

# WSWS replies to UAW local president on GM contract

10 October 2007

*We publish here an email sent to the World Socialist Web Site editorial board on October 8 by Dave Green, president of United Auto Workers (UAW) Local 1714 at the General Motors fabrication plant in Lordstown, Ohio, and a reply by Barry Grey. This exchange is also available in pdf.*

This is not at all true. It is a shame that this type of anti-union material is spread around. The UAW is fighting for the middle class and will grow as an organization when this contract is ratified. Not because of VEBA, but because we will be able to make ourselves competitive.

My plant was going to close. We will now have an opportunity to build small cars in the USA. Support America, Buy American! You anti-union folks should embrace unions so American workers can have a voice in their work place. The UAW gives its workers a voice! Believe it!

Dave Green

Dear Mr. Green,

Your enthusiasm for a contract that sanctions the destruction of the wage levels, benefits and working conditions won by previous generations of auto workers underscores the unbridgeable chasm that separates the UAW bureaucracy from the workers. It highlights the fact that the union is an instrument not of the workers, but of an upper-middle-class social layer whose allegiance is to the American corporate elite.

There is not a shred of class consciousness in what you write. You do not even speak of the working class, choosing instead to promote the myth that American workers are part of the “middle class.” You do so in defense of a contract that has been hailed by the corporate-controlled media for ending the period when American auto workers, and industrial workers more generally, enjoyed relatively decent wages and living standards—the period of what they call the “middle class” auto worker—and transforming them into low-wage workers living on the edge of poverty.

You espouse virulent nationalism and chauvinism—the ideological mainstay of the ruling elite in its efforts to divide the working class and pit American workers against their class brothers and sisters around the world.

You write that our statements on the UAW-GM contract are “not at all true.” But you don’t give a single example of an allegedly untrue assertion in any of the statements and articles we have posted on the *World Socialist Web Site* concerning the contract. Evidently, you do not wish to deal with the actual content of the agreement.

You would be hard put to explain how a contract that relieves GM of its legal responsibility to provide health benefits for retired union workers, slashes wages for new-hires in half (from \$28 to \$14), strips them of pension rights, cuts their benefits, provides no wage increases and guts cost-of-living adjustments represents anything other than a total surrender to the company and a betrayal of monumental proportions.

The contract is an attack on all sections of UAW workers and retirees. It will result in a cut in real wages for older workers and jeopardize their retirement benefits, depriving them of any income security. It will deprive all new workers of a pension, replacing it with a 401(k) plan that is subject to the vagaries of the stock market. It destroys basic conditions that were mainstays of UAW contracts going all the way back to the 1940s.

As for saving jobs, your enthusiasm for the contract epitomizes the renunciation by the UAW of the most elementary concepts of working class solidarity—the result of a longstanding effort by the union leadership to destroy the militant traditions and elements of class consciousness associated with the bitter battles, led by socialist and left-wing workers, that built the union in the 1930s.

You praise the deal on the grounds that it will supposedly save your plant in Lordstown. What about the hundreds of workers at the three plants whose demise is spelled out in the agreement—Indianapolis stamping, Livonia engine and the Massena foundry—and the thousands at plants where no new production has been promised—such as Orion assembly, Wilmington assembly and Parma powertrain?

In supporting this agreement, you and your fellow local union officials are consigning them to the scrap heap.

You fail to mention that making Lordstown and GM as a whole “competitive” and keeping car production in the US translates into more wage cuts and “competitive” local agreements that sanction even worse speedup, while undermining any means for workers to resist intensified exploitation.

You evidently hope that workers will forget that the same empty “job security” provisions as those in the current contract have been included, in one form or another, in every GM contract for the past three decades—with the resulting loss of 600,000 union jobs. These pledges—which are accompanied in the current contract with escape clauses big enough to drive a truck through—are not worth the paper they are written on.

In your letter, you brush over the question of the union-controlled healthcare trust, the voluntary employee beneficiary association (VEBA), which the contract establishes. This multibillion-dollar (\$70 billion if agreed to by all of the Big Three auto makers) investment fund is at the heart of the agreement.

The union-controlled VEBA is the culmination of a decades-long process by which the UAW bureaucracy has differentiated and insulated its own interests from those of UAW workers. Ever since the Chrysler bailout of 1979, the UAW has been collaborating with the auto companies in imposing plant closures, layoffs, wage and benefit cuts, and speedup, in order to aid the US auto companies in their competitive war with their European and Asian rivals.

To this end, the UAW has ruthlessly suppressed the class struggle in the auto industry. It is a staggering fact that the last national GM strike, prior to the strike the union called last month, and then ended after only two days, occurred in 1970. For more than half the entire history of the union, there was no national strike at the largest American automaker—a 37-year span during which auto workers suffered a devastating decline in their living standards and working conditions.

From the late 1970s on, the UAW sought to protect the financial basis of the bureaucracy and insulate itself from the rapid decline in its dues base as a result of mass layoffs, by entering into corporatist union-management programs with the companies, including large slush funds and joint ventures that provided additional income to Solidarity House and the local

officials.

