

COMMON SENSE

Blend Stock with Democracy

A share model does not represent real worker ownership even if the workers own all the shares, because shares themselves are an attenuated form of ownership. A share of stock in, say, IBM, doesn't really give you ownership rights in IBM. You can't for example, enter the facilities that you supposedly "own" as you could with your own property. All a share does is give you a claim on a portion of the profits that the directors allocate to the shareholders, if any, and the right to vote for the directors. It does not give you the right to run the company, does not establish true ownership. ESOPs never work by themselves; they have to be combined with open-book management and industrial democracy.

For the last 20 years, the workers have suffered the death of a thousand cuts, being slowly bled to death in small increments.

This ends it, one way or the other.

Further, now everybody is in the same boat. Up until now, it was easy to depict the workers as greedy so-and-so's. Now there is a real chance of recovering solidarity across industrial lines. And the breakdown or restructuring of global trading systems means greater opportunities for local production. This could all end badly, if we insist on repeating the mistakes that got us here. But it does provide a real opportunity for real restructuring.

- John Medaille

Could *WE* own the Big 3?

<http://www.employeeownedauto.org/>

By Peter Downs, Focus Midwest

<http://focusmidwest.com/2009/04/30/autoworkers-push-for-real-ownership-of-troubled-car-companies/>

Retired Jeep Chrysler worker Michele Mauder knows hers is an uphill struggle, but it is one she is tackling with gusto. In quick visits to Washington, D.C., to lobby members of Congress, and in house meetings in Michigan and Ohio, Mauder is struggling to save the American autoworker.

No one else is talking about saving jobs," Mauder says. Pointing to Chrysler's proposed deal with Fiat, "they're talking about Fiat building small cars and ship-



LtoR, Jim Maziarz, AAWOC Co-Chair; Marie Kurland, CESJ, EEI Consultants; Michele Mauder, AAWOC President; Robert Mason, AAWOC Chairman; Norman Kurland, CESJ, EEI Consultants; The Honorable Rev. Walter E. Fauntroy, prior to meeting with Congressman John Conyers at the Capitol.

ping them here to sell through Chrysler's dealer network. That doesn't help taxpayers, workers or retirees," she says.

While any number of corporate and government committees are discussing ways to save America's "Big 3" auto companies — GM, Ford, and Chrysler —

Mauder says the only way to do it that benefits workers, communities, and taxpayers, is to fundamentally restructure the way the companies do business and make the employees the owners. Together with about 200 active and retired autoworkers, including some former members of Chrysler's senior management, she has formed the American Auto Workers

We want good jobs for all!

So now we get the same old crap about workers fighting for their jobs being unwilling to give them up to someone working for poverty wages.

We are once again being called racists by the usual left/liberal suspects who al-

ways seem to hate families and love every country but their own. Who decided it is racist to defend your work?

The answer can't be that American workers give up their jobs so someone else can do them for \$6.50/hr. The

answer has to be fighting for local economies where everyone has a decent job. That means Distributism. The only thing that works for most of us.

<http://distributism.blogspot.com/>

The UAW Gets Stock but Refuses Ownership?

Ownership Committee (AAWOC) to promote the idea of employee ownership.

Mauder is president of the committee.

Robert Mason, who says he formerly helped plan corporate strategy in the office of the CEO of Daimler/Chrysler, is the chairman of the group.

"I am hopeful, with a new administration, that they will look at some new alternatives," Mauder says. The group's efforts to meet with the administration's auto task force have been unsuccessful so far.

Mauder's basic idea is simple: the federal government should take over GM, Ford and Chrysler; finance retooling for smaller, greener cars, and sell companies to their workers. "Let's cut out the big gas guzzlers that aren't selling and replace them with fuel efficient cars," she says. Instead of importing electric or fuel-efficient cars, "we want our people to build them," she says.

Current plans being floated by GM and Chrysler call for

the federal government and the United Auto Workers union (UAW) to own the majority of each company. The AAWOC opposes those plans. "We want all of the workers, from the lowest-paid line worker up through senior management, to own the companies, not the Union," says Mauder, who was a union representative for four years while she worked at Jeep. "Right now, the International Union has negotiated nothing for the employees," she says.

Mason points out that the federal government already controls GM and Chrysler and is restructuring their long-term debt. The question everyone is looking at is what happens after that. The AAWOC says: issue new equity and put it in a trust fund to distribute to employees under an employee stock ownership plan (ESOP). Employees then would buy the stock with the profits the companies make. Mauder and Mason

recommend structuring concessions to assure a profit. They say base pay and benefit package should allow the companies to make "one dollar profit" at current sales levels.

