

What Dana workers are fighting against: A profile of the Fortune 500 auto parts maker

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To unite in a common fight, we urge Dana workers to join the Dana Workers Rank-and-File Committee. The committee can be contacted by email at danawrfc@gmail.com or by text at (248) 602-0936.

An estimated 4,000 workers in the United States are heading into a major battle against the auto parts giant Dana. After years of poverty-level wages and sweatshop conditions, workers are determined to win substantial pay increases, end unbearably long work schedules and overturn the two-tier wage system and other concessions handed over by the United Auto Workers and United Steelworkers unions.

To conduct such a fight, workers have begun to organize a rank-and-file committee to take the conduct of the struggle out of the hands of the UAW and USW, which are trying to ram through a five-year sellout agreement this weekend without releasing the full contract and giving workers sufficient time to study and discuss its contents.

Information on the new deal is being carefully guarded by the unions. But leaked details in language covering at least some plants indicate the deal meets none of their demands. Pay for Tier Two would only increase between \$0.40 and \$1.00 each year through 2026. With inflation at 4 percent a year, this would effectively be a pay cut, and a massive pay cut if inflation and the cost of living rise higher. Tier Two workers will top out at just \$22 an hour. Current employees making \$15.50 at present will make only \$19.25 in year six.

Workers are determined to fight. But to do so they need an accurate picture of the structure of the corporation so they can unite with their brothers and sisters at Dana and across the auto and auto parts industry, not only across the US but internationally, to conduct an effective counteroffensive to win their demands.

Founded in 1904, the company based in Maumee, Ohio, just outside of Toledo, is number 33 on the *Automotive News* list of the world's 100 largest auto suppliers. It produces axles, driveshafts, sealing and thermal products and digital equipment for internal combustion, hybrid and electric-powered vehicles. It sells these components to automotive, commercial vehicle and off-highway vehicle manufacturers, including its largest customers Ford, GM, Stellantis, Volkswagen, Toyota, Nissan Renault, agricultural and construction equipment maker John Deere and heavy truck manufacturer PACCAR.

Global operations require global unity of Dana workers

The Fortune 500 corporation employs 38,000 workers at 141 major facilities in 33 countries. In North America, where Dana does half of its business, it has manufacturing facilities in Ontario and Quebec, Canada and in the US states of Michigan, Ohio, Pennsylvania, Indiana, Illinois, Kentucky, Tennessee, Missouri, South Carolina, Louisiana and Virginia. It also has six plants in northern and central Mexico. In South America, it

has nine plants in Brazil, Ecuador, Colombia and Argentina.

Dana has at least 45 plants in Europe, spanning from Turkey, Italy, France and Spain to Ireland, the UK, Hungary, Lithuania and the Scandinavian countries. It has two plants in South Africa. In Asia, Dana has 14 manufacturing plants in India, six in China, three in Thailand and one each in Japan and Singapore. It also has four plants in Australia and New Zealand.

While Dana and other parts makers expanded to Mexico and other countries to lower wages, the globalization of production requires that US workers unite with their class brothers and sisters around the world in a common struggle. This means rejecting the nationalist poison long peddled by the UAW and the USW and fighting for the international unity of the working class.

Despite the impact of the pandemic, Dana had \$7.1 billion in sales and gross earnings of \$593 million in 2020. With a sharp increase in demand from auto manufacturers this year, the company has recorded \$4.5 billion in sales and \$484 million in gross earnings in the first six months of 2021. In the second quarter alone, the company posted revenue of \$2.21 billion, up nearly 105 percent from \$1.08 billion in the same period last year. Dana's adjusted earnings in the second quarter stood at \$233 million, compared with a loss of \$5 million in the second quarter of 2020.

"We continue to actively manage through a challenging supply-chain environment, and our team has done an excellent job proactively responding to the regional impacts of COVID-19," CEO James Kamsickas said in a statement. In a conference call with Wall Street analysts last month, Dana CFO Jonathan Collins said he expects the company to meet the high end of its sales projections of \$9 billion, with gross earnings of nearly \$1 billion and a profit margin of 11 percent by the end of the year.

