

# American Axle threatens additional plant closure

## *UAW president says union will accept massive concessions*

By Shannon Jones

13 May 2008

In the wake of an offer by General Motors to provide \$200 million to help settle the now 11-week strike against Detroit-based American Axle, the company is threatening to close another plant.

On Saturday the United Auto Workers revealed that American Axle wants to close its Cheektowaga, New York machine shop, which employs 116 workers. The company previously announced plans to close its forge plant in Tonawanda, New York—with 460 workers—and its Detroit forge plant, which employs 300 workers. The shutdown of the Cheektowaga plant would mean an end to American Axle operations in the Buffalo, New York area.

The strike began February 26 over company demands for huge cuts in pay and benefits. About 3,600 American Axle workers are on strike at five facilities in Michigan and New York.

UAW President Ron Gettelfinger revealed the American Axle demand for the closure of the Cheektowaga facility in an interview with Detroit's WWJ radio on Saturday. In the same interview he confirmed reports that the union had already agreed to the closure of the Tonawanda and Detroit forges.

The UAW president also acknowledged that the union had already agreed to massive concessions. "We have literally made hundreds of changes in this contract and throughout these negotiations. And I mean literally hundreds of changes, all to the company's advantage."

As an example he cited the Three Rivers, Michigan facility where he said the union had agreed "to a wage rate so low, that they will have to work six months just to earn what the company gave their board of directors in an increase on their retention pay, which is \$10,000."

If what Gettelfinger says is literally true, then the union has accepted a below poverty pay rate of less than \$10.00 an hour, based on a standard 40-hour workweek. Further, this admission confirms that the UAW has agreed to split up the national contract and conduct plant-by-plant negotiations, encouraging a bidding war between union locals.

In an interview in the May 12 edition of the *Detroit News*, Dana Edwards, shop chairman of UAW Local 235 in Detroit, acknowledged that the union had already agreed to pay cuts ranging from \$5 to \$8 an hour.

Last week General Motors announced that it would provide \$200 million to finance early retirements, buyouts and buydowns of American Axle workers contingent on an early settlement of the strike. Thirty GM facilities have been fully or partially shut

down due to parts shortages caused by the strike.

GM created American Axle in 1994 by selling off a group of axle, driveline and forge plants to private investors with the aim of slashing wages and benefits in its components operations. The company is still largely dependent on GM, which accounts for 80 percent of its sales.

American Axle is reportedly prepared to offer workers \$140,000 for a buyout if they walk away from their current jobs or a \$90,000 buydown if they agree to stay on at lower wages.

GM's offer of a cash payout has apparently encouraged American Axle to take an even harder line in negotiations. The UAW president said a settlement was near prior to the announcement by American Axle of plans to close the Cheektowaga plant.

A report in the May 12 *Wall Street Journal* speculated that, despite the capitulation of the UAW to all of American Axle's demands, the auto parts maker and the union may be deliberately holding up a settlement in hopes of extracting more money from GM. "Brushing off GM's initial offer could pressure the auto maker into proposing a larger sum," the Journal writes.

The UAW is continuing strikes over local issues at a GM assembly plant near Lansing, Michigan and another GM facility in Fairfax, Kansas. By all indications the UAW called the walkouts as part of an effort to pressure GM into intervening in the American Axle strike.

A report in the March 28 edition of *Businessweek* titled "GM's Broken Axle" indicated that prior to the strike GM offered to take back some 2,000 American Axle workers so that the company could bring in new hires at lower wages. At the time American Axle CEO Richard Dauch rejected the offer because he would not accept demands by GM that he cuts prices.

The strike continues to reveal the enormous chasm that exists between the UAW and the rank-and-file membership of the union. Local union leaders have estimated that 2,000 of 3,600 American Axle workers would take buyouts if offered, a devastating vote of no confidence in the union.

The protracted character of the American Axle strike has evoked worried and hostile words from industry commentators. Jerry Flint, automotive editor for *Forbes*, wrote a column in the May 9 edition of the magazine on the American Axle strike containing a barely veiled warning to the UAW bureaucracy to wrap up the strike. "I am starting to wonder whether Detroit—General Motors, Ford Motor and Chrysler—would be better off today without the auto workers union," Flint wrote. "The same goes for the current members of the UAW."

He went on to draw attention to the inability of the union to

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either defend jobs for its membership or win support among workers at Toyota, Honda and other Asian and European transplants. Calling GM's proposal to spend \$200 million for buyouts at American Axle "a dangerous policy," he suggested instead that the automakers in the future should consider open union-busting: "Detroit automakers might weigh the risks of a fight to break a strike, as new workers replace old union loyalists in these plants. That day is still way off, but it is closer than it was."

While American Axle is still relying on the UAW to wear down the opposition of its members, corporate CEO Richard Dauch is also testing the waters for a strikebreaking operation if workers continue to resist his wage and job-cutting demands. The company has advertised for scabs and accepted hundreds

of applications.

In any event, the conduct of the UAW in the American Axle contract dispute has amounted to little more than strikebreaking against its own membership. The UAW has largely insulated itself from the impact of its own betrayals by working out corporatist arrangements with the auto companies to secure its own financial interests even as its membership plummets. Under contract terms it negotiated with the Detroit automakers last fall the UAW will administer a multibillion-dollar retiree health care trust fund, much of it funded with auto company stock.

The way forward for American Axle workers lies with an independent struggle against the UAW, mobilizing workers throughout the auto industry in a united struggle against job cuts and concessions.