

# US courts back General Motors' reduction of retiree benefits

Jerry White  
10 June 1998

The Supreme Court Monday refused to listen to the appeal brought by retired General Motors workers who have fought for more than a decade to recoup health care benefits the US auto giant promised them when they signed early retirement agreements. The decision by the Supreme Court justices, who declined to explain why they would not listen to the case, ensured that GM's 84,000 retired white collar employees will be forced to pay \$5,000 or more per year in higher health care costs.

The case originated in 1988 when GM told its retirees they would have to increase their share of health care costs. At the time, Robert Sprague, a retired GM worker from the Flint area, sued the company. Sprague argued that between 1974 and 1988 GM passed out brochures to workers considering early retirement, which stated that the company would fully pay for health insurance for the rest of their lives. GM argued that the actual documents said the company could change, or even drop, the health insurance at any time.

The retirees won a 1994 trial in Detroit, which was initially held up by a three-judge panel of the Cincinnati Court of Appeals. However, last January the full 13-judge Appellate Court reversed that ruling and sided with GM. The workers then appealed to the Supreme Court.

Mary Ellen Signorille, an attorney for the American Association of Retired People who worked on the case on behalf of Sprague, told the *Detroit Free Press*, 'The court is saying that it doesn't matter if certain information isn't in the benefit plan's description as long as it's in the big plan where all the fine print is.'

GM's effort to pass on higher health care costs is part of a wider trend in which cost-cutting corporations reduce benefits for their salaried retirees, consumer activists say. 'The whole area of retiree benefits is on a

downward course and that is likely to continue for years to come,' said Ron Pollack, executive director of Families USA, a healthcare lobby organization. 'The impact of increasing costs and decreasing benefits means more people ultimately will have to drop coverage.'



To contact the WSW and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**