

After Carrier deal, effusive praise for Trump from steelworkers union

Jerry White**7 December 2016**

In the aftermath of the deal brokered by President-elect Donald Trump that supposedly saves the jobs of Carrier heat furnace workers in Indianapolis, the United Steelworkers union (USW) issued a statement lavishing praise on Trump and embracing his “America-first” economic nationalism.

“We thank President-elect Trump for listening to our members and following through on his campaign pledge to persuade Carrier to keep production of quality heating equipment in Indianapolis,” USW President Leo Gerard said. “During the campaign, the president-elect spoke out vigorously for the need to bring jobs back home, to invest in domestic manufacturing, take a hard line with trading partners and reform our nation’s failed trade practices. The USW shares those goals.”

The groveling statement follows a November 14 letter sent by Gerard to congratulate Trump on his election victory. In the letter, Gerard pledged to work with the incoming administration to “advance the interests of our nation and our members.” The presidents of the AFL-CIO and the United Auto Workers issued similar statements.

While it mainly backed Hillary Clinton, the American trade union bureaucracy has a natural affinity for Trump’s anti-Chinese and anti-Mexican rhetoric and protectionist policies, having spent decades promoting the claim that foreign workers are “stealing American jobs.” Gerard pointed out in his November 14 letter that “Donald Trump used our own words” to criticize “the failed trade policies” of both big-business parties.

The economic nationalism of the trade union bureaucracy is not driven by concern for the wellbeing of rank-and-file union members. It is motivated entirely by the desire of the union officials to maintain the flow of income from dues payments, which means stanching the movement of jobs out of the country. As an inducement to the corporations to keep jobs in the US, the unions offer up the wages, working conditions, pensions and health

benefits of the workers they supposedly represent. In the end, they collaborate in the destruction of jobs as well, in keeping with their corporatist policy of labor-management partnership.

Carrier is a case in point. The pro-company, anti-worker character of the deal praised by the USW was underscored by the comments of Gregory Hayes, the CEO of Carrier’s parent company United Technologies Corp. (UTC).

“We still get to do the preponderance of the restructuring that we were going to do anyways,” UTC chief executive Gregory Hayes told CNBC’s “Mad Money” host Jim Cramer on Monday. “It was a good deal for UTC.”

As for the \$16 million in new investment that Trump said would lead to an expansion of the plant and more jobs, Hayes made clear that the money would be used to cut labor costs and eliminate jobs. “We will make the plant competitive with investment, but it will mean fewer jobs,” he told the CNBC host.

A leaflet distributed at the plant Monday by USW Local 1999 admitted that only 730 production and maintenance jobs and 70 management jobs out of the 1,400 current positions would remain in Indianapolis. More than 500 bargaining unit employees hired after February 2005, the union said, “would still be affected by the outsourcing of their jobs to Mexico.”

The deal also sanctions the shutdown of UTC’s plant in Huntington, Indiana and elimination of 700 more jobs. The 300 research and headquarters positions in Indianapolis also supposedly “saved” were never due to be outsourced.

The “genie of globalization cannot be put back in the bottle,” Hayes told CNBC, noting that wages in Mexico “were 80 percent lower” than in the US and absenteeism and turnover were lower as well.

Hayes said Trump had assured him that the deal would boost the returns going to the company’s wealthy

shareholders. He recounted what Trump said during a phone call before Thanksgiving.

“I need you to relook at the decision to close the Indianapolis plant. We’re going to do a lot of things in this country that will make it a lot more conducive to manufacturing. We’re going to take the tax rate down and reduce all this burdensome regulation. When all that happens, you are going to be printing money,” Hayes recalled Trump saying.

He then told CNBC, “I think if we can see a renaissance in manufacturing in the US, that is a good deal for the US. But it’s got to come from more thoughtful regulation and a more competitive tax rate. I think those are the things they [the incoming Trump administration] are focused on.”

The planned tax cuts include a sharp reduction on the repatriation of an estimated \$2.1 trillion currently being held by US corporations in offshore tax shelters. “Tax reform is key for UTC,” Hayes told CNBC, “because we’ve got \$27 billion of permanently reinvested earnings overseas, including \$6 billion that’s sitting in cash that I could bring back tomorrow and invest here. Whether it’s paying dividends, buying back stock or investing in the next technology engine.”

In other words, the Carrier deal is part of a policy of freeing companies from any limitations on profit making. Billions more will be squandered on stock buybacks and dividend payoffs that benefit super-rich investors and executives such as Hayes, who took in \$10.8 million last year, and to finance further mergers and acquisitions, which will destroy more jobs.

While claiming it was “not involved in talks” with Trump, the USW admitted that it is currently involved in discussions with Carrier over the possibility of altering the severance packages and labor contract extension to which the two parties had agreed. This raises the likelihood that Carrier will seek wage and benefit concessions from workers, or, at the very least, a means to push out older, higher-paid workers. This would enable Carrier to pay as much as \$10 an hour less to lower-seniority workers as part of the three-tier wage system the USW accepted in the last two contracts.

“It’s hard to be more competitive than the \$7 billion we made them last year,” a Carrier worker told the *World Socialist Web Site*. “They’re still offering the severance to anybody who wants it, hoping all the senior workers will go.”

Regarding the tax cuts that will help UTC funnel more money to its shareholders, the worker said, “Yeah, you

can bet anything they do will enrich the hard life they live right now!”

The USW has close ties with Trump’s pick to lead the Commerce Department, the billionaire asset stripper Wilbur Ross. The USW collaborated with Ross as he bought up distressed steel companies such as Bethlehem, LTV and others, and slashed jobs and pensions while preserving the financial investments of the USW.

“Leaders of some of the big industrial unions, the steel workers, the autoworkers,” Ross said in a 2010 interview, “they understand the dynamics of the industry at least as well as the senior management of the companies.”

Last year the USW led the campaign for the Obama administration to stop the alleged dumping of Chinese steel in the US, even though the international economic slump was leading to the wiping out of half a million steelworkers’ jobs in China. At the same time, the USW collaborated with US Steel, ArcelorMittal and Allegheny Technologies to keep labor costs barely above the rate of inflation and sharply increase out-of-pocket health care costs.

The USW and other unions are hostile to any struggle to unite workers in the US with their brothers and sisters around the world against global corporate giants like UTC. Instead, the unions have spent decades promoting the lie that foreign workers and “unfair trade,” not the ruthless pursuit of profit by the capitalist owners, are responsible for plant closings and layoffs.

The calls for tariffs against China, in particular, dovetail with Trump’s anti-Chinese agitation and plans to ramp up military aggression against the nuclear-armed country. Far from defending jobs, trade war will lead only to retaliation by US corporations’ competitors, the deepening of the world economic crisis, and a descent toward world war.

As the Carrier deal shows, the “American-first” demagogic peddled by Trump and the unions boils down to “American billionaires first.”



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