

# US Congress, Big Three, UAW conspire against auto workers

3 December 2008

In the runup to this week's appearance by auto industry executives and the president of the United Auto Workers union before the US Congress, the real issues in the official debate over a bridge loan for the auto makers have become clear.

Following the Democratic congressional leadership's initial rejection of the bailout on November 20, intensive talks were held between Congress, the auto companies, the UAW and officials from the Obama transition team over the best way to use the crisis to extract massive concessions from auto workers.

It is no accident that the UAW has scheduled an emergency meeting of local union presidents and bargaining officials for Wednesday in Detroit to discuss reopening labor agreements covering 150,000 workers at General Motors, Ford and Chrysler. The UAW intends to have an agreement in hand to impose further concessions on their members when auto executives return to testify before Congress on Thursday.

Acknowledging that the union had been in talks with the auto companies, UAW President Ron Gettelfinger told a local radio station "we recognize that there may be additional sacrifices required."

The UAW is reportedly offering to eliminate what remains of the Jobs Bank program, which subsidizes the income of laid off workers during the life of the four-year agreement. The program has already been largely gutted and its elimination is chiefly symbolic and a down payment for far more sweeping concessions.

The union is also considering allowing the deferral or reduction in the \$45 billion the companies owe for retiree health care benefits. Last summer, the UAW allowed GM to delay a \$1.7 billion payment into newly established union-controlled trust fund and any further reductions could threaten the entire scheme and medical care for more than a million retirees and their dependents.

On Tuesday, the auto makers submitted plans to Congress outlining how they intended to return to profitability. After

their commitments for "equal sacrifice" through largely worthless promises to limit executive pay, the companies spelled out plans to accelerate downsizing and the reduction of labor costs to the level of non-union factories operated in the US by their Asian and European competitors.

According to the *Detroit News*, General Motors will ask Congress for as much as \$18 billion in emergency financial aid, pledging in return to ax 30,000 jobs, shut down nine plants and reopen the UAW contract. In a public statement, the company promised a "reduction in brands, nameplates and retail outlets," full "labor cost competitiveness with foreign manufacturers in the U.S." and "further manufacturing and structural cost reductions through increased productivity and employment reductions." While the company said it remained "committed to fulfilling its obligations to its employees and retirees related to pension and healthcare," it ominously warned that, "the specifics of these obligations change over time due to competitive realities."

In its plan Ford wrote, "We are acutely aware that our supply base, our labor structure, and our dealer network, among other factors, are sized for an industry and a market share that the domestic companies can no longer support." The company, which has closed 17 plants since 2003 and wiped out 45,000 hourly and 12,000 salaried workers in North America over the last three years, promised to shrink its operations further, sell off divisions like Volvo and push through other cost-cutting measures.

The companies praised the UAW for signing a "transformational agreement" in 2007, which reduced the wages for new hires and so-called non-core workers by half and excluded them from the traditional retiree health care and defined benefit pension plans. In addition, setting up the union-controlled trust fund had reduced their liabilities for retiree health care by 50 percent.

The concessions have largely been discounted as inadequate by the financial and political establishment. Over the past few weeks, there has been a non-stop media campaign demanding that auto workers be stripped of the gains they have won over

generations of struggle either by using the bankruptcy courts to tear up the existing agreements or through a government bailout, which would make any loan contingent on sweeping concessions.

Typical was a column in the *Wall Street Journal* Tuesday by William McGurn, a former speechwriter for President Bush, who called on GM CEO Richard Wagoner to exploit the potential collapse of the company to slash the "overly generous health-care" benefits, not only of retirees but, current workers. "[W]hatever the old-health care plans might say on paper," he said, "you know the reality is a future where the Big Three's auto workers will be renegotiating givebacks with a gun pointed at their heads (the threat of their company going bankrupt)."

In a repeat—albeit in a much larger scale—of the 1979-80 Chrysler bailout the threat of mass unemployment and financial ruin is being used to blackmail workers into accepting massive concessions. That government bailout did nothing to secure the long-term health of the industry, let alone the jobs and living standards of Chrysler workers. Instead it marked the beginning of a decades-long attack on the working class, which produced a massive transfer of wealth from working people into the pockets of corporate executives and hedge fund managers.

In the same way, the current assault on auto workers will be used as a benchmark for a wave of attacks on jobs and living standards as the corporate and financial elite, with the full support of the Obama administration, seeks to impose the breakdown of American capitalism on the backs of working people.

The collaboration of the UAW in this conspiracy will be cited by the Democratic Party and the media to claim that there is overwhelming support for auto workers to sacrifice. This is a lie. The UAW does not speak in the name or in the interests of ordinary working people. On the contrary, it is a corrupt apparatus whose income and privileges are derived from the services it provides to corporate management.

Workers bear no responsibility for the decisions made by the auto bosses, let alone the avarice and recklessness of Wall Street, which has brought the entire economy to the brink of collapse.

Auto workers must reject the whole framework of the debate over the bailout and intervene independently to defend their interests and those of the entire working class. This includes the preparation to reject any concessions brought back by the UAW and the launching of a national strike to defend jobs and living standards.

The most fundamental question, however, is how are the vast industrial resources, built up by generations of workers, going to be preserved and used? The auto industry, upon which millions of working people depend, can not be left in the hands of corporate executives and big investors who have driven it into the ground in order to amass huge personal fortunes.

State intervention and public planning are needed, but this will not be done by the Democrats and Republicans who are only interested in returning the companies to profitability to benefit the financial and corporate interests they represent.

The working class must assert its own interests. This means the fight for the nationalization of the auto industry and its transformation into a public utility under the democratic control of working people. To achieve this, workers must break with the Democratic Party and build a mass political party of the working class that will fight for a workers' government to nationalize the banks and reorganize the entire economy based on the principle of production for human need, not private profit.

Auto workers in the US cannot succeed, however, outside of developing an international strategy. Automotive manufacturing is the most globally integrated industry in the world, coordinating vast human, natural and technological resources. In recent weeks auto workers in Canada, Japan and Europe have faced layoffs, and the demands for concessions in the US will be followed by similar demands throughout the world.

American workers must reject economic nationalism—long the stock in trade of the UAW and the Democratic Party to divide the international working class—and fight to unite with workers in every country based on the perspective of the socialist transformation of the global auto industry.

Jerry White



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**