"We all know employees have to give concessions, but we should get something in return so that when the companies become viable again we get something for our concessions," Mauder says. And that "something" should be ownership. Mauder adds, however, that labor and labor-related costs account for only one-third of the auto companies' fixed costs, and only 5 percent of their corporate budgets. Cutting management costs and trimming product lines also have to be part of the restructuring plan, she says.

According to the ESOP Association, approximately 11,500 U.S. companies have

"WE WANT ALL THE WORKERS TO OWN THE COMPANY."

ESOPs, and they involve over 10 million employees. At 7,000 of those companies, the ESOPs are large enough to affect corporate strategy, and about 2,500 of those companies are 100 percent employee-owned through ESOPs.

Mauder argues that 100 percent employee ownership through an ESOP will reorient the corporate strategies of the domestic car companies away from short-term stock prices and towards their long-term viability. In part, that is because employees can't cash out their stock until they leave the company or retire, at which time the company buys it back from them. As stockholders with limited cash out opportunities, employees would have an incentive to work for the company's long-term health and to select directors, who do the same. She looks to employee ownership as model for growing auto and other manufacturing jobs in the

U.S. and revitalizing communities that depend on them.

This is Mauder's second ESOP proposal. When Daimler decided to sell Chrysler in 2007, Mauder put together a proposal for buying the company with a leveraged ESOP. She got help from experts at Kent State University and had the backing of her local union. The International Union, however, opposed the plan, she says, and supported the sale of the company to Cerebus, a private equity firm. "Jeep has had numerous owners. We made money for Chrysler, but we were just getting swallowed up in their mess," she said in explaining her initial motivation for looking into employee ownership.

AAWOC is Mason's second attempt to shop employee ownership, too. Independently of Mauder, he says he championed the idea of an ESOP in senior management when Daimler decided to sell the American automaker and even put together a model of how it could work. But, "the notion of 100 percent employee ownership wasn't popular," he says. Later, he learned about Mauder's effort. In December 2008, he contacted her through work after the crisis at Chrysler had become public knowledge. "I told her this was the only thing that could work," he says.

"This is the only solution with an upside potential for workers," Mauder says, and by developing production and new technologies in the U.S., it is also the only solution with an "upside potential" for U.S. taxpayers and communities. AAWOC's model is for national auto companies that "right-size production" to the market instead of "super-sizing demand" with incentives, as Mauder and Mason explained in a recent pitch to Congressional leaders. "We believe in competition, but we also believe the Big 3 should cooperate more," she said. "Instead of competing so drastically, they should

AAWOC: A Common Sense Call for Worker-Owners

complement each other. Each one should do what they do best. So, if Chrysler makes a good minivan and Ford and GM don't, Ford and GM should stop making minivans," she says, "and then let's cooperate on research and development." Pointing to the \$7 million that the Obama administration has allocated for a study by the Boston Consulting Group of the future of the auto industry, Mason says, "They are going to come up with the traditional recommendation to cut your way to prosperity. All we're saying is let's at least look at another way. Carve out some of that money for a minority report. If it is not viable, we'll go home."

"We want our people to be a part of the process and for them to get something in return for what they give up," Mauder says. — Peter Downs
(pdowns@speakeasy.net) Peter Downs, a writer and editor based in St. Louis, is a former autoworker and former local UAW officer. In 1988, he authored a commentary, published by the St. Louis Post-Dispatch, that called on General Motors to start production of hybrid gas/electric cars.

The AAWOC Leadership

The AAWOC's proposal calls for the reorganization and financing of the Big Three Auto Companies as 100% worker-owned entities through a leveraged Employee Stock Ownership Plan (ESOPs) structure. It also proposes a new contract that would transform the United Auto Workers from its outmoded, conflict-based model of labor unionism to the more collabo-

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orative, productive and market-oriented model of ownership unions.

Michele Mauder-President AAWOC:

Michele Mauder is a community activist of the greater Toledo, Ohio area and the President of the American Auto Worker Ownership Committee (AAWOC). A Union Representative for 4 years and Secretary of the Toledo Jeep Unit-Civil Rights Committee for 2 years in the mid 90's-serving the UAW membership. After 23 years seniority at the Chrysler-Toledo Jeep Plant, she retired at the end of 2008. Now, she enjoys running her own business as a Pampered Chef consultant. From 1985 to the present, she has owned and managed several businesses throughout her professional career. In addition, over the years Michele has been an impressive leader in many community

projects.

