

Strike against wage cutting completes first month

Pay for American Axle CEO rises to \$10.2 million

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As more than 3,600 workers at American Axle & Manufacturing continue their nearly one-month long strike against draconian wage and benefit cuts, a report filed with the federal government Monday revealed that total compensation for company CEO Richard Dauch rose to \$10.2 million in 2007.

Dauch has threatened to shift production to low-wage factories in the US and Mexico unless workers in five plants in Michigan and western New York accept a pay cut from \$28.15 to as low as \$11.50 an hour. He is also demanding a sharp reduction in medical benefits, the elimination of employer-paid pensions and retiree health care coverage and the wiping out of another 1,000 jobs.

Dauch saw his base salary increase from \$1.34 million in 2006 to \$1.47 million in 2007. He collected the rest in stock, options and changes in pension value. His total compensation rose 9.47 percent over 2006, when he received \$9.32 million, even though the company lost \$222 million that year.

Dauch, a former Chrysler executive and ex-chairman of the National Association of Manufacturers, has been one of the auto industry's highest paid executives, receiving total compensation of \$68 million from 2003 to 2007. During this period he has slashed the workforce at American Axle by nearly one half, shuttered his plant in Buffalo, New York, and expanded operations in low-cost plants. This boosted the company's profits to \$37 million last year, despite the slowdown in auto sales.

In a proxy statement filing Monday, the corporate board said Dauch and the other executives were being rewarded for "proactive leadership in returning AAM to profitability as AAM continues to resize, restructure and recover from the rapid and unprecedented structural transformation of the highly competitive US domestic auto industry."

The company also reported that Vice Chairman Yogendra Rahangdale's compensation grew to \$1.06 million from \$835,696, Chief Operating Officer (and Dauch's son) David Dauch received \$752,527 in 2007 compared with \$594,977 in 2006 and Chief Financial Officer Michael Simonte's total

compensation rose to \$511,241 from \$478,982.

Earlier this month American Axle's compensation committee said it would delay determining bonuses and long-term incentives until the end of the strike and final outcome of the negotiations with the United Auto Workers union. The decision to go ahead with the bonuses is a provocation against striking workers who are subsisting on \$200 a week in strike pay. It also signals that management is confident that the UAW—which offered substantial wage concessions on the eve of the strike—will accede to the bulk of the its demands.

The UAW, which regularly takes note of exorbitant corporate payouts, has been conspicuously silent in regards to Dauch. The union has a long history of collaborating with him, dating back to the Chrysler bailout in 1979-80. At that time Dauch traveled to more than a 150 Chrysler facilities with then UAW Vice President Marc Stepp in order to threaten workers with unemployment if they did not accept thousands of dollars in wage and benefit givebacks. As a token of his appreciation, Dauch invited Stepp to write the foreword to his 1993 autobiography *Passion for Manufacturing*.

In a sure sign that another sell-out is being prepared, the UAW International has taken over the negotiations in the strike and ordered local representatives to leave the talks. *Automotive News* reported last week that the union was ready to call off the strike if Dauch offered guarantees to continue production in UAW-represented plants in the US. The UAW has already signed separate agreements at some American Axle plants, where workers are reportedly paid as low as \$10.50 an hour.

Dauch is not the only auto boss who is reaping millions from the destruction of the hard fought gains of auto workers. The historic concessions granted to the Big Three automakers—General Motors, Ford and Chrysler—by the United Auto Workers union last year have produced a windfall for corporate executives throughout the industry.

Although the company lost \$2.7 billion last year, Ford Motor Co. reported Friday that it granted CEO Alan Mulally and other top executives 2 million stock units valued at nearly \$15 million and more than 6 million stock options.

The Associated Press reported, "In a filing with the Securities

and Exchange Commission, the number two US automaker said it granted Mulally 715,230 stock units valued at \$4 million and an option to buy 3.6 million shares. According to a separate SEC filing, Ford granted Chief Financial Officer Don Leclair 377,358 options and 236,163 stock units valued at \$1.44 million. Mark Fields, Ford's president of the Americas, received 377,358 options and 258,877 stock units valued at \$1.6 million."

