

47,600 GM and Delphi workers accept buyouts and early retirement

A vote of no confidence in the United Auto Workers union

Andre Damon, Barry Grey
29 June 2006

General Motors announced Monday that 47,600 GM and Delphi workers have accepted buyouts and early retirement in the largest corporate downsizing in the history of the US auto industry.

The number of workers willing to accept exit packages exceeded even the highest preliminary estimates, fulfilling GM's 30,000-worker attrition goal two years ahead of schedule. These figures are a stunning and unmistakable expression of the contempt of auto workers for the United Auto Workers (UAW) leadership, and their entirely justified conclusion that the union is neither willing nor able to defend their interests.

The mass exodus testifies to the fact that the union has been transformed into the apparatus of a privileged and corrupt bureaucracy that is not accountable to the members, and is seen by them to be an alien and hostile force. Were the UAW in any sense a genuine workers' organization, with which the rank-and-file identified and which they democratically controlled, the workers would reject en masse the company's pressure to force them out and look to the union to fight in their defense. The opposite is the case.

Caught between accepting an exit package and remaining at work to face ever greater concessions in wages, benefits and pensions—plus the ever-present threat of being laid off—one third of GM's hourly US workforce chose to get out, even though the exit terms offered by the company, and agreed to by the UAW, ensure that many will face economic hardship and insecurity.

Workers who accepted the exit packages—35,000 from GM and 12,600 from the auto parts maker Delphi—did so with the understanding that the UAW is

preparing to go beyond its previous betrayals and collaborate with GM in destroying the most fundamental gains wrested from the bosses by auto workers in the course of more than 70 years of struggle.

GM's "Special Attrition Program" is designed to induce high seniority workers to retire early, allowing workers who have been employed with the company for more than 26 years to retire with full benefits. These workers, of course, must forgo years of employment and the pay checks they bring, and live on far lower pension stipends.

Workers with less seniority will be able to keep their accumulated pensions, but are denied full retirement benefits.

For employees who have more than the 30 years required for full retirement benefits, the attrition program provides a meager \$35,000 bonus if they choose to retire now.

The program also offers lump-sum buyouts of between \$70,000 and \$140,000. Workers employed by GM for over ten years are entitled to a \$140,000 buyout, entailing the complete revocation of benefits (excluding vested pensions). Employees with less than ten years' seniority get a \$70,000 payment under similar terms.

Out of 35,000 GM workers accepting exit packages, approximately 30,400 took early retirement and 4,600 accepted buyouts. 33,800 of the departing workers are represented by the UAW and a further 1,200 by the International Union of Electrical Workers. Delphi advanced a similar departure compensation program, with 12,600 of its 33,000 unionized hourly workers accepting exit packages.

GM had planned to cut 30,000 employees from its

113,000-strong US hourly workforce by 2008, but the wave of exiting workers will allow it to meet this attrition quota by the end of this year. The current workforce reduction comes on top of last year's cut of 6,500 union jobs.

Despite the greater-than-expected departure of employees, GM has stated it will not raise the number of factories it expects to close in the short term. Analysts have indicated that this may create a shortage of workers, resulting in chaotic production as the company scrambles to rotate its employees. GM plans to close 12 plants and engineering centers by 2008.

The early retirement and buyout program will cost GM approximately \$3.8 billion in immediate payments and benefits adjustments, but will allow it to significantly reduce its operating costs. At a press conference on Monday, CEO Rick Wagoner announced that the higher-than-expected number of departing employees has allowed the company to revise its target savings on US structural costs upwards from \$7 to \$8 billion.

According to Burnham Securities analyst David Healy, many of the outgoing GM workers will be replaced with temporary laborers receiving wages of \$19 per hour, 30 percent below the current pay scale for regular hourly employees. They will receive no benefits.

This contrasts with outgoing workers who receive \$80 per hour in wages, benefits and pensions. Annually, this translates to a cost savings for GM of some \$129,000 per worker, excluding overtime.

At Delphi, new-hires are being offered only \$14 per hour, without any benefits. The company has already hired 2,000 temporary workers to replace a portion of its outgoing employees.

The newly hired temporary workers will, as part of the quid pro quo between the UAW and the auto bosses, be compelled to join the union and pay dues to the UAW bureaucracy.

The decision of large numbers of auto workers to accept buyouts and early retirement is the result of decades of betrayals by the UAW bureaucracy. The role of the union in suppressing the resistance of auto workers and collaborating in the companies' attacks is reflected in the near-collapse in UAW membership. In its report to the UAW convention held earlier this month in Las Vegas, the union leadership

acknowledged that UAW membership had plummeted from a high of over 1.5 million to 557,000, the lowest level since 1942.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact