

Detroit News warns of “labor unrest” in auto industry

## American Axle strikers defy UAW wage-cutting pattern

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The strike by 3,650 workers at American Axle & Manufacturing (AAM) has the potential to develop into a prolonged and bitter battle as workers at the auto parts supplier seek to fight the pattern of wage and benefit cuts accepted by the United Auto Workers union throughout the industry. With negotiations breaking down, the walkout has already led to the closure of a General Motors plant in Pontiac, Michigan. An extended strike could idle at least 10 GM plants dependent on parts from the strikebound company.

Workers at five plants in Michigan and New York walked out Tuesday after the expiration of their four-year contract in defiance of the company’s demands that they accept the reduction of wages from \$23 an hour to \$14. American Axle also wants to replace company-paid pensions with a 401(k) employee contribution plan and eliminate health care benefits for retirees.

On the picket lines in front of the company’s Detroit plant, workers were in no mood to accept a rollback in their wages and living standards. Robert, a worker with 14 years at the plant, said, “We have made more money for [American Axle CEO Richard] Dauch than his grandkids’ grandkids could spend. Then they want to cut our wages and benefits. We have to stand against that. These corporate people try to take everything and don’t care about people or families. The question is, how much is enough?”

Chris, another worker with 14 years, added, “They keep wanting to cut our wages while Dauch and his executives are making profits and aren’t taking any concessions. In the last contract they stopped rolling in our cost of living increases into our base pay and instituted a multi-tier pay scale. They just want to use us as a stepping stone to impose these concessions on workers throughout the whole industry and we aren’t going for it.”

The *Detroit News* wrote Thursday that the shutdown of the Pontiac GM plant “exemplifies the impact of labor unrest in the auto industry, something experts say is likely to become more common as automakers and suppliers push to cut or at least control labor costs.”

The newspaper pointed to another confrontation across the river in Windsor, Canada—where more than 150 auto workers walked out Thursday at a parts plant owned by Michigan-based TRW Holdings, which produces suspension modules for Chrysler’s Windsor mini-van plant. The *News* warned, “Walkouts against suppliers and automakers may be an unavoidable part of the process of achieving the gut-wrenching wage and benefit cuts needed to keep North American manufacturing companies competitive.”

American Axle was set up by a group of wealthy investors and former auto executive Richard Dauch in 1994 after General Motors spun off its axle and gear manufacturing operations in an effort to sharply reduce labor costs for its parts production. This effort was defeated by American Axle workers, who fought to retain parity wages and benefits with workers at Detroit’s Big Three car companies—GM, Ford and Chrysler.

Having failed in its first attempt to slash wages, GM spun off its entire parts-making division in 1999. The new company—Delphi Automotive—declared bankruptcy in 2005 and, with the complicity of the UAW, wiped out tens of thousands of jobs and imposed sweeping wage and benefit concessions.

This was followed last year by the concessions granted by the UAW to another bankrupt supplier—Dana Corporation—and to the Big Three automakers. This has paved the way for the transformation of the US auto industry—once the domain of the highest-paid industrial workers in the world—into a cheap labor haven. In an article last week, entitled, “Big 3 Plan Low Wage Hiring Spree,” the *Detroit Free Press* reported that auto makers plan to hire 36,000 workers in Michigan over the next four years because the jobs “will pay \$14 an hour, about half of what automotive jobs have paid, and they won’t include retiree health care benefits or a defined pension.”

American Axle boss Richard Dauch has pointed to the concessions granted by the UAW to justify his demands, saying, “All the changes we have proposed have been accepted by the UAW in agreements without our competitors in the United States.”

The concessions granted by the UAW have now created a

bidding war among auto and auto parts workers and have allowed the companies to pit workers against each other in a fratricidal fight over who is going to work at the lowest wages and worst conditions.

