

Double Agents and 2011 UAW Contracts

There's a good reason that for the first time since the UAW won a pension from GM that there is no mention of pensions for current and future retirees in the Contract Highlights. If you look at the pension supplement you will see that there is not an update for workers who retire after October 2010. There is no gain in pension for future retirees.

The Social Security Age Creep Patch was not readjusted for future retirees. It states on page 142 of the Pension Supplement Exhibit A "Social Security": *"The parties further agree that, during the term of the 2007 Collective Bargaining Agreement, they would review the issues surrounding the changes in the Social Security "80% date" and evaluate alternatives to address this issue in the next Collective Bargaining Agreement."* This is the same language as the 2007 agreement. It has not been updated or addressed in the 2011 Agreement, in which case new retirees, and current retirees born after September 15, 1949 do not appear to be eligible for the Social Security Age Creep Patch.

The \$700 Christmas bonus which is what the UAW negotiated in place of COLA on pensions has been taken away. UAW International reps have COLA on their pensions but they declined to negotiate COLA on pensions for rank and file members. They insisted that the lump sum bonuses would be a better deal. The better deal is gone. The lump sum bonuses were not covered under ERISA as COLA would have been.

The excuse for not protecting retirees is an underfunded GM pension plan. Rather than demand that GM fully fund the pension, the UAW colluded with the company to amend the plan *after* ratification to reduce the cost for GM.

"The parties further discussed the possibility of amending the Plan to provide additional options for certain current retirees that would help GM manage its pension risk and benefit such retirees that voluntarily agree to participate. To this end, the parties agreed that the National Parties may mutually agree during the term of this Agreement to amend the Plan to add retirement options for some or all existing retirees that help GM reduce the volatility and risk related to the Plan and benefit existing retirees by providing an additional voluntary option." [2011 UAW-GM Supplemental Agreement Exhibit A (Pension Plan) page 161 "Pension De-Risk Consideration"]

GM took profits earned in the US and invested them overseas. The legacy of retirees includes profits earned and reinvested. Retirees have a legitimate lien on those investments. Retirement benefits are wages earned and deferred, not a gift or entitlement. The UAW should not be asking current workers to sacrifice 10% of their profit sharing to cover GM's debt to the VEBA, nor should current workers be expected to sacrifice wages to make up for GM's malfeasance of pension funds.

GM not only underfunded the pension, GM took lump sum bonuses and retirement incentives from the pension fund. Now GM and the UAW conspire to further drain the pension by offering retirees buyouts from the pension. Assuming that buyouts would come from the pension, a mass exodus for the buyout door would further erode the pension plan's feasibility.

Active workers are likewise looking down a dead end road. Even for second tier workers who are scheduled to receive incremental increases, wages will be worth less *after inflation* by the end of the contract. Furthermore, traditional workers' wages are the basis of the pension formula. They lose twice and the losses compound and accrue.

The utilization of temps, flex workers, and alternative work schedules will reduce overtime without increasing the number of permanent jobs. The UAW has an obligation spelled out in the Objects of its Constitution — which is in fact the contract which UAW officials have with dues paying members — to improve working conditions and protect the members. The indentured servitude of temporary workers violates the spirit and intent of the UAW Constitution. Temp workers and second tier workers are corrosive to solidarity and undermine future bargaining leverage.

The purpose of the wage freeze coupled with the proposed pension amendment is to increase GM's equity and liquidity. There has been a long standing contention that the UAW has a conflict of interest inherent in its retiree health care trust [VEBA]. The contention is evident. The UAW International is an agent of the company.

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