That, plus the maintenance of a strike fund worth hundreds of millions of dollars—which was virtually untouched since no national strikes were called—enabled the UAW to increase its assets even as its membership plummeted. In the most recent financial report filed by the UAW with the US Labor Department, the union reported record assets of \$1.2 billion, even though UAW membership had declined from 1.5 million in 1978 to less than 520,000 today.

However, the worsening crisis of the US auto industry over the past several years, with plant closures and layoffs accelerating and the threat of bankruptcy facing all of the Big Three companies, threatened the bureaucracy's financial viability—regardless of how many plants it allowed to close and how brutal the concessions it helped impose on its members.

As a result, the UAW has taken the final step in its transformation by establishing itself as a corporate entity in its own right. That is the significance of the VEBA.

With the VEBA, the union goes into the insurance business, becoming the proprietor of one of the largest investment funds in the United States. The union will directly administer the health benefits of some 800,000 retired UAW members and their dependents.

The UAW officials at Solidarity House, in alliance with Wall Street investment firms and consultants, will manage the fund's investments and calibrate the benefits it provides in accordance with the demands of the major international investors and speculators who dominate Wall Street. The union will thus directly impose the cuts in health benefits on its own members dictated by the requirements of the market. The antagonism between the needs of autoworkers and the interests of the union will assume a finished and institutionalized form.

In the process, top UAW officials such as President Ron Gettelfinger, as executives of the VEBA enterprise, will vastly increase their own personal wealth.

The UAW bureaucracy has been pushing the auto companies to agree to such a deal since 2005. With this contract, it achieves its goal—in return for its collaboration in the destruction of the living standards and jobs of UAW members.

You argue in support of this betrayal that it will enable the UAW to grow. There is, in fact, little prospect that the contract will stanch the decline in both union membership and dues revenues flowing into the coffers of the union. The agreement is predicated on forcing out of the plants tens of thousands of older workers and replacing them with younger workers who will be forced to work longer and harder for far lower wages and benefits.

But GM as well as Ford and Chrysler have made clear they intend to continue shutting plants and moving production offshore where wages are even lower. The contract facilitates this by giving a green light for a series of plant closures.

As a result of this historic sellout, it should be added, the UAW will be even more repellent to non-union workers than it already is, so there is no prospect of the union winning representation rights at non-union plants.

What may grow are the assets and stock portfolios of the UAW bureaucracy. A central concern of the UAW in negotiating this agreement was to secure its income and limit as much as possible its dependence on dues revenues.

But there is a more fundamental question. What interest can autoworkers have in the growth of an organization that negotiates and enforces catastrophic attacks on their jobs and living standards?

You and the rest of the bureaucracy, on the other hand, have an interest in the growth of the UAW, because it underpins your social and economic privileges. You are more than willing to agree to catastrophic concessions for autoworkers in order to stabilize the organizational basis for your ample salaries and expense accounts.

Your second argument is that the contract is “good for America.”

Really? Which America, Mr. Green, do you mean? The America of Wall Street speculators and multimillionaires is certainly celebrating the destruction of all of the past gains of the American working class, which is why they have driven up the stock price of GM so dramatically. GM stock rose 9.4 percent on the day the contract was announced and has continued to rise.

The contract is good for American *capitalism*, precisely because it is a disaster for the working class.

You write that the unions make it possible for American workers to “have a voice in their work place,” and that “the UAW gives its workers a voice.” But as you well know, for the past three decades the UAW has collaborated with the companies to undermine any means for workers to protect themselves from the demands of the bosses—gutting grievance procedures, establishing joint union-management structures to police the workers in place of independent union bodies that, to a limited extent, defended them.

Within the UAW, the workers have no voice. They exercise no effective control over the corporatist executives who run the union.

This can be seen in the ratification vote itself. There is massive rank-and-file opposition to the contract. At least three locals have voted it down, and in others the “no” vote has been as high as 49 percent. The alienation and disgust of workers are reflected in the wide-scale abstention at many plants.

This is despite the shameless lies being promulgated by the UAW leadership about the contract and the media blitz in support of it. And despite the cynical tactic of a two-day strike whose purpose was to defuse rank-and-file opposition, provide a cover for the bureaucracy, and convince workers that nothing better could be achieved.

In your own local, despite your claim that the contract will keep the plant open, 39 percent of production workers and 46 percent of skilled trades workers voted “no.”

The Lordstown plant exemplifies the transformation that has taken place in the UAW. You represent a plant that was at the center of explosive strikes against speedup and poor working conditions in the late 1960s and early 1970s. But you are incapable of expressing even remotely the militancy and class solidarity that animated those struggles.

That was in a period when the UAW still, to some extent, conducted the trade union struggle to expand the share of the value created by the labor of the workers that went to the workers. That period is long since past.

Your letter, Mr. Green, fully substantiates one of the most important aspects of the analysis of the GM contract advanced by the *World Socialist Web Site* and the Socialist Equality Party. In its flag-waving nationalism, indifference to the plight of the workers, and inability to differentiate its standpoint from that of the auto bosses, your letter confirms our contention that the UAW is not an organization of the working class, but rather an organization of a right-wing, privileged bureaucracy that is hostile to the interests of workers and is transforming itself from a tool of the bosses into a corporate entity in its own right.

Sincerely,

Barry Grey, for the WSWs editorial board



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Socialist Equality Party visit:

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