

GM Components Holding workers: The “third tier” in the GM-UAW contract

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As the United Auto Workers moves rapidly to push through votes on a new four-year agreement with GM, new details continue to emerge about the pro-company provisions buried in the hundreds of pages of the contract.

Among the most egregious is the treatment of GM Components Holdings (GMCH) workers, who will receive far lower wages than even the second-tier (renamed “in-progression”) workers in the rest of the company. These parts workers are in effect a third tier at General Motors.

GMCH is a subsidiary of General Motors created in 2009 that includes four plants previously owned by parts supplier Delphi: Harrison Thermal Systems in Lockport, New York; Rochester Powertrain in Rochester, New York; Wyoming Powertrain Systems in Wyoming, Michigan; and Delco Electronics in Kokomo, Indiana.

Pages 113-116 of the contract outline the terms for these workers. They expose a conspiracy between two business entities—the UAW and corporate management—to secure the limitless exploitation of workers. In this, they merely reveal in the most naked form the basic character of the contract as a whole.

The “memorandum of understanding,” signed by UAW Vice President Cindy Estrada and GM North American Manufacturing Vice President Catherine Clegg, begins by proclaiming the “unique competitive pressures facing” GMCH, with the parties agreeing that “cost effective operations are critical to the job security of all employees.” In other words, under the fraudulent pretext of defending jobs, it is necessary to maintain poverty-level wages for GMCH workers.

The memorandum then lists a series of “exclusions” to the main contract for GMCH workers. All GMCH workers, no matter how long they have been working at the company, are classified as second-tier, receiving inferior health care and pension benefits. However, the wage rate for these workers begins at \$16.25, rising only

90 cents an hour each year to a maximum rate of \$19.86. This is about \$9-\$10 an hour less than the maximum rate (after eight years) nominally set for tier-two workers companywide.

For workers who have the misfortune of currently earning a wage that is higher than what they would receive according to the new schedule, their wages “shall be frozen and ineligible for any performance bonus until the rate exceeds their frozen wage.”

The memorandum also explicitly gives GM the right to “consolidate one or more GMCH operations into another existing GM or GMCH plant” or “sell any of the four site operations.” GM will also have the right to “determine whether to ‘lease’ employees to GMCH and/or to maintain GMCH as a distinct entity.”

In one remarkable passage, GM, GMCH and the UAW declare their agreement on “the importance of maintaining strong relationships with current non-GM customers and potentially growing the business.” Therefore, they state that “strikes of any kind are prohibited, and neither the Union nor any GMCH employee will instigate, encourage, authorize, or participate in any slowdown, picket or work stoppage” for the life of the agreement.

In the event of any “lawful labor dispute” elsewhere in GM, the UAW declares that it will help develop “an appropriate manpower plan that ensures an uninterrupted supply of product to non-GM customers.”

The UAW could hardly state more clearly its real relationship to the companies and the workers: i.e., that of a labor police force, dedicated to suppressing opposition in order to ensure profits.

The memorandum goes on to add that if any other company expresses an interest in purchasing one of the four GMCH sites, “arrangements that modify agreement terms and conditions may be necessary.” This would include “wage and/or benefit reductions in an effort to

ensure their operations become competitive with the components industry.” In other words, even the lower wages and substandard benefits are not guaranteed.

The conditions currently facing GMCH workers are the product of a long history of GM-UAW collusion in driving down the wages and increasing the exploitation of parts workers, which has been used as the spearhead for similar attacks on autoworkers as a whole.

After the UAW betrayed a series of strikes by auto parts workers in the 1980s and 1990s, wage levels in the parts industry were so low that the Big Three auto companies decided to spin off their own internal parts divisions to force through a reduction in labor costs. This led to the formation of American Axle in 1994, Delphi in 1999 (both spun off from GM) and Visteon in 2000 (spun off from Ford).

The spin-off of Delphi came less than a week after the defeat of the 54-day strike of Flint, Michigan Delphi-GM workers, which was isolated and betrayed by the UAW.

The formation of these companies was followed by massive job cuts and concessions, supported by the UAW. In 2003, the UAW agreed to a two-tier wage and benefit system at both Delphi and Visteon—the first major auto plants to adopt the two-tier strategy. (The UAW had agreed to a two-tier contract at farm manufacturing giant John Deere in 1997). The two-tier wage was then introduced at the Big Three in 2007.

In 2005, Delphi was taken into bankruptcy following a wave of corruption scandals. Most of the plants were shut down and tens of thousands of workers lost their jobs. Workers at the remaining plants faced further wage and benefit cuts.

Delphi’s CEO during the 2005 bankruptcy, Robert “Steve” Miller, infamously declared that the era of decent wages and defined benefit pensions and health care was over. Workers were simply living too long, and these basic rights were no longer “affordable.” “Defined-benefit programs are an anachronism,” he declared, “and we are witnessing the slow agonizing death of defined benefits as industrial compensation policy.”

In 2009, the company’s core assets were purchased by private investors and a new company was formed with the aim of shedding old liabilities. The same year, four plants were sold back to General Motors, becoming GMCH. It was also in 2009 that GM formed Subsystems Manufacturing, another subsidiary that pays even lower wages and whose workers, now employed in many GM plants, are not covered by the national contract agreement.

The 2009 restructuring of Delphi and the creation of

GMCH was part of the broader restructuring of GM during the company’s bankruptcy, overseen by the Obama administration. It was at that time that the cap on two-tier workers was lifted and other concessions were imposed on workers in the name of “saving” the auto companies.

As a result, labor costs have been driven down by one half and the companies are making record profits. These profits are being funneled into Wall Street, including through the \$10 billion stock buyback and dividend program announced by GM earlier this year—with the support of the UAW.

The current contract represents the continuation of these attacks through the expansion of the two-tier wage and benefit system, with the ultimate aim of driving out all tier-one workers.

There is nearly universal opposition to the contract among GMCH workers. One worker at the plant in Wyoming, Michigan told the *WSWS Autoworker Newsletter*, “We were Delphi and then went to GM. We’re getting screwed all over again. What can we do, we can’t let this pass.”

Workers on Facebook also expressed their opposition. “They created a third tier,” one wrote. “No path to traditional wages. We all work hard, we all pay our dues. Why are all four GMCH plants third tier workers?” Another wrote, “We got nothing favorable in this. It’s as though we’re not even on the same plane as the rest. I’d love to see a vehicle made without parts/components we produce.”

All autoworkers should draw lessons from the experience of GMCH workers. The GM-UAW corporatist alliance intends to make them once again a model for workers throughout the company.



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