

The political lessons of the American Axle strike

World Socialist Web Site, Socialist Equality Party
22 April 2013

American Axle workers began to return to work earlier this week, after the end of a three-month walkout in Michigan and New York. The struggle—one of the longest walkouts in the auto industry in decades—ended in a bitter defeat for the workers.

More than half of the returning 3,650 workers, including 1,100 in Detroit, will lose their jobs. The remaining will see their wages cut from \$28 an hour to \$18.50 and in some locations as low as \$10.

In a conference call to Wall Street investors Wednesday corporate CEO Richard Dauch said the new deal would reduce all-in labor costs by 50 percent—saving the company \$300 million. “I am pleased to report,” he boasted, “we have achieved all of these goals.”

That the hated contract was ratified by a 78 percent margin was testimony to the lack of confidence in the United Auto Workers union to obtain anything better if workers remained on strike. Even before the walkout began, the UAW signaled its willingness to impose substantial wage cuts. Then the union left workers isolated on the picket lines for 87 days and paid meager strike benefits of \$200 a week. In the end, the UAW brought back the concessions agreement and told workers, “Take it or leave it.”

Acting on the belief that there was no alternative, workers voted for the deal with most opting to take the buyout now or in the near future. Many, no doubt, will join the migration of ex-auto workers out of Michigan, where 143,000 auto jobs—or 45 percent of the total—have been wiped out since 1999.

The UAW betrayal at American Axle—like at Delphi and the Big Three concessions before it—will be used to set a new benchmark for the permanent lowering of wages. Hit by high gas prices, the credit crunch and slumping sales, General Motors and Ford have already announced sharp reductions in the production of light trucks and SUVs.

This is only a prelude to a new round of mass layoffs, bankruptcies and concession demands in the auto industry, the airlines and the rest of the US economy. The corporate executives and investors will not be satisfied until the auto industry is a low-wage sector in which workers have no benefits or job security.

The Socialist Equality Party has long been attacked by various middle class lefts for its insistence that the UAW and the AFL-CIO are no longer working class organizations and that workers must break from these corporatist organizations, a position adopted by our party in the early 1990s. The outcome of the American Axle strike and the whole trajectory of the unions for nearly three decades, however, demonstrate the correctness of this position.

The labor “lefts” play an absolutely critical role on behalf of the trade union bureaucracy, seeking to encourage illusions that the UAW and other unions can be reformed. While doing nothing to mobilize

workers against the betrayal of the strike, these ex-radicals and union dissidents—including Wendy Thompson, the former local union president at the Detroit American Axle plant and a supporter of *Labor Notes*—repeatedly uphold the authority of the UAW, claiming the strike could be won by pressuring the union leadership to fight.

In the end, these individuals function as political agents of reactionary organizations who participate in the exploitation of the workers. Since the early 1980s there has been an endless chain of betrayed strikes, year after year—but for such groups as Workers World, the International Socialist Organization, and the Spartacist League, no conclusions are ever to be drawn.

They all insist that trade unionism—and its perspective of reforming capitalism—is still a viable perspective for the working class. For them, the need for workers to build a political movement to fight for a socialist alternative to the capitalist system is rhetoric, at best.

But this is precisely what is needed. The American Axle strike is part of a broader struggle of the working class in the US and internationally, which is occurring under conditions of an unprecedented crisis of the world capitalist system.

Millions of workers are facing home foreclosures, attacks on their jobs and livings standards, and devastating rises in the price of gas, food and other living expenses. These are all manifestations of the bankruptcy of capitalism, an economic and political system that subordinates the needs of working people the world over to the demands for profit and an ever-greater enrichment of the corporate and financial elite.

The heyday of trade union reformism was the post-World War II boom, when US industries controlled the world market and Japan and Germany were still recovering from wartime destruction. Explicitly rejecting a break with the Democratic Party and a political struggle against the capitalist system, Reuther and the other UAW leaders bet the future of the working class on the continued world dominance of American big business.

The claim that the interests of workers and the corporations could be reconciled was blown apart in the 1980s, when in response to the historic decline in the global position of the US, corporate America unleashed a wave of attacks on the jobs and living standards of US workers, which continues to this day.

As the US economy increasingly lost ground to its Japanese and European rivals, the most powerful financial interests deliberately pursued a policy of deindustrialization, which has led to the destruction of some 5 million manufacturing jobs since 1979, and an unrelenting attack on the living standards of American workers. This was aimed at freeing up capital from unprofitable industries in order to invest it in various forms of financial speculation, including the

housing and subprime mortgage bubble.

At the same time, US corporations increasingly shifted production to low-wage areas to reduce costs, compete against their foreign rivals and guaranteed vast profits from the exploitation of impoverished workers in Latin America and Asia. American Axle, for example, opened up a plant in Guanajuato, Mexico, where workers are paid a daily wage or around 130 pesos, or \$12.50.

