

WSWS writer Jerry White speaks on American Axle strike

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On April 10 the World Socialist Web Site and the Socialist Equality Party held a meeting at Wayne State University in Detroit to address the political issues involved in the American Axle strike, now in its seventh week.

The strike by 3,600 workers in Michigan and western New York state is beginning to have a major impact on the auto industry. Precisely at this point, the United Auto Workers bureaucracy will seek to impose a rotten concessions contract on the workers.

The WSWS and SEP fight for the strike to be taken out of the hands of the UAW through the formation of rank-and-file committees in every plant, the rejection of all concessions and the extension of the strike to the entire industry.

Jerry White, who has written extensively on the American Axle strike, addressed the April 10 meeting. The following is an edited version of his report.

The strike by American Axle workers, which today is 45 days old, is the longest walkout by US auto workers since the 54-day strike by General Motors workers in Flint in 1998 and prior to that, the longest since the 67-day strike by GM workers in 1970.

The 1970 strike appears to us now as a phenomenon from a bygone era. Some 350,000 GM workers walked out then and won a 30 percent increase in wages over three years, plus unlimited cost-of-living protection against inflation.

It is the estimation of the *World Socialist Web Site* and the Socialist Equality Party that the American Axle struggle is the harbinger of a new period of social struggle, in which we will see the reemergence of bitter class conflict in the US.

For nearly 30 years the class struggle has been suppressed by the betrayals of the United Auto Workers and the AFL-CIO bureaucracy. Or to put it more precisely, the working class has been shackled as a class war has been prosecuted almost entirely by the other side.

The result has been a massive transfer of wealth from the bottom upward into the pockets of the wealthy. The richest 1 percent of the population has more than doubled its share of the national income since 1980.

American Axle's CEO Richard Dauch symbolizes this social type. He has pocketed more than \$250 million after leading a group of private investors who took over GM axle and driveline operations in order to drastically lower labor costs.

Standing behind Dauch are the billionaire Wall Street investors who control the various private equity firms and "vulture funds," such as Cerberus and Blackstone. They are demanding from the world auto industry, which averages a 5 percent return on investment, the rates of return they receive through various forms of financial manipulation, that is, closer to 22 percent.

Summing up the ruling elite's contempt for production and for the working class, Ray Diallo, the founder of the hedge fund Bridgewater Associates, who made \$350 million last year, said, "The money that's made from manufacturing stuff is a pittance in comparison to the amount

of money made from shuffling money around."

Over the last three decades, in order to free up capital from unprofitable industries and pump billions into the stock market, the dot.com bubble, the subprime mortgage and housing boom and other forms of financial speculation, Wall Street has carried out a deliberate policy of deindustrialization, wiping out nearly 5 million manufacturing jobs since 1982 and decimating communities like Detroit and Buffalo.

American Axle workers are not only fighting CEO Richard Dauch but the entire capitalist economic and political setup in the US and internationally, which subordinates the needs of working people to the ever greater accumulation of wealth by the super-rich.

For all the talk about the end of the class struggle and the post-industrial demise of the working class, the American Axle strike has demonstrated the potential power of the working class. Despite the poverty rations of a \$200 a week strike pay, workers have demonstrated enormous solidarity, determination and self-sacrifice.

But the more than six-week strike is now in danger of being defeated—not because of lack of solidarity or popular sympathy—but because of the deliberate sabotage of the leadership of the United Auto Workers union.

With full negotiations resuming, it was reported yesterday that the union had given the company a new economic proposal. The essential content of this proposal was made clear in a column by UAW President Ron Gettelfinger published in the *Detroit News* April 4, in which he said the union was prepared to accommodate the "legitimate concerns" of the company and accept a contract that "will mean real sacrifices by our members and real savings for the company." This can only mean that the UAW is willing to substantially agree to the company's demand to cut wages by more than half and gut pension and health-care benefits.

From the outset of the strike the chief concerns of the UAW bureaucracy have been to (1) suppress the resistance of the rank and file to a concessions contract and (2) secure the interests of the Solidarity House bureaucrats.

In return for abandoning the hard-won gains of the Big Three auto workers, the UAW was handed control of a VEBA [Voluntary Employees' Beneficiary Association] retiree health-care trust fund worth \$52 billion—much of it paid in GM and Ford stock, making the union potentially the largest shareholder in the auto companies. It is relevant to ask: is there a VEBA deal in the works at American Axle, or some other joint labor-management investment fund or real estate venture that the union will receive in exchange for selling out workers there?

This would be a betrayal of everything for which American Axle workers have fought and sacrificed. A campaign must be prepared *now* to mobilize opposition to reject any contract brought back by the UAW that contains wage cuts and other concessions. The WSWS and SEP have called for the election of rank-and-file committees, led by trusted militants, to take the conduct of the strike and negotiations out of the hands of the UAW and to make an appeal over the heads of Solidarity House to Big Three workers in the US to launch a national auto strike to overturn all the concessions

granted by the UAW.

A special appeal must be made to Canadian workers—who will be told this summer that they must make major sacrifices in order to compete against US workers whose wages have been halved—as well as auto workers in Latin America, Asia and Europe, who are engaged in struggles against job-cutting and attacks on their living standards.

It is impossible for workers to defend their interests through an organization hostile to their interests. The UAW is not a genuine workers organization, controlled by and accountable to those forced to pay dues to it. It is an organization dominated by an upper-middle-class layer of entrepreneurs who use union members as pawns in their negotiations, which are designed primarily to ensure the income and privileged lifestyle of the small army of union bureaucrats who control the UAW.

Last year UAW membership declined by 13.7 percent to 464,910, a loss of 73,538 members compared with 2006. The UAW has lost more than two-thirds of its membership since 1979, when membership peaked at 1.5 million.

Nevertheless the union earned \$75 million in interest on its investments last year, up from \$59 million in 2006, and ended the year with \$1.25 billion in assets, down slightly from \$1.27 billion at the end of 2006.

This process is the inevitable outcome of the subordination of the trade unions to the capitalist system and the national interests of corporate America. Politically, this takes the form of the UAW's fierce hostility to building a political party of the working class and its undying support for the Democratic Party.

The UAW was built in the Flint sit-down strikes and other mass struggles of the 1930s and 1940s, in which socialists and other left-wing militants played the decisive role. Many saw the establishment of industrial unions not as a goal in itself but the beginning of the political organization of the working class to challenge the profit system and fight for a socialist transformation.

Very rapidly, however, the leaders of the newly formed UAW and CIO moved to curb this mass movement and prevent any revolutionary challenge to the economic and political supremacy of the capitalist class.

UAW President Walter Reuther opposed the growing demands within the union for the building of a mass labor party, claiming that America was not a country where “you had rigid class groupings,” like England and other European countries. Instead, he insisted the unions would ally itself with the Democratic Party and compete with big business for its allegiance.

On this basis he conducted an anticommunist witch-hunt and ruthless purge of the left-wing elements in the union, consolidating the UAW as a pro-capitalist trade union that would not impinge on the “rights” of private property and profit.

Reuther's program was based on a fundamental lie: that the interests of the working class could be reconciled with those of corporate America. He bet the future of the working class on the permanent domination of US industry, which had emerged from World War II as the most powerful economy in the global market, producing half of the world's industrial goods. In 1955, for example, Detroit was producing four out of five of the world's cars and Toyota was a small company producing 27,000 cars for the Japanese market.

This perspective appeared to work from 1945 to 1970 as living standards rose sharply in contrast to the Depression and war years, and social inequality lessened. But it all began to unravel with the revival of the Japanese and German economies and their challenge, not only in global markets, but in the US market itself.

The response of America's corporate and financial elite was to embark on an offensive against the working class to make workers pay for the decline in the global position of US capitalism. Opposing any challenge to capitalism, the trade unions quickly became the direct instruments for imposing the dictates of big business on the working class.

A major turning point was the Chrysler bailout of 1979-80, when the UAW collaborated with the nearly bankrupt company and the Democratic Carter administration in inflicting concessions that would over the course of a few years wipe out 60,000 jobs and cut wages by \$10,000 per worker.

In exchange for massive givebacks, Chrysler CEO Lee Iacocca took the unprecedented step of appointing UAW President Douglas Fraser to the company's board of directors. The UAW collaborated with Iacocca and then-Chrysler Executive Vice President Richard Dauch to use the threat, real or otherwise, of plant closings to blackmail workers into accepting concessions to “save” the company.

By the early 1980s the UAW had abandoned any pretense of waging a struggle against the employers and openly embraced the outlook of corporatism.

Its officials claimed that the class struggle had been superceded by the struggle of American industries against their economic rivals in Japan, Germany and elsewhere. The union promoted “Buy American” campaigns, flag-waving chauvinism and anti-Japanese racism in an effort to convince workers that the enemy they faced was not the corporate billionaires but foreign workers who were supposedly “stealing” American jobs.

This was not just an American phenomenon. In the face of globalization of capitalist production, all the nationally based trade unions—including the Canadian Auto Workers, IG Metall in Germany, the British TUC—have been transformed from organizations that placed pressure on employers to increase wages and benefits into organizations that pressure their members into accepting concessions to attract investment.

I've spent some time reviewing these past experiences because the way forward for American Axle workers and the working class as a whole must be drawn out of a critical assessment of the failed and false policies of the trade unions. New organizations of the working class are required—but they must be based on a diametrically opposed strategy.

American Axle's Dauch declared last week that he was prepared to move production from the four strikebound plants to Mexico if workers did not accept huge wage and benefit cuts. “We have the flexibility to source all our business to other locations around the world,” Dauch told the *Detroit Free Press*, “and we have the right to do so.”

In a fundamental sense, the corporate CEO does have the legal ‘right’ to shut his factories and devastate the lives and communities of workers and their families. The capitalist system is based on the private ownership of the means of production, on the institutionalized exploitation of workers, who are forced to sell their labor power.

For all the talk about democracy in the US—in the sphere of economic life, in the decisions that directly impact the lives of millions of people—there is no democracy. Every company is run as a dictatorship of capital over labor.

In opposition to the right of Dauch and others to throw people out of work and slash wages, workers must assert the right to a decent job and home, the right to quality education, the right to health care, the right to social equality. But the demand for these rights comes into immediate conflict with the anarchy of the private ownership of production.

The past three decades have revealed the fraud of the UAW's claims that its labor-management “teamwork” programs gave workers a say-so in corporate decision making. That is impossible, as long as the factories remain in the hands of the capitalist owners and big investors.

This fraud must be replaced with genuine industrial democracy, which is only possible by establishing workers' control over production. Factory committees—made up of production workers, along with engineers, technicians, accountants and other experts committed to the interests of working people—must take charge of all business decisions affecting work, safety, salaries, hiring and hours.

The financial books of all corporations must be opened for inspection by the workers and management personnel selected on the basis of proven

competence and a democratic vote of all employees, and their salaries limited to the level of skilled workers. The huge payouts for Dauch and other top executives must be frozen and the tens of millions they have squeezed out of the company returned.

If the auto industry is to be run for the good of society, it must be transformed into a publicly owned enterprise and integrated into a planned socialist economy.

Such a program is anathema to the big business politicians in both parties. It is significant that neither Clinton nor Obama has uttered a word about the longest auto strike in a decade. This is because—despite their claims to support workers—both are beholden to big business, having received \$1.1 million from the transportation sector, including auto executives from American Axle, GM, Ford and Visteon.

For years, workers have been told socialism was contrary to human nature. The market, we were told, was the most rational and efficient form of economic organization, which rewarded those willing to take risks and work the hardest. Now that the financial system is melting down, the government is intervening to carry out a massive bailout at taxpayers' expense of Bear Stearns and other big investors and executives. For the wealthy there is 'socialism,' but for working people facing foreclosures and other ravages of this economic crisis there is nothing but the hard stick of capitalism.

The vital decisions on where to invest society's financial resources—the product of the labor of the working class—must be made democratically by the people, not behind closed doors by speculators and other financial parasites.

To accomplish this workers must break with the Democrats and Republicans, shake off their prejudices about socialism, and build a powerful political movement, which aims at the revolutionary reorganization of social life to meet the needs of the vast majority on this planet, not a financial aristocracy that has demonstrated its inability to run society.



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