Buyer of GM Indianapolis plant demands 50 percent wage cut

Who is JD Norman?

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The World Socialist Web Site *encourages workers in Indianapolis and auto workers throughout the country to write to the WSWS with their reactions, comments and experiences. These comments will be posted on the WSWS as part of an ongoing discussion on the necessary strategy to oppose the corporate-driven attack on the working class.*

Workers at General Motors' Indianapolis stamping plant continue to resist demands by the United Auto Workers and GM that they accept a 50 percent wage cut in order to secure a new buyer for the 80-year-old plant. GM previously scheduled the closure of the 2.1 million square foot facility by 2011 as part of its bankruptcy restructuring.

On August 15 Indianapolis workers threw UAW International officials out of their local union meeting and forced the cancellation of a vote on a new contract, which the UAW negotiated behind their backs with potential buyer Justin Dennis Norman. The deal would have scrapped the current UAW-GM contract, which contains a successor clause guaranteeing workers their current wages, job protections and transfer rights in the event GM sells the plant.

In a press conference last week, Norman reacted angrily to the rebuff by the workers and demanded a revote. He repeated the claims first circulated by UAW Region 3 Director Maurice Davison that only a small number of workers opposed the wage-cutting deal and insisted, "You can't let a very loud minority take this facility down."

Posing as a savior of the workers, he said, "I'm not going to apologize to keep a plant open and jobs going." The factory would shut down and all the jobs would be lost, he said, unless there were "fundamental changes in the way the plant is operated."

Listening to the praise from the UAW, GM, the media and Indiana officials from Governor Mitch Daniels to Indiana Commerce Secretary Mitchell Roob, one would get the impression that Norman is motivated by a philanthropic desire to revive American manufacturing and save jobs. A profile in the *Indianapolis Star* last May, for example, presented Norman as a former college athlete who suddenly left a lucrative career as a Wall Street stockbroker because "he decided to be a manufacturing man."

Norman's career as a "manufacturing man" is based on the view that there is money to be made by buying up existing plants and sharply reducing wages and benefits for workers.

There is not a great deal published on the career of the 34-year-old CEO of JD Norman Industries, a start-up company based in Addison, Illinois launched in 2004. Norman's net worth, the financing he has received from major banks and private equity firms to buy the Indianapolis stamping plant and the conditions workers face inside the factories he already owns are closely kept secrets.

It is known that the graduate of University of Chicago's business school was a stockbroker in the Chicago office of Morgan Stanley, where he was part of a small team advising investors cashing in from the sale of industrial companies. According to the *Indianapolis Star*, Norman "advised clients who had sold their own factories and grew fascinated by the entrepreneur's life. Just when he was in secure reach of a hefty income as a financial adviser, he decided to make a career shift."

The mid-2000s saw a virtual gold rush of private investment into auto and auto-related companies. According to a report by the investment consulting firm KPMG, between 2004-2007 private equity firms and individuals like Cerberus, The Carlyle Group, Blackstone and billionaire Wilbur Ross saw distressed auto companies and suppliers as "buying opportunities for savvy investors." Most of the "smart money" it said, "was targeted toward underperforming assets with the

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intent to turn them around or unlock value through spin-offs."

Value was "unlocked" through the destruction of hundreds of thousands of jobs, the dumping of pension and health care obligations and vicious wage cutting. Once stripped, private investors "flipped" the companies at an enormous markup.

While Norman was certainly a smaller player, he no doubt saw the same opportunities. Under the sub-title, "Creative Destruction," the *Star* article continues, "Oddly enough, Detroit's crisis helped launch Norman's industrial career. In 2004, Norman saw an opportunity. He bought little John Amann Sons, a metal stamper near Addison supplying metal pieces to big auto parts companies. Then, he bought KL Industries, a bankrupt Addison metal stamper known for decades as KL Spring and Stamping."

As for the workers in the plants, the article notes, "The success, though, wasn't lasting for all. Many of KL's production workers in Addison were let go in 2008, victims of the recession."

Norman's next acquisitions were a manufacturing plant in Monterrey, Mexico, to supply many US-owned plants in northern Mexico, and HSM Industries de Mexico, a metal stamping plant that was integrated into the Monterrey factory.

The *Star* notes that Norman, after buying the giant Indianapolis plant, could simply tear down large parts of the facility, and "move some of its new GM work—if it does land big orders" to its lower-wage stamping plant in Monterrey.

The prospects of shifting work to Mexico, usually prompts howls of "Buy American" nationalism and anti-Mexican chauvinism from the UAW. This has not been the case this time.

"So far, the prospect of relocating work to Mexico hasn't worried UAW officials," the *Star* notes. Citing the comments of former UAW Local 23 chairman at the stamping plant Bill Matthews, it continues, "After all, Indianapolis is in the middle of the American automotive belt, Matthews said. Aggressive marketing by Norman Industries could secure orders from US and Japanese auto plants in Illinois, Indiana, Michigan and Ohio."

In other words, the UAW and Norman are counting on the imposition of poverty wages at the Indianapolis stamping plant to insure continued business opportunities. This will be achieved by undercutting GM workers at the company's remaining US stamping plants in Marion, Indiana; Flint, Michigan and Parma, Ohio.

For its part, GM is looking to set off a bidding war, with the assistance of the UAW, to drive down wages at all of its stamping and parts plants. This is what it accomplished with the spinoff of American Axle and Delphi in the 1990s. The goal is to reduce all auto workers, not just new hires, to poverty-level wages with few or no benefits.

The destruction of auto workers' wages was at the center of the restructuring of GM and Chrysler by the Obama administration and the Wall Street investors in charge of the Auto Task Force last year. Now, after back-to-back $1 billion-plus quarterly profit results, GM is planning an IPO sale of its stock that will net a fortune for its top executives and investors.

As part of the restructuring, the Indianapolis stamping plant was one of the "old assets" dumped into Motors Liquidation Inc., set up by the bankruptcy court. This vast industrial resource—which once employed 5,600 workers—is being sold off, along with its remaining 660 workers, just like any other commodity on the market.

Real estate corporation CR Richard Ellis posted a flyer on the Internet that explained the "value" of the 101-acre site. Among the attributes it lists is that the plant sits on riverfront property near downtown Indianapolis—a profit opportunity, which would no doubt arise if Norman sold it off and leveled the plant.

The actions of JD Norman are in line with the overall strategy of American capitalism, led by the Obama administration, to revive production on the basis of cheap labor and a permanent reduction in the living standards of workers.

The Indianapolis workers have taken a courageous stand against the plans of GM, JD Norman and their servants in the UAW. However, for this struggle to be successful it must be consciously linked to a fight by the entire working class against the destruction of its wages, jobs and living standards.

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