

\$10 million for American Axle CEO

Richard Dauch and the aristocratic principle in America

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The following statement is also posted as a pdf file. We urge all auto workers and WSWs readers to download the statement and distribute it at your factories and workplaces, and in your communities.

This week, as more than 3,600 workers marked the end of their first month on strike against the wage-cutting demands of auto parts supplier American Axle & Manufacturing, it was revealed that the company's CEO, Richard Dauch, was paid \$10.2 million in salary, bonuses and other benefits in 2007.

Dauch, whose compensation since 2003 has totaled nearly \$70 million, is demanding that workers accept a cut in pay from \$28 to \$14.50 an hour and, in some cases, as low as \$11.50. Dauch insists that the company cannot afford to maintain the current level of wages and benefits.

Under the pay package approved by the company's board of directors, Dauch will make about \$196,154 a week. If he cuts wages in half, workers will see their pay reduced to \$580 a week—far less than what is needed to pay for basic necessities such as rent or mortgage obligations, food, heating, gasoline, education and health care. At such near-poverty wages, it would take an American Axle worker 338 weeks—or six-and-a-half years—to earn what Dauch will bring home every week.

In a country where all men are supposedly created equal, it is clear that Dauch is 338 times more equal than the workers who produce his profits.

In its proxy statement filing Monday, the company's board of directors said Dauch was being rewarded for "proactive leadership in returning AAM to profitability as AAM continues to resize, restructure and recover from the rapid and unprecedented structural transformation of the highly competitive US domestic auto industry."

What does this mean? Over the last several years, Dauch has ruthlessly cut the workforce at his original plants by nearly half, shuttered his Buffalo, New York plant and expanded American Axle's low-cost factories in the US, Mexico and other countries. Now he is demanding wage and benefit cuts that will leave workers and their families facing destitution. According to America's corporate and financial elite, that's earning your pay.

This week, Ford and General Motors announced multi-million-dollar pay packages for their CEOs, Alan Mulally and Richard Wagoner, respectively. Chrysler LLC, now owned by private

equity firm Cerberus Capital Management, has refused to reveal how much it paid its chief, Robert Nardelli, after he left Home Depot last year with a golden parachute of \$210 million.

Although Detroit's big automakers are still in the red, they expect to reap vast sums for their big investors due to the new contracts signed last year with the United Auto Workers union (UAW). These sell-out agreements will allow the companies to dump their retiree health care obligations, eliminate thousands more jobs and replace higher-paid senior workers with workers making a third of their wages and benefits.

Behind the auto bosses are the Wall Street financiers who count on Dauch & Co. to guarantee the maximum possible return on their investments by gutting the wages and pensions of workers. In the case of private equity firms such as Cerberus, the takeover of auto companies like Chrysler is but the prelude to ruthless downsizing, followed by the resale of what remains of the firm at an enormous markup.

In the ranks of hedge fund and private equity moguls are individuals such as Stephen Schwarzman, the co-founder of Blackstone Group LP, who received a total compensation package of \$5.13 billion in 2007, an amount just shy of the gross national product of the South Pacific nation of Fiji. Blackstone sold its controlling stake in American Axle several years ago, netting \$600 million for its top investors.

Other billionaires have cashed in on the systematic dismantling of the auto industry and the buying and selling of companies. These include former Chrysler investor Kirk Kerkorian (net worth \$15 billion), Carl Icahn (net worth \$13 billion), Wilbur Ross (net worth \$1.2 billion) and Cerberus kingpin Stephen Feinberg (net worth \$1 billion).

Together with Warren Buffett, Bill Gates and others, these are the people who make up America's financial aristocracy. They enjoy all the privileges and prerogatives of wealth and power that come from their control of society's economic resources.

They control both political parties and the news media and exert vast influence over the decisions—from the launching of wars, to the bailout of Wall Street swindlers, to the gutting of vitally needed social programs—that affect the lives of the vast majority of the population, both in the US and globally.

The social devastation in the two cities—Detroit and Buffalo—where American Axle has its major facilities is testimony

to the parasitism and socially destructive character of the capitalist system over which such forces preside. Once powerful examples of US industrial might—and the home of so-called “middle class workers”—they have been ravaged by decades of corporate downsizing.

