

White House signals aid after auto loan bill stalls in Senate

UAW agrees to more concessions

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The Bush administration announced on Friday that it is open to granting emergency loans to US auto companies through a Treasury Department fund. On Thursday, the US Senate failed to pass a bill supported by the White House and Democrats that would grant the Big Three—General Motors, Chrysler, and Ford—a \$14 billion loan contingent on massive concessions from auto workers.

The White House said it would consider providing funding through the Troubled Assets Relief Program (TARP), the \$700 billion fund originally established to funnel taxpayer money to the banks. This is a shift from its previous opposition to using these funds.

White House spokeswoman Dana Perino said on Friday morning, "Given the current weakened state of the US economy, we will consider other options if necessary—including use of the TARP program—to prevent a collapse of troubled auto makers. A precipitous collapse of this industry would have a severe impact on our economy, and it would be irresponsible to further weaken and destabilize our economy at this time."

The announcement reflects concerns within the ruling elite that failure to grant some aid could spark a collapse of financial markets and turn the recession into a full-scale depression.

The loan bill that had been backed by the White House and Democrats would have established an "auto czar" appointed by Bush and tasked with overseeing the restructuring of the auto industry, including massive layoffs, plant closures and attacks on auto workers' wages, health benefits and pensions. The official would have the power to send the companies into bankruptcy if it was determined that restructuring was not proceeding quickly enough.

The bill passed the House of Representatives on Wednesday but then stalled in the Senate after facing opposition from the Republican caucus, which demanded more explicit and brutal

attacks on auto workers as a condition for any loans. In a vote of 52-35, the Senate failed to reach the 60 votes necessary to overcome procedural hurdles and bring the loan bill to a vote.

A "compromise" measure worked out in negotiations between Republican Senator Bob Corker, congressional Democrats and United Auto Workers President Ron Gettelfinger failed to win the support of the Republican caucus.

The Bush administration will likely oversee intensive talks involving Democratic and Republican leaders, the Obama transition team and the UAW over the weekend to reach some arrangement to release emergency funds.

Obama, while maintaining a certain distance from the discussions, declared his support Friday for an agreement that will impose new concessions on the workers. "My hope is that the administration and the Congress will still find a way to give the industry the temporary assistance it needs while demanding the long-term restructuring that is absolutely required," he said.

Democratic Senator Christopher Dodd, who has led the Democratic caucus in discussions over an auto loan, said that any payments through TARP should be accompanied by strict conditions along the lines of those already agreed by the United Auto Workers (UAW).

The UAW has agreed in advance to virtually all of the cuts demanded by the most virulently anti-labor sections of the Republican Party. This was made clear in a press conference Friday morning given by Gettelfinger. The union president virtually boasted to the assembled media of the concessions to which he agreed in discussions Thursday with Corker.

Gettelfinger said that the UAW recognized that "the industry is in a restructuring mode," meaning massive cuts in jobs, wages and benefits are in order. He pleaded for Congress to recognize the concessions that the union has already accepted, which have generated enormous opposition among rank-and-

file workers. "You've heard us talk about what we did in '03, '05, '07 negotiations," he said, referring to past contracts, "and then just this past week to assist our industry and put them in a more competitive position."

Over the past week, the UAW has agreed to end the jobs bank program, which pays workers a percentage of their wage for a period after being laid off, delay payments into the retiree health care fund and impose other cuts.

Gettelfinger spoke of his discussions with Corker on Thursday, which were intended to negotiate an agreement that would be acceptable to Senate Republicans. He made clear that the UAW accepted the bulk of Corker's demands, including accepting virtually worthless stock in the auto companies in lieu of cash injections into the retiree health funds, and agreeing to an explicit guarantee that Big Three auto workers' wages and benefits would be made competitive with those of workers at non-union foreign-owned plants in the US.

"Any restructuring plan approved by the auto czar would have to ensure that the wages and benefits paid to active employees at the domestic auto makers would be competitive with the compensation paid by the foreign transplants," Gettelfinger said. If the auto czar determined that this would not be accomplished by the restructuring plans, loans would be withdrawn and the companies forced into bankruptcy, according to the agreement reached with Corker.

Gettelfinger complained that the UAW had already accepted concessions that brought auto workers' wages and benefits below those of workers at Toyota. He made clear, however, that further concessions were acceptable to the union. "We have already stepped forward and made enormous concessions, but as we made it clear last night, we were prepared to make further sacrifices."

Agreement with the Republican caucus apparently foundered on whether the union would accept an explicit timetable for implementing "competitive" wages by 2009. In his own press conference later in the day, Corker said that all that separated the Republican caucus from the UAW were "three words" which would have required that the cuts be imposed next year.

Thus, the issue separating the UAW and the most rabidly anti-labor Republicans is not whether, but how rapidly UAW members are to be stripped of gains won by previous generations of auto workers and forced to work for near-poverty wages.

The UAW bureaucracy wants to maintain the fiction that the cuts in the auto industry will be imposed on "all stakeholders." It is concerned about the possibility of a revolt from the auto

workers themselves. In the 2007 contracts, the union was barely able to force sweeping concessions on the rank and file, including a two-tier system of wages and benefits that allows the companies to hire new workers at half the pay of current workers.

Gettelfinger and the rest of the UAW bureaucracy would rather bring wages down over the next several years, as older workers retire or are forced out and are replaced by younger, lower-paid workers. This scenario, however, was not acceptable to the Republican caucus.

Later in the day, Gettelfinger welcomed the statements from the White House. "I think it's great news, the response that we've been getting out of both the White House and the Treasury," he said.

The union is calling on the White House to base conditions for a TARP bailout on the earlier bill supported by the Democratic Party, but it is far more likely that the Bush administration will incorporate the additional concessions agreed to by Gettelfinger in his discussions with Corker.

Once again, the UAW, a corrupt and self-serving bureaucracy that is totally indifferent to the needs of the rank-and-file, is collaborating in impoverishing the workers. The entire policy of the UAW of endless concessions, accompanied by its political alliance with the Democratic Party, has proven to be a complete failure and is leading the workers to a catastrophe.



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