

## Editorial

### 'Have You No Sense of Shame?'

Delphi CEO Robert "Steve" Miller sent an ultimatum letter to Delphi's UAW locals containing demands of immense concessions the week of Oct. 3. One source told *EIR* that Delphi is demanding that its UAW workers accept that their wages be slashed from \$26 to \$30 per hour, to \$10-12, a cut of one-half to two thirds.

He reported that Delphi is also demanding that medical benefits be slashed. The plan is that, for those workers who become Medicare eligible, usually at age 65, they will be given the benefits of salaried people: a \$10,000 lump payment. If they have a medical cost, and Medicare covers 70% of it, then the retired worker will have to cover the remaining part out of the \$10,000. He said, "Once the \$10K is gone, that's it. Plus, if you have a catastrophic accident, the \$10,000 goes immediately." The UAW workers had had full medical coverage for life. Delphi has also demanded drastic cuts in pensions.

The strategy of a hard-up company? Think again. At the same time, Delphi announced the restructuring of its executives' termination compensation policies, to provide for "more competitive"—i.e., lucrative—severance payments for about 21 top executives. CEOs like Miller, who received \$3 million just as a bonus when he took the top position, already get millions in compensation per year. Corrupt corporate boards approve such payments because they put *shareholder* values—their own personal profits—above considerations for their workforce, or production itself!

Delphi, the world's largest auto supplier company, and a spinoff of General Motors, which has \$6 billion in debt and \$14.5 billion in pension liabilities, has threatened that if its demands for concessions and assistance are not met, it will declare bankruptcy on Oct. 17, with its liabilities passed onto the Federal Pension Benefits Guaranty Corporation. Accordingly, on Oct. 6, S&P rating service cut its Delphi debt rating by two notches, to "CCC-minus," which is nine levels *below* junk bond status. Delphi's stock is trading at just above \$1 a share. Delphi CEO Miller announced that while he would put Delphi's 23 U.S. plants into bankruptcy, he

would not do so with the company's international plants, where workers earn slave-labor wages.

What we see playing out here is precisely what Lyndon LaRouche has called on the U.S. Senate to prevent. Back in April, LaRouche warned that the U.S. auto sector would be destroyed imminently, unless emergency action were taken. Various Congressmen, even those who agreed with LaRouche's assessment, said that that wouldn't happen for a few years. It is now unfolding within six months. Wall Street is using Delphi as a precedent, which would be immediately turned upon GM, Ford, and Chrysler, with the result of effectively *wiping out* the advanced machine-tool capacity of the United States, a capacity needed not only to rebuild the United States, but also the world economy.

In response to reports on the cynical looting and self-serving policies of the managements of Delphi Corp.—now preparing a massively destructive bankruptcy—and GM, LaRouche said on Oct. 7, "These people have cut their budgets, all right—they've cut *moral-ity* out of their budgets! Why should we allow self-dealing *increases* in the pay of mismanagement executives who are doing an incompetent job, and an immoral job? They couldn't raise their pay under the new bankruptcy law; that's why they're sneaking fat bonuses in, under the old law, before it expires. I say we should cut their salaries, not raise them.

"I ask these mismanagers, at Delphi and at GM, 'Have you no sense of shame?' As Army counsel Joseph Welsh said to Joe McCarthy, at the Army-McCarthy hearings 50 years ago, 'Senator McCarthy, have you no sense of shame?' I ask the Delphi management that question now."

At the same time, the question is posed to the U.S. Senate, and other political leaders in the United States: Will you act to defend the skilled workforce of the United States, or will you permit shameful activities such as that of the corrupt managers at Delphi? These are times which demand tough leadership. Do you have the guts to act?