

UAW deal paves way for 100 percent low-wage workforce at Michigan GM plant

Jerry White

21 October 2010

The deal announced earlier this month by the United Auto Workers will allow General Motors to get rid of all of its higher-paid “legacy” workers at the Lake Orion assembly plant and transform all 1,300 workers at the suburban Detroit factory into a cheap labor workforce. GM’s first “tier-two” assembly plant would pay all workers \$14 an hour instead of the traditional \$28 an hour.

At an October 3 local union meeting, UAW Local 5960 Shop Chairman Mike Dunn told angry workers that 60 percent of the workforce at the idled plant would be hired back at full wages, while the remaining 40 percent—roughly everyone with under 11 years corporate seniority—would be paid the lower “tier-two” wages. Dunn added, however, that once rehiring of laid-off Lake Orion workers was completed no higher paid workers from other plants would be allowed to transfer into the facility. All new hires would be low-wage workers.

“We have become ‘red circle,’” Dunn said. “No other tier-ones will be able to transfer into Orion. The object of Orion was to become an all tier-two plant, as long as it was small car,” Dunn said in the webcast posted on the UAW Local 5960 web site.

The union official claimed this could take years. But it is clear that the UAW and GM are seeking to expedite the process using a series of incentives and punitive measures to induce workers into early retirement or to take transfers to other plants, in hopes that they can retain their full wages and benefits.

Local members will not be allowed to vote on the deal, Dunn announced, because the current UAW-GM agreement allowed the union and the company to implement “innovative staffing” proposals at factories producing small cars. The wage-cutting deal, UAW officials say, will allow GM to produce the Aveo

subcompact model at a profit in the US. Without the concessions and \$770 million state tax incentives, GM would have built the model in Korea or Mexico, Dunn said. “They’ve got to make this car with a profit,” he said on the webcast. “Small cars were never built with a profit in the US.”

The Lake Orion plant was closed in 2009 as part of the forced bankruptcy and restructuring of the Detroit automaker by the Obama administration. The Wall Street investors appointed to the White House Auto Task Force demanded—and the UAW agreed—to an expansion of the poverty level pay scale, binding arbitration over wages and benefits when the current contract expires in 2011, and a ban on strikes until 2015.

Hundreds of laid-off Lake Orion workers were given until Monday to decide whether to take a job in Lordstown, Ohio—250 miles away—and keep their current wage, or risk having their wages cut in half once hiring is complete at the plant. Workers who are unable to find a spot at another plant will not qualify for supplemental unemployment benefits and would only receive \$382 a week in jobless pay. The Obama administration and the UAW wiped out the “Jobs Bank,” which subsidized laid-off workers while they waited for transfers.

In exchange for its collaboration in the destruction of auto workers’ jobs and living standards, the UAW was given a substantial ownership stake in GM. According to an article on the auto industry web site, The Detroit Bureau, the US Labor Department has just given the go-ahead for GM to fund the UAW-controlled retiree health care trust fund, with a mix of warrants, debt, and both common and preferred stock.

“The decision,” the web site notes, “could wind up making the UAW the largest shareholder in GM once

the government eventually sells off its more than 60 percent stake in the automaker...Without the Labor Dept. waiver, the UAW fund would not have been allowed to hold more than 10 percent of the 'new' GM's stock. It will now be permitted to go up to 18 percent in common shares, while also holding up to 2.5 percent in GM warrants." This means the UAW will control an estimated \$6.5 billion in preferred stock, along with a \$2.5 billion note.

As a part-owner of the corporation, the UAW has a direct financial stake in driving down the wages of auto workers in order to boost the value of its shareholdings. The growing anger over the Lake Orion deal, coming on the heels of the rejection by Indianapolis GM workers of a 50 percent wage cut pushed by the UAW, is part of a growing rebellion against the company agents in the UAW, which has seen the formation of the GM Stamping Rank-and-File Committee and growing support for the formation of similar organizations of struggle independent of and in opposition to the UAW.

Mike, a worker with four years at Lake Orion and ten years at GM, spoke to the WSWS about the UAW agreement to slash wages. "They are going to make Lake Orion a 100 percent tier two plant in the next two years. My family is going through a gut wrenching decision about transferring to another plant. We're facing a double-edged sword. My wife has a decent paying job in Saginaw and I don't want to have to drive an hour and half a day to make \$14 an hour. But if I make her quit her job and we move out of state, I could be facing a wage cut at another plant all over again.

"Lots of people are facing the same decision. The economy is so bad and we have a no-strike agreement. It's sickening. They're forcing you out and making you chase your job across the country. I've got kids in school who play soccer and football.

"Yesterday was the deadline for applying for a transfer to Lordstown, Ohio. It's not fair to give people such little time—it's a huge move.

"I started out at Delphi in Saginaw, Michigan. It went through bankruptcy and I moved over to GM's Pontiac Truck & Bus plant. That plant closed and I moved to Lake Orion. Every time I move I get further and further into trouble. Lordstown builds a small car. What's to stop GM from saying we're going to cut wages here

too?

"We face two enemies—the company and the UAW. I hate to say that the UAW is my enemy, but when they are stockholders they are the owners of the company. Where are their interests? It's cutting wages. GM bought the union out a long time ago. They are partners. That is not the way the unions are supposed to be."

Jeff, a worker with 11 years, told the WSWS, "We were sold out. They did not say it was going to be a 100 percent tier-two plant. Now the only way a plant in the US is going to get new work is if the workers bend over and take all the concessions they want to shove down your throat.

"The UAW is only interested in the dues. They'd rather collect dues from people making \$15 an hour than not get anything from a plant closing. But these traditional workers have been paying dues for years and now they don't have a job. This is a company-run union. It does whatever the company wants and doesn't care about its members.

"I heard today that GM was making a \$37 million investment at the Delta Township plant in Lansing. That creates zero jobs. I worked over there and I know what kind of operating agreement they have to get that investment. It's a handshake and a hug and the company can do whatever they want. You call a union rep and he comes out with the manual the UAW uses with all the common answers to your grievances: 'They can do that,' 'They're allowed,' 'If you don't like it, quit.'

"I went to Lake Orion thinking it would be better and it was until all of this. You can see they got to the union shop chairman and he's saying the same thing, 'This is the way things are going to be. Move out if you don't like it.'"



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact