

Live Bait & Ammo #122: Keep your Eye on the Rabbit

“When you believe in things you don’t understand, you suffer” — Stevie Wonder

Bush’s bailout for the Detroit Three is a \$17.4 billion dollar bow on a prepackaged bankruptcy. Chump change for fast track union busting.

The bailout is conditioned on the UAW agreeing to a non union contract. That means:

- a substantial wage cut and elimination of COLA
- deep out of pocket expenses for health care
- conversion of pension to a 401-k
- no JOB Bank or SUB pay
- complete disregard of seniority rights
- retiree health care in hock to company stock

Bush’s bailout turns the fed into a hired gun. Hired to shakedown the union at no cost to the company. Why hire lawyers to pilot your company through the kangaroo trails of bankruptcy court, when you can get a Car Czar to chop the shop for free?

The real chumps in this exchange are taxpayers. Lower wages won’t lower prices or stimulate demand. The only thing lower wages guarantee is increased competition for more lower wages. Toyota has already revealed plans to slash compensation [Toyota Sweats US Labor Costs, Jason Roberson, Detroit Free Press, 2/8/07].

When a nation exports the means of production, recession turns into depression by design. Depression gives the companies leverage to restructure rapidly. The depth and breadth of restructuring in the auto industry will exert downward pressure on compensation in all sectors of the economy. Eventually workers won’t be able to afford autos, let alone homes or health care.

In order to better understand the scam we need to step back and examine the long term trend. We didn’t arrive at this juncture by accident. GM is poised to take full advantage of this latest capitalist disaster. GM manufactures vehicles in 35 countries. They’re prepared to compete for the lowest wages in the world.

The UAW Concession Caucus typically justifies concessions because GM has lost market share. But market share is the top hat not the rabbit. The two principle trends to track are productivity and sales. Accountants can lie about everything else.

GM’s share of the market looks smaller because the market has grown. In fact GM’s sales have remained steady while productivity has leaped off the charts.

In 1992 GM had 34% of the US market and produced 4.4 million vehicles. In 2005 GM’s US market share fell to 25.7% and GM produced 4.5 million vehicles. (The rabbit didn’t shrink, the top hat got bigger.) In 2007 GM sold 4.5 million vehicles in North America and lost more market share. (Keep your eye on the rabbit not the hat.)

What’s most shocking is the enormous jump in productivity.

In 1992 GM employed 265,000 UAW members. In 2005 GM employed 111,000 UAW members. In 2007 GM employed 73,000 UAW members and sold as many vehicles in North America as ever.

Let me do this again. Without the top hat this time.

- 1992—4.4 million vehicles—265,000 UAW members
- 2005—4.5 million vehicles—111,000 UAW members
- 2007—4.5 million vehicles— 73,000 UAW members

When you remove the top hat the rabbit looks pretty fat. The trend is clear. One would think that higher productivity would mean higher profits and thus, higher wages. But GM invests heavily in the craft of creative bookkeeping. Higher profits are transferred off shore into assets protected from bankruptcy and masters of illusion point to the rabbit in the hat and shrug.

If figures lie and liars figure, what's a Gettelfinger? In 2005 Ron Gettelfinger and his Concession Caucus insisted that UAW members must open the contract and give more concessions to make up for lost market share. In 2007 the Con Caucus pulled the same stunt.

If productivity increases phenomenally, why are workers responsible for lost market share? How will concessions increase market share? Isn't market share the venue of the Marketing Dept.?

There's another aspect to marketing, i.e., convincing the public that workers are overpaid despite a long term trend that indicates extraordinary productivity and stable sales volumes.

Concessions can't buy security when the company is bent on exporting jobs instead of products. And if market share is the only measure that matters, all the concessions and company union collusion that the Con Caucus has preached for 25 years is an abject failure. But US market share is not the sole criteria for success in a multinational corporation.

In 2007 GM sold more than 9 million vehicles worldwide for the third consecutive year.

Let me say that again, without the top hat.

In 2007 GM sold more than 9 million vehicles worldwide for the third consecutive year.

GM plans to become a major importer to the US, just like Toyota, but they need help. They're counting on government assistance to help them close factories, disarm resistance, and downsize domestic operations until the rank & file is small enough to snuff out as discretely as a cigarette butt.

If all goes according to plan GM will employ about the same number of UAW members at the end of 2009 as Delphi did when they were spun off in 1999. Delphi is not going to exit bankruptcy, but Delphi is well established in Eastern Europe, Asia, Mexico, and South America. Likewise GM is poised to dump retirement obligations onto taxpayers, cut wages in half, drive dealers out of business, and import 50% of the vehicles it sells in the open US market by 2010.

The Car Czar will enable the Detroit Three to gain all the advantages of bankruptcy—broken contracts—without the encumbrance of litigation.

When the finance companies came to Congress with their tin cup extended, no one scrutinized the compensation of their workforce or suggested that they were overpaid. The evident bias clarifies the class conflict. In the eyes of Congress and professional parrots blue collar workers do not deserve to be in the middle class. We don't deserve to own a home, take a summer vacation, send our kids to college, retire in dignity, or have unrestricted access to health care.

GM not only wants to import cars to the US, but also sweatshop standards. GM is ready to lead the industry to the lowest level, but they need help from the Con Caucus and the government to convince workers to lower their standards. The President of the UAW stands for concessions.

To paraphrase an oracle: don't believe in people you can't understand, or you'll suffer.

Most of us learned early on the American Playground that when someone knocks you down, you get up and kick his ass. If the bully is too big, you organize and the whole gang kicks his ass. The UAW Concession Caucus led by Ron Gettelfinger prefers to roll over every time the boss glares. He's already waving his white hanky and promising to behave non union.

He's pulled this trick too many times. Shame on us.

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Thirty-nine state AFL-CIO federations, over 100 Central Labor Councils and 400 local unions have endorsed HR-676, John Conyer's "Expanded and Improved Medicare for All" bill. [www.johnconyers.com/healthcare] The first step is to unite the huge reservoir of support for single payer in thousands of local unions and labor bodies. To take that step, a number of labor federations and unions are planning a national meeting of labor organizations that support HR 676, "Medicare for All," to be held in St. Louis on January 10, 2009.

Labor for Single-Payer Healthcare Meeting

January 10-11, 2009

The Crowne-Plaza - Downtown St. Louis

For additional information> www.laborforsinglepayer.org or contact Organizing Committee Coordinator Mark Dudzic at 201-314-2653 or > mdudzic@igc.org