Corporate CEO Richard Dauch—who has pocketed \$250 million since taking over the company in 1994—is typical of the social layer that has benefited at the direct expense of the working class.

Over the last three decades, 80 percent of the net income gains in the US have gone to the richest 1 percent of the population, which now controls the largest share of national income since 1928. These 300,000 people—whose incomes have risen to an average of \$1.1 million—collectively enjoyed almost as much income as the bottom 150 million Americans. Per person, the top group received 440 times as much as the average person in the bottom half earned, nearly doubling the gap from 1980, according to tax data.

Shortly after the strike began Dauch threatened to close his US plants and shift production to low-wage countries if workers did not accept his demands. Since the UAW fully accepts and defends the capitalist system, it has no answer to this economic blackmail.

Unwilling and incapable of fighting for the international unity of the working class, the UAW sought to convince the company to maintain a minimal number of jobs in the US by offering ever-lower wages and worse working conditions. The new deal reportedly includes assurances by the company that it will recognize the UAW at non-union plants in the US and expand production at factories in Michigan and Ohio where the UAW signed separate wage agreements, reportedly paying as little as \$10 an hour. This will assure that the UAW bureaucracy continues to collect union dues, even though workers are making near-poverty wages.

The culmination of its support for the capitalist system has been the transformation of the UAW into a profit-making business itself. Last year the union increased its income from investments, even as its membership fell by more than 70,000 and workers suffered devastating job losses and wage reductions.

In exchange for the two-tier wage agreement accepted by the UAW at GM, Ford and Chrysler last year, the union was given control of a multibillion-dollar retiree trust fund and tens of millions of shares in GM and Ford stock. This will give the entrepreneurs who head the UAW a direct financial stake in the continued attack on auto workers' jobs and living standards.

The UAW has demonstrated its utter worthlessness from the standpoint of defending the interests of the working class. It is not a working-class organization, but an organization controlled by an upper-middle-class layer whose interests are hostile to the members it ostensibly represents.

Here it is not just a matter of the individual corruption of certain union officials or a lack of the will to fight, as claimed by the various lefts. At issue is the union's role in subordinating the workers to the capitalist system. The political form this takes is support for the Democratic Party.

Workers must break from these pro-company organizations and build new organs of struggle. Above all, workers must organize, not simply on a workplace-by-workplace basis, but as an international class whose common interest is to reorganize economic and political life to meet the needs of the majority of society, not the wealthy few.

The global auto industry involves the collective labor of tens of

millions of working people, including factory workers, engineers, scientists and others. It consumes vast amounts of the world's resources. This enterprise cannot be left in the hands of corporate executives, hedge fund managers, and other financial speculators whose sole interest is not the provision of safe and affordable transportation but rather to augment their personal fortunes. This has led to the squandering of vast amounts of human labor and essential resources and laid waste to entire industrial cities like Detroit and Buffalo.

If the auto industry is to be run for the common good, not private profit, it must be put under public ownership and the democratic control of working people, as part of the establishment of a planned, socialist economy. Only in that way can the great advances in computerization, robotics and international integration of production be used for the benefit of all and the livelihoods of those who produce transportation be secured.

Such a program is anathema to the Democratic Party, which like the Republican Party, defends the profit system.

It is significant that both Democratic presidential candidates remained silent about the strike until the eve of the sellout by the UAW. In a speech at a suburban Detroit community college, Obama sought to combine supposed sympathy for the strikers with praise for the improved innovation and competitiveness of the US auto companies. But the auto companies have only improved their competitive position through a ruthless attack on the jobs and living standards of auto workers.

It is not possible to reconcile the interests of corporate America and Wall Street on one side, with those of the working class on the other. If he makes it to the White House, Obama—who like every other capitalist politician is backed by vast amounts of corporate cash—will loyally defend big business and seek to make the working class pay for the deepening crisis of American capitalism.

The American Axle strike demonstrated the irreconcilable conflict that lies at the heart of American society and throughout the world: the class struggle. For the working class to unite and fight for its common interests it must combine in a political movement aimed at a fundamental reorganization of society's priorities.

The needs of the working class—for decent paying jobs, health care, education, housing and a world free from war—must take precedence over the selfish and destruction drive for individual profit. The guiding principle must be the fight for social equality, the elimination of poverty, and the raising of the living standards of the world's people through the conscious and rational use of mankind's productive resources.

The fight for this socialist perspective is the only way to revive the workers movement in the US and internationally. We urge auto workers and all workers to study the history and program of the Socialist Equality Party and make the decision to join and help build it as the new revolutionary leadership of the working class.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact