

GM moving production from Mexico to Tennessee

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General Motors announced August 27 that it is moving production of the next generation Cadillac SRX crossover vehicle from Mexico to its facility in Spring Hill, Tennessee. The move is the result of huge concessions in wage, benefits and working conditions the United Auto Workers granted to the largest US automaker.

According to GM, the production shift is expected to create or retain 1,800 jobs. The company also plans to build a new small gasoline engine at the complex. The SRX is currently built at the GM Ramos Arizpe facility in Mexico and production is scheduled to move to Spring Hill in late 2015.

As part of the last national contract between the UAW and GM the company agreed to relocate the production of a vehicle from Mexico to the United States. The agreement was based on the recognition by GM that the concessions imposed on US workers had considerably reduced the cost differential with workers in low wage countries.

The announcement of the shift of production to the US follows the decision by GM to layoff 400 workers at its Ramos Arizpe facility due to poor sales in Mexico. That follows the layoff of 3,500 GM clerical workers in Mexico earlier this year. The Ramos Arizpe plant currently employs 4,100. There has been no word yet of the impact of the production shift on future jobs at the complex. The pay rate for Mexican GM workers is in the range of \$4 an hour, including wages and benefits.

The GM Spring Hill complex currently employs about 2,300, including about 300 salaried workers and 400 contract workers. It is the company's largest plant in North America and includes engine and stamping plants as well as injection molding and painting operations.

Spring Hill was devastated in 2009 when GM liquidated its Saturn division and shut down assembly lines in the city. At one point the unemployment rate in surrounding Maury County reached 17.4 percent. Many GM workers were forced to relocate to other states to retain jobs with the company.

The UAW predictably hailed the shift to Spring Hill as a victory for its corporatist policies of union-management collaboration. "We worked together with GM to create this success story through the collective bargaining process," declared UAW Vice President Cindy Estrada in response to the announcement.

"When we stand together and ditch the 'us versus them' mentality, we elevate standards of work and quality of life, she continued.

Meanwhile, Tennessee Governor Bill Haslam said the shift of production from Mexico spoke to the "business-friendly" climate of the state.

What the UAW terms the "collective bargaining process" is an arrangement where the union and management collaborate to strip workers of hard won rights. In exchange for its services union executives obtain the right to collect union dues in addition to a host of other privileges.

The incessant fomenting of anti-Mexican chauvinism is a particularly foul expression of the reactionary role of the UAW. By pitting American workers against their class brothers in other countries the UAW helps sow divisions within the working class, promoting a divide and conquer strategy entirely suited to the needs of management.

The deal foreshadows what to expect in the 2015 contract negotiations between the UAW and the Detroit automakers. The union will promote American nationalism combined with calls for increased competitiveness based on further sacrifice on the part of

autoworkers in the name of “creating and maintaining jobs.”

The shifting of production to Spring Hill is in effect a payoff to the UAW for the massive concessions it has already imposed. The agreement reached in connection with the 2009 forced bankruptcy and restructuring of GM and Chrysler under the direction of the Obama administration expanded the two-tier wage for new hires, who now start at around \$15 per hour, half the standard base pay rate.

Auto workers, previously among the highest paid industrial workers, now earn a wage that puts them barely above the official poverty level. Second tier workers now make less in real terms than workers received in the 1930s, prior to the establishment of the UAW. Part-time and contract workers earn even less.

The 2009 contract also imposed cuts to retirees, including the elimination of vision and dental coverage. Meanwhile, GM agreed to set up a so-called Voluntary Employees' Beneficiary Association (VEBA), controlled by the UAW and funded by company stock, to handle retiree health benefits. That gave the union a direct stake in increasing production and profits in order to boost its stock nest egg.

The attack on auto workers has set the stage for a general assault on manufacturing wages in the United States. This was in line with the policy of “in-sourcing” by the Obama administration. The aim of this policy is to sharply reduce wages, health care and other production costs in the United States in order to encourage corporations to shift manufacturing operations from low wage countries such as Mexico and China back to America.

By all accounts this program has been a success for the ruling class, but a disaster for American workers. Wages as a percentage of the US Gross Domestic Product are at the lowest level in more than 50 years. Since the recession officially ended in 2009 wages for auto workers have fallen by 10 percent in real terms and manufacturing wages have fallen by 2.4 percent.

Meanwhile, profits have soared. GM earned \$3.8 billion in 2013. US after tax corporate profits have grown some 170 percent under the Obama administration. While some estimates say 640,000 manufacturing jobs have been added since 2009, the number of manufacturing jobs is still 1.6 million below what it was when the recession started.

In the wake of the GM announcement of the production shift to Tennessee, UAW President Dennis Williams sent an e-mail to supporters declaring that the move by GM refuted “union-busting politicians” who claimed collective bargaining hurts productivity. The UAW is involved in continuing efforts to gain recognition at another Tennessee auto plant, the Volkswagen facility in Chattanooga.

Prior to a failed vote last February the UAW teamed up with VW management in an attempt to blackmail workers into voting for a corporate-controlled “union” by claiming that the failure to bring in the UAW would result in production of a new SUV model being shifted to Mexico. Behind the backs of workers, the UAW signed a “neutrality” agreement, which pledged to maintain the cost advantage of the Chattanooga plant over other UAW-represented plants and ban any strikes, pickets or slowdowns.

Despite its defeat in the union recognition vote, the UAW is continuing efforts to establish a company union at the VW plant. To do this it is relying entirely on support from management, which recognizes the UAW as a valuable tool in driving up productivity and profits while imposing labor discipline on its workforce.

A struggle against these conditions is only possible if auto workers break the stranglehold of the UAW, build new organizations of struggle that reject the pro-capitalist and nationalist politics of the UAW and advance the fight for the international unity of the working class.



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