Robert W. Mason-Chairman AAWOC:

Robert W. Mason is a corporate seasoned executive who has worked on many high level projects in government, not for profit and the private sector. As a key account officer for the Chrysler Group's strategic business discussion and corporate governance processes, Mr. Mason created a global hunt (human intelligence) network for the company. He was responsible for helping define DaimlerChrysler's global production strategy and the long-term direction of over €18.5 billion (USD24.7 billion) in capital investment across 17 countries. Mason provided strategic consulting for Chrysler's Office of the Chairman and CEO, assessing and recommending joint ventures and alliances; including the activities with Nissan and Fiat.

In addition to his corporate experience, Mr. Mason has built up an impressive track record in real estate and finance which includes the rehabilitation and construction of over \$54M worth of residential property in Michigan. Mr. Mason is a graduate of the University of Michigan's MBA program and Lakehead University's Electrical Engineering faculty. Most recently, Mr. Mason served the City of Farmington Hills as a City Councilman, Planning Commissioner and Pension Fund Trustee.

<http://www.employeownedauto.org/>

INSIDE STORY HEADLINE

This is how I view the Chrysler concessions (not to say, armed robbery):

As a Chrysler retiree, I look first at the VEBA. I recall that we retirees were assured in 2007 that it would last 80 years. Now we lose all dental and vision coverage as of July 1, 2009, and an independent expert says in the Free Press that the VEBA, our entire health coverage, will last only 6 years.

We are to be reassured by the fact that the VEBA will own 55% of the equity in Chrysler, an "equity" which Daimler has already written down to zero on its own books. Madoff would be proud.

It is an awesome thing to watch a Democratic Party president enforce such terms on us, while having unconditionally bailed out undeserving banks with \$100 billion dollars.

My heart goes out to the active workers who already work at punishing speeds. Their relief time will be cut back. After two hours of work they will get 13 minutes break instead of 16; after another 1.5 hours another 13 minutes rather than 16. Their attendance procedure will be more strict. Their work methods and organization will have to match Toyota's. Their

seniority right to bid on individual jobs is cancelled, replaced by only the right to change work teams. The dates of two of their vacation weeks will be dictated by the company. No overtime premiums will be paid until the 41st hour worked in a week – in other words, 12 hour days at straight time will soon prevail, especially for



UAW Local Gettelfingers gather to throw another 100,000 workers to the wolves.

trades.

Not to mention the wage freeze through 2015 and the loss of all supplemental pay such as COLA, Christmas bonuses and productivity bonuses – all of which were themselves substitutes for what used to be, in the dim distant past, yearly 3 per cent base pay raises.

The two-tier wage structure is frozen regarding wages and widened regarding hiring. All workers hired through September 2015 will start at \$14 and remain there at least until 2015. The company is also freed to use TPTs as they

wish.

Workers under 20 years' seniority receive lesser and lesser steps of SUB pay. Options are reduced regarding right to decline distant job offers.

The company achieves its long-sought goal of completely collapsing skilled trades classifications into Electrical and Mechanical only.

Perhaps the item I most hate is that our right to decide on our own contracts is cancelled until September 2015. The 2011 contract will be decided by top-level negotiations and then if necessary by binding arbitration – where the

arbitrator is already directed to take into account the labor costs of the non-union transplant car companies.

This is a slave labor contract. As the Canadian Chrysler workers said, the active workers must vote with "a cannon to our heads" thanks to government, banks, and corporate collusion, and thanks to a UAW leadership which leads us ever farther from the militant attitudes of those who successfully built our union. And our union was built in far more difficult days and circumstances.

Solidarity,
Larry Christensen
UAW Local 140, retired.

Power concedes nothing without a demand. It never has and it never will." Fred Douglass

Worker/Owner view from a Wobbly

Throughout history, employers have been willing to slander, attack, and even kill working people who sought to chisel out even a small part of ownership for themselves.

The employers' "great principle", to quote John D. Rockefeller, has been no compromise whatsoever. Even the idea that workers could, through their unions, obtain some measure of benefit for themselves from increases in productivity, has been cause for deployment of gatling guns and bayonets. Employers are more sophisticated now, of course. They either prohibit or destroy unions through the use of union busting consultants, poison the climate and win legislative restrictions via front organizations such as the National Right To Work foundation, or manage to co-opt the leadership of the union by cultivating business unionism, meanwhile helping to destroy any radical challenge to labor "moderates".

For more than a century, the IWW has advocated worker ownership of enterprises. I don't need to recount the history of repression and sabotage; I'll just mention that the closer such organizations get to real power, the greater a threat they're perceived to be.

