

Wall Street gives GM and UAW time to wear down strikers and impose concessions

Tom Hall
30 September 2019

The strike by 48,000 GM autoworkers has entered its third week. Workers are determined to fight the auto companies, and there are growing calls for a united struggle of GM, Ford and Fiat Chrysler workers and across the auto and auto parts industry.

However, workers face a combined offensive by the United Auto Workers and GM, backed by Wall Street. The UAW continues to keep workers in the dark. It has issued no official demands. At the same time, the UAW has isolated the strike by forcing Ford and Fiat Chrysler workers to remain on the job. And starting this week it will dole out strike pay of only \$250 a week out of the union's \$800 million strike fund, knowing full well this will result in terrible economic hardships for workers.

In short, GM and the UAW are waiting until they feel the workers are sufficiently exhausted to accept a deeply unpopular deal.

GM's financial investors have made clear that they are willing to accept short-term losses from the strike as long as the company imposes the deep concessions, particularly the gutting of health care benefits and expansion of low-paid temps, that will sharply increase the company's long-term profits.

This was the meaning of a report on Friday by CNBC, titled, "Wall Street remains patient as UAW strike against GM drags on, talks progress." It pointed to the fact that GM's stock price has remained "relatively stable" since the strike began. "Investors aren't all that worried because they see the strike as short-term pain that will pay off with lower long-term employee costs—even if it costs the automaker hundreds of millions, if not billions, of dollars in lost production," the cable network said.

"We understand this is a headline and it's newsworthy, but in the grand scheme of GM's strategy, they're going to get this behind them, and they have

much bigger issues to deal with at the board level," Morgan Stanley analyst Adam Jonas told CNBC's "Squawk on the Street" program.

In other words, the company's investors are willing to give GM the time that it needs in order to defeat the strike, with any concessions contract serving as a baseline for a broader attack on autoworkers and the entire working class. However, should GM fail to enforce major concessions on its workforce, Wall Street will punish the auto giant by tanking its stock and downgrading its credit.

Significantly, not a single analyst interviewed in the report even bothered to raise the possibility that the UAW negotiators will force the company to back down from its demands. On the contrary, investors have already factored in a UAW sellout into their financial calculations.

Bank of America Merrill Lynch analyst John Murphy, in a note to investors Friday, said, "In total, the strike is not good for GM's financials in the short run, but given GM's history with labor contracts, we believe investors remain supportive of a tough/fair stance."

Wall Street investors have long ago taken the measure of the UAW, which has collaborated with the automakers for decades to close down plants and slash wages.

They also know that the UAW's financial interests are aligned with GM's, because it owns billions in GM stock and relies on the strike fund to prop up officials' salaries. GM also transfers cash directly into the pockets of the bureaucracy through the joint training center it operates with the UAW. It spent more than \$3 billion on the UAW-GM Joint Training Center since it opened in the early 1980s, according to labor historian and UAW critic Thomas Adams.

The UAW does not oppose deep cuts in health benefits or the vast expansion of temps; they support them. In 2015, the UAW's attempt to push through a union-controlled "Health Care Co-op" was only defeated by the revolt by Fiat Chrysler workers who knew the UAW planned to cut the benefits of current workers like it did retirees covered by the UAW Retiree Medical Benefits Trust. At the same time, the UAW has held up as its model for plants that build electric vehicles the Orion Assembly Plant, just north of Detroit. Last year, then UAW-GM Vice President Cindy Estrada (now heading up the union's Fiat Chrysler bargaining team) signed a secret "Competitive Operating Agreement" that allows 40 percent of the workers in the plant to be low-paid contract workers who top out at about half the pay of senior workers who were pushed out.

The most dangerous thing for workers is to be engaged in wishful thinking or to adopt a "wait to see what happens" attitude. The UAW will do what it has done for the last four decades: collude with management to reduce the living standards of workers and increase their exploitation. That is why the difference between the victory or defeat of this strike depends entirely on the independent initiative of rank-and-file workers.

The conduct of the struggle must be taken out of the hands of the corrupt UAW through the election of rank-and-file strike and factory committees. These committees should unify GM, Ford and Fiat Chrysler workers and spread the strike throughout the auto and auto parts industry. At the same time, these committees should reach out to mobilize every section of workers and young people, including teachers and health care workers, Amazon and other logistics workers, and unify US workers with their class brothers and sisters in Canada, Mexico and around the world.

At the same time, autoworkers should demand the tripling of strike pay to \$750 a week, which should be funded by liquidating the assets of the joint training centers and reducing the salaries of the UAW's bloated staff to the level of strike pay. At the same time, workers must prepare to uphold the principle of "No contract, no work" and defy any back-to-work order before a vote to ratify a deal. Workers must insist that they have access to the full tentative agreement—not bogus "highlights"—and a full week to study and

discuss the deal before any vote. Finally, workers must oversee the entire ratification process to prevent fraud and vote-rigging.

Workers should recall the campaign of lies and intimidation during the 2015 contract votes, which included the dispatching of Norwood Jewell and Cindy Estrada—one convicted, the other implicated in the corruption scandal--to browbeat workers with threats of plant closings and mass layoffs. The process ended with widespread allegations by Ford workers of voting irregularities and ballot stuffing at a key vote at Dearborn Truck Plant before the UAW announced the national deal had been "ratified" by a razor-thin majority of 51-49 percent.

The GM strike is now the longest walkout since the 21-day Ford workers strike in 1976 and the 67-day day walkout at GM in 1970. As the strike enters the third week workers must take heed of the telltale signs that the UAW is preparing another sellout like it has done countless times before.

There is popular support for GM workers throughout the US and around the world. But this support can only be mobilized if workers break free from the chains of the UAW, by building rank-and-file strike and factory committees to take the conduct of this battle into their own hands. The isolation of the strike must be broken by expanding it to Ford and Fiat Chrysler workers and unifying with GM workers in Mexico, Canada, Korea and around the world in a common struggle against the transnational corporations.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact