

GM, Delphi, US autoworkers' union agree to massive job-cutting program

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The United Auto Workers (UAW) union has concluded a deal with General Motors and its former parts company Delphi Corporation that paves the way for a major contraction in the US auto industry and the permanent elimination of tens of thousands of jobs.

The “Special Attrition Program” announced Wednesday provides retirement incentives and buyouts aimed at moving out of the plants an older generation of autoworkers who have attained wage levels, benefits and working conditions that Wall Street and the auto executives consider luxurious and uncompetitive. The goal of the corporations and their financial advisors is to create a much smaller, younger and more highly exploited workforce that will be paid lower wages, enjoy no job security at all and lack any guarantee of a pension or medical benefits upon retirement.

The deal is aimed at accelerating GM’s previously announced plans to shut down 12 factories and eliminate 30,000 jobs across North America by the end of 2008, including 25,000 of its 105,000 US hourly workers. Auto parts maker Delphi filed for bankruptcy in October 2005 claiming the labor agreements it had inherited from GM made it impossible to do business in North America. The firm wants to shut several plants of its own and wipe out more than two-thirds of its 34,000 US hourly workers’ jobs over the next three years.

As a result of the massive downsizing, GM—which once sold one out of every two cars in America—will be reduced to a much smaller operation, and cede its position as the world’s largest automaker to Toyota. With these job cuts and others being demanded by billionaire investor and major GM stockholder Kirk Kerkorian, the auto company could soon have as few as 50,000 hourly workers in the US. In 1978, GM employed 466,000 hourly workers, and as late as 1993 had 233,000 blue-collar employees.

Under the three-way agreement GM will offer hourly

workers various buyouts or early retirement incentives, starting with a \$35,000 payout to some 36,000 workers already eligible to retire because they have 30 years or more of service with GM or are at least 65 years old. Another 27,000 workers within a few years of retirement would receive no payout, but would be credited with 30 years.

According to the *Wall Street Journal*, GM employees with at least 10 years seniority will have the option of a one-time \$140,000 buyout to “sever all ties to GM and Delphi, including health care and other post-retirement benefits.” Employees with less than 10 years seniority can choose a onetime payment of \$70,000 under the same conditions.

Under the terms of a previous agreement GM is obligated to pay benefits to some Delphi employees and retirees who worked for the automaker before the unit was spun off in 1999.

Delphi will offer cash payments of \$35,000 to 13,000 workers, slightly more than half the 24,000 hourly workers represented by the UAW, while it negotiates similar buyouts with unions representing the remaining workers. Delphi said GM had agreed to pay the cost of the lump-sum buyouts and cover the cost of their retirement benefits.

The union and management claim these higher seniority workers will receive their full pension and retiree medical benefits. The idea that retiree benefits are somehow inviolable, however, is a fantasy. Last year the UAW bureaucracy negotiated an unprecedented cut in medical benefits—including the imposition of hundreds of dollars in co-pays each for 500,000 former GM workers and their families—and then got the deal narrowly ratified by barring retirees from voting on it.

(Once the older workers are forced out of the plants, the company no doubt banks on the assistance of the UAW in getting younger workers to vote for further reductions in

retiree benefits in exchange for pay increases or other minor improvements).

GM has reportedly agreed to accept 5,000 Delphi workers back into the company before September 2007, when the current labor agreement expires, and to cover the cost of their retirement benefits.

Given the fact that GM is wiping out 30,000 jobs it is not likely any Delphi workers will find jobs. Unless they immediately retire, they will be dumped into the so-called Jobs Bank—a program that provides temporary wages and benefits to workers who lose their jobs due to plant closings and layoffs, where 8,000 GM workers are already languishing. The auto company's top executives have made it clear they are seeking the elimination the Jobs Bank in the next UAW contract, with industry analysts (and the big business media) denouncing the program as an outrageous and antiquated perk that pays workers for doing nothing.

Delphi, GM and the union bureaucracy are using the pressures and threats workers confront—talk of a possible GM bankruptcy, the unrelenting downsizing of the auto industry and the uncertainty of getting any pension or medical benefits at all—to push through the severance deals. Workers will have up to 52 days to decide whether to take buyouts once they learn details in plant meetings.

UAW leaders have been pressuring Delphi workers to uproot their families and move hundreds of miles to take jobs at GM plants that no GM worker wants. According to the *Detroit Free Press*, UAW Vice President Richard Shoemaker told workers if they refused to take these jobs, they would be sent to the bottom of the list of workers waiting to transfer to GM in the future and might never get a job. (See: “US autoworkers union pressures Delphi workers to accept concessions deal”)

It goes almost without saying that the UAW bureaucracy excludes any struggle against the destruction of tens of thousands of jobs. The union has an unbroken record in recent decades of labor-management collaboration and imposing the downsizing and cost-cutting demands of the auto bosses. But the present deal goes further.

The *New York Times* noted, “The agreement marks unprecedented cooperation by the union, which has been put in the position of convincing its members to give up jobs that the UAW has fought for decades to protect.” For a period of time, the strategy of the UAW bureaucracy was to defend the jobs—therefore the revenue flow from membership dues—of a core number of older workers at the Big Three auto companies—GM, Ford and

Chrysler—while membership of the UAW overall fell from 1.53 million members in 1979 to 650,000 today.

By accepting this new round of corporate restructuring—which also includes Ford's plans to eliminate 30,000 North American jobs—the union bureaucracy hopes that it can retain its perks and privileges by collaborating in a unprecedented rollback in the living standards and working conditions of the much reduced number of workers who remain in the auto industry. The benchmark for what future Big Three autoworkers will face is being set by Delphi, which is demanding a 60 percent wage cut from its remaining workers, from \$27 an hour to as low as \$12.50.

In a statement, Delphi management praised the new deal as a “critical milestone in its restructuring,” saying it “enables a more rapid transformation to a reduced labor cost structure across Delphi's US manufacturing operations.” Despite its acceptance of the deal, Delphi reasserted its determination to ask the federal bankruptcy court to nullify its existing labor contracts by the end of March, if the UAW does not agree to its demands for sweeping wage and benefit givebacks.

GM Chairman and Chief Executive Officer Richard Wagoner said the company had been “working with the UAW leadership to develop an accelerated attrition program to help us achieve needed cost reduction as rapidly as possible” and that the agreement would help fulfill that “important objective.”

For its part Wall Street reacted to the announcement with little enthusiasm. GM's stock rose a penny to \$22.01 a share, with industry analysts criticizing the deal for not doing enough to cut labor and pension costs at Delphi and GM or to avert the possibility of a strike by Delphi workers.

Expressing the general the contempt of America's wealthy elite towards the working class, one “labor expert” quoted by the *New York Times*, suggested that the biggest problem the auto industry faced was the outlandish belief of workers that they had a right to a secure job and decent pay. “They almost see their job as a property right,” complained Gary N. Chaison, professor of labor relations in Clark University in Worcester, Massachusetts.



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