as it disposes of its healthcare liabilities and realigns its US wage structure.

Meanwhile, in remarks Monday, new Chrysler Chief Executive Bob Nardelli called the agreement accepted by the UAW “revolutionary,” at the same time announcing plans to begin the liquidation of company assets. He boasted that hundreds of the company’s top officials would financially benefit from the deal.

In exchange for sacrificing the jobs and living standards of its members the UAW won the right to manage a Voluntary Employees Beneficiary Association (VEBA). Control of this multi-billion trust fund will turn top UAW officials into wealthy executives. With outstanding obligations to retirees far exceeding assets, however, the fund will inevitably run dry, forcing retirees to accept huge cuts.

Ford wants to expand the category of so-called non-

core employees, i.e., lower-paid workers supposedly not involved in assembly operations, which was negotiated in the GM and Chrysler settlements. This is an especially important issue for Ford management, since the company has a much lower proportion of higher-paid senior workers nearing retirement than GM. Only 31 percent of Ford workers will be eligible to retire in five years, compared to 64 percent of GM workers. As a result Ford stands to realize less immediate cost savings under a two-tier system, since it will need to replace fewer retiring workers.

Pleading financial strain, Ford is also seeking a reduced level of funding for a UAW-run retiree health care trust fund, meaning it will be even more underfunded from the start than the VEBAs at GM and Chrysler.

The pace of contract negotiations is accelerating in the wake of the narrow ratification of the Chrysler contract. UAW President Ron Gettelfinger is reportedly set to join the talks and a strike deadline is expected to be announced soon. However, no one takes this threat seriously. The UAW carried out token walkouts at GM and Chrysler, which were over, in the case of Chrysler, in just six hours.

Ford is in deep crisis and is in the process of shedding tens of thousands of jobs. The company lost a record \$12.6 billion in 2006 and reports a sales decline of 13.3 percent through September. It has announced the elimination of 30,000 jobs and the closure of 16 plants, six of which have not yet been named.

Some 60,000 UAW-represented Ford workers are covered by the negotiations, including 7,180 at Automotive Components Holding, a business structure set up by Ford to manage a group of plants acquired from parts supplier Visteon in 2005.

As it did at Ford and Chrysler, the UAW is prepared

to meet all of Ford's demands in exchange for getting control of a multi-billion dollar cash hoard in the form of a VEBA.

The UAW realizes that it will encounter strong opposition among Ford workers to this sellout so it is preparing to use the threat of more plant closures and layoffs as a club to secure ratification. Once again union officials are promoting the lie that massive concessions are the only way to preserve at least a portion of the jobs of Ford workers.

In comments reported October 26 by the *Wall Street Journal*, UAW Local 600 President Jerry Sullivan, whose local covers the Ford Rouge complex in Dearborn, Michigan, said the local is "ready to OK a contract like the one GM did, or at least one close to the concept they had at GM. The company is still pretty sick, I think," he added.

For its part Ford is reportedly considering a plan to help the UAW sell concessions to reluctant members by offering to negotiate on the status of the six plants it has scheduled for closure but has not yet named. Among the plants said to be under consideration for closure are the Chicago Assembly Plant, the Louisville Assembly Plant in Kentucky and the Michigan Truck Plant in Wayne, Michigan.

By holding out the possibility that certain facilities may be "saved" the UAW and Ford hope to encourage a concessionary bidding war between local unions over which factories will stay open. The UAW has already implemented so-called competitive operating agreements at dozens of Ford plants. Under these agreements work rules have been changed and job classifications eliminated, saving the company tens of millions of dollars annually.

The UAW and Ford have also reportedly agreed to another early retirement and buyout offer to encourage more senior workers to leave the factories to make way for lower-paid new hires.

The recent announcement by GM that it is eliminating another 2,600 union jobs in Michigan underscores that fact that any job guarantees negotiated by the UAW are worthless.

In the wake of the agreement Chrysler is moving forward with plans to sell off the company piecemeal. Nardelli, the former Home Depot boss, announced plans to eliminate at least three vehicle models, reduce production by 85,000 units in the fourth quarter and sell

\$1 billion in real estate and buildings to generate ready cash.

Since the ratification of the GM contract it has become clear that the published terms of the agreement represent only a portion of the concessions agreed to by the UAW. Behind the backs of its members the UAW has pledged to impose further massive cost cutting under the terms of local agreements that are currently being negotiated.

Among the issues to be determined at the local level are the exact categories of workers that will be deemed "non-core" and thus subject to the lower wage rate. Locals are also being pushed to implement new work rules that will save the company money by eliminating job classifications allowing the use of more outside contractors and temporary workers.

GM is also reportedly preparing a new round of buyouts to encourage veteran workers to leave to make way for low-wage new hires. According to one analyst quoted by the *Detroit Free Press* such a move could save GM up to \$1 billion.



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