

Fifty thousand General Motors retirees face destruction of benefits

Interview with a former New Jersey auto worker

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The bankruptcy of General Motors, and the organization of a “new” auto company in its place, is being carried out at the expense of tens of thousands of active and retired auto workers, along with dealerships, other small businesses, and entire communities.

It is a ruthless Wall Street operation, presided over by the Obama administration, that will benefit only the corporate elite. Characteristically, a White House statement July 15 declared that it “strongly opposes” a measure in Congress pressing GM and Chrysler to restore the several thousand dealerships closed by the auto companies’ bankruptcies.

The administration claims that the crisis requires “all stakeholders to make difficult sacrifices.” In fact, the banks and financial institutions will be “made whole,” and new fortunes will be made out of the process, while the entire cost falls on workers and their families.

Active and retired United Auto Workers members will pay, through the destruction of jobs and the eventual slashing of benefits. The UAW-run health care trust—a Voluntary Employee Beneficiary Association (VEBA)—will own 17.5 percent of the new GM. Provided with insufficient assets, but creating a lucrative source of revenue for the UAW officialdom, it will inevitably cut benefits owed hourly retirees. Some 122,000 retired salaried employees will also see their health care and life insurance benefits sharply reduced.

However, among the first victims of the wrecking operation may very well be the 50,000 or so GM retirees who were not UAW members. Most of them belonged to the International Union of Electrical Workers (IUE)—now the IUE-Communications Workers of America (IUE-CWA). During the recent bankruptcy court hearings, GM Chief Executive Officer Fritz Henderson acknowledged that the benefits owed these workers would likely be dropped.

Many of the workers are located in the Dayton, Ohio area, where the IUE was the bargaining agent at the now-closed assembly plant in Moraine. On July 14 some 600 retirees gathered for a protest at the local union hall in Dayton. The IUE-CWA has organized a publicity campaign, aimed at putting pressure on the Obama administration. The union is encouraging workers to phone and email the White House. The results of this toothless effort are entirely predictable.

The national news media has blacked out the plight of the IUE and other “splinter union” retirees, along with the other victims of the process, preferring to focus on soothing items about GM and its “new culture.” The scant coverage the case has received comes from the local media in Ohio.

Earlier this week the WSWWS spoke to a General Motors IUE retiree who responded to our article on the bankruptcy court’s approval of the sales of

GM assets.

Tom Micale is a retiree from the Delphi Battery plant (formerly Delco Battery) in New Brunswick, New Jersey, IUE Local 416.

WSWS: Tom, how long did you work at General Motors?

Tom Micale: I started working for GM when I was 19 years old. I retired in 1999 when I was 49. I worked for the Delphi division of General Motors, in New Brunswick. I retired shortly before General Motors got rid of Delphi.

We had a choice to retire under GM, or to continue with Delphi. I thought I was making the best decision by going with General Motors. They implied that when we retired we would have lifetime pension and lifetime health benefits, even though when I retired that wasn’t my goal.

A couple of years after I retired, I worked at a battery division at Delphi. Delphi got rid of the division. Within a year, Johnson Controls, which bought the battery operations in 2006, dumped the two battery plants that it had operated. The New Brunswick plant closed in 2007.

Delphi declared bankruptcy in October 2005, as you know.

So I thought that I had made the right decision go with GM. Then things began to happen to the economy, and later General Motors declared bankruptcy, that’s when this whole thing started.

When I saw what had happened with the UAW and their VEBA, I thought perhaps we would be all right. However, I started really researching the GM bankruptcy proceedings, and it came to my attention that things were not as they appeared to be.

WSWS: Now, you are one of the tens of thousands of IUE and other non-UAW retirees facing the immediate elimination of your benefits. What is happening at this point, as far as you know?

TM: We have not received any official notification, but I have read the bankruptcy court judge’s decision, and as of right now my medical benefits are with the “Motors Liquidation Company” of GM [“the bad company”].

I can’t verify it, but I have read that the “old GM” intends to file a request to the judge within a few days concerning the benefits to retirees, because it cuts too much into the monies they have. And I fully expect by the end of the month that that will occur, and that we will, in fact, have lost all of our benefits.

As far as my pension is concerned, I am on what they call a Supplemental Pension, which is a base pension. GM makes up the difference between the base pension and what I will get when I qualify for full Social Security. Although under the contract, I will be required to file for Social Security when I am 62 at reduced benefits, so it will be somewhat less than what I get on my supplemental.

I cannot find out—and I have researched it! ... I cannot find out whether or not the pension has gone with the new GM, or is staying with the old GM. If the benefits stay with the old GM, it is most likely they will turn

the pension over to the government's Pension Benefit Guaranty Corporation, and they do not pay supplemental pensions. So I would take a hit on my pension by about 60 percent, from \$2,400 to a little over \$900.

WSWS: To be cut that much is drastic.

TM: If I sound like I am crying the blues or something, stop me. I don't want people to feel sorry for me. I feel fortunate compared to some of the other retirees. My wife and I lead very simple lives. We don't spend a lot. I live in South Carolina. I paid for my house. I don't owe money to the bank.

