

# UAW preparing agreement to slash American Axle workers' wages, close plants

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The United Auto Workers union is close to reaching an agreement with American Axle & Manufacturing that will accept company demands on every major issue, including cutting wages and closing at least two plants. More than 3,600 workers have been on strike at AAM for ten weeks.

Details of the agreement have been reported on blogs run by American Axle workers and in the media. The *Detroit Free Press* reported on Thursday that a framework for a settlement was near, and would include the closure of two plants, substantially lower pay for all workers, and the breaking up of the national agreement into separate plant-by-plant contracts. The newspaper cited “people briefed on the talks” as the source for its information. Talks are expected to continue throughout the weekend.

According to the *Free Press*, wages would be cut to \$17 an hour for production workers, \$14 for non-production workers, and \$25.50 for skilled trades workers.

Before the strike, American Axle workers earned \$28.15 an hour, with skilled trades at more than \$30 an hour. The terms outlined above would mean a pay cut of between \$11 and \$14 an hour (or upwards of \$25,000 a year) for most workers.

Prior to the strike, the UAW had agreed to substantial wage cuts that would have given workers a few dollars an hour more than what they would receive under the framework reported by the *Free Press*.

Two forging plants would be closed—at Tonawanda, New York, and in Detroit, Michigan. A third plant in Three Rivers, Michigan could also be closed.

Shutting down the Detroit forge plant would mean the loss of hundreds more jobs in a city that has been devastated by the decline of the US auto industry and

the outsourcing of labor to cheaper locations in the US and internationally.

The closure of the Tonawanda plant would likely mean the end of American Axle's operations in the Buffalo, New York area, further devastating a region that, like Detroit, has been hit by the destruction of its manufacturing base. Tonawanda employs about 400 workers, and a companion finishing plant, whose future existence is also questionable, employs about 110. Last year, American Axle idled a plant in Buffalo that once employed over 2,000 workers.

According to reports on blogs run by American Axle workers, the company was prepared to keep the forge plants open if the workers accepted \$10-\$14 an hour wages for production workers. If the forges are shut, the work there will be replaced by low-wage plants in the US and Mexico.

The closure of these plants will leave only two remaining—the manufacturing facilities in Detroit and Three Rivers, provided that the latter remains open. Extremely significant is the proposal to break up the remaining plants into separate contracts. This framework, which has been adopted by the UAW at other auto parts suppliers, would serve to pit the different plants against each other in a competition for lower wages and benefits, under the threat of closure.

AAM is reportedly threatening to close Three Rivers in one year if the concessions are not high enough. The company is insisting on a clause that would allow it to shut the plant down if the company's financial situation worsens.

Over the past 25 years, the UAW has worked to impose concessions by blocking any mobilization of workers across the auto industry. Separate contracts are negotiated at separate companies, and concessions at one become the foundation for demanding concessions

at another. This model is now being extended within each company itself, as a means of breaking up any solidarity among the rank-and-file.

In an attempt to push through the concessions, American Axle and the UAW are reportedly discussing a \$140,000 buyout and \$90,000 buy-down package. Workers who accept the buyout package have little opportunity for gaining decent-paying employment elsewhere, and also face the loss of health benefits.

Wall Street responded positively to the *Free Press* story, interpreting the news as a sign that major concessions could be won from the workers, thereby boosting investor profits. Lehman Brothers auto analyst Brian Johnson wrote in a note, “We believe that the implication from the emerging details of the agreement being worked out between AXL [American Axle] and the UAW is bullish for AXL.”

On Friday, workers on the picket line in Detroit reacted with anger to the contract terms reportedly being discussed. Scott, a worker with 14 years’ seniority, said, “They want to buy us down to Third World wages. With the rising cost of gas and groceries, it is going to have a devastating effect. There are people out here who will not be able to live off \$17 an hour, people who have homes and car payments to make.”

About the role of the UAW, Scott remarked, “The policy is—win for the company lose for the blue collar.”

Dwayne responded by saying, “To me it seems like American Axle preferred a strike. They knew they could get the work from the plant in Mexico and they are saying you can stay on strike for as long as you want. I believe AAM and General Motors had this worked out. They decided they were going to wear us down to get what they wanted.”

One worker told the WSWS, “This betrayal is the fault of the international union. When they cancelled the rally last Friday we knew they were selling us out. We knew from this act alone that the bottom was falling out. We are not as dumb as they think.”

Another worker said, “They say they are for us, but they aren’t and we know it. How can you have unity in the union when workers are paid two different wages for the same job?”

Plans for a sellout underscore the fact that there is no way for workers to oppose the demands of American Axle so long as the strike remains under the control of the UAW bureaucracy. While workers face an enemy

in the form of American Axle’s corporate management and CEO Richard Dauch, they face a no less bitter foe in the UAW.

It is critical that strikers elect rank-and-file committees to take the strike out of the hands of the UAW bureaucracy. These committees should make a direct appeal to workers throughout the auto industry—in the United States and internationally—to wage a common struggle against the concessions imposed by the corporations. The committees should organize opposition to any proposed concessions contract and prepare to mobilize a “no” vote.

The issues facing American Axle workers are of a piece with those faced by workers throughout the country and internationally. Fundamentally, auto workers confront the consequences of the failure of capitalism, a social system defended by the unions and both big business parties. A new political movement of the working class is necessary, and the SEP urges American Axle and other auto workers to attend our May Day Meeting to discuss the basis of this movement:

### **May Day 2008: Capitalism, socialism and the working class**

Sunday May 4, 3 pm

Wayne State University

Bernath Auditorium, David Adamany Undergraduate Library

5155 Gullen Mall

Detroit, Michigan



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Socialist Equality Party visit:

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