Delphi demands US auto workers accept poverty wages

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1 November 2005

Delphi Corporation, the largest American automotive parts maker, outlined a series of unprecedented rollbacks in the wages, benefits and working conditions of its 34,000 unionized workers and 12,000 retirees in the US, in a confidential letter sent to the United Auto Workers union on October 21. The proposal, which was posted last week on a web site belonging to UAW Local 292 in Kokomo, Indiana, sets a new benchmark for the drastic lowering of living standards for workers in the auto industry and throughout the US economy.

Citing the need to rid themselves of "uncompetitive labor agreements", Delphi executives are demanding:

* A 65 percent wage cut for production workers, including a pay reduction for current workers from $27 an hour to as low as $9.50. New-hires will see starting wages lowered from $14 an hour to as low at $9 an hour.

* An end to traditional overtime pay. Overtime will no longer be paid after an eight-hour day, but only after working more than a 40-hour week. Cost-of-living adjustments and profit-sharing will be eliminated.

* A tenfold increase in out-of-pocket health care expenses for employees, including the imposition of insurance deductibles for the first time. Employee medical payments will be increased from the current $250 for an individual and $500 for a family to $2,500 and $5,000 respectively. Vision and dental insurance will be eliminated.

* The freezing of pension benefits. No new pension plan participants will be accepted after January 1. Retirement benefits will be slashed to reflect lower wage rates. Medical benefits for retirees will be eliminated.

If accepted, the company's wage demands alone would drive thousands of Delphi workers and their families into poverty. At $9 an hour, many Delphi workers would make $18,720 a year, more than $600 below the federal poverty line for a family of four. The median household income in Michigan, home of 14,700 Delphi workers, is $44,315, according to the most recent census data.

In addition to historic wage cuts, the company is demanding increases in productivity, the elimination of four paid holidays, and the reduction of vacations from a maximum of five weeks a year to four weeks. Commenting on this demand, Delphi CEO Robert "Steve" Miller said, "If you want 10 weeks of vacation, fine, but you're looking at a $5 wage."

A tougher absentee policy is also to be instituted that will reduce vacation and holiday pay in proportion to a worker's absence rate. The company will eliminate the Jobs Bank, under which Delphi guarantees the pay and benefits of 4,000 laid off workers, and it is demanding the unrestricted right to close, sell or consolidate most of its US plants over the next three years.

Inside the plants, Delphi is seeking a free hand to tear up any contractual provisions that protect union jobs. Delphi wants unlimited freedom to hire non-union temporary and contract workers and outsource to non-union companies large numbers of traditional union jobs, such as machine repairmen, carpenters and tool builders. It also wants to change the jobs that are classified as higher-paying skilled trades.

According the *Wall Street Journal*, Delphi also aims to eliminate the longstanding requirement that any purchaser of a Delphi plant maintain the union and honor the existing collective bargaining agreement. This would give acquiring companies "a strong incentive to fire all the current union employees and hire new, non-union ones," Detroit labor lawyer Mary Ellen Gurewitz told the *Journal*. Delphi CEO Robert "Steve" Miller has already announced his intention to

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shut down or sell a "significant" number of the company's 31 US plants.

A web site run by the International Union of Electrical Workers (IUE), another large Delphi union, said the company wants to eliminate 5,500 of its 8,500 IUE workers through plant sales, closings, retirements and layoffs. Delphi said it plans to close six of the 10 facilities represented by the IUE, the union said.

Finally, Delphi executives are pressing to reduce the posts and privileges of the UAW bureaucracy itself. Included in their demands is a reduction in the number of elected union officials at each plant, even if that means the elimination of UAW officials who are jointly appointed to oversee various labor-management schemes, such as quality and safety teams, worker retraining and employee-assistance programs.

The letter sent to Richard Shoemaker, the UAW vice president for Delphi bargaining, said the concessions required from the UAW could be even more severe if Delphi's finances continue to deteriorate, as the company's management anticipates. This includes the threatened abandonment of the company's pension plans, which would result in a federal takeover and workers losing as much as half of their retiree benefits.

The company wants a six-year contract that includes a no-strike pledge. If no agreements are reached with the unions by December 16, Delphi will ask US Bankruptcy Judge Robert Drain to nullify its existing labor agreement on January 17 so it can impose its own contract. The judge agreed to this deadline, over union objections.

There has been widespread speculation that the demands, which were even more severe than the company's final proposal before it filed for Chapter 11 bankruptcy on October 8, are designed to provoke a strike. While Miller has denied this, the statements of the corporate executive, who received a $3 million signing bonus when he joined Delphi, have generated enormous anger among rank-and-file workers.

Reports have emerged about a work-to-rule slowdown at Delphi's Lockport, New York plant, whose 4,700 workers produce radiators and other vital auto components. There is a growing sentiment for a struggle by workers to defend wages and working conditions that took generations to achieve.

Denouncing the Lockport workers, Miller said, "There's always going to be a faction that thinks we're still living in the '70s." He then directly threatened any workers who sought to resist, saying, "Any plant that wants to be at the top of our plant closure list should engage in industrial action as a way of sending that message." He added that any disruption of Delphi's operation would increase the likelihood that the company would terminate its pension plan.

Miller is counting on the continued collaboration of the UAW bureaucracy. When it was unable to prevent strikes, whether at Caterpillar or in the series of walkouts at Delphi plants in Flint, Michigan and Dayton, Ohio in the 1990s, the UAW isolated the struggles and settled on management's terms. In the end, the union bureaucracy negotiated to defend its own perks and privileges, not the jobs and living standards of auto workers.

Miller underscored this point, saying that the UAW had a "competent, adult, honest leadership" that realizes a strike would only make matters worse.

The UAW bureaucracy, which just negotiated the unprecedented cuts in retiree medical benefits at General Motors, has no strategy to oppose the attacks on Delphi workers. In response to the company's demands, the UAW International could do no better than assert it would "fight for something better".

In Dayton, Ohio—a major center of Delphi—the labor bureaucracy organized a protest of fewer than 100 people—mostly union officials and their families—which ended with a rally with various Democratic politicians. This was followed by a proposal to hold daily prayer sessions until Delphi's December deadline for reaching an agreement with the unions. In Kokomo, Indiana, UAW officials reportedly told workers at a union meeting that they should have voted for John Kerry instead of George Bush.

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