We don't qualify for Medicare for five years. But whatever savings I have is sucked out by the medical industry in this country. My wife has rheumatoid arthritis and asthma. She was young, 40 years old, when she was diagnosed with it. That was twenty years ago. She has been on every kind of medication there is. The latest one is often given to cancer patients and people who have transplants.

She started it two weeks ago, and it costs \$1,600 a month. Not including her other medicines. With the medicine I take—I have heart disease—our costs for medication alone are \$2,400 a month. And that doesn't include doctor's bills.

If I deplete my savings, and I would say that will happen within the next five years, only then will I qualify for Medicare or any form of charity care. If the benefits from GM are cut, we will eventually have to apply for charity!

I have to tell you, this is a shock, an absolute shock to me. I never expected this.

I also care for my mother who has Alzheimer's disease. She was in a nursing home, but I couldn't leave her there. I've cared for her for three years, and also my wife's two brothers for the last six years. They're legally blind and totally deaf. They each get a small Social Security payment, which helps defray some of their costs, but the time is totally spent at home doing this.

WSWS: Could you tell me more about the decision of GM to file under Section 363 of the Bankruptcy Code and not Section 1114, which provides more protection?

TM: In my opinion it was all worked out beforehand by the government. It is unprecedented for a company the size of General Motors to go through bankruptcy in 40 days. It should have taken years.

At Delphi, which was one of their suppliers and a much smaller company, it has been four years and they are still working through bankruptcy. It's just unprecedented, and I believe the whole thing was orchestrated before it ever got to a judge. Not only do I feel GM orchestrated this, I believe the government of this country orchestrated this. We are collateral damage.

WSWS: What do you think of the role of the UAW? It hasn't said anything in defense of the IUE retirees.

TM: I think it's great for the UAW to negotiate a VEBA and have a little bumper on their bumpers. From 1986-89 I was the shop chairman of the IUE, or shop steward, so I was involved in the union at that time as an officer. I can see it from the other side. What I see, however, is the total lack of support between the UAW and the other smaller unions. The unions have morphed into something that is no longer for the workingman, but merely better than nothing.

WSWS: This agreement was not negotiated for the benefit of the UAW workers, but for the benefit of the UAW officials. The last contract will bring new hires in at half the wages.

TM: I have to be honest here. I did the same thing to my local. I bowed to the pressure from my own plant, from those about to retire and from the IUE, and I was the one who negotiated our first ... what we called "competitive agreement." It was a two-tier agreement, which brought people in at half our wages. It was the biggest and greatest mistake I have made in my life, and I have made many!

I regret it to this day. But the unions have gotten away from the

principle of solidarity. Like I say, I was only in office three years, but during that time I got to see how the unions really operated. I was not disappointed that I lost the election, and I lost the election because of the two-tier wage system.

People brought in at lower wages were convinced that the man who ran against me would get their wages back, which would never happen. This was a real eye-opener for me. I had expected better until I saw how a union operated on the national level.

WSWS: Barack Obama came in saying he was going to save jobs.

TM: I supported Obama. In the last 30 years, there have only been two presidents I've voted for. I believed Obama. I am gravely disappointed since he took office; he is barely doing anything he said he was going to do. When he does, it is more heavily weighted, like the Republicans, for the wealthy in this country. The rest of us are just incidental, despite what he says.

We have a Congress that is majority Democrat, but again it shows that the Democratic Party does not have the courage to do anything. For example, they are supposedly working on this health plan, which I wholeheartedly support. But I don't expect that anything will come from this Congress that's going to help me or most Americans. It's going to be a token.

I don't have any confidence in them. I've lost my entire faith in this so-called representative government. It's a shame. After 59 years of living in this country and following the rules, I'm just losing faith in the way things are done.

The health care plan will be a boondoggle for the health care providers. The elite in this country do not want a national health care system. As long as we pay taxes and buy their products, that for them is the bottom line.

The auto industry was doing poorly because the entire economy was doing poorly. When people tell me the autoworkers made too much money, they don't understand we paid for those benefits by the hard work we did. I made a good living, but we paid for this with our sacrificing.

WSWS: They are trying to condition people to accept lower living standards. Those gains were the result of a long history of struggle. It was socialist-minded workers in the 1930s who led the struggles to form industrial unions.

TM: There is still on the local level a belief in the principles of the unions, but at the International level it is something entirely different. I saw it first-hand. Featherbedding, and "let's not make waves" ... I hate it. It's at the expense of the common, working man. That is why I am still trying to contact retirees, and so on. I want to bring some attention to the plight of the retirees.

I am not looking for the unions to support me in that. It's something the people have to do themselves. If no one else will do it, I'll be alone, walking on a picket line. But people in this country have to do something and begin to take their country back.

There was a belief that this country had numerous classes, from the extremely poor to the middle class, right on up. There are two classes in this country now, the rich elite and everyone else. This past decade, it has hit us right in the face. In the past, the elite didn't want us to know that. But now, they don't even care, because they don't think we'll do anything and will be complacent.

The system is broken. I think at some point in time, this country will have a third party. My views have always been on the far left, which cross into socialism in many respects. That's the way I feel. I honestly am for the working people. I think it is unacceptable that the poorest of the poor don't have a meal.

The authors also recommend:

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[11 July 2009]

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[7 July 2009]



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