

# Auto industry loans come with unfair conditions for workers

By **JAMES PARKS**  
**AFL-CIO**

After letting the auto industry hang for weeks following the refusal by Republican senators to approve a loan to help automakers get through the end of the year — and a day after Chrysler said it will shut down all 30 of its North American plants for at least one month, putting 46,000 employees out of work — President Bush announced his administration's offer to automakers a week before Christmas. Bush says he'll give automakers \$17.4 billion in emergency bridge loans. Some \$13.4 billion was made available starting in December — \$9.4 billion for GM and \$4 billion for Chrysler. Ford Motor Co. has said it does not need immediate help.

But the loans include some unfair burdens on workers, according to the United Auto Workers (UAW). Union President Ron Gettelfinger says workers are pleased that the Bush Administration has acted to provide the urgently needed emergency bridge loans but that the workers should not be singled out for unfair conditions.

"The [bridge loans] will keep the doors of America's factories open, keep Americans working and prevent the devastating economic consequences for millions of Americans and thousands of businesses that would have resulted from a liquidation of operations by one or more auto companies,"

Gettelfinger said. "All stakeholders — management, directors, bondholders, suppliers, dealers, workers — will have to participate in shared sacrifices to help the industry move forward."

Pointing out that autoworkers already have made concessions and sacrifices, Gettelfinger said that "while we appreciate that President Bush has taken the emergency action needed to help America's auto companies weather the current financial crisis, we are disappointed that he has added unfair conditions singling out workers."

"We will work with the Obama Administration and the new Congress to ensure that these unfair conditions are removed."

Bush said the rescue package gives the automakers three months to come up with restructuring plans to become viable companies. If they fail to produce a plan by March 31, the automakers will be required to repay the loans immediately.

The Bush loans will force union workers to accept the terms of a pay cut amendment introduced by Sen. Bob Corker (R-Tenn.), which would have required the UAW to accept deep concessions.

The Bush-imposed terms require that U.S. auto companies pay wages similar to those of transplant auto manufacturers by Dec. 31, 2009.

Bush is demanding that the UAW

lower wages and pensions to the level of Japanese wages and pensions (though since they have very few retirees, their pension number is basically zero). Alternately, they could lower this number by basically picking the pocket of a bunch of retirees by taking away pension money those retirees already earned while they were still working. But one or the other will have to happen.

The Bush loans leave some room for the Obama Administration to modify the terms. The automakers may deviate from the financial targets, provided that the companies report why they did so.

Some of the auto plants could be shut down into February, according to published reports. Ford will shut 10 North American assembly plants for an extra week in January, and GM will temporarily close 20 factories — many for the entire month of January — to cut vehicle production.

When Senate Republicans blocked the \$14 billion emergency bridge loan needed to keep the auto industry operating, they knew it could cost between 3 million and 5 million jobs.

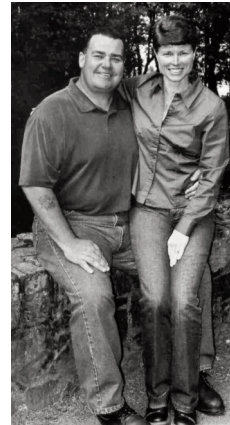
Experts predict that if even one of the Big Three automakers goes under, some 3.3 million jobs will be lost and the entire supply chain for all carmakers, including foreign-owned plants in the United States, will be seriously disrupted.

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