GE Appliances workers in Louisville, Kentucky reject concessions deal

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Workers at the former General Electric appliance factory in Louisville, Kentucky rejected by a wide margin Tuesday a proposed contract imposing significant concessions. The vote was 2,603–1,005 to reject by members of Communications Workers of America–International Union of Electrical Workers (CWA-IUE) Local 83761 at the factory, which is now owned by the Chinese-based Haier Group. The company bought GE Appliances in June of this year.

The proposed deal would create a two-tier pay scale, with new hires making just $12 an hour. Current employees now start at the near poverty wage of $15.52 and have not had raises in years. The contract would have increased health care co-pays and given current workers $5,500 in three cash payments through 2019. It changes work practices so that new openings would no longer be filled on the basis of seniority, but at management discretion.

The proposed contract also contained an early retirement plan, aimed at replacing older, more highly paid workers with much cheaper new hires.

The GE Appliances factory in Louisville employs some 6,000 workers, of whom about 4,000 are covered under the IUE-CWA agreement. The company also operates factories in Tennessee, Georgia, Alabama and Mexico. The Louisville facility is the only unionized plant in the group.

Figures released before the sale showed that GE Appliances is highly profitable. It had earnings before interest and taxes of $540 million in 2015, up from $400 million the previous year. It had some $6.3 billion in revenue in 2015.

Despite the company's overall profitability, management claims the Louisville operations are losing money. In August it closed a refrigerator plant in Bloomington, Indiana. The shutdown cost the jobs of 301 hourly and 27 salaried workers. The IUE—the union at the Indiana plant—organized no opposition to the shutdown, merely holding talks over terms of severance.

GE Appliances workers contacted by the *Louisville Insider* said they were angry over the terms of the concessions agreement brought back by the union. Marc Mammone, a material handler, said that health insurance costs would eat up most of the $5,500 payment, and at the end of the contract the workers would still be making the same wage.

April Key told the *Insider* that she had worked for GE for nearly five years and still made just over $15 an hour. She said she could not face going without a raise due to increases in expenses related to her two children ages 11 and 14.

Workers agreed that adding a lower–tier wage level would pit older workers against new hires, who would be forced to do the same work for far less money. They pointed out that $12 an hour was not a living wage and would qualify many workers for public assistance.

In response to the rejection vote by Louisville workers, management issued a statement saying it was "extremely disappointed" with the result. It warned that jobs could be at stake declaring, "A workforce that is unwilling to change to improve our operations and cost position could deter future investment in Appliance Park." It continued, "While it is our desire to continue to manufacture at the Park, we cannot do it to the detriment of our customers and the overall business."

In a letter to workers before the vote, Chip Blankenship, president and CEO of GE Appliances, insisted the company had to slash costs. "Being more competitive and improving our productivity, quality and flexibility will help us offer our products at prices in line with competitors and at levels that drive greater

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volume and sales, which will help improve job security and the continue legacy of Appliance Park."

In comments to the *Wall Street Journal*, Dana Crittendon, president of the union local at the plant, spelled out his essential agreement with management, while lamenting the rejection vote. Crittendon told the *Journal*, "It was a tough contract to try to get passed through the membership.

"They felt that it was disgrace to bring another tier in at $12 an hour, when here in Louisville on every street corner there's a sign for temporary jobs paying $14 or $15 an hour."

However, Crittendon did not indicate the union planned to call a strike. Instead he said he would try to meet again with the company in order to "keep the company competitive in a tough market—and also keep the jobs here in Louisville."

Haier Group is one of China's largest companies and is the world's largest appliance manufacturer. It paid $5.4 billion for GE Appliances and acquired the right to use the GE brand name for 40 years. GE had been seeking to sell its appliance division since 2008 in order to focus on software, healthcare, and heavy industry.

The vote by GE Appliances workers continues a wave of contract rejections and strikes over the past several months, including by Jim Beam workers in Kentucky, Libbey Glass workers in Ohio, Minnesota nurses, Pennsylvania State University faculty and Philadelphia transit workers. All these struggles were sabotaged and shut down by the unions.

Earlier this year the CWA isolated and betrayed a powerful strike by nearly 40,000 Verizon workers on the East Coast. The sellout deal ultimately accepted by the union imposed significant increases in health care costs and left many workers victimized.

GE workers in Louisville should take particular note of the strike by some 700 workers at Momentive Performance Materials plants in Ohio and upstate New York. These workers are continuing a strike after voting in early November overwhelmingly against a proposed three-year contract recommended by the IUE-CWA. The main issue is management's proposed cuts to health care, beyond what had already been imposed in previous contracts. The company wants to shift workers into a high deductible plan in line with the pattern set by Obamacare and end health and welfare benefits for future retirees.

The company was previously owned by GE, but was purchased by the Apollo Global Management private equity firm in 2006. Management is continuing operations using strikebreakers at the plants, which make industrial sealants, adhesives and water repellents. Three strikers have reportedly been fired for alleged picket-line infractions.

However, the IUE-CWA is keeping the strike isolated to wear down the resistance of workers. There has been no effort to stop strikebreakers, despite the evident militancy of the workers, and no fight to mobilize broader support in the working class for the Momentive strikers.

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