

# Facing the Toyota “Pattern”

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HIGHLY PRAISED AS a “breakthrough” in the mainstream and business press, the new United Auto Workers contract at General Motors is a stunning retreat for the union, threatening the existence of most high-paying production jobs throughout the U.S. auto industry. (Skilled trades face drastic downsizing through outsourcing and combining of the trades.)

After sailing through ratification with 65% of the vote at GM locals —with only one local union president calling for a “no” vote — Chrysler’s even more concessionary version ran into sharper opposition, resulting in a narrow ratification.

When the UAW leadership first turned to its negotiations with Chrysler, President Ronald Gettelfinger indicated the union intended to “tailor” its agreement to the corporation’s specific needs. Business analysts pointed out that Cerberus, the equity fund now owning Chrysler, wanted a bargain-basement deal to get retiree health care off its books. It was also unlikely to match GM’s promises of scheduling products for specific plants.

As the deadline approached, the nine-person national bargaining committee unanimously voted against the agreement, and the strike was on. The UAW International didn’t attempt to reopen negotiations but insisted on a revote. This time it was 6-3 against. Having divided the committee, the International demanded two more votes that afternoon: the third time it was 5-4 against, finally 8-1 in favor. The six-hour strike seemed aimed not against the corporation, but against the bargaining team itself!

Yet having won the majority, the International did not win a unanimous recommendation. Bill Parker, chair of the national negotiating committee, issued a two-page minority report outlining the unacceptable features of the GM contract and detailing six features where the givebacks to Chrysler went even further. These included the failure to make temporary workers permanent, the redlining of four Chrysler facilities that will become 100% permanent entry-level jobs, and the corporation’s failure to commit Chrysler to assigning work to specific plants. Explaining how lack of job security affects bargaining at a local level, Parker wrote:

*“For the last 8 years, Council members have been held hostage by management during local negotiations. We have been confronted with company demands for concessions and outsourcing in exchange for future product. Left to deal with Chrysler’s threats on a single plant basis, locals have felt forced to make all types of givebacks. These negotiations were critical to put an end to the company’s use of economic terrorism.”*

Parker’s call to vote the contract down and instruct the bargaining committee to return to the negotiating table provided the basis upon which the Chrysler Council split their vote, with a significant minority voting “no” in a voice vote.

Meanwhile director of the UAW Chrysler Department launched a signature campaign by sending a letter to local leaders in the Chrysler system, asking that all appointed representatives “stand in solidarity in support of this Tentative Agreement.” Despite this unusually out-in-the-open arm twisting, the largest locals were voting the agreement down. Realizing the deal was in trouble, both Chrysler and top UAW officials added some sugar by announcing, in the middle of the vote, that if the agreement was ratified, temporary workers would receive the \$3,000 signing bonus and once

permanent jobs came open, would be sure to receive “preferential treatment.”

The UAW International flooded plants and informational meetings with representatives who “sold” the contract. They also wrung from members of the negotiating committee who eventually supported the agreement a letter that stated “misinformation was given credibility to one single member of the negotiating committee and that during crucial moments during negotiations he had no strategy or solutions.”

## **The Range of Givebacks**

Both the GM and Chrysler agreements divide jobs into “core” and “non-core” in order to create a two-tier wage structure; agree to the outsourcing of housekeeping jobs; forgo any wage increase over the life of the four-year contracts; divert a chunk of future cost-of-living adjustments in order to shore up health care benefits for the current work force; and arrange, at a sharp discount, to transfer retiree health care obligations from the corporation to a union-administered voluntary employees’ benefits association (VEBA).

Future employees will be hired at \$14-16 an hour and will never receive the health care, pension or other benefits current employees earn.

In the media, in the “Highlights” booklet members receive before voting and at informational meetings at the local level, UAW officials called the job security provisions in which GM detailed which plant would have specific products “unprecedented.” But behind GM’s product commitments is the erosion of the working conditions, wages and benefits.

Jeff Green and John Lippert in the Bloomberg News, noting that more than 16,766 GM jobs will become “non-core” under the life of the contract, estimated that within four years between 24-31% of the work force would be classified as “non-core,” working at lower wages and benefits. (“GM Pact Lets It Move Fourth of Workers to Lower-Paying Jobs,” 10/4/07) Given that 65% of the GM work force is eligible to retire within the life of the contract, the second tier may soon become the majority.

By dangling product commitments, some up-front money and by making permanent (and with the traditional wage and benefit package) the more than 3,000 GM temporary workers, the union and company were guaranteed that the contract would pass. The GM temporaries were past wondering why they’d been placed in that untenable situation in the first place. The Chrysler contract’s failure to give temporary workers the same deal almost backfired.

The 2007 round of negotiations reveals that the model for the Big Three’s offers is Toyota — where only assembly workers make the high wage. There is no less intense job where the assembly worker can ever transfer after working the line for years, or after suffering an injury. There are to be no “good Jobs” to which workers can move. What that means is no one can survive in the plant for a lifetime; there is a constant flow of “new meat.” Thus little need for pensions or retiree health care.

Although labor represents less than 10% of the total production cost, these corporations seek to restructure themselves on the backs of their work force, taking away the wages, benefits and working conditions unionized workers have won over the past 60 years. In this scenario, the union is to be the disciplinarian over its membership.

The spotlight now turns to the Ford-UAW negotiations, with Ford demanding an even more concessionary package. For those labeled as “dissidents,” the hope is that the rebellion will be taken up by Ford workers and officials supporting them.

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\* From 'Against the Current', ATC 131 (November/December 2007).