The “Motor City” is one of the poorest big cities in America. It ranks among the top five US cities in the rate of home foreclosures.

The former steelmaking center of Buffalo has seen the decimation of its manufacturing base, the loss of nearly half of its population, and an explosive growth of poverty and hunger.

Such is the result of a deliberate policy of “deindustrialization”—the elimination of less profitable sections of industry—carried out by the financial elite, in order to free up their capital for investment in more lucrative ventures. These consist largely of various forms of financial manipulation and speculation, the result of which is a financial crisis that threatens to plunge the US and the world into a new Depression.

For the capitalist owners, the giant forces of production, built up by decades of human labor, are nothing more than personal assets to be dispensed with as they see fit. In this economic system, the working class is nothing more than an object for exploitation.

How can any rational and humane solution to the problems facing workers in the US and around the world be found when the means of production are held in the iron grip of this financial aristocracy? Like France before the Revolution of 1789, this social layer has become an absolute barrier to any progressive and egalitarian form of economic organization.

The UAW has been conspicuously silent about Dauch’s pay-off. This is, in part, because the union has a long history of collaborating with him, dating back to the Chrysler bailout of 1979-80, when Dauch, then a top executive at the company, joined with UAW officials to blackmail workers into accepting massive wage and benefit cuts.

Most fundamentally, the UAW agrees with Dauch that the living standards of its members and of future workers must be sharply reduced. On the eve of the American Axle strike, the UAW offered give-backs on par with what it granted to the parts makers Delphi and Dana and the Big Three automakers.

Far from representing the interests of American Axle employees and other auto workers, the UAW functions as a loyal handmaiden of the auto companies. In exchange for its service to the auto bosses, the UAW has been rewarded with control of a \$54 billion retiree health care trust fund and hundreds of millions of shares of GM and Ford stock. UAW President Ronald Gettelfinger has been called the “darling of Wall Street,” now that he presides over one of the biggest private investment funds in America.

The UAW sits on a strike fund worth nearly \$1 billion, yet it is forcing American Axle workers to survive on \$200 a week in strike benefits. Why? These workers—who are engaged in the longest auto strike in a decade—are taking a stand for workers throughout the industry. They should receive their full wages and benefits until a victory is won.

But the UAW bureaucracy has no intention of depleting its strike fund, which is a huge source of income from interest that keeps the gravy train going at the union’s misnamed Solidarity House

headquarters and its various district offices, and provides a slush fund to bribe local union officials.

There is another reason for the UAW’s miserliness toward the strikers. The union has no intention of waging a serious struggle, and sees economic hardship as aiding its effort to wear down the strikers and force them to accept massive cuts in wages and benefits.

The transformation of the UAW into a business, with a direct economic incentive to help the auto companies exploit its members—who are required to join the union and whose dues payments to the union are automatically deducted from their paychecks—is the product not simply of the corruption and cowardice of Gettelfinger and the other UAW bureaucrats. More fundamentally, it is a result of the political perspective of the UAW and the rest of the official unions, which is based on economic nationalism, support for the Democratic Party, and the defense of the capitalist profit system.

If the American Axle strike is not to be isolated and defeated, rank-and-file workers must take the conduct of the struggle and the negotiations out of the hands of the labor bureaucracy. The walkout must be extended throughout the industry in order to overturn the concessions contracts agreed to by the UAW. At the same time, the nationalism of the UAW bureaucracy must be rejected and an appeal made to workers in Canada, Latin America, Asia and Europe to wage a common struggle in defense of jobs and living standards.

This industrial mobilization must be the starting point for the building of a powerful political movement of the working class—in opposition to the Democrats and Republicans—based on a socialist program to meet the needs of the masses of working people, not the corporate and financial elites. At the heart of this program is the demand for the major auto and auto parts companies to be removed from the private ownership and control of the auto bosses and placed under public ownership and the democratic control of the working class.

We urge auto workers to download and distribute this statement and send your comments to the WSWS. To contact the WSWS, email us at [here](mailto:info@wsws.org).



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