

The Answering Machine by Gregg Shotwell -- *The Uncommon Sense* -- February 2006

Paul Krell, UAW spokesperson, is not a person. Paul is an answering machine. Which explains why he can't return calls and always says the same thing, i.e., "The UAW has no comment." Since the UAW does not have a spokesperson per se, I don't have to be concerned about stepping on anyone's toes. Thus, I have taken it upon myself to answer some commonly asked questions.

How can Delphi continue to pay wages higher than the competition?

I agree. It doesn't make any sense to me that GM-Delphi should continue to pay executive wages twice as high as their German and Japanese counterparts. Especially since GM-Delphi executives can't measure up to the competition.

Productivity increases more than justify the cost of labor. We make more vehicles than we did 25 years ago with half as many workers. But where is the evidence of management's productivity? GM-Delphi have three times as many supervisors as German or Japanese companies. [*Fat and Mean* by David M. Gordon] The only way they can justify this excess burden is by deflecting attention and blaming the workers who actually produce something of value. Take Steve Miller, Delphi's CEO, for example; what he calls work, most workers call "shooting the shit".

Japanese executives not only achieve better results for less pay, they don't wear out their welcomes, and when they fail they don't expect cash bonuses and stock options, they kill themselves. We simply can't compete when we have this built in disadvantage. Mandatory Euthanasia for executives who run Fortune 500 companies into the ground should be institutionalized.

To be truly competitive we should cut executive compensation by 63%, donate their golden parachutes to soldiers in Iraq, and make them wait in line at ER when they get sick. It's a prime example of the Theory of Moral Hazard. If you reward people for failure, they will fail.

But don't UAW members make more money than non union members?

Of course we make more money. We're organized.

The disparity of wages between UAW members and non union workers is a result of inflation not exorbitant raises. We aren't congressmen. We never received an annual improvement over 3% and many years we went without any raise at all despite productivity gains. But we did receive Cost of Living Adjustments just as retirees do on their Social Security. COLA merely keeps a worker's nose above water. The trouble is, non union workers are drowning and the corporate-state is throwing luxurious life rafts to lazy, undeserving executives.

Non union workers deprived of COLA watched their standard of living sink like a house built on swamp land. They suffered a wage cut, not from the boss, but from the system that undermined them.

When a worker loses purchasing power because of inflation, the robber has no face. It's humiliating to work harder and longer and still fall behind. Underpaid workers resent union members when in fact it is management dealing from the bottom of the deck who has deprived them of COLA. The real injustice is that non union workers are used like sandbags to damn the rising tide of inflation while non productive executives float off into the sunset like bloated whales.

What good will it do to strike Delphi? Aren't they bankrupt?

Delphi isn't bankrupt. They are sitting on \$5 billion dollars in cash and they own one of the most valuable patent portfolios in the USA. They pay their bills and continue to manufacture. They brag about their lucrative assets overseas — assets purchased from the legacy of profits American workers produced. Delphi never comes up short in regard to executive compensation. The money is there. JP Morgan offered to loan Delphi \$2 billion to buy Motorola. Delphi is not broke. They are just trying to christian us down.

GM-Delphi wants to dump pension and health care responsibilities onto the government which amounts to corporate welfare. They demand handouts from the government in the form of tax relief to compensate for mismanagement. Miller attempts to deflect attention from high level fraud by blaming workers while he stuffs his own pockets. He wants to pay poverty wages for expensive products. Miller is a corporate carpetbagger — all swagger and swindle, but no enduring value.

What good will it do to strike Delphi, you say? A strike will shut down GM, the company that is ultimately responsible for Delphi, and force them to the bargaining table. Miller threatens to kill the goose if workers don't give him concessions. We intend to call the bluff. Why should workers sacrifice their lives so Miller and his band of incompetent cronies can profit from failure and fraud? It's morally hazardous to reward criminal negligence and penalize honest labor.

Won't a strike at Delphi threaten GM with bankruptcy? In which case no one wins?

Yes, a strike at Delphi would threaten GM. That's precisely the point. If we go down, they go down. GM-Delphi will not be permitted to profit from the destruction of the middle class. The Reservoir Dogs are

all on point.

Won't executive bonuses only be paid if Delphi emerges successfully from bankruptcy?

According to the current plan executives will be rewarded even if they fail. In fact, executives have already been rewarded for failure, and they think it's better than working for a living.

Don't Union rules impede production?

Unionized plants have higher productivity because union rules prevent management from whipping the horses to make the buggy go faster. Instead of whipping the horses, management is forced by the union to pursue a more innovative and humane approach to productivity. As a result, work is safer and more efficient because unions enforce safety and quality standards which in turn compels the companies to utilize more advanced technologies.

Three Delphi plants in the US — Kokomo, Grand Rapids, and Coopersville — together made \$950 million last year in a depressed market. Why? Because GM-Delphi invested in technology and products at those sites. At other US operations, GM-Delphi made calculated decisions to divest and thereby undermine the competitiveness of US operations.

How can companies afford to pay workers for not working?

I don't know. It doesn't make sense. The question should be, why aren't they working? If we focus on unemployment compensation we defocus from the real problem which is irrational management and underutilization of human resources. GM-Delphi wants to eliminate unemployment compensation so they can reward themselves more money for underachievement. We have a better idea. Put unemployed people to work making products customers want and outsource management. Reducing the cost of downsizing isn't the path to success, it's another incentive to lose market share and bankrupt the USA. Evasion of responsibility to laid off workers is not the solution to chronically incompetent product development and irrational management.

Why would GM-Delphi create incentives to fail rather than succeed?

Because bankruptcy is easier than working for a living. It's easier to profit by evading debt and responsibility to workers and retirees than practicing innovative design, production, and marketing techniques.

Delphi is the test case. If the court allows Delphi to bankrupt US operations while sheltering assets overseas, other multinationals will follow suit. When the smoke clears, they will return under another name.

I worked 27 years for the same company. First it was called GM, then Delco, then AC Rochester, then Delphi. Management never changed. I may have forgotten a few of the aliases, but you get the picture; this isn't a shake out, it's a shake down.

GM pays \$1500 per vehicle for health care expenses and an additional \$1000 for pension.

How can they compete against rivals who do not share that burden?

Simple. It's a lie.

GM does not pay \$1500 per vehicle for health care and a thousand per vehicle for pension. It's a false analogy perpetuated by parrots in the corporate press. Five-sixths of the \$1500 figure is for retirees. [Retirees out number active workers five to one.] Thus the real cost of health care for active workers is \$250 per car.

The money for retirees' health care should have been set aside while they were actually working. Last spring GM bragged that it had \$20 billion in a VEBA [Voluntary Employee Benefits Association] which is a trust fund for benefits. The expense for retiree health care comes from the trust fund, and should not be added to the burden of active workers. Likewise, pension is earned while an employee is actually working, not after he retires. Executives who mismanage fiduciary responsibilities and commit fraud should go to prison.

When Steve Miller claims that Delphi workers earn \$76 per hour he is perpetuating the fraud. Crains Business reported on December 13, 2005: "The \$76 figure includes \$22.63 in legacy costs. The remainder is for employee wages and benefits." The remainder also includes Social Security which is a federal tax, not employee compensation.

Management, not active workers, is responsible for legacy cost which is deferred compensation owed to retirees. Legacy was earned in the past. Adding the legacy cost and Social Security tax to current workers' hourly wage is the same as putting numbers in the wrong column in order to deceive investors.

Why doesn't the International UAW make this information public? Do they want UAW members and the general public to believe that workers are overpaid and GM-Delphi needs concessions?

I'm sorry. I think I'll have to pull a Paul Krell on that one.

"No Comment."

