

Live Bait & Ammo # 51

Truth and Accountability NOT Concessions

GM's assertion that health care costs \$1500 per vehicle is deceptive.

The formula is simple. GM divides the cost of health care by the number of vehicles sold. What they don't explain is that their estimate includes retirees, and retirement benefits are covered by a trust fund, not vehicle sales. Therein lies the deception.

The Voluntary Employee Benefit Administration [VEBA] is a tax exempt trust fund. Interest from the trust is tax exempt because the purpose of the trust is to provide employee benefits.

There are 112,000 active GM workers and 500,000 retirees. Thus, approximately 5/6 of the cost, or \$1250, is a retirement expense which should be accounted for by the trust fund that accrued while retirees were active.

GM conflates the cost of health care with the price of cars in a calculated attempt to convince consumers that union members are gorging themselves on luxurious illnesses. Likewise the assertion that salary employees pay 27% of medical insurance and hourly employees pay 7% leads one to think that union members are taking unfair advantage. Salary employees make at least 20% more money. So they can pay 20% more for insurance and still come out ahead.

At the 2002 UAW Bargaining Convention I reported: "According to GM's proxy statement, VEBA, a benefit trust fund, decreased by a billion dollars because of 'capital expenditures': \$493 million for a stake in Suzuki and \$500 million for an 'equity injection into GMAC'. The corporation used our benefits fund for capital investments and now they say they can't afford health care."

GM pilfered the trust fund to buy a stake in Suzuki and inflate the stock value of GMAC which otherwise would not have shown a profit or paid dividends in 2002. Profligate spending continues to snowball while the International looks the other way.

The bottom line is: GM failed to finance the trust fund appropriately and then mismanaged it. Now GM is trying to cover it up and pass the cost on to UAW members. The International understands that GM mismanaged the trust fund. The silence of UAW officials amounts to complicity, or in their own two-bit word, "jointness".

Money which should have been put aside long ago and managed responsibly was squandered. This is management's failure, not the active workforce. We are not greedy or undeserving. Productivity goes up every year. We are producing more parts and more vehicles with half the workers and still it is not enough. No matter how hard we work or how many concessions we make, it will never be enough.

I understand that GM would prefer it if we all dropped dead the day after we retired, but life goes on, and we deserve our deferred compensation just as much as any unproductive executive.

It is the responsibility of the International to demand truth and accountability from management, not concessions from us.

In Solidarity,

UAW Local 2151