

# Auto union's complaint: Delphi exec bonuses make it tough to sell wage cuts

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In a legal submission filed last month, lawyers for the United Auto Workers union (UAW) complained that Delphi Corporation's plans to reward top executives with huge bonuses cut across the union's efforts to help impose draconian wage and benefit cuts demanded by the bankrupt auto parts supplier.

Delphi wants its 35,000 hourly workers in the US to accept a 60 percent wage cut and sharply reduced pensions and health benefits. At the same time, it is asking the bankruptcy judge to approve a "Key Employee Compensation Program" that will provide 600 corporate executives with more than \$400 million in cash and other perks.

In public statements, the UAW has denounced Delphi for bringing "third world conditions" to America's workers. Union President Ronald Gettelfinger has charged Delphi CEO Robert Miller with seeking to create a country "sharply divided between a super-rich elite and the working poor." With their wages cut to \$10.50 an hour, the UAW president said, it would take a Delphi worker 171 years to match the \$3.75 million Miller has pocketed since signing on as CEO six months ago.

Before US Bankruptcy Court Judge Robert Drain, however, the union has struck a very different note, complaining that Delphi's executive compensation plan would "unduly and unnecessarily complicate an already difficult reorganization by impeding the Union's ability to reach a consensual restructuring agreement with Delphi."

In an objection filed November 22, the lawyers for the UAW wrote: "The company could not have picked a less hospitable time to seek approval of a rich payment package for its executives. Any negotiated

modifications to the UAW labor agreements would require membership ratification. It is unlikely that the UAW will be able to garner the necessary support among its membership for a negotiated agreement if the employees view the process as tainted by large awards for a select few while they bear the brunt of the cost-cutting."

In other words, rein in the company's greed, or we might have a rank-and-file rebellion that scuttles our best efforts to push through wage cuts and layoffs.

The union's concern is not protecting its members' living standards, but finding a way to shove unprecedented concessions down their throats, thereby demonstrating to the bosses the union's continued utility as an ally of management.

Delphi's executive compensation plan sent the "wrong message," the UAW told the court, because it "destroys any notion that Delphi's bankruptcy will require shared sacrifice." In plain language, Delphi was undermining the union's efforts to dupe its members with talk of "equal sacrifice."

The union complained that top management was "apparently tone deaf" to the rage its compensation program was provoking. It warned that the windfalls to executives would further incite an "already volatile" workforce.

"At a time when Delphi is proposing deep cuts in wages and benefits, and contemplating a severe contraction of its domestic operations that could leave tens of thousands (both hourly and salaried) without jobs, deep resentment and anger over a program valued at over \$500 million can neither be understated nor should it be ignored," the union argued.

The lawyers boasted that the UAW had actively participated in the "restructuring" of more than a dozen bankrupt auto supply companies in recent years, and

argued that its cooperation was crucial to bringing Delphi back to profitability. “Delphi is critically dependent on the participation of the UAW and UAW-represented employees for the success of its reorganization,” the legal submission said.

“Because of the damage to employee morale, and because the UAW’s ability to achieve a resolution with Delphi will be significantly hindered” by the compensation plan, the union urged the judge to reject it.

This is how the union speaks to management and the institutions of the capitalist state, such as the courts, behind closed doors. Not as the advocate of the workers, not as the defender, even in a limited sense, of their needs and interests, but as a co-conspirator in clawing back from the workers social gains won over decades of bitter struggle. The UAW quite directly and frankly presents itself as an instrument for the suppression of working class resistance to these attacks.

Is this a workers’ organization? No more than the despised company unions that existed prior to the class battles of the 1930s that established the UAW and the other mass industrial unions. It is an organization of the right-wing union bureaucracy.

This bureaucracy rewards itself with big salaries and generous perks, and sits on a strike fund worth more than \$1 billion. Its own material interests are bound up with those of the workers it nominally represents only in the sense that a parasite ultimately depends for sustenance on its host.

It is against the background of the UAW’s arguments to the court that one must view its public protestations and maneuvers like the protests it organized last week at Delphi plants across the country.

The UAW cannot be reformed or turned into an instrument of working class struggle against the profit system. The point of departure for any serious struggle by Delphi and other auto workers is to recognize this truth and critically examine the political premises and perspectives that have led to the collapse of the old labor organizations.

The first is their refusal to break with the two parties of American big business, the Democrats and Republicans. The UAW has since its earliest days opposed the political independence of the working class by allying itself with the Democrats. As a result, the working class has been blocked from advancing its own

political and social program, while the corporate elite carried out its offensive against labor through both capitalist parties.

The second, which underlies their support for the two-party system, is their defense of the profit system and opposition to socialism. The logic of this defense of capitalism has been played out in the suppression of militant struggle, the embrace of union-management corporatism, and collusion in the imposition of ever more brutal job cuts, wage and benefit reductions, attacks on working conditions and, finally, the destruction of pensions. The unions, by opposing any struggle against the profit system, have played a critical role in effecting an unprecedented concentration of wealth at the top and a staggering growth of social inequality.

The third is the unions’ nationalist axis, which blocks the development of a united struggle of workers internationally against the transnational corporations, and instead aids and abets the corporate strategy of divide and conquer, in which workers in one country are pitted against workers elsewhere in a competition for jobs at ever lower wages.

A new movement of the working class must be built, and that movement must be political, socialist and internationalist. That is the perspective of the Socialist Equality Party, which must be built as the mass party of the working class.



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