

White House relies on UAW to ram through GM job cuts, concessions

By Jerry White
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With less than two weeks before the May 31 deadline for General Motors to reach an agreement with the United Auto Workers and its bondholders or face bankruptcy, it is increasingly clear the Obama administration is relying on the UAW as its principal instrument in destroying the jobs and living standards of auto workers.

In an email sent to members at GM, the UAW said it was “expecting the restructuring negotiations to intensify this coming week,” adding that the UAW was “actively involved in these complex negotiations, which involve the Obama auto task force, GM management, bondholders and secured lenders, dealers, parts suppliers and other stakeholders.” The UAW message continued, “These negotiations will have a major impact on wages, benefits and jobs for active and retired UAW members.”

The UAW is reportedly close to a deal to slash the wages and benefits of its 62,400 members at General Motors and reduce labor costs by \$1 billion. In addition, it would allow GM to forego a \$10 billion payment into the UAW-controlled retiree health care trust fund, a move that would gut benefits for more than half a million GM retirees and their dependents.

UAW President Ron Gettelfinger and GM Chief Executive Fritz Henderson were due in Washington Monday for talks with Obama’s auto task force, and local UAW officials have been told they should prepare to come to Detroit this week to ratify a deal before it is sent to the membership for a vote.

The concessions are expected to match or surpass what the UAW agreed to last month at Chrysler. That deal eliminated cost-of-living allowances and production bonuses, stripped workers of break time and holidays, gutted supplemental unemployment benefits and gave up the right to strike until 2015. In addition, the UAW agreed to further takeaways for retirees, including the elimination of vision and dental care and the imposition of higher co-pays for prescriptions and doctor visits.

The day after the UAW pushed through the contract—claiming it would prevent the company from declaring bankruptcy and save jobs—the number three US

automaker filed for Chapter 11 protection and released plans to close eight plants and eliminate another 3,500 jobs.

In exchange for its services, the Obama administration is planning to give the UAW a 55 percent ownership stake in Chrysler and a 39 percent stake in GM. In addition, the UAW would be given seats on the corporate board of directors of both companies. This will give UAW executives a direct financial incentive to further slash jobs and living standards, since this would increase the value of their shareholdings.

In the case of GM, UAW officials are once again claiming givebacks will prevent bankruptcy and save jobs. They know this is a lie. It has long been the plan of Obama’s auto task force, headed by investment banker Steven Rattner, to use the bankruptcy courts to break up the century-old industrial icon and liquidate its unprofitable factories, brands and other assets. Under a so-called “363 sale,” a new, restructured GM would emerge. A fraction of the size of the current company and freed from the “legacy costs” of decent wages, hard won working conditions and retiree benefits, it would be a source of lucrative returns for Wall Street.

As part of its global plan to cut 47,000 jobs, GM has already announced plans to close 16 of its remaining 47 US manufacturing facilities and eliminate 23,000 jobs. Last week, the company announced plans to close 18 percent—or 1,100—of its dealerships, including many that have been in operation for half a century or more. Combined with the nearly 800 dealers Chrysler is closing, this move will result in more than 100,000 jobs being destroyed in cities and small towns across the country.

Under its restructuring plan a significant portion of GM’s less profitable small cars will be produced in lower wage countries such as China, South Korea and Mexico. This has already won the approval of the Obama administration, which, according to the *New York Times*, “sees interference in such plans as crossing a line into industrial policy, rather than helping a giant multinational get back on its feet as a successful, privately managed global operation.”

The UAW predictably seized upon the outsourcing issue in an attempt to divert anger over the destruction of jobs and channel it down the path of economic nationalism and illusions in Obama and the Democratic Party.

In the email sent to its members at GM, the UAW said, “We need President Obama and his auto task force to stand up for the interests of American workers and retirees in the restructuring negotiations.” It continued, “Tell [Obama] to insist that GM must change its restructuring plan,” the UAW message said. “If GM is going to receive government assistance to facilitate its restructuring, along with the tremendous sacrifices by UAW active and retired members, it should be required to maintain the maximum number of jobs in the U.S. instead of outsourcing more production to foreign countries.”

The UAW has long used “Buy American” appeals to foist the blame for the destruction of jobs onto foreign workers. Over the last three decades, the UAW has insisted that no resistance to plant closings, mass layoffs and concessions was permissible because this would undercut the competitiveness of the US automakers against their Asian and European rivals.

The UAW has no principled opposition to payment of poverty wages—it only prefers to have it done in the US so it can collect union dues from the workers. The UAW has already agreed to slashing wages in half to the level of non-union workers at the Japanese-owned factories in the US.

Nor does the UAW have any principled opposition job cuts. On the contrary, it has collaborated in the destruction of three quarters of a million GM, Ford and Chrysler workers’ jobs since 1979, including 250,000 in the last decade alone.

During this time, the UAW apparatus has sought to sever its dependency on dues and find other sources of income. In 2007, advised by Wall Street investment firm Lazard, the UAW allowed the auto companies to dump their retiree health care obligations in exchange for the taking control of a multi-billion-dollar retiree health care trust fund, known as a Voluntary Employee Beneficiary Association, or VEBA.

In the last two years, however, the shares of the automakers have plummeted, sharply undercutting the value of this private investment fund. As the *Wall Street Journal* noted, “Many worries remain for union officials, say people involved in the discussions. They say that the stock GM proposes to contribute to the VEBA is illiquid and hard to value...The union had initially asked for more from Treasury officials in the negotiations, but was rebuffed.”

GM’s bondholders—who are owed \$27 billion—are complaining they are only being offered 10 percent of the company’s equity while the UAW is being given 40

percent. “The bondholders, who say the offer is equivalent to four cents on the dollar, have fired back with a counterproposal asking for 58% of the new GM’s equity, and a bigger slice than the UAW’s,” the *Journal* reported.

If the UAW has raised any objections over the current negotiations it is only to use auto workers as bargaining chips to secure the largest number of shares for the UAW apparatus itself.

In its lead editorial Monday, the *New York Times* made it clear that the Obama administration is relying on the UAW to impose Wall Street’s dictates, while expressing concern over opposition from rank-and-file workers.

After noting that the UAW had helped make the Chrysler bankruptcy so “smooth and fast,” it warns that GM’s restructuring might not be as easy. The “company must still slash labor costs further, and probably fire 20,000 additional workers. It wants to close hundreds of its dealerships,” the *Times* commented. “Even assuming G.M.’s likely bankruptcy ends felicitously, the automaker will have to pull off the trick of becoming an entirely different company,” it continued, before concluding, “Fortunately, the government, the U.A.W. and G.M.’s new leadership all seem to get it. They share a broad vision of where the company needs to go. Pulling it off won’t be easy.”

Indeed, opposition to the global restructuring of the auto industry is growing. Last Thursday, workers at Fiat’s Termini Imerese plant in Sicily stopped work and blocked a road following reports that the facility would be closed under plans by Fiat to take over Chrysler and GM Europe in order to create the world’s second-largest carmaker. On Saturday, they joined a mass demonstration of 15,000 Fiat workers in Turin near the company’s headquarters.

The development of a movement by auto workers in the US to oppose plant closings, layoffs and concessions requires an organizational and political break with the UAW. New organizations of struggle—based on rank-and-file factory and community committees—must be built to organize strikes, plant occupations and mass demonstrations. Such a struggle requires a new political perspective based on uniting workers’ struggles internationally, the building of a mass political party of the working class, and the socialist transformation of the economy to meet human needs, not profit.

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