GM is also ending the pay reduction Chief Executive Rick Wagoner took in 2006 after the company posted a \$10 billion annual loss. The *Detroit News* reported that Wagoner's annual salary will be restored to \$2.2 million this year—from \$1.3 million in 2006. Although the company hasn't announced Wagoner's 2007 total compensation, under terms put in place by GM's board of directors, Wagoner could get \$3.5 million in incentive payments and shares of GM stock if he meets internal targets.

According to the *News* "Wagoner said the labor deal struck last fall with the UAW will save the automaker up to \$5 billion a year once it fully kicks in around 2010. The deal allows GM to clear out senior workers and replace them with lower-paid new hires. It also shifts \$47 billion in retiree costs to the union at a discounted rate in the form of a company-financed, union-run trust."

Last Thursday was the last day of work for 1,146 workers at Chrysler's Sterling Heights, Michigan assembly plant, when the company eliminated its second shift. The factory was one of those at which the UAW claimed it had won "job guarantees." Shifts have already been eliminated at Chrysler Jefferson North Assembly Plant in Detroit and its Belvidere (Ill.) Assembly Plant. Shifts in Toledo, Ohio and Brampton, Ontario, are also scheduled for termination.

The *Detroit Free Press* also reported that auto companies are raiding workers' pension funds in order to finance the buyout of thousands of higher-paid senior workers. The newspaper reported this was the first time GM and Chrysler had used pension money to finance retirement incentives and cited a Chrysler spokesperson who noted, "The UAW and company worked closely together on the issue."

The American Axle strike has become a focus of opposition among auto workers to the betrayals of the UAW. Although more than 37,000 GM workers and thousands of parts supply workers have been laid off due to the shortage of axles from the strikebound company, auto workers have expressed their solidarity with the strikers and their willingness to wage a common struggle in defense of jobs and living standards.

At a rally Monday at the UAW Local 235 hall in Detroit, where more than half of the strikers are employed, supporters from the *World Socialist Web Site* passed out the statement, "Mobilize auto workers behind the American Axle strike," which calls on workers to take the conduct of the strike and negotiations out of the hands of the UAW, extend the strike throughout the industry and fight for an international socialist

strategy to defend jobs and wages.

Michael Terrell, a laid off designer from Chrysler said, "We support calling out all the auto workers. The American Axle workers are being asked to take wage cuts while millions and millions of dollars are going to corporate executives."

Michael was one of a group of designers, members of UAW Local 412, who were among the 119 who lost their jobs last February as part of the company's plans to eliminate between 8,500 and 10,000 UAW jobs. The UAW told workers that the new labor agreement would end the company's use of lower-paid contract workers and ensure their jobs. Instead the company threw the unionized designers out of their jobs—with some being escorted out of the Auburn Hills, Michigan headquarters with less than an hour's notice—while 250 contract workers remain.

"I started noticing executive pay when Kmart was going bankrupt and the CEO got millions before leaving," Michael continued. "Then there was the head of the New York Stock Exchange Grasso, who got a \$187 million pay package."

Referring to Chrysler's Wall Street owners Cerberus, he said, "Their commitment is only a financial one, not making cars." Michael noted that UAW President Gettelfinger first opposed their takeover, saying the company was 'a strip and flip' outfit, but later changed his tune.

A Chrysler transport worker said, "They threatened to eliminate our whole unit if we didn't accept the concessions. We should all be behind the American Axle workers but the union is doing nothing.

"I call the union officials 'career opportunists.' They're living inside a walled city and we're on the outside, like peasants. How many people have been laid off from [UAW headquarters] Solidarity House?" he asked. Referring to the multi-billion dollar retiree health care trust fund the UAW was given in exchange for massive concessions in the last contract, he said, "That's the job security for the UAW."

A GM worker from the Lake Orion assembly plant said, "The UAW said we got job security too. At my plant they have not scheduled any new models. Management is saying, 'Let's talk about concessions before we talk about another product for the plant.'" Commenting on the fact that much of the union-controlled retiree health care trust was paid in GM and Ford stock, he said, "The union is becoming a big shareholder in the auto companies. How are they going to strike against themselves?"



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