

# UAW shuts down strike at Kansas City auto parts supplier plant

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Workers at the Challenge Manufacturing plant in Kansas City, Missouri voted to accept a labor agreement negotiated by United Auto Workers (UAW) Local 710 on February 22. The deal, the first UAW contract with the company, ended a three-week strike by workers against the tier 1 auto parts company, which supplies the nearby General Motors Fairfax assembly plant.

The settlement left the 290 workers at Challenge with substandard pay rates, far below the pay at GM and other US automakers, which have been deeply eroded over years. This is in line with the decades-long policy of the UAW of imposing a low wage regime in the auto parts industry to lower costs and boost the profits of Detroit's Big Three automakers.

Workers at the Kansas City plant voted the UAW in as their bargaining agent in November 2016, about a year after Challenge set up shop in the 423,000-square-foot facility on Kansas City International Airport (KCI) property.

Challenge Manufacturing, ostensibly an employee-owned company, opened the KCI facility in late 2015 after being lured by Kansas City council member Scott Taylor and a team of local economic developers. They offered a handsome package, including \$56 million in industrial revenue bonds, personal property tax abatement at 75 percent for 10 years and sales tax abatement of about \$4.6 million.

The incentives package, dubbed "Project Walker," after Walker, Michigan, the location of Challenge's headquarters, was prepared behind the scenes and kept under wraps until a Planning, Zoning & Economic Development Committee meeting just prior to its approval by the city council.

A cost benefit analysis showed that the deal would strip the Park Hill School district of about \$3.56 million over 10 years. In exchange for all this, Challenge pledged to provide a mere 375 jobs.

Workers at the plant produce stamped and welded sheet metal parts, such as floor pans, for the GM factory that produces the Chevrolet Malibu and Buick LaCrosse. Most were working for about \$12-\$14 per hour without a contract when they walked off the job February 2.

The *World Socialist Web Site* has written previously on the question of so-called worker buyouts or Employee Stock Ownership Plans (ESOPs). These usually involve the issuance of stock to employees in exchange for concessions in wages, pensions and health care. However, real control rests in the hands of the banks and finance houses that fund the deal, not the supposed worker "owners." In the case of Challenge Manufacturing the fraud of employee ownership is demonstrated by the fact that workers felt compelled to strike against their "own" company.

On the picket lines workers described being forced to work 12-hour shifts at a moment's notice, often for six or seven days a week. Also, they are forced to pay out of pocket for the personal protective equipment that is needed to perform their work safely.

One worker posted on indeed.com in January, "They treat their employees like indentured servants, worked there several years and never got a review. Had to fight for pay raises, and was never given any direction from upper management."

All signs point to the strike being a stage-managed affair between the UAW and Challenge Manufacturing bosses designed to let off steam and break the resistance of the young workforce with minimal impact to the company. This was demonstrated by the fact that the UAW prevented mass picketing to block management's use of temporary employees as strikebreakers, thus allowing the GM Fairfax plant to continue operation without disruption.

According to GM spokesman Tom Wickham, the three-week strike had no impact on production at the assembly

plant. Likewise, the deal accepted by the UAW starts workers at a near poverty pay rate of \$15 per hour, which is reportedly on par with other Challenge plants. This, the net result after three weeks of “difficult negotiations,” in the words of UAW President Dennis Williams.

Challenge had previously negotiated contracts with the UAW at other facilities in St. Louis, Missouri and Arlington, Texas with no work stoppages. No details of those settlements are currently available.

The treachery against the auto parts workers coincides with the UAW collusion in the destruction of the jobs of more than 3,000 GM workers in Michigan and Ohio. March 3 is the scheduled last day of work for 1,300 workers at the GM Detroit-Hamtramck plant when the company eliminates the second shift. GM previously eliminated shifts at plants in Lansing, Michigan and Lordstown, Ohio.

UAW officials were aware that workers at the Fairfax plant were the first to reject a tentative, sellout, agreement in the national UAW-Big Three auto contract negotiations in 2015. Fearing the defeat of the contract, which had already been rejected by Fiat Chrysler workers, the UAW launched a campaign of intimidation and lies to push the contract through—even after skilled trades workers rejected it. The UAW-Big Three contracts expanded the use of lower-paid temporary workers who could be hired and fired at will.

After three weeks on strike the UAW abruptly announced a tentative agreement with Challenge on February 21, and brought the contract to a vote in less than 24 hours, giving workers no time to seriously review the details.

Auto parts workers are now some of the lowest paid and most exploited manufacturing workers in the United States. Following the mass industrial struggles of the 1930s and 1940s auto parts workers had achieved near parity pay with workers at GM, Ford and Chrysler.

However, beginning in the early 1980s the UAW collaborated with management to isolate and crush a series of strikes by US auto parts workers with the goal of lowering the costs of parts and boosting the “competitiveness” of the Detroit-based auto giants. This was part of the overall abandonment by the UAW of any defense of the past gains of autoworkers and its adoption of a corporatist strategy of union-management collaboration.

Then, in the 1990s, US automakers spun off their own parts divisions—Delphi (GM) and Visteon (Ford). The goal was to renegotiate the wages and benefits of parts

workers to impose lower wage rates with the assistance of the UAW. A series of bankruptcies followed, which were accompanied by the UAW imposing further attacks on auto parts workers.

In exchange for the services of the union leadership in crushing resistance to concessions, the Detroit automakers encouraged auto parts suppliers not to interfere with the efforts of the UAW to “organize” their employees and suppress opposition. The UAW has signed a series of sweetheart, pro-company contract deals, which include minor wage increases designed to stop high turnover rates, lower retraining costs and stabilize the low-paid workforce.

For example, last year *Crain’s Detroit Business* reported that the UAW was in preliminary talks with Lear Corporation about imposing substandard pay rates for jobs that the company plans to move from Mexico to Detroit. According to Lear, the deal would include a low-tier wage based on an apprentice-like structure and could ultimately involve as many as 5,000 workers.

In 2008, the UAW betrayed the 87-day strike of 3,600 workers at American Axle & Manufacturing (AAM) at the former GM plants in Detroit, western Michigan and upstate New York. More than half the workers lost their jobs, the flagship plant in Detroit was closed and leveled, and the betrayal paved the way for the UAW’s collusion in Obama’s 2009 restructuring of GM and Chrysler, which halved the wages of all new hires. Earlier this month AAM announced it was merging with Michigan-based Metaldyne Performance Group in a \$3.3 billion deal, which could signal a new round of consolidation of the auto parts industry and a new assault on the jobs and living standards of components workers.

The National Employment Law Project reported in a 2014 study that real wages for auto parts workers fell by nearly 14 percent between 2003 and 2013. Currently, auto parts workers make about one-third less than the typical auto assembly line worker. These poverty wage levels will be maintained by the UAW deal at Challenge Manufacturing.



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