The Worker Ownership Union proposal looks like the result of considerable thoughtfulness, and it offers some innovative ideas. But all of my experience studying more than a century of labor history suggests to me that it won't just be rejected, it will be ignored.

The IWW philosophy has three principles: organize, educate, and emancipate. It is a strategy aimed at contesting ownership of our factories, mines, mills, and shops by building significant organizational power.

I think the Worker Ownership Union proposal could be a possible step toward similar organizing, in that it offers working people an alternative to think about. But even if it gains significant support, I can predict what will happen. Employers will oppose it, forcefully. They will array their considerable assets to slander and marginalize the plan's proponents. Anyone who believed that its considerable cleverness might alone be adequately persuasive will be disappointed, perhaps even dejected to the point of quitting the struggle.

In my view, the immediate need is not to offer the most perfect, moderate, and reasonable plan that can be put together. The immediate challenge is how to build a powerful constituency for change, while simultaneously organizing for whatever gains can be accomplished (or held). And if sufficient time, energy, and resources are found to make such a movement viable, then I believe it will succeed only if it offers a dramatic enough departure from the old system.

The Worker Ownership Union plan's authors believe that "the current financial crisis offers a unique opportunity to launch a bold and revolutionary alternative that transcends the exclusionary and undemocratic worker and management models of the past."

I'm not so sure. I can guarantee, as a starting point, the executives of our major corporations don't believe they've made a lot of mistakes over the past twenty-five years. Even acknowledging a plan with those words would be cause for embarrassment (not that there's any untruth in the words...)

My reading of history suggests that the current financial crisis offers, instead, the very predictable opportunity for owners and investors to increase their own power at the expense of working people. Note that they rarely lay themselves off. They feel entitled, and a carefully constructed plan for change won't alter those feelings at all.

In summary, I think the compromises inherent in the plan (which its adherents no doubt believe may contribute to acceptance) are unlikely to make it in any sense more palatable to employers/owners, and at the same time are very likely to hinder the sort of passion with which working people might carry it to success. Suppose that the crisis is so bad, the employers adopt the plan as a ruse to convince Congress they deserve loans... why should working people support a plan that leaves the bosses in control at all, when they're likely to maneuver to kill such a plan as soon as they are able, and return to the old ways?

Consider the companies that have boasted of their (half-way) employee ownership, and have still turned on their own employees. United Airlines might be a good example.

I think a clean break is needed – from management hierarchy to self-ownership by the workers, with no bosses left to scheme and connive. I don't think that is any greater of a challenge, because wealthy owners are likely to attack either concept with all their might.

Best wishes,
Richard Myers

"A clean break is needed from management hierarchy to self-ownership by the workers." - Richard Myers

Common Sense

Tom Laney, Editor
Santino Scalici, Special Forces
E6304 866th Ave.
Coffax, WI 54730

Phone: 715-962-4365
Cell: 651-492-9309
E-mail: tlaney1776@gmail.com

"Keep on fighting!" - Paul Wellstone

Gilbert Keith Chesterton



1874-1936
online-literature.com

UAWs, AFL-CIAs insanity explained here:

http://www.theonion.com/content/video/autoworkers_compete_to_keep_jobs?utm_source=EMTF_Onion

The country is changing!

I think that we are starting to see the habits of our countrymen change. The change needs to start at the bottom and force the change at the top, since they are incapable of the leadership. I think we are seeing the change of habits and I hope it continues, since habits usually only change for the better when it is too painful not to change. Some of the changes I see are:

1. People are starting to talk to each other about real issues and not being offended about real ideas not lame issues.
2. People are starting to be responsible again with spending. Not buying crap or stuff that is not useful.
3. People don't see our leadership as the answer anymore, but rather see them as the problem.
4. People are seeing that intelligence and education means nothing, like money, unless it can be used for the common good of the common man.
5. People are starting to turn the TV off and beginning to form their own opinions based on solid principles and teachings.

The next few years will be painful for the people in leadership roles today and they will try to do everything they can to scare and break us, but this will only strengthen us through sharing our common struggles and share our desires for the common changes in values.

Steve Keough, Chicago

Just occupy the plants!

Here are the three futures I see for the auto industry:

1. Bankruptcy and disappearance.
2. Bankruptcy and then distribute the plants to the workers.
3. Permanent gov't life support.

I suppose you could add spontaneous recovery to the list, but I think it unlikely. And even if it did happen, it would likely come at the expense of the workers. That is, the jobs would have to be converted to low-paying, non-participating work that does the employees—and the local economies—very little good. But of the three possible solutions, only #2 makes sense.

But even if # 1 or 3 happens, just occupy the plants, a la fabrica sin patrones.—John Medaille