

Behind the GM strike: Wall Street wants temps for hi-tech vehicles and the UAW agrees

Jerry White
5 October 2019

The strike by 48,000 General Motors workers, now in its 19th day, has been driven largely by Wall Street's demands that GM and other automakers fundamentally transform their model of employment relations, particularly for workers producing new hi-tech vehicles.

The hedge funds and financial investors who hold GM's fate in their hands are demanding the company increase the profits it extracts from workers building traditional vehicles in order to shift capital towards electric, self-driving and ride-sharing technologies. At the same time, they are demanding GM continue to dole out billions for stock buybacks and dividend payments to attract wealthy investors.

The strike has ground GM's operations in the US to a halt and led to temporary layoffs throughout the auto and auto components industry in the US, Canada and Mexico. In calls to investors, Wall Street analysts have said the strike could lead to the loss of 100,000 vehicles and up to a billion dollars in profits in the third quarter.

Nevertheless, Wall Street has instructed the GM board to defeat the strike no matter what the short-term losses. To the financial elite, the long-term gains from the expansion of temporary employees and deep cuts in health care benefits—estimated to save GM \$5 an hour or half a billion dollars in labor costs every year—far outweigh the short-term losses. The defeat of the strike is seen as paving the way for a thoroughgoing restructuring of class relations throughout the global auto industry and beyond.

This outlook was summed up by Patrick L. Anderson, the CEO of Anderson Economic Group, an auto industry consultant firm, in an op-ed piece for the *Detroit News* Wednesday.

"The world's most valuable corporations are now concentrated in the tech sector. These firms often distribute manufacturing among various plants operated by supplier firms, whose labor agreements vary considerably from place to place. This is a much more flexible system than that of the legacy automotive assembly plants, most of which have similar union labor contracts."

The United Auto Workers (UAW) union, Anderson says, is "dead set against allowing GM to hire a limited number of temporary workers, and it opposes a lower wage scale for newer workers. It also wants assurances that future assembly of electric vehicles—for which batteries and electronics will become the major components—will be done with unionized labor in the U.S. and

Canada.

"This issue is really about what century we are in, rather than what wages we pay. Regardless of the outcome in this particular labor-management battle, other industries have already moved to more flexible manufacturing systems. The only question is whether GM—and afterward Ford and Chrysler—is able to take small steps in that direction."

According to Wall Street any semblance of job security beyond a seasonal contract, let alone the right to long-term employment, decent wages, health care and a pension, are quaint 20th century notions that have no place in the operations of the modern capitalist economy. Instead autoworkers must be reduced to at-will employees and day-laborers subjected to the same type of industrial slavery as Amazon fulfillment workers.

It is noteworthy that currently the largest EV producer is Tesla, where the starting wage for a production line worker at its main factory in Fremont, California, is roughly \$16 per hour. After two years, workers move up to a meager \$18.75 at the plant in the San Francisco Bay Area, one of the most expensive urban areas in the US.

While summing up the outlook of the corporate and financial elite, Anderson greatly exaggerates and in fact distorts the real position of the UAW. The UAW is not "dead set" against the proliferation of temporary labor or lower pay scales for newer workers. If one were to sum up the basic position of the UAW it would be: GM and other automakers should not outsource electric vehicles and components to hi-tech and non-auto firms, they should maintain production in-house. The workers can be super-exploited temp workers, as long as they pay union dues.

As for separate labor agreements inside the same factory or across the industry, that's been no problem for the UAW either. The UAW has repeatedly signed "competitive" and "super-competitive" operating agreements in Michigan and Ohio, which give GM the green light to set up dummy contract companies and pay temps and contract workers lower wages and benefits under agreements that are separate from the UAW national contracts.

In several plants, both electric and traditional, many of the supposedly "non-assembly" jobs, including material handling and janitorial work, have been contracted to GM's wholly owned subsidiary GM Subsystems Manufacturing LLC or private contractors like Aramark, Caravan Knights, LINC Logistics and

Leadac. Pay for these workers starts at approximately \$15.00 an hour and tops out at \$17. This compares to top pay of \$22 an hour for temporary workers under the UAW national contract and over \$30 for full-time workers.