The record of the UAW over nearly 30 years—from the Chrysler bailout to the 2007 Big Three contracts—demonstrates that the union fully accepts the demands for wage and benefit reductions. In particular, the UAW has deliberately isolated and defeated struggles of auto parts workers in order to assist the Big Three in drastically reducing the cost of its parts.

The UAW did not call the strike to stop wage and benefit cuts. On the contrary, it called an “Unfair Labor Practices” strike on the grounds that the company did not provide the economic data the union needed to “make an informed decision about whether to accept or reject such sweeping changes...”

The only concern of the UAW bureaucracy is how it can sell the contract to American Axle workers and what Solidarity House will get in return. During the Big Three contract negotiations, the UAW sought job guarantees so it could claim it won something in exchange for massive givebacks. Those promises turned out to be worthless, with all three companies waiting for the contracts to be ratified before announcing drastic job cuts.

At American Axle similar promises in the last concessions contract did nothing to stop the elimination of nearly half of the company’s 6,500 workers’ jobs. Nor did the guarantee against plant closings halt the company from “idling” the Buffalo, New York plant, wiping out 650 jobs. At the same time the company has sought to take advantage of low wages internationally, increasing production in Mexico, Poland and China.

Behind the scenes the UAW, American Axle and GM are no doubt haggling over the costs and details of another early retirement and buyout program, which would rid the company of older, higher-paid workers and pave the way for transforming those who remain into a cheap labor workforce.

At the Cheektowaga, New York plant picketers told the *World Socialist Web Site* that there are only 100 workers left in the factory. A worker added, “The wage scale at this plant cannot be at the rates reported by the press. It was spun off many years ago and wages were cut then.” A clause in the 2004 national agreement allowed locals to negotiate new wage agreements, as long as they were lower than the master contract.

Robert, a worker with 14 years at the Detroit plant, said, “This is what is happening everywhere. You are used to making that kind of wage and now they want to take it away. It sounds like they don’t want us to be able to afford the product we are building.

“The workers here are younger and have a lot before them; they have kids and it’s hard just to take cuts. My dad retired with 41 years in the UAW. He always said that having a UAW job means you are set for life. I am beginning to wonder.”

“There is a war on the middle class,” another worker said.

“People are losing their homes, while the banks and the rich are getting more profits. They preach they are creating more jobs—but what kind of pay are these jobs? The companies are carrying out whipsawing internationally.”

Another worker with 14 years told the WSWS “It is part of a global conspiracy to cut wages worldwide that seeks to use workers all over the world as cheap labor.”

Commenting on the elections, he added, “Nothing will change whether Obama or Clinton comes in. Whoever gets in there does what he is told; however, the majority of people are brainwashed into supporting the Democrats or Republicans.”

Brian, another worker who came to the plant in the mid-1990s, said, “How are you going to survive on \$14 an hour? Everything is going up in cost. We built what Dauch has. I don’t want to take a cut. This is not a Third World country like the place he is building his plants.

“They say this is the richest country in the world—why can’t wages stay the same? It’s corporate greed. How much money do they have to make—billions? Leave my wages the way they are.”

Commenting on the assault on auto workers jobs throughout the world, he added, “I read in the paper that BMW is laying off thousands of workers.

“In the US, the economy is going down with energy prices rising, the credit crunch and home foreclosures. My wife and I both work and it’s tough to hold onto our house. It’s going to be rough holding on with just strike pay but we can’t allow this.

“I started at \$12.50 an hour thirteen years ago and gradually built up my living standard. You’re used to bringing home a paycheck but if this continues, I’ll be calling up the mortgage company telling them to take my house.

“Look how they are wasting money. They’re now calling the Iraq War the ‘Three Trillion Dollar War.’ Bush is as stubborn as Dauch.

“They are calling us the last of the dinosaurs because we are standing up. But everyone needs a decent standard of living. Dauch’s is a lot more than mine.

“With all the money we pay in union dues we should not have to be standing out here alone fighting. But the UAW has set up this health care trust and getting company stocks—that’s a conflict of interest. They can’t defend us and back the companies at the same time.”



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