Opposition to UAW-GM deal as workers vote on contract

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Workers began voting this week on the agreement reached between General Motors and the United Auto Workers union, which on September 26 ended a two-day strike by 73,000 GM workers, the first national auto strike in three decades.

There is widespread anger among rank-and-file workers towards the sweeping concessions accepted by the union. The deal freezes the wages of current workers, slashes the pay of new hires in half and abolishes employer-paid medical coverage for retirees. In exchange the UAW bureaucracy was given control of a multibillion-dollar retiree health-care trust fund.

Seven of the ten largest locals—including those in the Michigan cities of Pontiac, Lansing, Detroit and Flint—are voting this week, with the 2,600-member local at the Lordstown plant in eastern Ohio voting Monday. Results are expected by October 10.

The UAW has dispatched scores of highly paid bureaucrats across the country to try to sell the deal at union meetings. The union's campaign of lies and half-truths has been echoed by the news media, which has claimed workers won unprecedented job guarantees. In reality, the deal paves the way for the shutdown of three plants—in Indianapolis, upstate New York and the Detroit suburb of Livonia—and the continual slashing of jobs by GM, which has eliminated more than 30,000 jobs since 2005.

On Wednesday Bank of America upgraded GM stock, citing the automaker's "more favorable than expected labor agreement with the United Auto Workers." The broker added, "the elimination of the UAW healthcare liability at a better than expected 25% discount (including the higher pension liability) results in a higher valuation for GM stock."

Analyzing the deal, auto analyst Brian Johnson of Lehman Brothers said the contract "represents a significant unwinding ... of the automobile entitlement economy."

Details continue to emerge underscoring the historic scope of the betrayal by the UAW. The *Detroit Free Press* reported Wednesday that a "little-observed detail" all but eliminates the Cost of Living Adjustment (COLA), a gain won by workers during the bitter 67-day strike in 1970 to protect wages against inflation.

Under the contract workers will lose thousands of dollars due to the diversion of a substantial portion of their COLA pay to help GM pay for current and retiree health-care costs. According to analysis by the paper, each worker will lose $6,240 in COLA payments over the course of the four-year agreement.

GM will take $270 million from workers' COLA to pay for health care for active workers. Another $180 million will be diverted from workers' COLA into the new VEBA, or voluntary employee beneficiary association, the $30 billion retiree health-care fund, which will be controlled by the union.

In addition to COLA diversions, auto workers will see co-payments for doctor's visits more than double, rising from $10 to $25, and will receive no hourly wage increases, only lump-sum payments. In the face of rising living costs this will amount to a de facto pay cut for workers whose wages have stagnated over the last 15 years, rising just 1.5 percent above inflation annually since 1992.

The situation for newly hired workers will be even worse, with most earning $14 an hour—less than the hourly average for nonunion workers—receiving reduced medical benefits and a 401(k) retirement plan instead of an employer-paid pension.

The VEBA scheme will give the union control of one of the biggest investment funds in America. The union, egged on by Wall Street, will have financial incentive to reduce benefits in order to maintain a steady stream of income to the hundreds of union bureaucrats in the UAW.

Corporate America is also hailing the VEBA scheme as a model for other industries, such as the airlines, which want to dump their health-care obligations. The percentage of companies that provide employer-paid benefits has dropped from 69 percent in 2000 to 60 percent today and will continue to plummet, foisting the responsibility and expense of rising medical costs on the backs of workers and their families.

The GM contract is just the beginning. As negotiations begin with Detroit's other Big Three automakers—Ford and Chrysler—it is becoming clear that these companies want to press even further in their concession demands. As the *Wall Street Journal* noted Tuesday, Chrysler and Ford want even greater flexibility to close plants and to reduce pension benefits.

Workers who spoke with the *World Socialist Web Site* expressed their opposition to the contract. A young worker with five years at the Pontiac Truck & Bus plant, a member of UAW Local 594, told the WSWS, "They are totally destroying the middle class. The rich have too much and now the union is going to be in control of billions. These companies are going to the Third World to take advantage of their workers and get rid of our jobs. Now they want the new hires to get $14 an hour. How are you supposed to live on that?"

Members of UAW Local 735, who work at GM's transmission plant in Willow Run, Michigan, voted on the contract Wednesday afternoon. They expressed opposition to the contract and frustration over the lack of any organized opposition to it.

Donnie Phillips, who is eligible to retire in a few days, told the WSWS he had wanted to park his truck with a large sign at the entrance to the union hall, urging his co-workers to reject the contract. "My sign was going to say, 'Vote No to Corporate Greed.' I have been trying to tell these people I work with something about what is going on," he continued. "They have been taking and taking and taking and not giving us anything.

"They are going to give the GM bargaining team big bonuses just to rub it in our face. My dad retired from GM and my mom retired from Ford. My grandparents and my whole family worked in the auto plants.

"When I came in, I made a deal to give them 30 years. My 30 years is up on the tenth of this month. They are taking our medical. The pension is next. And they want to pay half price for new hires.

"You know what 'long-term temporary employee' really means? I used to be a union organizer, and I have seen what they do. They set up a revolving door and they never have to pay benefits."

Jim Neff was emphatically opposed to the contract settlement. He has 29 years seniority and will be eligible to retire on the first of April in 2008, "If I'm still here," he added.

Because Neff will be reclassified as a "non-core" employee under provisions of the new contract, the company will gain the right to force him to take a more difficult, or even dangerous, job assignment—a move aimed at forcing him out of the plant in order to replace him with a low-wage employee.

"They are taking our medical," he said. "What is five doctor visits a year? Last year I had a heart attack. I had to see the doctor 20 times."