With government deadline for concession deal approaching

# Automakers, UAW move to create low-wage workforce

**Jerry White**
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General Motors and Chrysler have offered buyouts and early retirement packages to their entire combined workforce of 89,000 hourly workers in a move aimed at ridding the industry of higher-paid veteran workers and replacing them with new hires making half the wages.

The buyouts, which are being carried out with the full participation of the United Auto Workers union, is in line with the automakers agreement to drastically reduce labor costs in exchange for $17.4 billion in emergency loans from the Treasury Department.

As the February 17 deadline approaches for the automakers to conclude cost-cutting deals with the union—as part of the "viability" plans they must submit to the Obama administration—the UAW is keeping its members in the dark. The union bureaucracy has issued no public statements on its talks with the auto makers, which began in mid-January.

The terms of the federal loan require workers to accept wage and benefit concessions that would reduce them to the level of nonunion workers at US plants operated by Toyota and Honda by the end of 2009. In addition, the UAW must accept billions owed to a union-controlled retiree health care fund in the form of virtually worthless stocks, rather than cash. This would mean drastic cuts in health care benefits for hundreds of thousands of former workers and their dependents.

A clause in the bailout deal—co-drafted by the Bush's Treasury Department, the congressional Democratic leadership and the incoming Obama administration—also bans auto workers from striking under the threat that the government will revoke the loans and throw the companies into bankruptcy.

While accepting the wage cuts in principle the UAW has been lobbying the Obama administration for an extension of the deadline so it can have more time to pressure older workers to leave. As part of its efforts to pressure reluctant workers to accept a buyout, the UAW has agreed to the elimination of the jobs bank program—which subsidized the lost wages of laid-off workers—just as layoffs are mounting.

GM, which has announced plans to slash 31,500 hourly and salaried jobs by 2012, ended the jobs bank program on Monday and Chrysler did so last week. The 1,600 UAW workers in GM's jobs bank will be placed on layoff and must apply for unemployment benefits. As part of the loan deal the Treasury Department called for the "elimination of the payment of any compensation or benefits to U.S. employees of the company or any subsidiary who have been fired, laid-off, furloughed, or idled, other than customary severance pay."

Last week GM announced it cut an additional 2,000 workers at two assembly plants—in Lansing, Michigan and Lordstown, Ohio. Twelve hundred hourly and salaried workers will lose their jobs at GM's Lansing-Delta Township plant when the afternoon shift is eliminated March 30. The Lordstown plant will lose 800 workers when it goes to one shift on April 9. In December, the plant, which produces compact cars, went from three shifts to two.

The automaker will also temporarily halt production at 12 of its more than 20 assembly plants in North America at various times throughout upcoming months. Many plants had already been idled for extended periods in December and January.

More layoffs are expected as the US auto industry confronts the worst downturn in decades. Retail sales of new cars and trucks plunged by 37.1 percent in January compared with the same month a year ago, with consumers buying just 656,976 new vehicles last month.

In one of the starkest indications of the collapse of auto sales, for the first time in history China is expected to overtake the US as the largest car market in the world. January sales are estimated at 790,000 units, according to Chinese industry analysts.

Mike DiGiovanni, General Motors Corp.'s executive director of global market and industry analysis, projected Chinese auto sales are likely to hit 10.7 million vehicles in 2009, more than the estimated 9.8 million unit sales in the US this year. Other analysts predict 2009 US sales will only reach 9.57 million this

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year, the lowest rate since 1982 and a staggering fall from the 16-17 million vehicles sold for most of the past decade.

Due to the continued downsizing, automakers have not hired and therefore have not been able to take full advantage of the "transformational" concessions the UAW agreed to in 2007, which cut the wages of new hires from $28 an hour to $14, slashed health benefits and eliminated employer-paid pension or retiree health care benefits. That is what is behind the current push to purge the industry of its current workforce.

The *Wall Street Journal* reported, "GM union officials have been told that the program is intended to 'address the number of surplus employees and create the potential for hiring entry-level employees when the business environment improves.'"

The new buyout deals offer workers even less than they were paid over the past several years, when GM, Ford and Chrysler collectively cut their blue-collar payrolls.

For Chrysler, retirement-eligible workers who leave will get a $50,000 incentive plus a $25,000 Chrysler vehicle voucher, according to a union official who reviewed a notice from the company and spoke with the *Wall Street Journal*. Workers who take a buyout and leave with no retiree health-care benefits get $75,000 and a $25,000 car voucher, the UAW official told the newspaper paper. Last year, retirement-eligible workers received $70,000, while those who took buyouts got $100,000.

GM is offering even less. It includes the same $25,000 voucher for a new GM vehicle but only $20,000 in cash to eligible workers, Ghana Goodwin-Dye, president of UAW Local 909 in Warren, Michigan told the *Detroit News*.

The UAW has not even made a pretense of fighting to defend jobs. This has left auto workers facing the dilemma of either accepting the derisory buyouts by February 25 or opting to keep their jobs in hopes they will not be phased out with no severance package at all.

While leaving auto workers in the dark about their negotiations, UAW officials have made it clear to the auto companies and the Obama administration that they will collaborate in rolling back auto workers to conditions not seen since the unions were built in the 1930s.

Speaking before the Automotive News World Conference on January 21 in Detroit, UAW President Ron Gettelfinger hailed the union's "accomplishments," in particular citing that factories organized by the UAW outstripped nonunion plants in productivity and speedup. Nevertheless, Gettelfinger told the audience of auto bosses and industry analysts, "[W]e're well aware that at a time like this, we can't afford to rest on our laurels. We know that additional sacrifices may be required to get these companies back on track."

Gettelfinger added that the union bureaucracy was "very optimistic about working with" President Obama and the Congress. The fact that this is an alliance aimed at stripping auto workers of their jobs and living standards is underscored by the group of corporate sharks and multimillionaire financiers Obama is assembling to oversee the gutting of auto workers' jobs and living standards.

The *Detroit News* reported that Stephen Girsky, a longtime auto industry analyst who heads the private equity firm Centerbridge Industrial Partners, is a leading candidate to become a member of Obama's auto restructuring team.

Another private equity figure, Steven Rattner--a partner at the Quadrangle Group in New York, a close friend and financial manager for New York's billionaire mayor Michael Bloomberg and the husband of the Democratic National Committee finance director--is still a leading candidate to be auto czar. The paper reported that the White House could announce its picks as early as this month.

While Ford has not yet requested a federal loan, the UAW has said it will grant the company whatever concessions the union agrees to with GM and Chrysler. "It would seem to me like we would not want one of the companies to be disadvantaged over the others," Gettelfinger told the *Detroit News*.

Meanwhile, major auto parts supplier American Axle & Manufacturing is demanding further wage cuts from its workers in Detroit. The workers waged a bitter three-month strike last year that was betrayed by the UAW, which accepted wage cuts down to $14 an hour and as low as $10 at AAM's Three Rivers, Michigan plant. The company is now demanding the lower wage for the workers in Detroit.

The blackmail being carried out by the Obama administration, the automakers and the UAW must be rejected by auto workers who are not responsible for the crisis of the auto industry, let alone the breakdown of the global financial system that is behind it. Auto workers should prepare to reject any concessions contract brought back by the UAW and organize, independently of the union, to mobilize the strength of the working class on the basis of a new strategy to oppose the profit system and the two parties of big business that defend it.

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