

# The Delphi crisis: Socialism and the American autoworker

By Jerome White, SEP candidate for US Congress, Michigan's 12th CD  
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The decision by US auto parts manufacturer Delphi to ask the bankruptcy court to void its labor contracts—a move that would allow the company to slash wages from \$27 to \$12.50 an hour—marks a new stage in corporate offensive against the American working class.

Delphi is spearheading a campaign by the Big Three auto companies and Wall Street to carry through mass layoffs and reimpose the sweatshop conditions that prevailed before the class battles of the 1930s that created the industrial unions in the US. A living wage, guaranteed hours, job safety, health benefits and pensions are all targeted for destruction.

This was made clear last month when General Motors, Delphi and the United Auto Workers announced plans to offer 125,000 workers “buyouts” to leave their jobs—a move aimed at forcing out an older generation of workers who attained a measure of job security, relatively higher wages and benefits.

By throwing down the gauntlet to the autoworkers—long among the highest paid industrial workers in the US—Delphi is seeking to set a new benchmark for the imposition of poverty-level wages throughout the economy. Just as Reagan's firing of the PATCO air traffic controllers set the stage for union-busting and wage-cutting in the final decades of the twentieth century, Delphi's government-backed assault is the signal for the new corporate attacks of the twenty-first.

This poses directly and immediately before the working class fundamental political questions that can no longer be ignored or evaded.

Autoworkers are not just confronting this or that rapacious boss, but an entire economic system in the US and internationally—the capitalist profit system—which, in order to function and satisfy the needs of its ruling elite, requires the spread of social misery, poverty and the most brutal forms of exploitation.

Capitalism is an irrational and failed system. The needs of the workers—for decent-paying and secure jobs, health care, a decent retirement, education and a future for their children—are sacrificed to reward a handful of corporate executives and billionaire investors, including those who have run the corporations into the ground.

The globalization of production and investment has only intensified this crisis. Giant transnational corporations now battle for control of shrinking markets and profits by outdoing their competitors in a war of cutting jobs and slashing labor costs. Like the American car producers, German automakers Mercedes, Volkswagen and Opel recently announced 29,000 job cuts and are shifting production to lower cost regions in Eastern Europe.

Globalization has also exposed the bankruptcy of nationally based labor movements and their attempt to reform the capitalist system. Deprived of the leverage they once enjoyed when employers relied on a national pool of labor, unions in every country have responded to the outsourcing of jobs by bowing to the demands of the corporations for ever-lower wages and benefits.

Delphi CEO Robert “Steve” Miller has made it clear that the low wages and brutal conditions in Mexico, China and India are the new standard for the global auto industry. The days when a US factory worker could expect to work his entire life at one company and enjoy a “middle class lifestyle” are gone forever, Miller has declared. Instead, in order to compete in the global market place, he says, US auto, steel and airline companies must rid themselves of “outmoded” labor agreements and high “legacy costs,” i.e., the wages, lifetime medical coverage and pensions workers won through decades of struggle.

Such sentiments are being echoed in every corporate boardroom across America, not only at other bankrupt companies such as Northwest Airlines and Delta Air Lines, but at highly profitable ones like IBM. The contention is that the American economy can no longer “afford” the basic needs of working people.

This is a lie. Advances in science and technology have sharply increased the productivity of labor and enabled workers to produce more wealth than at any other time in history. This means that, as a society, it should be easier, not harder, to provide good-paying jobs, health benefits, secure pensions, decent public services.

The increased wealth, however, has been monopolized by a small fraction at the top of American society. Since 1979, for example, the richest one-hundredth of one percent of all Americans—those who make \$6 million and more each year—saw their incomes rise by 500 percent. In the last year alone, the average top executive's pay rose 27 percent, to \$11.3 million—330 times the yearly earnings of an average manufacturing worker. Weekly earnings of workers rose by only 2.9 percent in 2005, less than the rate of inflation.

Delphi's former CEO, J.T. Battenberg, collected \$21 million over five years, while the company short-changed its pension fund by \$11 billion and teetered on the brink of bankruptcy. Miller, who received \$3.75 million since signing with the company last year, wants court approval for \$400 million in bonuses and incentives to retain “key employees,” i.e., top corporate executives.

Ford Motor Company, which recently announced 30,000 layoffs after losing money in its North American automotive division, paid its top five executives \$26 million in 2005, including \$13 million to William Clay Ford Jr.

In no other industrialized country do employers exercise such power to lord over workers who have so few social rights. In France, where the government and the employers are trying to import American-style “free market” policies—including the “flexibility” to fire young workers without cause—workers and young people have been engaged in a month of massive protests and strikes. In France and much of Europe, the ideals of socialism still resonate among tens of millions of workers and youth, who believe society should be organized for the benefit of the people, not a financial oligarchy.

What accounts for the apparent ease with which US employers can slash jobs, dump their pension obligations and destroy living standards?

From the earliest age, working people in America are bombarded with anti-socialist propaganda and the constant refrain that capitalism is the best and only viable system. Socialism means regimentation and scarcity, we are told, and Stalinist repression. On this basis trade union officials have insisted that workers have no choice but to support the Democratic Party, which, they claimed, would defend workers' needs within the framework of the profit system.

While this policy has produced a disaster for the working class, the relentless attacks now being pursued will provoke mass struggles again. To prepare for these struggles it is vital to resolve some basic political questions.

Although the socialist and left-wing workers played a crucial role in the mass movement in the 1930s that established the industrial unions, including the United Auto Workers, from the time of its inception the leaders of the newly formed Congress of Industrial Organizations (CIO) excluded any far-reaching demands for industrial democracy that challenged the property rights and decision-making monopoly of the capitalist owners.

CIO leaders like John L. Lewis sought to reassure big business that the unions accepted the "employment relation" and subordinate position of the worker. Trade unionism, as opposed to socialism, Lewis declared in 1937, "is based upon the wage system and it recognizes fully and unreservedly the institution of private property and the right to investment profit." If corporate America accepted collective bargaining, Lewis promised, the unions would be greatest "bulwark against the alien doctrines" of socialism.

By the late 1940s, UAW President Walter Reuther and other labor officials launched an anticommunist witch-hunt to intimidate and marginalize socialists inside the unions. At the same time, Reuther strengthened the union's ties to the Democratic Party, opposing the growing demand inside the UAW for a Labor Party on the grounds that America, unlike Europe, was not a country of "strict class divisions," and US workers therefore did not need their own party.

The UAW struck a devil's bargain with the auto monopolies: in exchange for the union's guarantee of labor discipline and preventing any challenge to the prerogatives of corporate management, the companies would provide autoworkers with regular wage increases, long-term employment and other benefits. In essence, Reuther and others bet the future of the working class on the dubious hope that US capitalism and the US-based auto companies would dominate the world market forever.

But the post-World War II boom ended, and by the 1970s and 1980s US corporations found themselves increasingly under pressure from European and Asian competitors in the world market and within the US itself. Having tied the fate of the working class to what the US employers could "afford," the UAW bureaucracy responded to the crisis of the US auto industry by transforming itself into the industrial policemen of the auto bosses and doing everything to help management cut labor costs and suppress rank-and-file resistance to the plant closings and mass layoffs that have claimed 600,000 jobs since 1978.

Autoworkers instinctively understand that the UAW is incapable of waging a serious struggle against Delphi, the bankruptcy court and the Bush administration. Several union dissidents claim, however, that all that is needed is to revive the union struggles of an earlier period, and that workers can wage a successful struggle "without politics."

A brief review of the history of the UAW reveals, however, that the labor bureaucracy has long insisted that workers stay away from politics in order to maintain the domination of capitalist politics over the working class, especially through the Democratic Party. Workers must reject this dead-end perspective. Nothing short of a break with the Democrats and a conscious political struggle to abolish the economic and political dictatorship of the wealthy elite can provide a way forward for the working class.

If this system cannot provide basic human necessities, then this is an argument for getting rid of the system, not turning workers into paupers. If the resources of society, including the vast wealth created by the working class, were controlled democratically and put to use in a rational fashion—on socialist foundations—there would be more than enough to raise the living standards of all the world's people, eradicate poverty and create genuine equality. The rights of working people, therefore, must take precedence over the "rights" of the ruling elite.

Autoworkers are not responsible for the crisis of the auto industry. Under the capitalist "free enterprise" system, the corporate executives and Wall Street investors have a monopoly over the decision-making process, but they are not the ones who pay for their disastrous choices. Time and again their single-minded drive to enrich themselves undermines the long-term health of these companies.

The first step needed to protect the interests of working people is to institute democratic control over all business decisions affecting work, safety, salaries, hiring and hours. These decisions cannot be made by the wealthy few—whose interests are antithetical to the needs of working people—but by committees of factory floor workers, technicians and other experts committed to the interests of the working class. The establishment of industrial democracy presupposes the opening of the books of all corporations for inspection by the workers, and the ratification of corporate leadership by a democratic vote of all employees.

The massive industries, upon which millions of workers and their families depend, can no longer be the personal assets of America's wealthy elite, who dispense with them as they see fit. The last three decades of industrial decay, the ruination of Detroit, Cleveland and other "Rust-Belt" cities and the corporate criminality at Enron, Global Crossing, etc., have demonstrated that these people are unfit for the job.

If the auto industry is to be run for the good of society, not personal profit, it must be transformed into a publicly owned utility. This will not only guarantee a good standard of living for autoworkers and their families, but the production of safe, high-quality and affordable vehicles for consumers. The long-term transfer of wealth into the pockets of the richest one percent in American society must be halted and the revolutionary advances of technology and globally integrated production put to use to meet the vast requirements and problems of modern society.

It is essential that American autoworkers reject the flag-waving chauvinism of the UAW bureaucracy and the Democratic Party—which only serves to divide and weaken the international working class—and unite with their class brothers and sisters in Europe, Latin America and Asia in a common fight to defend the jobs and basic rights of all working people.

The fight for this socialist and internationalist policy requires a break with the Democratic Party—the second party of big business, inequality and war—and the building of a mass socialist party of the working class. This is the aim of the Socialist Equality Party's election campaign in 2006 and I ask autoworkers to seriously consider our program, support our fight to gain ballot status and make the decision to join the SEP to build the new revolutionary leadership of the working class.



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