

# Spain: Socialist Party government and unions sell out struggle against Delphi plant closure

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31 May 2007

The US-based auto-parts supplier Delphi is to close its Puerto Real factory in Cádiz in the Andalucía region of Spain, making 1,600 workers redundant. Thousands of families could be directly affected by the job losses, as well as dozens of smaller businesses dependent on the plant.

Despite the militant struggle waged by the Delphi workers, as well as large demonstrations and solidarity action by workers elsewhere, the Spanish Socialist Workers Party (PSOE) government and unions have allowed Delphi management to shut the factory and emboldened them to threaten closure of other plants in Spain.

Delphi was spun off from General Motors in 1999 but remains the automaker's biggest parts supplier. It also sells its mechanical and electronic components, such as steering, car stereos and suspension parts, to Ford and Mercedes Benz. Altogether, it supplies more than 180 factories worldwide, of which 59 are based in the European Union and 11 in Spain. The Troy, Michigan-based company filed for bankruptcy in its US operations in 2005.

Since the company first revealed its proposals to close the Puerto Real factory in February, there has been a wave of demonstrations and strikes. For several weeks, there were daily demonstrations outside the town hall.

The initial protest in early March brought as many as 75,000 people into Cádiz, according to the unions, including workers from the aeronautical firm Airbus, which is threatened with redundancies and closures in Spain. There were also workers from the shipbuilder Navantia, the aeronautical company EADS-CASA, Rota military base, metallurgical industries in Almería, Sevilla and Córdoba y Jaén, workers from telephone companies Telefonica and Vitelcom in Málaga and students from several universities. They were joined by the wives and children of the strikers, carrying banners proclaiming, "13 years of deceit," workers from auxiliary industries saying, "We are also Delphi!" and workers from the contract cleaning and maintenance companies. Other banners read: "Delphi can't be closed," "You can't play with our lives" and "General Motors is conning the workers and the Spanish government."

All of the "big guns" of the Spanish labour movement attended, promising support and solidarity. Representatives of the ruling PSOE and Communist Party-led United Left (IU) attended as did several mayors of cities in Andalucía and government officials responsible for labour. In addition to the PSOE-led General Workers Union (Unión General de Trabajadores, UGT) and the

Stalinist-led Trade Union Confederation of Workers' Commissions (Comisiones Obreras, CC.OO), whose general secretaries headed the march, leaders of the UGT and USO unions were also present.

But as workers have learnt to their bitter cost in Spain and internationally, support from the likes of such people is the kiss of death to any strike. They divert workers into fruitless appeals to the government and corporations for concessions and for "alternative" plans to make the business viable, etc., until the company gets what it wants. Without a perspective that seeks to unite workers independently of the old bureaucratic structures and leaders, the most militant struggle will be defeated.

Despite the scale of the protests and the outpouring of sympathy from the people of Cadiz, two months passed without any sign of the dispute being resolved. On April 20, the CGT leaders were forced to call a general strike, but they limited it to 14 towns. The action was directed under a general slogan demanding more industry for Cádiz rather than a direct appeal to prevent the closure of Delphi and linking it to action against other threatened plants such as those at Airbus or Seat, Volkswagen's Spanish unit. Nor was there any coordination internationally with workers facing job losses at other Delphi plants worldwide.

There was a major response to the general strike call, bringing the region to a virtual standstill and arousing a great upsurge in solidarity. Industrial estates in the area were closed, public buses were running minimal services and the streets of the towns were largely empty. About 300 people chanted outside the Interior Ministry office, and similar demonstrations took place outside city hall buildings across the region.

Government representatives have not made any statement on the numbers that participated, but reports suggest a total of 300,000 people took part.

Despite the now certain closure of the plant, the actions have continued unabated into May and have been organised by spontaneously formed workers' committees. On the first day of the Trade and Tourism Fair, workers blocked access to the main entrance, presenting press reports on the struggles to the tourism chief of Andalucía. The workers have also organised a five-day march along the 119 kilometres that separate the factory from the offices of the regional government in Sevilla. Road access has been blocked to the plant with barricades and burning tyres.

One of the central demands made by the union leaders has been on PSOE Prime Minister Zapatero to intervene and take legal

action against Delphi for reneging on a deal involving substantial public subsidies in return for the company's commitment to long-term investment in the region, up to 2010. According to Andalusian authorities, Delphi's Puerto Real plant has received regional and central government grants worth €60 million since 1986. The company has also benefited from the deal in the form of lower-than-the-average European Union corporate tax rates.

In response, Zapatero said, "The government is working on all fronts" to find a solution and that the State Legal Service will place its own case against the bankruptcy application of Delphi. He added that the company should comply with the terms set out in the industrial plan signed in 2005.

According to press reports, the regional government of Andalucía also claims to have reached an agreement with another company to take over the Puerto Real facilities, but as yet there has been no statement as to who the new owner might be, or whether this could save the workers' jobs.

Despite assurances from Economy Minister Pedro Solbes promising benefits "from the social support network," as yet there are no indications of any financial support for the affected workers or assistance should they be left jobless.

These developments come as an especially hard blow in an area that has suffered serious industrial decline in recent years. Employment in the shipping industry has dropped in 20 years from 12,000 to just 2,500. Efforts to compensate job losses with investment in tourism have been less than adequate, contributing to a shortage of secure jobs and leading to a movement of young people away from the region. Unemployment has been steadily increasing through this period. The Puerto Real plant is located in one of the poorest regions of Spain, where more than 104,000 are unemployed at a rate of 14 percent, the third highest in Spain.

Delphi spokesman Ignacio Campos Garcia said the decision to close the Puerto Real plant was blamed on operating losses of €150 million over the past five years and high operating costs. The future of three other Delphi plants in Pamplona, Tarazona, and east of Barcelona and the jobs of an additional 4,000 workers are now placed in jeopardy.

In a report prepared for the US bankruptcy court, Delphi posted a net loss in March of US\$63 million. The company lost US\$828 million in the fourth quarter of 2006 and US\$5.5 billion for all of last year. Despite the poor financial results, management has walked away with bumper bonuses. A federal bankruptcy judge approved Delphi's request to give 440 top executives bonuses adding up to US\$37 million.

At the same time, the company is seeking a 60 percent wage cut for its 33,000 unionised workers in the US and gutted pensions, health benefits and working conditions. Twenty-one of its 29 plants are being sold off, closed or relocated.

Delphi's creditors have urged the company's managing board of some 100 senior executives to embark on a restructuring plan that includes multiple plant sales and shutdowns. According to Spanish press reports, the new prospective buyers are a conglomeration of speculative finance corporations.

One of the most striking features of the recent spate of shutdowns, bankruptcies and mass layoffs in the automotive industry is the involvement of private-equity firms, which

specialise in asset stripping, relocating production and forcing down wages. The firm Hedge Fund Research noted that at the end of 2006 their control of auto-supply industrial assets has doubled in just three years.

In a recent announcement, DaimlerChrysler AG said private-equity firm Cerberus Capital Management LP will buy the US Chrysler Group for €5.5 billion. Cerberus has also been in negotiations for a takeover of Delphi alongside other private equity firms.

Delphi intends to close some 20 of its least productive plants, and move them to these cheaper-labour regions, where skilled labour costs are the lowest globally and the infrastructure is capable of meeting requirements for mass production and transportation. Delphi is also implementing plans to restructure its administrative departments by reducing the number of North American and European employees handling its finance-related tasks by outsourcing to an Indian company.

Spain, which was able to attract foreign capital with a combination of a skilled work force, cheap labour and corporate tax breaks, is no longer seen as an attractive option. The highest profits can now be found in the newly emerging industrial centres of Asia, which are able to provide capital a rapidly developing industrial infrastructure that can sustain high technology industry, with a low-paid working class of millions, forced into the cities through widespread poverty and deprivation in the countryside.

In the Delphi Shanghai plant, starting assembly line workers earn US\$3,500 a year, while starting engineers earn roughly US\$7,300 a year with benefits. These workers have the added advantage for capital of little or no "legacy costs" such as benefits, pensions and paid holidays, which Delphi cites as the most problematic obstacle to overcoming production costs in the United States and Europe. This is the new global benchmark with which industrial and manufacturing workers are being forced to compete, or face redundancy.

Once more, the Delphi dispute shows that it is impossible to conduct any serious struggle today without advancing a programme for the transformation of society that places the interests of working people—the vast majority of the population—above the drive for profit by the corporations and the financial oligarchy. This means the reorganisation of economic life along socialist lines.



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