Money for corporate execs and shareholders, not for workers

These profits have been sweated out of the backs of Dana workers in the United States and around the world. Workers at the company's plants have told the WSWS they are routinely forced to work long hours of mandatory overtime and that seven-day workweeks are the norm, not the exception. In Dry Ridge, Kentucky, a Dana worker died in July on her way home from work when she fell asleep at the wheel after working an 84-hour week. The worker left behind six grandchildren.

Dana, meanwhile, is one of the longest standing companies listed on the New York Stock Exchange, with a market capitalization of \$3.38 billion. According to the company's 2020 annual report, "Dana is committed to driving maximum value to our shareholders."

While claiming it has no money to pay workers decent wages and shorten the workweek, the company's board of directors recently

approved another round of dividend payments to shareholders and the extension of the company's stock buyback program through 2023. In 2020, Dana CEO Kamsickas pocketed \$10.5 million in total compensation and CFO Jonathan Collins \$3.4 million, as workers died of COVID and were literally worked to death.

Dana's board of directors and multimillionaire stockholders are a virtual Who's Who of corporate America and official Washington D.C. Dana CEO Kamsickas, an avid Trump supporter, is joined on the board by two former Obama administration appointees, ex-Mississippi governor and US Navy Secretary Raymond Mabus and Virginia Kamsky, head of the New York City business consultant firm Kamsky Associates and a former Navy Department appointee.

Also on the board are Rachel A. Gonzalez, executive vice president of Starbucks Corporation; Bridget E. Karlin, vice president of IBM Global Technology Services; Michael Mack, retired group president of John Deere Financial Services; Bruce McDonald, former executive at automotive suppliers Adient, Johnson Controls and TRW; Diarmuid B. O'Connell, former vice president of Tesla; and Keith Wandell, former CEO of Harley Davidson.

Dana's close connections to both the Democratic and Republican parties have paid off handsomely when it comes to military contracts, favorable treatment by the federal bankruptcy courts, corporate tax cuts and government grants and incentives. The latter includes at least \$9 million from the bipartisan CARES Act, which the auto parts industry received to offset the economic impact of the pandemic.

"For the most part, we're seeing that the majority of small and medium suppliers are healthy now," said Laurie Harbour, CEO of supplier consulting firm Harbour Results Inc., told *Automotive News*. "And that's because companies in the U.S. and Canada got federal funding that helped them restore profitability and allowed them to pay down debt and clean up their balance sheets."

At the same time, auto parts suppliers like Dana pay so little that they are having a hard time finding workers willing to work grueling hours and risk being infected for near poverty wages. This means the auto suppliers, with the assistance of the UAW, USW and other unions, are forcing the remaining workers into exhausting and dangerous schedules to meet the growing demand for components. Dana's sales in the light-vehicle segment rose 164 percent from \$337 million in 2020's second quarter to \$890 million in the second quarter of 2021.

"A Tier 1 customer is at your door saying, 'I need these parts,'" Harbour said. "But you can't make them because five of your people didn't show up today to run the press. ... Even if the automaker has stopped production because of the chip shortage, many components don't require chips. So, your customer might be telling you to go ahead and produce all the parts you can, even without your full work force. What we're seeing is the supply chain banking a lot of parts inventory in storage for when all these problems get sorted out. When that happens, I predict you'll see things really take off."

At the same time, the economic crisis triggered by pandemic is expected to lead to a wave of mergers and acquisitions in the auto parts industry by private equity firms and Wall Street speculators, who use so-called SPACs, or special-purpose acquisition companies, to acquire a company and flip it at a huge profit. About 25 percent of the world's largest suppliers are showing some sign of financial distress, making them lucrative targets.

The auto parts industry has long been a playing field for billionaires who buy up distressed companies for pennies on the dollar, use the bankruptcy courts to strip workers of hard-earned pensions and wages and make a killing. One such corporate raider was Trump's Commerce Secretary Wilbur Ross, dubbed "the King of Bankruptcy" by *Fortune* magazine. Before becoming Dana CEO in 2015, Kamsickas was the top executive at Ross's International Automotive Components Group

and head of its North American and Asian operations, when the company was established by Ross in 2007.

