Bitter outcome of UAW contract betrayal: Chrysler to cut 12,000 more jobs

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Chrysler announced Thursday it will cut 12,000 jobs in the US and Canada over the next year as part of the massive restructuring plan of the company's new owners, the private equity firm Cerberus Capital Management LP.

The announcement, just five days after Chrysler workers narrowly approved a new four-year labor agreement, exposes the lies of the United Auto Workers union, which rammed through the contract by claiming it had won "unprecedented" job protections.

The layoff announcement underscores the catastrophic implications for auto workers of the betrayal carried out by the UAW. Not only does the new contract impose a 50 percent cut in wages and gut the benefits of newly hired workers, it signals the collaboration of the union leadership in Cerberus' plans to hive off huge sections of Chrysler and sell the remnant to the highest bidder—reaping billions in profits for Cerberus' Wall Street managers and wealthy investors by devastating tens of thousands of auto workers, their families and entire working class communities.

Thursday's job cuts are in addition to the 11,000 the company announced last February. The combined total will slash the unionized workforce in the US over the next two years to around 35,000, a 41 percent reduction.

The company will discontinue four vehicle models and shut down shifts at five assembly plants—in Belvidere, Illinois; Toledo, Ohio; Brampton, Ontario; Jefferson North in Detroit and Sterling Heights in suburban Detroit—as well as the Mack Avenue V-6 engine plant in Detroit. Job losses will be felt as far as Austria, where contract workers build the now-cancelled Crossfire model.

Another 1,000 salaried employees will be laid off, in addition to the 2,000 announced by Chrysler last February. Nearly 40 percent of the company's white collar contract positions will also be cut. Overtime for all employees will be eliminated.

Chief Executive Bob Nardelli said the cuts were driven by falling sales since Chrysler announced its initial restructuring plan. "The market situation has changed dramatically," Nardelli said, adding that industry-wide auto sales were expected to be "significantly lower" well into 2008.

The company, with the support of the UAW, is declaring that any concept of job security is a thing of the past. From now on, auto workers' jobs will be entirely at the mercy of the short-term vagaries of the market—virtually rolling the clock back to the Depression-era days when auto workers did not know from one day to the next if they would be working and earning a paycheck.

Under the new two-tier wage and benefit structure, Chrysler will replace tens of thousands of higher-paid veteran workers with new-hires paid $14 an hour instead of the $28.75 paid to current workers. The new workers will receive sharply reduced medical benefits and will not qualify for employer-paid pensions or retiree health care benefits.

This provision, a centerpiece of the UAW contracts for General Motors and Ford as well as Chrysler, has been hailed as "revolutionary" by Nardelli. With Thursday's brazen job-cutting announcement, Chrysler is making it clear that in a mere matter of months the older workers will be forced out and the US auto industry—once manned by the highest paid industrial workers in the world—will be transformed into a low-wage sweatshop.

In return for its indispensable role in inflicting this massive defeat on the working class, the UAW will, if the pattern contract at General Motors and Chrysler is imposed on Ford workers, get control of a $70 billion retiree health care trust fund, turning the union into the proprietor of one of the largest investment funds in the US.

The union will go into business. UAW President Ron Gettelfinger and other top officials will likely become very rich individuals by directly cutting the health benefits of auto workers who are trapped within the union and forced to pay it dues.

Whatever Gettelfinger and other union officials may say, Chrysler's announcement does not come as a surprise to the UAW. The executives who run the UAW knew from the

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outset, when they welcomed Cerberus' takeover of Chrysler, that the outcome would be the reduction of Chrysler to a mere remnant of its former self.

At least since the bankruptcy of the auto parts giant Delphi in October 2005, the UAW has pursued a very conscious and deliberate policy in conjunction with the auto companies of purging the factories of the older workers and replacing them with more brutally exploited younger workers. Since 2005, the UAW has been pushing for the auto companies to turn over retiree health care to the union, relieving the bosses of their legal obligation to provide benefits and enabling the union leadership to set up the multi-billion-dollar "voluntary employees' beneficiary association," or VEBA.

In pursuance of this strategy, the UAW reopened the contracts at GM and Ford and imposed the first ever out-of-pocket medical expenses on retirees, and later, in 2006, negotiated deals to drive out more than 70,000 older GM and Ford workers.

Chrysler has been able to act with impunity not because it faces no opposition from workers. On the contrary, nearly 50 percent of those who voted on the contract opposed it.

After a series of union locals at major plants rejected the deal, the UAW mobilized its full apparatus to ram through the contract at key locals in the Detroit area. The union lied shamelessly about the content of the agreement, and worked to intimidate workers into accepting the deal, exploiting the poverty and economic desperation in the area that is in no small measure the result of its own policies.

The UAW made it clear that if workers rejected the contract, the union would do nothing to fight for anything different. Under those conditions, a small majority of the workers who voted reluctantly accepted the deal.

Dissident local officials, including UAW Local 1700 President Bill Parker and others associated with the New Directions faction of the UAW bureaucracy, offered no serious alternative. Parker did not even urge his members to vote down the deal during informational meetings.

The most destructive illusion that Parker and the other dissidents promote is the notion that rank-and-file pressure can transform the UAW into an instrument to defend their interests.

The record is clear and the outcome is even clearer. The UAW has deliberately worked to destroy the jobs, wages, benefits and working conditions of its own members.

It is necessary for auto workers to shake off any lingering illusions and look reality squarely in the face. The UAW is thoroughly hostile to their interests. It is not controlled by auto workers and does not represent them. It represents the interests of a corrupt, upper-middle-class stratum that long ago repudiated any trace of the class struggle traditions derived from the mass battles that forged the union in the 1930s.

Ford workers must take a warning from the outcome of the Chrysler contract. The same fate awaits them if the contract now being negotiated is approved.

Workers must organize now to defeat this betrayal and unite all auto workers—at Ford, GM and Chrysler—to defend their jobs and living standards. The prerequisite for any such struggle is a break with the UAW and the organization of rank-and-file committees—entirely independent of the union and democratically controlled by the workers—to mobilize the working class against the auto companies and unite auto workers in the US, Canada, Mexico and throughout the world.

This is a fight on two fronts—against the companies and against the corporatist entity known as the UAW.

Above all, a new political strategy is needed. Workers must break with the two parties of big business and war and develop a powerful independent political movement against the profit system.

The collapse of the UAW and its transformation into a shareholder in the exploitation of auto workers is the inevitable outcome of the union bureaucracy's rejection of socialism, its nationalist defense of the interests of the US ruling elite, and its political subordination of the working class to the capitalist two-party system, through its alliance with the Democrats.

The revival of a powerful movement of the working class must be based on entirely new organizations and a perspective that unites workers behind an internationalist and socialist program to defend the jobs and living standards of all working people.

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