

Union rejects strike action as locomotive maker Wabtec imposes two-tier contract

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Saying no contract was reached, locomotive and air brake manufacturer Wabtec imposed a concessions contract Monday, including a two-tier wage scale, on 1,700 workers at its newly acquired plant in Erie, Pennsylvania.

Workers at General Electric Transportation, now Wabtec, voted overwhelmingly Saturday to strike against demands by management to institute a two-tier wage system and other concessions at the plant that produces locomotives and other materials for freight trains.

Wabtec completed the takeover of the former GE Transportation plant on Monday.

Ignoring the vote of the workers and seeking to defuse their anger over the company's actions, officials of the United Electrical (UE) workers local 506 and 618 were quick to say workers would not go on strike, calling the vote only a "strike authorization."

Instead, union officials resumed negotiations on Sunday and proposed a federal mediator be brought in and the two sides agree to a 30-day extension of their current contract while they negotiated over the concessions.

UE Local 506 President Scott Slawson indicated that the union needed time to push through concessions. He told *Erie News Now* that a settlement wouldn't be reached now and the company should agree to an interim agreement based on the current contract so that "both sides get a chance to look through those and get to know each other and negotiate something different."

The union held what they called a "practice picket" for two hours on Friday outside the plant. But as of the writing of this article the UE had not called an actual strike despite the company's unilateral imposition of concessions.

Wabtec rejected the union's proposal to extend the

old contract and instead told workers that they would be working under its terms and conditions. Neither the union nor the company have made public the wage offer, but many workers have indicated that the second-tier workers would receive about half the pay of current workers.

Wabtec has said that the lower pay would apply to both new hires as well as the more than 450 union members who are currently laid off, but who might get called back.

Wabtec is also imposing mandatory overtime requirements, cutting vacation time and limiting when and how vacation time is taken, changing workers' schedules to allow the company to employ workers at various shifts to reduce overtime, forcing them to use accrued vacation time when the plant is idled, and making changes to job classifications, allowing the company to force workers to perform jobs they are not trained for.

Wabtec claims that the changes are needed to make the Erie plant more competitive and keep labor costs in line with contracts already negotiated by the UE at its other plants, especially, its flagship plant near Pittsburgh.

Wabtec bought the plant as part of its \$9 billion takeover of the General Electric Transportation division. The deal gave GE \$2.9 billion in cash and a nearly 25 percent stake in Wabtec.

Wabtec, based in Wilmerding, Pennsylvania, a small town just outside of Pittsburgh, specializes in the production of air brakes and control systems for trains.

Wabtec itself was founded in 1999 as then Westinghouse spun off its Westinghouse Air Brake company (WEBCO), which goes back to 1869. The company was the inventor and manufacturer of the air brake systems used on most freight and passenger

trains. Over the years it expanded to switching and control systems.

Wabtec developed a GPS system to monitor trains and prevent collisions. Its system is widely used by freight trains and is being adopted by passenger trains.

General Electric Transportation was a dominant player in the freight train business. GE Transportation goes back more than 100 years. The company was founded in 1907 with its main manufacturing plant in Erie.

The company builds locomotives at the Erie plant and engines at its nearby Grove City, Pennsylvania plant. The company opened a second locomotive plant in Texas in 2013.

GE Transportation was considered to be the leader in production of locomotives, controlling about 70 percent of the US market. Together, the two companies are expected to become a leader in the rail transportation sector. With the takeover, Wabtec became a Fortune 500 company and will be listed on the S&P 500.

The locomotive plant is one of the largest remaining manufacturing plants in Erie, which was devastated as part of the deindustrialization of the Midwest beginning in the 1980s. It is also one of the few remaining plants in which workers are paid what is considered a relatively decent wage by today's standards.

Taking advantage of the high unemployment, many low-wage manufacturers have set up shop in the area.

The decline in manufacturing and the assault on workers' wages and living conditions has left Erie one of the most impoverished areas of Pennsylvania.

According to the US Census, more than one in four Erie residents lives in poverty. Nearly 12 percent of Erie residents live in what is called extreme poverty, which means they are living on less than half the already too low official poverty rate.

The median household income is just \$35,802 compared to \$56,951 for the entire state. Only 58 percent of the working age population is counted in the labor force.

In 2016, the area made national headlines when the school district proposed to close all its high schools and bus the students to surrounding districts. While a public outcry caused the district to back down, lack of funding from the state and federal government led the district to close all but one high school, cramming all the students into a single building.



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