

“The sit-downers did everything they did for nothing”—Flint Delphi worker

UAW moves to ram through massive Delphi concessions

Shannon Jones
27 June 2007

The United Auto Workers bureaucracy is attempting to force through rank-and-file ratification of the recently announced contract with auto parts maker Delphi, which cuts wages by half and imposes unprecedented health and pension benefit concessions. With locals holding votes Wednesday and Thursday, workers are being given scant time to consider the far-reaching significance of the agreement and mobilize against it.

As more details emerge, the sweeping character of the capitulation by the union is becoming clear. The UAW is surrendering virtually all the gains made by auto workers over the past 70 years in exchange for a worthless promise from Delphi to preserve at most a few thousand jobs. Among other things, the contract will impose pay cuts of up to 50 percent, slashing top rates from \$27 to as low as \$14. The deal slashes health benefits and freezes the defined benefit pension plan.

Only 4 of 29 plants are to continue operating as Delphi facilities. Another 10 will be shut down and the rest will either be sold as soon as possible or continue operating under third-party management until a buyer is found.

A copy of the UAW-Delphi memorandum of understanding posted by a dissident union faction reveals additional terms of the contract not previously leaked by the press. These include elimination of the jobs bank, a program that allows laid-off workers to continue receiving 95 percent of their previous wages until they are rehired. In its place the company is offering severance pay of \$1,500 for every month of service up to a maximum of \$40,000. This is an attempt to win support for the contract from a section of new hires, who are not eligible for the jobs bank until achieving three years seniority.

Further, the memorandum of understanding calls for the implementation of so-called competitive operating

agreements, which would rip up existing work rules, combine job classifications paving the way for speed-up, more job eliminations and an enormous increase in the intensity of exploitation. The agreement stipulates that to achieve cost savings “the local parties will not be constrained ... by existing agreements/past practices.”

It is generally recognized that the unprecedented concessions granted Delphi will determine the framework for contract negotiations with General Motors, Ford and Chrysler set to begin in July. The automakers are demanding what is being described as a “transformational” agreement that could slash pay and benefits \$30 an hour.

Gary N. Chaison, a professor of industrial relations at Clark University in Worcester, Massachusetts, told the *New York Times*, “The UAW will have an extremely difficult time getting the Big Three to preserve anything that it had to give up at Delphi.”

Reacting to the settlement, General Motors stock rose 2.3 percent on Monday. Investment firm Goldman Sachs lifted GM’s rating from “neutral” to “buy.”

At local union meetings held Monday, UAW leaders shamelessly praised the new contract, although its basic terms are substantially the same as those the union had denounced during the 20 months of negotiations since Delphi declared bankruptcy. However, behind its bluster, the union bureaucracy expressed extremely nervousness that opposition could emerge to the contract and undermine its joint efforts with GM, Ford and Chrysler to push through concessions when labor contracts expire in September.

WSWS reporters attempting to cover the informational meeting for workers at the Flint East facility in Michigan found a sheriff’s deputy stationed at the parking lot

entrance in front of the UAW Local 651 union hall. The officer had instructions from the Local 651 leadership to keep the press and non-UAW members off the property.

The UAW asked for police protection, not from the establishment media, which has generally repeated the lies of the bureaucracy, but to intimidate opposition to the agreement, both within and without the local. Delphi workers in Flint are set to vote Thursday on the contract.

Local 651 is the bargaining agent for about 1,000 workers at the Delphi's Flint East plant. About 90 percent of these workers are so-called second-tier workers, brought in at a \$14-an-hour pay rate agreed to by the UAW in 2004 for new hires.

In an exchange with the media, UAW Local 651 President Art Reyes praised the tentative contract, noting that Delphi had pledged to keep most of the 1,000 jobs at the plant until 2011 under third-party management. "This is a positive agreement, a good agreement," he said, "It was a wonderful feeling; it has been a great weekend."

However, Reyes indicated he would not be sticking around long at Flint East to take advantage of Delphi's generosity. "Eventually I will be pooling back to General Motors," he noted.

Following the meeting, a WSWs reporting team was able to interview workers as they left the union hall. The team distributed the WSWs article posted June 25 titled, "US auto union accepts massive wage cuts and layoffs in pact with Delphi," which called for a rejection of the contract.

In speaking to workers it became evident many were resigned to voting for the contract, given the alternative, as they were told by the UAW, of losing their jobs. In particular, new hires, who are already working at the lower pay and benefit rates, were susceptible to the "something is better than nothing" argument advanced by the bureaucracy.

Since 2004, when the UAW agreed to let Delphi bring in new hires and temporary workers at \$14 an hour, the number of senior workers making the standard \$27 hourly pay rate has fallen to just 4,000 out of the remaining UAW-represented workforce of 17,000.

In attempting to push through this sellout Delphi, GM and the UAW are counting on the fact that in Flint and other cities throughout the Midwest—devastated by the shutdown of auto and other basic industry facilitated by the betrayal of the unions—\$14 an hour, a wage that borders on the poverty level, is considered "good money" by many younger workers. As an additional incentive to vote for ratification, all new hires and temporary workers

will become permanent employees under the agreement.

The home of the sit-down strikes in 1936-37 that established the UAW at GM, Flint once boasted among the highest per capita incomes in the nation, employing some 80,000 unionized workers in the auto plants. After decades of plant closings and layoffs, today there are only a few thousand auto jobs left and the city has been become a center of social degradation, with more than half of its children growing up in poverty.

A young Delphi worker with one year in the plant expressed the pressure he faced to ratify the agreement. "What are you going to do? This is twice as much as I was making before. I don't think it's fair that people are making twice as much. It's the same job; we should get the same pay. It's divide and conquer."

Another younger worker with one year at Delphi expressed her frustration, "They [Delphi executives] are making multimillion-dollar bonuses but won't give us anything. We're making cars that we can't afford to buy. It takes two, sometimes three working in a household to get through."

Cheryl Morgan, a former Chevrolet worker with 30 years seniority who transferred to Delphi, told the WSWs, "The sit-downers did everything they did for nothing. Now we are going to have to fight hard to get back what they had.

"There is nobody in the UAW with guts. They fold any time management puts anything on the floor. They may end up closing the doors here anyway."

Another senior Delphi worker said he planned to vote no, even though he was transferring to a General Motors plant. "I have a handicapped daughter. If I take the buyout I have one year's insurance. I am worried about my friends too. What if you have kids in college?

"The guys in the UAW are kicking our butts."



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact