

# Contract betrayal will give UAW majority ownership in Chrysler

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In the agreement worked out at Chrysler, the Obama administration has elevated the United Auto Workers to the position of chief cost cutter, tasking the UAW with the job of slashing jobs, reducing wages and benefits and imposing more brutal conditions of exploitation on the workers it claims to represent.

The Chrysler agreement will serve as the model for a similar betrayal of General Motors workers.

The White House will give the UAW majority control of Chrysler, with 55 percent of the company's stock, and a 39 percent ownership stake in GM, making it the second biggest GM shareholder. The federal government will own more than half of GM stock.

This will complete the transformation of the UAW into a business which depends for its income on a share of the profits sweated out of the workers.

As *BusinessWeek* noted, "The union will in fact own more of GM and Chrysler than the Ford family owns of Ford Motor Co. It will own larger stakes in GM and Chrysler than billionaire financier Kirk Kerkorian was able to accumulate in his runs at both companies."

The UAW, which is being advised by the Wall Street investment firm Lazard, will gain seats on the auto companies' boards of directors and will play a major role in restructuring and downsizing the firms, from product selection and ensuring "competitive labor rates" at key suppliers, to reviewing the company's global production plans.

Once thousands of jobs are cut and the workers are stripped of what remains of the gains won in past struggles, the share value of Chrysler and GM will rise, guaranteeing vast profits for Wall Street and its junior partner, the UAW.

The UAW is seeking to ram through the new contract with Chrysler in a ratification vote today—less than 24 hours after workers were given the UAW's list of contract "highlights." Even what the UAW executives have chosen to include in their handout to the workers—as always, a dishonest and self-serving document designed to conceal more than it reveals—demonstrates that the UAW is a "union" in name only.

Everything workers have traditionally associated with a trade union—the right to strike, higher wages and benefits than non-union workers, shop floor protections, a chance to retire with a secure pension and health care benefits—has been jettisoned.

There will no longer be even the pretense of collective bargaining and contract guarantees. Instead, according to the contract summary, wage and benefit rates "will be based on Chrysler maintaining an all-in hourly labor cost comparable to its US competitors, including transplant automotive manufacturers."

In other words, UAW workers will be paid the same or less than non-union workers at the Japanese-owned factories in Mississippi, Alabama and other southern states—with one difference: They will still have to pay dues to the UAW.

Under the terms of the agreement, time-and-a-half pay for working more than eight hours or on weekends will be eliminated, with overtime calculated instead on a weekly basis, i.e., for hours worked over 40.

Break time will be reduced from 46 to 40 minutes each day.

Cost of living allowances—won after the 67-day strike by GM workers in 1970—will be eliminated, along with performance and Christmas bonuses.

Skilled trades will be consolidated into two classifications.

The two-day Easter holiday will be eliminated.

The UAW's collaboration in offering up the next generation of auto workers as a source of cheap labor, without the slightest job security, continues. The agreement will extend the use of temporary part-time employees and the hiring of so-called "entry-level employees" who are paid half the wages of older workers and receive few benefits and no employer-paid pensions.

All workers at the Twinsburg, Ohio stamping plant will be forced to accept lower-tier wages, in order to keep the plant "viable."

Supplemental unemployment benefits, which, along with state unemployment benefits, provided laid-off workers with 90 percent of their wages, will be sharply reduced, just as the company plans to carry out a major downsizing. Instead, workers will receive "transitional assistance," which, along with state benefits, will pay only 50 percent of workers' gross pay.

Perhaps the most brutal treatment is being meted out to retirees and their families. As part of the deal with the Obama administration, the UAW agreed to accept half of the \$10 billion owed to its already underfunded Chrysler retiree health care trust (known as a Voluntary Employee Beneficiary Association, or VEBA) in Chrysler stock, instead of cash. Previously, the UAW—which will oversee the provision of medical coverage to some 125,000 retirees and their dependents beginning January 1, 2010—said there would be no changes in benefits until 2012. It has

now agreed to immediate “benefit adjustments.” These include sharply higher drug co-pays and the elimination of vision and dental care.

While the UAW claims that pension benefits for senior workers and retirees have been protected, it is widely reported that Chrysler intends to dump its pension obligations onto the government’s already underfunded Pension Benefit Guaranty Corporation. This would entail severe cuts in pension benefits.

The agreement essentially strips auto workers of the right to strike. The current contract, due to expire in 2011, will be extended to 2015 with any unresolved issues to be resolved through binding arbitration.

In seeking to push through its betrayal, the UAW is once again claiming that concessions are needed to “save” Chrysler and preserve jobs. The givebacks are necessary to guarantee continued federal assistance from the Obama administration and prevent bankruptcy, the UAW claims, as well as to attract Italian automaker Fiat to invest in the company. This, the UAW boasts, will provide up to 4,000 new jobs.

In fact, under the terms of the “viability plan” dictated by Obama’s auto task force and accepted by the UAW, Chrysler will cut far more than 4,000 jobs.

The UAW contract summary declares: “Recognizing the dire situation and realizing that failing to meet government requirements would surely mean the end of Chrysler, your UAW negotiators painstakingly put together modifications to the Agreement that both meet the government’s requirements and result in the least amount of pain to our members...In the face of adversity, we secured new product guarantees.”

Like everything else the UAW says, this is a lie. Every concessions contract the UAW has pushed over the last thirty years—since the 1980 Chrysler bailout—has been carried out in the name of “job security.” During that time, some three quarters of a million workers at GM, Ford and Chrysler have lost their jobs, and the demand for concessions has never stopped.

Even with the Fiat merger, Chrysler is expected to close at least seven plants and complete plans to eliminate 60 percent of its white-collar workforce. Under conditions of the worsening world economic crisis and the lowest car sales in a quarter century, the competition between global auto companies to slash jobs and labor costs will only intensify.

The new concessions at Chrysler establish a new and lower benchmark, which will unleash one demand after another for further wage and benefit concessions. Already Ford officials have indicated that they cannot accept a “competitive disadvantage” and expect UAW members at Ford to accept similar givebacks.

Moreover, the Obama administration has not ruled out bankruptcy in order to rapidly rid the company of unprofitable factories and assets and make it a more attractive investment for Fiat or other firms.

On Monday, GM issued a new job-cutting announcement, making it clear that the Obama administration and the UAW are conspiring to eliminate tens of thousands of additional jobs. GM will cut another 23,000 hourly jobs—one third of its blue collar workforce—and close up to 18 of its 47 US manufacturing facilities. In addition, it will eliminate the Pontiac brand and cut

almost half of its dealerships, a move that will destroy tens of thousands of dealership jobs.

Obama’s auto task force, led by billionaire Wall Street investor Steven Rattner, immediately praised GM’s new plan as an “important step.” In its moves to restructure the auto industry, the Obama administration is functioning as a ruthless instrument of Wall Street.

The big investors have long been unsatisfied with the returns to be obtained from the auto makers, compared to the fortunes generated from financial speculation. The auto task force has insisted that the car companies provide an “adequate return on capital” for Wall Street under all circumstances, including economic slump.

The American ruling elite sees the impoverishment of auto workers—long the best paid industrial workers in the US—as a precedent for transforming class relations by unleashing a wave of wage-cutting attacks against the entire working class.

While the big investors, the auto bosses and the UAW will secure their interests, GM workers, like their counterparts at Chrysler, face disaster. This can be stopped only by rejecting the UAW concessions contracts and mobilizing rank-and-file workers to drive the right-wing, anti-labor UAW out of the factories.

Independent factory committees, made up of the most militant and class conscious workers, must be organized to mobilize Chrysler and GM workers against the government-UAW blackmail and unite with Ford workers as well as workers at the transplants. A special appeal must be made for joint action in defense of jobs and living standards with Canadian and Mexican auto workers and workers at GM’s Opel division in Europe.

Industrial action—strikes, demonstrations, factory occupations—must be combined with a new political strategy. Auto workers must reject the UAW’s treacherous alliance with the Democratic Party and fight for the development of a mass socialist movement of the working class.



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