The role of the UAW and USW

The assault on the conditions of auto parts workers would not have been possible without the active collusion of the UAW and the USW. During the 1980s, the UAW deliberately sold out a series of strikes by auto parts workers, including the 1984-85 AP Parts strike in Toledo, against massive wage cuts. To reduce costs for the Big Three automakers, the UAW, which had adopted the corporatist doctrine of labor-management "partnership," agreed to deals at Budd Wheel, Dana and other parts suppliers that eliminated the near parity wages that auto parts workers had with their counterparts in the assembly plants. This gave GM and Ford the incentive to spin off their parts operations and use the bankruptcy courts in 2005 and 2009 respectively to gut the wages and pensions of Delphi and Visteon workers.

In March 2006, Dana filed for bankruptcy and worked with the unions to extract massive concessions from workers using the threat of plant closures and mass layoffs. Two weeks after accepting a massive concessionary contract at Delphi in 2007, the UAW and the USW agreed to a four-year deal for 8,500 Dana workers, which saved the company roughly \$100 million a year by introducing a new two-tier wage structure, sharply reducing medical benefits, closing factories and forcing thousands to take early retirements.

As part of the deal, the UAW and USW agreed to relieve the company of an estimated \$1.1 million in retiree health care obligations through the setting up of a union-controlled Voluntary Employees Beneficiary Association (VEBA), funded through a one-time infusion of \$750 million in company cash. At the time, the WSWS wrote that the deal "represents a new stage in the transformation of the trade unions in the US into private business entities directly responsible for imposing cuts on the membership that they nominally represent."

This was followed by even bigger VEBA deals the UAW reached with GM, Ford and Chrysler in 2007, which handed *billions* to the union bureaucracy in cash and stocks. As J.P. Morgan analyst Himanshu Patel told the *Detroit News* at the time, "We think the UAW leadership will see the benefits of becoming an asset manager."

The control of the VEBA gave the UAW and the USW financial incentives to cut wages and benefits to boost the share value of Dana and other automotive stocks and to shorten the life expectancy of retirees so it could retain even larger amounts in its multibillion investment fund.

For the "privilege" of being members of the unions, Dana workers were subjected to one concessionary contract after another in 2011, 2014 and 2017, even though the unions claimed that givebacks would be returned once the company got out of bankruptcy in 2008.

In at least one case, the UAW signed a pre-contract "Letter of Agreement" with Dana to gain recognition at one of its non-union plants in St. Johns, Michigan, north of Lansing. In exchange for the company's support for its unionization drive, the UAW agreed to maintain premium sharing, deductibles, and out-of-pocket maximums for health care costs, a minimum of job classifications, a punitive attendance policy, "flexible compensation" (i.e., two-tier wages), mandatory overtime, and pro-company "team-based" operations.

Three St. Johns workers filed unfair labor practice charges with the regional National Labor Relations Board, arguing that the pre-recognition violated a section of labor law that prohibits employers from providing certain kinds of support to unions or creating their own company unions. In 2010, the NLRB threw out the workers' case, stating that the board and

the courts have “long recognized that various types of agreements and understandings between employers and unrecognized unions fall within the framework of permissible cooperation.”

In 2018, the UAW staged a bogus eight-hour “Hollywood strike” at Dana’s Toledo, Ohio plant to edge out the USW as the bargaining “representative” for 300 workers. Dana had a neutrality agreement with both the UAW and the USW, which required that the two unions agree which union would gain the franchise in exchange for pre-arranged concessions.

The UAW and USW are not “unions” in any real sense of the word but tools of corporate management, whose top officials have enriched themselves through the ever-greater impoverishment of workers. That is why workers must expand the newly formed Dana Workers Rank-and-File Committee as the true voice and leadership of their struggle. To fight a giant and politically connected corporation like Dana, workers should follow the example of the Volvo Workers Rank-and-File Committee and establish lines of communication and cooperation across the company’s US and international operations, and with workers in the major automotive plants in Detroit, Toledo, Louisville and other cities.

Dana is a powerful company, but the allies of Dana workers are far more powerful. These include auto and auto parts workers throughout the US, Mexico, Canada and the rest of the world who face the same grueling work schedules, COVID-infected and dangerous plants and low wages.

There is no time to lose. Join the rank-and-file committee, defeat the sellout contract this weekend and prepare a real fight. To join, contact the committee by email at danawrfc@gmail.com or by text at (248) 602-0936.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact