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Editorial: IUE retirees getting shaft by court, GM

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You might think that the people who run General Motors would have a soft spot in their hearts for the International Union of Electronic Workers. The IUE (now known as the IUE-CWA because of a merger) was the union that accommodated the company's relatively early efforts to cut its payroll costs.

Specifically, the IUE accepted tiered pay scales, meaning that new employees earned less and continued to earn less than older employees, the people whose jobs dated to the heyday of the industry.

The IUE took a lot of flak in labor circles just because it was being realistic about the company and its prospects.

Now, however, the IUE is being treated as if GM has something against it, preferring the United Auto Workers.

In GM's out-of-bankruptcy agreement that was announced last week, health care benefits for IUE retirees weren't protected.

The UAW retirees came out better, at least so far. They've had to make concessions along the way, too. But a UAW benefits fund — or VEBA, for Voluntary Employees Beneficiary Association — owns a large chunk of what's being called the "new GM." That company will be doing business unburdened by the old GM's debts. How well the UAW retirees will do remains to be seen.

The IUE was promised a similar deal. However, the bankruptcy court decided that the new GM shouldn't be confronting old debts to the IUE, because no sizable number of IUE workers will be working for the new GM.

The Moraine sport utility vehicle assembly plant that was closed in 2008 was the only remaining IUE plant. The number of IUE pensioners and dependents is reportedly about 50,000.

The court wants to, do everything possible to give the new GM a fresh start and a good chance at success. Fine.

But the result so far is that IUE retirees are in the hands of what's being called the "old GM" or "bad GM" — the part of the original company with all the debt and empty factories — which is still in bankruptcy and has no prospects for a happy ending.

GM has put on the table a plan to let IUE pensioners buy health insurance for \$240 a month, a tenfold increase over current costs, with a \$5,000 deductible. That would be a sudden, wrenching change for people on limited, stagnant income. It's not good enough.

There must be a way for the government — so crucial to this whole process of reshaping GM — to make sure that IUE pensioners are treated fairly. Promises have to mean something.

A lot of people think that GM was too generous for too long with retirement benefits. But that's irrelevant. GM workers and retirees made their plans according to what they were promised. They sought certain jobs, did those jobs, and retired at certain times, after calculating what was right for them.

GM does not deny that it made an agreement with the IUE creating a VEBA arrangement like the UAW's. Meanwhile, the IUE can't deny that sometimes agreements get abrogated in the bankruptcy process. That, in part, is what bankruptcy is about: giving a beleaguered company protection for doing things it otherwise couldn't.

Nevertheless, right is right.