Obama at Master Lock: “Insourcing” for cheap labor

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In recent weeks, President Obama has repeatedly celebrated the “insourcing” of jobs to a Master Lock factory in the Midwestern city of Milwaukee. The factory, the president has said, is a model of his plan to attract manufacturing jobs back to America by promoting a highly productive low-wage workforce.

In his speech at the Master Lock plant last month, Obama stated that, “Our job as a nation is to do everything we can to make the decision to insource more attractive [jobs] for more companies.” This has also meant a concerted push for lower corporate taxes, while working on every front to push down workers’ living standards.

The president congratulated himself on the supposed successes of the auto industry bailout: “We got workers and auto makers to settle their differences. We got the industry to retool and restructure. And today, the American auto industry is back.”

The restructuring of the auto industry, while contributing to record corporate profits, weighs heavily on the backs of auto workers. Auto workers have seen their benefits cut and new-hires have witnessed a 50 percent reduction in wages. In this context, workers everywhere should view Obama’s statement, “What’s happening in Detroit can happen in other industries,” as a threat.

Of course, Obama’s speech made no mention of the social and economic crisis, which has devastated large swaths of the city of Milwaukee. The Master Lock plant is located in an area of the city hardest hit by the economic depression and the process of deindustrialization. The surrounding neighborhoods, full of abandoned and gutted homes, are mute evidence of the foreclosure crisis. Except for the Master Lock facility, the industrial corridor that Obama visited is composed of abandoned and decaying factories, which serve as a cruel reminder to residents of the good paying jobs that once existed.

A report released last month by the University of Wisconsin Milwaukee’s Center for Economic Development revealed historically low employment numbers. In 2010, the employment rate for working age black males in the metropolitan area was amongst the lowest in the nation at 44.7 percent. According to the 2010 Census, nearly half of young people in the city live in poverty, while a full quarter of families live in poverty.

For the corporations and the government, desperate conditions like these present a wonderful opportunity.

Founded in Milwaukee in 1921, Master Lock manufactures combination locks, padlocks, and other related security devices, maintaining its operating headquarters in the city. American Brands (later renamed Fortune Brands) purchased the company in 1969. Master Lock is currently operated by Fortune Brands Home and Security, which was split off from Fortune Brands in 2011.

In 1999, Fortune Brands moved Master Lock manufacturing to Mexico and China, drastically reducing operations at the Milwaukee plant. This put approximately 1,154 workers represented by the United Auto Workers (UAW) out of work. In 2009, UAW Local 469 agreed to a five-year contract that began the process of “insourcing” of jobs back to the Milwaukee

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facility.

The contract established a “pay for knowledge” program, which would give workers a 50 cent hourly raise for each of four training modules of Manufacturing Skill Standards Certification completed through the local Milwaukee Area Technical College. Workers could see a $2 an hour wage increase if they successfully completed all four modules.

The average hourly wage at the Milwaukee Master Lock facility in 2008 was $19.65. The lowest paid workers made $13.00, which, at 40 hours a week, would have put them just above the poverty line for a family of four. Obama’s push for insourcing is made possible by the near poverty wages faced by new-hires at places such as Master Lock.

At the beginning of 2011 it was announced with great fanfare by Master Lock and the UAW that a handful of jobs would be brought back to the Milwaukee facility. This was seized upon the Obama administration as an opportunity to illustrate its vision of a highly productive low-wage American work force. On the day that Obama visited, the Milwaukee plant was operating at full capacity with 412 workers, less than 50 percent of the number that were employed in 1999.

The local UAW leadership claims that there were no wage concessions made in the 2008 Master Lock contract, but exact details of the contract have not been made available. The slashing of wages and benefits in the 2009 auto bailout as dictated by the Obama administration has set a precedent that will surely be reflected at the end of the five year Master Lock contract in 2013.

UAW President Bob King praised Obama’s push for “insourcing” and leveling the “global playing field for US manufacturers.” King said nothing about defending the living standards of the workers he supposedly represents. King has stated that the UAW is “ready, willing and able to do what it takes” to make the auto makers profitable.

UAW bureaucrats from King on down serve to bargain away workers’ benefits and wages while being generously remunerated through dues payments. Their complicity in the 2008 auto bailout has made it crystal clear that the UAW bureaucracy has transformed itself into a corporatist labor management tool and does not represent the interests of the working class.

Republicans such as Wisconsin Governor Scott Walker believe they can create a low-wage work force by completely eliminating unions. In opposition to this, Obama and the Democrats argue that the best way to get workers to accept poverty wages is with the help of the union bureaucrats.

Last spring in Wisconsin, tens of thousands of workers and students protested Walker’s cuts to jobs, wages and benefits and his government’s attack on workplace rights. Democrats and union officials worked together to channel the protests—which erupted independently of the unions—behind the Democratic Party and ultimately to dissipate them.

Union leaders told teachers to go back to work after they engaged in spontaneous strikes, discouraged the popular calls for a general strike, and voiced support for reductions in wages and benefits. The unions limited the fight to the question of the right to collective bargaining and funneled workers’ political resolve into futile recall campaigns.

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