

Obama's "restructuring" plan

US automakers outline massive attack on jobs, wages

Jerry White
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General Motors and Chrysler LLC submitted plans to the US Treasury Department Tuesday outlining their strategy to return to profitability through an unprecedented assault on the jobs, wages and working conditions of autoworkers.

The companies, which were mandated to submit "viability" plans in exchange for \$17.4 billion in federal loans, said the accelerating downturn in the US and world economy required more "aggressive" measures than initially thought. They also asked for another \$21 billion in government financing to stave off bankruptcy.

The Obama administration is seeking to use the near collapse of the two industrial icons as an opportunity to permanently restructure class relations in the US. The assault on autoworkers—long among the best paid industrial workers in the US—will be used as a precedent to roll back the conditions of the entire working class to levels of poverty and exploitation not seen since the 1930s.

The media has already begun a campaign to brand autoworkers as selfish dinosaurs who are stubbornly holding onto such "outmoded" conceptions as the belief they should have medical care after a lifetime of labor. "The UAW at this point understands that it can very well turn into the villain of this whole thing by insisting that its workers receive health care benefits that few workers do," Gary N. Chaison, a so-called labor expert at Clark University in Worcester, Massachusetts, told the *New York Times*.

Far from opposing the assault on its members, the United Auto Workers union has reached a tentative agreement to modify its 2007 labor agreements covering 133,000 workers at GM, Chrysler and Ford. According to press leaks, the agreement includes a pay freeze until September 2011—eliminating cost-of-living increases and lump sum bonuses in 2009 and 2010 up to \$3,295—as well as reductions in the number of higher-paid skilled trades positions and overtime payments.

In the last three weeks, the UAW accepted the elimination of the Jobs Bank—a 25-year-old program that provided income security to laid-off workers—as well as a reduction in supplemental unemployment benefits, a benefit first won by the UAW in 1955, which gave laid-off workers the equivalent of most of their take-home pay.

The union is also collaborating with the companies to push out higher-paid veteran workers through buyouts and early retirement. Under the terms of the 2007 agreement, the companies can hire new workers at \$14 an hour instead of the current \$28 an hour. The auto bosses praised the UAW for all but closing the labor cost gap with non-

union workers at US plants operated by Toyota, Nissan and Honda. The equalization of low-wage pay is mandated by the government loan package.

Announcing the agreement UAW President Ronald Gettelfinger trumpeted the new concessions, saying, "The changes will help these companies face the extraordinarily difficult economic climate in which they operate." Like every other concession made by the UAW, the new cuts will do nothing to protect jobs. Since the givebacks began with the 1980 Chrysler bailout, more than 700,000 UAW workers have lost their jobs.

According to its submission, General Motors will eliminate 47,000 jobs out of its global workforce of 244,000, including 21,000 salaried and hourly positions in the US. The number one US automaker said it would close 14 plants—up from nine originally proposed in December—in North America and Europe by 2012. In three years, the number of GM manufacturing plants will fall to 33, down almost half from 59 plants in 2000.

Chrysler, which already reduced its workforce from 87,000 at the end of 2006 to 54,000 presently, said it would cut another 3,000 jobs. The company has eliminated 12 shifts at its factories, equal to a third of production capacity, and has discontinued four models.

Ford Motor Co., which borrowed billions from private sources before the credit crisis erupted, has said it can make it through 2009 without government assistance and was not required to submit plans. Nevertheless, it is expected to outline its own downsizing schedule and is receiving concessions from the UAW on par with GM and Chrysler.

The auto companies are carrying out an international attack on jobs and wages. GM has not yet announced the plants it will close, although Bloomberg News reports the company's Opel division in Europe may shut factories in Antwerp, Belgium and Bochum, Germany. Another plant in Eisenach, Germany may be sold and the sale or liquidation of GM's Saab division would lead to the closure of a plant in Sweden.

One reason for delaying the announcement on plant closures is that GM is seeking to unleash a competitive struggle between workers in different factories and countries to wrench even further concessions in the name of "saving jobs." GM is demanding \$1.2 billion in concessions from European unions and is currently negotiating with the governments of Canada, Germany, Britain, Sweden and Thailand for billions more in government bailouts and tax concessions.

State officials from North Rhine-Westphalia in Germany reportedly traveled to Detroit to ask GM executives not to make public its plans

to close the Bochum plant. In 2004, thousands of workers occupied the factory after threats to close the plant.

Like the UAW, the perspective of the unions in Europe and Canada is based on economic nationalism, and they have no answer to the global attack on autoworkers' jobs and living standards. This was underscored by the statements of the Canadian Auto Workers union, which pledged not to be underbid by the concessions granted by the UAW. At a press conference Tuesday night, CAW President Ken Lewenza said he was committed to maintaining "our cost competitive advantage" with the American auto union "in doing business and creating investment decisions for the future here in Canada and protecting jobs not only for our active members but our retirees moving forward."

For more than 30 years the UAW has promoted "Buy American" nationalism as a means of blocking any struggle by auto workers against the destruction of jobs and to impose ever greater givebacks in the name of making the US companies more competitive. The flag-waving and anti-foreigner chauvinism was accompanied by the transformation of the UAW into an adjunct of corporate management.

While accepting the destruction of its members' jobs and living standards, the UAW has reportedly balked on demands that the companies pay half of the \$50 billion owed to a union-controlled retiree health care trust in sharply devalued company shares, instead of cash. The UAW bureaucracy is motivated in this by self-interest, not by concern that 800,000 retired workers, spouses and dependents may lose their medical benefits. The union has already negotiated such concessions and is more than willing to do so in the future.

In 2007, the UAW allowed the auto companies to dispense with their obligations to retirees in exchange for the setting up of the trust fund—a so-called Voluntary Employees Beneficiary Association, or VEBA—which it saw as a means to guarantee a steady stream of income and offset the loss of dues as tens of thousands of its members lost their jobs.

Significantly, the Obama administration has appointed former investment banker Ron Bloom, who helped the UAW set up the VEBA, as a senior adviser to the task force overseeing the restructuring of the auto industry. This is an indication the Obama administration is seeking to use the services of the UAW in exchange for some other perk to the union bureaucracy, such as a position on a corporate or government board or increased equity in the companies.

At the same time, if no agreement with the union is reached by March 31 the administration has not ruled out throwing the companies into the bankruptcy courts, where a judge would tear up labor agreements and impose the dictates of Wall Street.

Detroit Free Press columnist Tom Walsh warned workers might not accept concessions if they thought the administration would continue to prop up the companies. "A wild card in the Detroit bailout drama is the attitude of rank-and-file UAW members," he said. If workers believed Obama, whom the union supported, would return the favor by keeping the automakers afloat, he said, "they may just reject any major givebacks, even if President Ron Gettelfinger recommends concessions."

Workers should have no illusions in the Obama White House. It has appointed Timothy Geithner—the architect of the Wall Street bailout—to head the auto task force. While Geithner opposed any restrictions on executive pay for the bankers, he insists autoworkers accept poverty wages to "revive" the auto industry and make it a profitable investment for the same financial speculators whose greed and recklessness produced the economic catastrophe.

Autoworkers are not responsible for the crisis in the auto industry. They had no control over the decisions made by multimillionaire executives and their Wall Street backers. Nor are they responsible for the collapse of the capitalist profit system, which is spreading throughout the globe, leading to a wave of corporate bankruptcies and mass unemployment.

Autoworkers must reject the UAW's policy of labor-management "partnership" and assert their own interests by launching a fight against wage and benefit cuts and mass layoffs. Such a struggle can only be successful if it is organized independently of and against the UAW through the setting up of rank-and-file committees in the factories and surrounding communities.

The undemocratic ban on strikes included in the federal loan package and agreed to by the UAW must be rejected and an industry-wide strike launched. This struggle should be expanded to workers in the non-union transplants, and a special appeal made to GM and other workers to support the struggle throughout Canada, Mexico, Europe, Asia and South America. The auto companies are global entities—a fact underscored by the coordinated attack on workers throughout the world. The working class can oppose this attack only through their international unity.

This industrial action must be combined with a political struggle by the working class to break with the two parties of big business and a fight for political power through the establishment of a workers government. The active participation of the Obama administration in the attack on autoworkers demonstrates that the Democratic Party, no less than the Republican Party, defends the interests of big business and the financial elite.

Only through the independent political mobilization of the working class can the vast productive forces of society—including the auto industry, which was built up through generations of labor—be utilized to meet the interests of society as a whole, not private profit. Genuine democratic control over the economy must be established through the nationalization of the auto industry and the banks under workers' control, as part of a planned socialist economy throughout the world.



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