US auto union pressures Delphi workers to accept concessions deal

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17 February 2006

With Delphi Corporation expected as early as Friday to ask a US bankruptcy judge to terminate collective bargaining agreements with its 35,000 unionized employees, representatives from the company, the United Auto Workers union (UAW) and Delphi's former owner, General Motors, are involved in intense negotiations to craft a deal that would avert a strike and allow Delphi and GM to press ahead with their cost-cutting plans.

Last October, Delphi, the world's largest auto parts producer, filed for bankruptcy after its top executive, Robert Miller, declared that the wages, health benefits and pensions provided under the company's union contracts made it impossible to do business in North America. Delphi, which was spun off from GM in 1999, announced its intention to cut wages by 60 percent—to an average of $12.50 a hour—shut down or sell off several plants, and eliminate 24,000 out of its 35,000 union jobs in the US.

According to recent reports in the *Detroit Free Press*, the UAW and GM are working on a buyout package that would encourage GM hourly workers to retire early in order to free up jobs for some of the Delphi workers. The plan apparently hinges on the UAW bureaucracy's ability to force older Delphi workers—many approaching retirement age—to uproot their families and transfer hundreds of miles to GM factories where few laid off GM workers have expressed an interest in working.

Industry analysts say GM might accept this type of arrangement because under its spin-off agreement with Delphi the automaker is obligated to pay the retirement costs of its former employees. GM has already set aside at least $3.6 billion to cover these obligations.

GM wants to avoid a strike at its number one supplier that would likely bring production to a halt at many of its assembly plants. Industry insiders warn that such a development could drive the company, which lost nearly $9 billion last year, into bankruptcy.

The emerging deal follows a long-established pattern by which the auto companies and the union bureaucracy split off older workers from younger workers and future employees. The UAW hopes the buy-out offer will induce Delphi workers near retirement to vote for a deal that will include sweeping cuts in wages and benefits and a drastic erosion in working conditions for the remaining work force and new hires. The UAW has already accepted in principle the need to reduce labor costs at Delphi, as it has done at other auto parts companies with UAW contracts.

At recent meetings with local union leaders, UAW Vice President Richard Shoemaker reportedly identified at least five GM plants where job openings would be likely, including Arlington, Texas; Fairfax, Kansas; Ft. Wayne, Indiana; Wilmington, Delaware; and Shreveport, Louisiana. Jobs at these plants are unlikely to be filled by laid-off GM workers seeking employment at other facilities, a local union president told the *Detroit Free Press.*

The promise of jobs at GM for transferred Delphi workers is tenuous at best, given that the ailing auto company has itself announced plans to shut down a dozen plants and eliminate 30,000 jobs. Those Delphi workers forced to relocate will be moved to undesirable plants—most of which are long distances from Michigan, Indiana and New York, where the bulk of Delphi workers are employed. These migrated workers will have the threat of layoff looming over them every day that they seek to retain their jobs long enough to retire with a GM pension.

None of the five plants are located near a so-called "jobs bank"—a program mandated by the UAW contract

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that guarantees the payment of full wages and benefits to workers who lose their jobs due to plant closings or layoffs. This means if they lose their jobs again, the GM-turned-Delphi-turned-GM-workers will suffer catastrophic income losses.

According to the *Free Press* report, the UAW's Shoemaker is pressuring Delphi workers to take any job they can get at GM. If they refuse, Shoemaker warned, they would be sent to the bottom of the list of workers waiting to transfer to GM in the future.

The wife of a Delphi worker from Flint East, a plant in Michigan with 2,850 UAW members, emailed the *World Socialist Web Site* with her thoughts on these proposals. "It appears Delphi workers will have the opportunity to transfer to plants that GM workers do not want to transfer to. How sweet it is! What a treat! Of course, Delphi workers will not be rewarded with this blessing unless GM workers retire.

"I especially like the bit about Shoemaker telling Delphi hourly employees to grab these GM jobs ASAP, and then warning that they will fall to the bottom of the barrel if they refuse and may not get to go at all! How scary! It sounds like 'relocation' to a Gulag! My husband has 29.7 years at Delphi Flint-East now. I certainly did not see this one coming. Figured they would get rid of Delphi workers first. How silly of me. The 'process' needs to be dragged out, complicated, and fear-filled, of course! That's how they control the masses!"

Last October, GM did not intervene to prevent Delphi's bankruptcy. (Ford, on the other hand, negotiated a bailout package with its financially distressed former parts division, Visteon). Instead, the number one auto maker used Delphi's failure—and the threat that it might follow suit—as a bludgeon to impose unprecedented concessions and jobs cuts on its own employees.

GM's current intervention is an apparent quid pro quo with the UAW bureaucracy. The company has agreed to finance the retirement of some of its former employees, now Delphi workers, in exchange for the UAW's collaboration in imposing billions of dollars in givebacks in medical benefits on GM's active and retired workers, as well as the union's green light for the elimination of 22 percent of GM's workforce. In addition to its offer of financial help, GM has apparently urged Delphi CEO Miller to take a less confrontational approach with the UAW bureaucracy.

It remains to be seen whether Delphi will file its motion on Friday to terminate its labor agreements, cancel medical benefits for retirees and impose massive wage cuts. The company has already delayed the filing twice in an effort to reach a "consensual agreement" with the UAW, and may do so again. However, Delphi is under increasing pressure from Wall Street to press ahead with its cost-cutting measures.

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