

Huntsville, Alabama Toyota-Mazda plant announcement highlights shift in auto production to southeastern US

By Ed Hightower
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In a press conference Wednesday afternoon, Alabama Governor Kay Ivey announced that Japanese automakers Toyota and Mazda had selected the Huntsville area for a joint “megasite” production facility that would produce as many as 300,000 passenger vehicles per year and employ 4,000 workers. The facility will produce Toyota’s Corolla sedan and a new Mazda crossover SUV when it opens in 2021.

Both companies also plan to use the new site for development of cost-effective electric vehicles.

The Toyota-Mazda site is the latest in a series of German and Japanese automotive “transplants” locating in the southeastern United States over the past three decades. These include the Nissan plant in Canton, Mississippi; the Toyota truck complex in San Antonio, Texas; Volkswagen in Chattanooga, Tennessee; Suzuki in Rome, Georgia; and BMW in Greenville, South Carolina. Toyota alone has 10 manufacturing plants in the southeastern US.

Alabama hosts plants for Hyundai, Honda and Mercedes-Benz, and is the fifth largest state in terms of auto production, with more than 1 million cars built there annually. It is already home to several Toyota parts suppliers and an engine plant, also in the Huntsville area. The old industrial city of Birmingham in the northern part of the state has earned the moniker “the new Detroit.”

State and local governments in the southeast spare no expense in tax breaks and other incentives to attract new production sites. The Toyota-Mazda plant reportedly came with \$1 billion in tax subsidies; the plant itself will cost \$1.6 billion. One estimate puts total government handouts in the Southeast to automakers at over \$4.2 billion between 1980 and

2017.

The shifting of production to Alabama comes at the expense of facilities and workforces in Ontario, Canada, and Apaseo, Mexico. Toyota will likely shutter the Ontario plant that currently makes the Corolla. The company also announced in October plans to scale back its Apaseo operations by half and to reduce capital improvements there from \$1 billion to \$700 million.

Autoworkers in Mexico earn an average of \$9 per hour including benefits, currently the world’s lowest manufacturing wage. In the unionized plants in Michigan and the American Midwest, autoworkers earn wages of between \$16 and \$19 per hour for new hires, or \$28 per hour for veteran workers, not including benefits. A Canadian autoworker’s wage averages US\$28 per hour. Autoworkers at non-union southeastern plants earn around \$17 per hour.

In early 2017, then-president-elect Trump threatened Toyota with a “big border tax” if the company followed through with its original plan to build the new facility in Baja, Mexico.

The administration’s extreme nationalist and protectionist stance, including eagerness to withdraw from the North American Free Trade Agreement (NAFTA), likely influenced the choice of location for the new Toyota-Mazda plant.

While Trump promotes the “America First” agenda as a plus for the American worker, he admitted in a 2015 interview that he had no problem with automakers paying poverty wages, or even pitting workers in one US state against those in another in a bidding war for the lowest wages.

“You can go to different parts of the United States

and then ultimately you'd do full-circle—you'll come back to Michigan because those guys are going to want their jobs back even if it is less," Trump told the *Detroit Free Press*. "We can do the rotation in the United States—it doesn't have to be in Mexico."

Such a domestic "race to the bottom" does not offend the interests of the United Auto Workers union (UAW), which has proven in one betrayal after another that maintaining its dues income is its highest concern.

UAW officials recently sanctioned plans by Detroit-based automakers General Motors, Ford and Fiat Chrysler to move production of all sedans to Mexico, as part of these companies' restructuring around their more profitable SUV and truck platforms. This move by the Big Three signaled their abandonment of a strategy to win the largest possible market share for all of their models.

GM, Ford and Fiat Chrysler have all raised prices of their popular trucks and SUVs, betting on continued availability of cheap consumer credit and low gas prices to push profits. If interest rates or fuel prices rise, or both, these companies will face financial disaster due to their decreasing product diversity.

Foreign automakers have deepened their penetration into the American and world markets since the oil embargo of the 1970s and the first "transplants" of the 1980s. They now claim more than 50 percent of the U.S. automobile market, and will soon surpass the Big Three in domestic production as well.

This process has seen a large shift within the United States of auto plants from Detroit and the Midwest to the country's poorest region, the Southeast.

Automotive industry experts often attribute this to the absence of labor unions in the region. While the unions in an earlier period guaranteed higher wages to workers in the North, they have long ago abandoned any fight to defend living standards. In fact, the UAW has since the 1970s been an indispensable partner to the auto bosses in the *lowering* of wages.

Corporate executives and their local political stooges have wagered heavily on a belief that the working class in this region is docile, atomized, backward and unable to fight for its own interests. They will be proven sorely wrong.

Southern autoworkers face dangerously paced assembly lines, insufficient safety protocol and training, and a low standard of living.

The Socialist Equality Party anticipates tremendous industrial struggles in the new manufacturing centers of the American South. Their success requires a political program and leadership.

As a first step, we call on autoworkers to register for and promote the WSWs Autoworkers' Newsletter. It is an indispensable tool for coordinating the struggles of workers in all sections of the US with their class brothers and sisters across North America and the world.

To contact the WSWs and the
Socialist Equality Party visit:

<http://www.wsws.org>