

UAW-backed contract includes new attacks on Volvo Truck retirees

Jerry White
2 June 2021

Volvo workers: Contact the Volvo Workers Rank-and-File Committee by email at volvowrfc@gmail.com or by text at (540) 307-0509.

Nearly 3,000 workers at Volvo Truck's New River Valley plant in Dublin, Virginia will be voting this Sunday on a six-year labor agreement backed by the United Auto Workers union. Rank-and-file workers are actively opposing the deal, which is only a slightly modified version of a previous UAW-backed deal workers decisively rejected last month.

There are many elements of the proposed agreement that have enraged workers. Over the last three contracts, the Swedish multinational and the UAW have pointed to supposed economic difficulties to justify demands for concessions, including the introduction of a multitier wage and benefit system that condemns young workers to inferior pay and denies them fully paid pension benefits.

With the company enjoying years of rising profits and market share, workers are determined to recoup their losses and win substantial improvements for current and retired workers.

In a statement calling for a "no" vote on Sunday, the recently formed Volvo Workers Rank-and-File Committee informs UAW President Rory Gamble, Secretary Treasurer Ray Curry and UAW Local 2069 President Matt Blondino what the minimal basis would be for an agreement that workers will accept.

This includes:

- A 25 percent across-the-board wage increase to restore income lost over the last three contracts
- Maintain current health insurance rates and coverage
 - Fully paid health care benefits for retirees, with no copays or premiums
 - End the multitier wage system and transfer all workers to top-tier pay and benefits
 - Eliminate the Alternative Work Schedule and keep current overtime rules
 - Implement a COLA clause to meet the soaring prices of consumer goods
 - Five personal days for all workers, not just salaried

workers, and no cuts to vacation days

- A \$4,000 contract ratification bonus

The defense of the livelihoods and health of the thousands of retirees and surviving spouses is a principled issue for the VWRFC. The committee has fought for the unity of all workers, young and old, "Core Group" and "Competitive Workers," active and retired, and fought against all efforts by the company and the UAW to divide and weaken workers.

Among the retirees are the original workers at the New River Valley plant, which was built in 1979 by White Motor Corp. of Cleveland, Ohio. Volvo bought the plant and other assets as part of its takeover of near-bankrupt White Motor in 1981 and further entry into the North American truck market, which included a controlling interest in the General Motors Truck and Bus Group of Pontiac, Michigan.

Beginning in the 1980s, the UAW handed over one concession after another to the auto and truck manufacturing corporations as part of its corporatist program of labor-management collaboration and enticing the global corporations to invest in the US by ending strikes and systematically lowering labor costs. This included abandoning millions of retirees who had spent their working lives producing corporate profits.

This took a qualitative turn in mid-2005 when the UAW agreed to grant historic concessions to GM, including the company's demand to cut billions of dollars' worth of health care benefits to its 500,000 retirees and their dependents. In 2007, the UAW abandoned the principle of fully paid retiree health benefits, won by autoworkers in 1964 after nearly two decades of bitter struggles, and allowed the Detroit automakers to dump their obligations.

This took the form of the establishment of a so-called Voluntary Employees' Beneficiary Association, or VEBA, which was initially funded (in fact drastically underfunded) by the corporations. The UAW, which was handed billions in dollars of corporate shares, was thus put in charge of rationing medical benefits to retirees and their survivors.

To push the VEBA through, the UAW went so far as

joining General Motors in a legal action against retirees who had filed a class action suit to stop the first-ever reductions in health care benefits. The *Detroit Free Press* noted at the time that legal experts said the UAW took such “an unusual step to keep disgruntled retirees from challenging the union’s right to negotiate such concessions and tying the deal up in years of litigation.”

Between 1984 and 2005, the collective bargaining agreements between the UAW and Volvo provided that health benefits for pension-eligible employees “will be continued into retirement with [Volvo] making the full contribution.” In 2005, however, the UAW agreed to the setup of a VEBA with Volvo, along with a mechanism to shift higher costs onto retirees if there was not enough money in the VEBA trust.

According to court documents from the 2011 case *Quesenberry v. Volvo Trucks Retiree Healthcare* argued before the US District Court, Fourth Circuit, the 2005 agreement also outlined the limits of Volvo’s financial obligations, “Volvo’s liability for retiree health insurance expenses was limited to an average cost of \$13,606 per year for each non-Medicare-eligible retiree and \$3,292 for each Medicare-eligible retiree. To resolve problems posted by potential costs in excess of those caps, Volvo agreed to create a Voluntary Employees’ Beneficiary Association (VEBA) trust, to which it was required to contribute a total of \$3.943 million, including \$1.585 million on the last day of the 2005 CBA’s term in 2008. Of that amount, Volvo in 2005 projected that only \$400,000 would be necessary for cumulative above-cap costs until the agreement’s expiration on January 31, 2008. The VEBA assets were to be held ‘for the exclusive purpose of paying all costs incurred by Retiree Participants under the Volvo Plan that exceed the limits set forth above.’”

The rank-and-file committee is independent of the pro-corporate UAW, so that workers can organize their own struggle.

The documents further state: “In the event that the VEBA trust was projected to be exhausted within a calendar year, Volvo and the UAW were required to meet to discuss how to reduce health care costs. If those negotiations proved unsuccessful, Volvo could charge each retiree for any costs over the caps according to a formula set forth in the Cost paragraph.”

In a 2011 decision that is strikingly similar to the one the courts reached in the phony case the UAW brought against GM in 2005, the US District Court ruled that Volvo could not unilaterally cut retiree benefits unless “the VEBA is projected to be exhausted within one year and Volvo and the Union are unable to agree on benefits reductions to reduce the premium costs which Volvo pays for the employees.”

It is likely that the UAW and Volvo have deliberately underfunded the VEBA over the last several contracts, putting into motion a series of new cuts. In an ominous threat to retiree benefits, the tentative agreement the UAW is now pushing states that “the Company and the Union agree to continue meeting to discuss potential prospective changes to the Volvo Plan as it applies to each group.” This includes Volvo’s hiring of a third-party contractor to assist with analysis of potential cost-cutting changes.

In a letter to the Volvo Workers Rank-and-File Committee, a worker who retired after 31 years has written, “I am so proud of all of you that are standing up for the retirees. We have been getting the shaft for several years and if you let this new contract be approved without a Veba trust fund, then both the retirees and the current employees are screwed.

“After the 2016 contract was approved, I sat in a retiree meeting and heard our local president say that they had overlooked the Veba trust fund but don’t worry because he would take care of us in 2021. I had cold chills run down my back because I knew if they did not look out for us in 2016, they sure as hell would not look out for us in 2021.

“The only thing the company wants for us is to die and to get rid of their liability!!! Our retirement income benefit has dwindled away and the future does not look bright for us having any income or insurance. I feel sure that the company told Anthem to put co-pays and out of pockets on our latest insurance card because they intend to shove those down our throat as well. I would love to vote on this contract!!”

The letter concludes by thanking the committee “for what you are attempting to do for us and all current employees.”

Volvo workers: Contact the Volvo Workers Rank-and-File Committee by email at volvowrfc@gmail.com or by text at (540) 307-0509.



To contact the WSWWS and the Socialist Equality Party visit:

wsws.org/contact