GM was the first of the major automakers to open an electric battery assembly plant in the US. The Brownstown, Michigan, plant, opened in 2010 just south of Detroit, is a joint venture with Honda that produces lithium-ion battery packs for Chevrolet Malibu Hybrid and for Customer Care and Aftersales facilities. The factory, which also assembles special equipment for Autonomous Vehicle (AV) operations, such as LIDAR, cameras, sensors and other hardware, is operated by GM Subsystems and its few dozen hourly workers are under a separate UAW contract.

As a battery plant worker told the WSWS, “To see a decent check we have to work seven days a week if that is available. With a weekly paycheck of \$350 and five people to support it is hard. I have to drive all the way from Detroit relying on a car that I pray will start each morning.”

In a research report released earlier this year, the UAW called on the auto industry to take “the high road” and keep EV and AV production and components in house, instead of “shifting work to employers with a poor history of labor relations or companies that are more likely to import components.”

The UAW’s model for success is the Orion Assembly plant, just north of Detroit, which makes the Chevrolet Sonic subcompact, the Chevrolet Bolt EV and an autonomous test vehicle, the Cruise AV.

Orion had been one of three assembly plants closed under the Obama administration’s 2009 bankruptcy restructuring of GM, which were forced to compete for new products for a chance to reopen. The White House Auto Task Force insisted on a substandard contract for small car factories and the UAW agreed to a 60–40 split to reopen Orion in 2011, with 40 percent of the 750 hourly employees making second-tier or even third-tier wages of as little as \$9 an hour.

But this was not enough. Last year, behind the backs of Orion workers, UAW Vice President Cindy Estrada—whose private foundation has been the target of the federal investigation into UAW corruption—signed an “Autonomous Vehicle Memorandum of Understanding” that allowed the company to hire 150 lower-paid GM Subsystems workers to replace regular workers making twice the wage. After rank-and-file workers rebelled, Estrada admitted she had signed the deal and tried to justify it by saying, “Everyone agrees that this situation sucks. But what would suck even more would be to have GM shut down any of our plants.”

The UAW signed similar or even more egregious deals to supposedly “save” the Detroit-Hamtramck and Lordstown, Ohio, plants. In March, the Lordstown plant was closed and the Detroit plant is scheduled to shut in January.

There is no doubt that the UAW has already agreed to hand over more concessions in exchange for GM’s offer to allocate a new electric pickup truck to the Detroit-Hamtramck plant and build an electric battery plant with another supplier near the shuttered Lordstown plant. All of these workers would top out at between \$15 and \$17 an hour, with substandard benefits, setting the precedent for the whole industry.

Before the strike began on September 16, the UAW ordered GM workers in Flint and other locations to cross the picket lines of Aramark maintenance workers. Now UAW officials are telling housekeeping staff, who are UAW members but employed by Caravan Knights, CBRE and other contractors, to cross the picket lines of their fellow GM workers at Bay City Powertrain, the GM Proving Grounds in Milford, Michigan, and other facilities.

Although EVs and hybrids are barely two percent of the US market, by some estimates they could constitute 10 percent of the global market by the mid-2020s and over 50 percent in 2040. The simpler mechanical operation of EVs, which have far fewer parts than traditional vehicles powered by an internal combustion engine, are expected to lead to cuts of as many as 35,000 engine and powertrain workers in the US alone. While not profitable yet, Wall Street anticipates huge returns from whatever corporations or groups of corporations dominate the market. It is demanding that GM maximize profits from workers at the traditional plants to pay for investments in the new technologies and the payoff to shareholders and top executives.

The determined resistance of GM workers to the demands of the giant corporation, Wall Street and the UAW, is part of the growing worldwide opposition of the working class. If this historic fight is to be won, however, GM workers must take the conduct of the strike out of the hands of the corrupt company agents of the UAW, build rank-and-file strike and factory committees, to spread the strike to Ford, Fiat Chrysler and throughout the auto and auto parts industry.

This must be part of the development of a political movement of the working class to fight for socialism. Only through the transformation of the auto and tech companies and the giant banks into public enterprises, democratically controlled and collectively owned by the working class, can the great advances in the production process and transportation technology be put to use for the common good, not the ever greater exploitation of workers for the enrichment of a few.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact