

UAW leaders reach tentative deal with GM to end US worker strike

October 16 2019, by John Biers



Leaders of the United Auto Workers announced that they reached a tentative deal with General Motors to end a nationwide strike begun September 16

General Motors and the United Auto Workers announced Wednesday a tentative labor agreement that could end a month-long strike that has

paralyzed the auto giant.

The UAW GM National Council, which includes local union chapters, will convene on Thursday to consider the agreement struck between GM and UAW leadership, the union said in a statement.

A majority of UAW members would then need to ratify the agreement.

The strike will continue until the council approves the proposed agreement. But union leaders also will decide Thursday whether to continue striking until all members vote, the UAW said.

Neither the UAW nor GM released details of the tentative deal that would end a strike that has now dragged into its fifth week, with mounting costs for both the company and workers.

Nearly 50,000 hourly workers have been on strike since September 16.

The full employment hit has been estimated at as many as 150,000 people throughout the industry, including tens of thousands of salaried GM workers and auto supply employees.

"The number one priority of the national negotiation team has been to secure a strong and fair contract that our members deserve," said UAW Vice President Terry Dittes.

Dittes said union leaders would refrain from commenting on the details "out of respect for our members" until UAW GM leaders hear all the details.

A GM spokesman confirmed UAW's announcement of a tentative deal and said "additional details will be provided at the appropriate time."

GM said on the eve of the strike that its offer included more than \$7 billion in investment to support more than 5,400 jobs. It also said it would pay a ratification bonus of \$8,000 per worker.

A union source speaking on the condition of anonymity said the vote outcome was difficult to predict because around 40 percent of the workers are fairly new to the company and have not lived through an industry downturn.

Labor experts have also viewed the vote of the full UAW membership as more of a wildcard this time than usual due to a corruption probe that has resulted in US criminal charges against about a dozen UAW officials and which included an August FBI raid of the home of UAW President Gary Jones.

The Justice Department has charged the UAW officials with embezzling union funds that went to pay for golf clubs and expensive villas for long stays enjoyed by UAW officials.

New revelations about the scandal have featured prominently in Detroit media since the strike began.

Push for job security

The UAW-GM negotiations have focused on job security, health benefits and a quicker transition to permanent worker status for temporary workers who are paid less.

The talks have been complicated by anger at GM after it effectively shuttered five plants in North America last year in a cost-cutting move that the union has argued violated the prior agreement.

The strike has also come during a slowing car market after a banner run

in the years after the Great Recession.

Citing the rising risks of a US recession among other factors, S&P Capital IQ predicted US car sales would fall four percent in the fourth quarter of 2019 and three percent in 2020.

The union has pushed for job security pledges and promises from GM to continue to invest in US plants that have built combustion-engine vehicles at a time when GM is focused on electric cars and developing autonomous technology as its future strategy.

Marick Masters, a professor at Wayne State University who specializes in labor negotiations, said the agreement was a "very positive development," but that "the devil is in the details."

He expects the deal to provide GM flexibility if the economic picture worsens.

"I would doubt very much if GM would have put themselves in a straitjacket where they wouldn't be able to maneuver," Masters said.

The strike has slashed GM's operating profits by \$2 billion and lowered take-home pay for workers by up to \$4,000, according to analysis by Bank of America Merrill Lynch.

Labor experts have cautioned that a prolonged strike could do irreparable damage to the automaker.

GM shares rose 1.1 percent to \$36.65.

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Citation: UAW leaders reach tentative deal with GM to end US worker strike (2019, October 16)

retrieved 13 August 2024 from <https://techxplore.com/news/2019-10-uaw-leaders-tentative-gm-worker.html>

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