

# UAW-GM deal means more plant closings

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In addition to drastic wage cuts and attacks on long-standing gains such as employer-paid retiree health-care benefits, the agreement signed by the United Auto Workers union to end last week's walkout by 73,000 General Motors workers allows the auto giant to shut at least three plants and slash thousands of additional jobs over the course of the four-year deal.

In an effort to push through this historic betrayal UAW President Ron Gettelfinger has claimed the union achieved guarantees of job security at GM plants. The contract summary being distributed by the UAW for upcoming membership votes repeats this lie, saying, "It took a two-day strike, extraordinary solidarity and two months of tough bargaining ... to bring home a new contract with unprecedented product and investment commitments."

According to the details of the contract, which was posted on the web site of a UAW dissident group and confirmed by a UAW local union official who attended the ratification vote by local presidents last Friday, the agreement would let GM sell or close a stamping plant in Indianapolis, employing 850 workers, and an engine plant in the Detroit suburb of Livonia with 300 workers. A foundry in Massena, New York, would also be shut, eliminating another 336 jobs.

The document, called the "white book," said production at the Indianapolis plant will continue or be shifted to another GM plant "until such time as the plant can be sold to an outside buyer." If it is not sold it will be closed "no sooner than December 2011."

The Livonia plant would remain open through the life cycle of its current engine product, which ends in 2010.

Several other factories have no new product line scheduled and could be closed during the life of the agreement or shortly afterwards. These plants, which employ more than 6,000 UAW workers, include the Orion Assembly plant, near Pontiac, Michigan, Wilmington Assembly in Delaware, the Parma powertrain plant near Cleveland and the Flint Metal Center.

The new job cuts are in addition to the nine assembly,

stamping and powertrain plants where GM announced two years ago it would close or eliminate shifts as part of a plan to cut 30,000 hourly jobs in the US and Canada by the end of 2008. The new agreement sanctions the closings of these factories, including assembly plants in Doraville, Georgia, Oklahoma City and Linden, New Jersey.

Far from opposing further job cuts, the contract gives GM a free hand to close more plants and lay off workers. Under the heading, "Plant Closing and Sale Moratorium," the contract states, "it is understood that conditions may arise that are beyond the control of the corporation ... and could make compliance with this commitment impossible."

Virtually every contingency agreed to by the union and management to justify slashing jobs is then listed, from "volume related declines attributable to market conditions," to "acts of God or other such reasons beyond the control of the Corporation" and "the sale of a part of the Corporation's operations as an ongoing business."

Whatever agreements were made for future investments were contingent on new local agreements to impose more brutal speedup, forced overtime, the elimination of job classifications and other "flexible" work rules.

Another key element of the "job security" claims is the agreement to "insource" nearly 17,000 so-called non-core jobs. The company has been clamoring to outsource these jobs—which include material handlers, truck drivers, inspectors and many other categories of supposedly non-assembly work—to low-wage contractors. The UAW was able to retain these jobs by imposing a 50 percent wage cut on new hires who will do these jobs.

GM intends to push out thousands of older, higher paid employees and replace them with these "entry-level" workers, who will receive the equivalent of nonunion wages and benefits while still having to pay dues to the UAW.

According to the Memorandum of Understanding on the "UAW-GM Entry Level Wage & Benefit Agreement," three tiers of wages will be paid to non-core new hires, beginning as low as \$14.00 an hour, less than half of the traditional wage paid to auto workers.

In addition, these workers will receive severely reduced medical coverage, with sharp increases in deductibles,

premiums and other co-payment arrangements. Their health-care plan will have annual deductibles of \$300 for singles, \$600 for families, with 10 percent in-network co-pays and annual out-of-pocket caps of \$1,000 single, \$2,000 family. It will take three years to attain dental coverage and five years for full optical coverage.

New hires will not be eligible for a company paid “defined benefit” pension. Instead they will get a 401(k) plan into which GM will deposit 6.4 percent of workers’ wages. They will not receive retirement health-care coverage from the company or employer paid coverage for their survivors, according to the memorandum.

Despite the “insourcing” agreement, the union explicitly accepted the outsourcing of thousands of other jobs, including janitorial, line sweepers, foundry cleanup, roads and grounds, equipment cleaners and others. The contract states that both parties recognized these functions “detract from the overall competitive position of the Corporation” and would be eliminated from the collective bargaining agreement no later than January 2009.

While the UAW hailed the agreement for transferring thousands of long-term temporary workers into permanent jobs (starting at 70 percent the traditional wage, with non-core workers getting even less) the UAW also agreed to let the company continue to hire these workers—who have no benefits and accrue no seniority—for another year.

There are undoubtedly countless other side agreements and codicils that will further undermine workers’ living standards and working conditions. Most of these will never be known until years after the agreement is implemented.

Fearing opposition from rank-and-file workers the UAW and the news media are waging a propaganda campaign to sell the agreement. Typical of the media coverage was Monday’s article in the *Flint Journal*, which hailed new factory investments as a virtual renaissance for the economically devastated city, which has lost some 70,000 GM jobs over the last three decades.

Former official of UAW Local 581, Dale Bingley, told the *Journal* the deal was a great victory for workers. “We’re getting everything we were on strike for,” he said. “It’s historic for the way things are in the country now.” At another union meeting, the *Journal* claimed, “Thunderous applause and cheers resonated in UAW Local 599’s packed auditorium as union leaders highlighted details of the contract.”

In fact, workers have greeted the proposals with widespread suspicion, if not outright hostility. At Sunday’s informational meeting of Local 659—which represents Flint Metal Center workers who face a plant closing—local and UAW International representatives tried to assuage concerns that the union agreed to massive concessions to get its hands

on billions of dollars in a union-controlled trust fund for retiree medical benefits.

Aware that workers would not trust corrupt union bureaucrats, such as UAW President Ron Gettelfinger, with their hard-earned benefits, UAW officials claimed the trust, known as a Voluntary Employees’ Beneficiary Association or VEBA, would be controlled by a “third party”—not the UAW—and that the union would simply have a seat on the board overseeing the fund.

Like all the talk about “job security,” this too is a lie. This was made clear in an article headlined, “Gettelfinger and his VEBA are the toast of Wall Street,” which appeared in *Crain’s Detroit Business* last week. The article began, “Meet everyone’s new best friend on Wall Street: Ron Gettelfinger,” noting that the “UAW could have more than \$60 billion in hand” if the GM contract passed and similar deals were approved with Ford and Chrysler.

“That’s a lot of money even by Wall Street standards,” the article continued, saying the trust fund would be the equal to the 20th largest US pension fund. “This fund would yield enormous clout in investment circles, and anyone who wants a piece of this action will be clamoring for an audience with Gettelfinger,” it added.

In other words, the UAW is going into business with the VEBA, which will guarantee millions in profits to big investors, consultants and top union officials, like Gettelfinger. The price for this will be paid in lost jobs, wage cuts and the destruction of pensions and health-care benefits for current, retired and future auto workers.

GM workers should reject this historic betrayal and organize rank-and-file committees to take the contract fight out of the hands of the UAW. New organizations of struggle must be built. What is needed above all is a political movement of the working class, independent of the two parties of big business, to reorganize economic life to meet the needs of working people, not the wealthy elite.



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