

The meaning of Greenspan's testimony

Wall Street demands GM victory in strike

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25 July 1998

The statements made by Federal Reserve Board Chairman Alan Greenspan this week demonstrate the lineup of class forces in the GM strike. In two appearances before House and Senate committees, the head of the US central bank and chief spokesman for American big business solidarized himself with the strikebound automaker.

Frequently described as 'the second most powerful man in America,' the Federal Reserve chief declared that his main responsibility was to prosecute the struggle against the danger of inflation, which he identified with the demands made by workers for higher wages and greater job security. He said that inflation has been held down in the United States because of 'concerns among workers about job security,' but warned, 'we now seem to have moved beyond that phase of especially acute concern.' He cited the GM strike among the indications that 'increasingly confident workers might place gradually escalating pressures on wages and costs.'

Greenspan is renowned for speaking in language so convoluted that it requires a close textual analysis to determine the likely direction of Fed policy. But his comments before the two congressional committees were unusually direct. He was blurting out the secret of the long boom in Wall Street stock prices and corporate profits: the ability of big business to suppress wages and hold the working class in check, allowing the incomes and wealth of the rich to soar while workers' living standards stagnate.

Corporate America is increasingly anxious about the mounting signs of working class resistance, reflected not only in the GM strike but in contract rejection votes, near-rebellions against the trade union bureaucracy such as took place last week at a mass meeting of Northwest Airlines machinists in

Minneapolis, the six-week Philadelphia transit strike, and the explosive demonstration of 40,000 construction workers which paralyzed midtown Manhattan for several hours June 30. The latest blow to 'investor confidence' came last Sunday when workers at GM's Saturn complex in Spring Hill, Tennessee voted by 96 percent to authorize a strike.

In an editorial published Thursday under the headline 'GM and Mr. Greenspan,' the *Wall Street Journal* voiced these fears. It noted that both Greenspan and the automaker were taking a stand, and declared, 'There is an important connection' between them.

Both Greenspan and General Motors are prepared to take short-term losses in order to reap long-term benefits, as the *Journal* noted. 'General Motors continued to resist conceding ground to its striking workers, even though the UAW's action against the company has already cost the firm more than a billion dollars.' Similarly, Greenspan was prepared to prick the Wall Street bubble, sending the stock market tumbling 400 points in the next three days, in order to emphasize his determination to keep wage and benefit costs down.

What underlies this common stand, the newspaper said, is the discipline imposed on both the US central bank and the world's largest manufacturing company by global financial markets.

'In the old days, auto makers didn't mind higher labor costs because they knew they could pass them along to customers in the form of higher car prices,' the *Journal* observed. 'But Detroit's not alone in the world anymore. If GM raises prices on cars, Americans have a lot of alternatives.'

Similarly, 'the Fed is no longer accommodating the old game ... international bond markets will make the US pay for any significant inflation it generates.'

The comments of Greenspan and the *Wall Street*

Journal have enormous political significance. They confirm that two incompatible social and class principles are involved in the auto workers' strike. General Motors upholds the profit requirements of the big Wall Street investors and banks--the so-called 'shareholder interests.' The strikers are fighting, not only for themselves, but for the interests of all working people.

If the GM strikers are defeated, it will be a victory for corporate America over all workers who seek to defend their living standards and jobs. If the company is thrown back--and this is the great fear of Greenspan & Co.--millions of workers will be encouraged to follow the example of the auto strikers.

Greenspan's statements explode the pretense that the Clinton administration is taking a neutral or hands-off position in relation to the strike. The Federal Reserve Board is the chief instrument of government monetary policy. Its members are chosen by the White House, and Clinton's nominees constitute majority. Clinton not only reappointed Greenspan in 1995 to another term in office, he has effusively praised the policy of the Federal Reserve at every point in his nearly six years in the White House.

If Clinton has refrained from intervening directly against the GM strikers, as he did to end the UPS strike and prevent similar strikes in the airline and rail industries, it is because the company prefers to work through the courts, the arbitrator and the United Auto Workers union bureaucracy.

The UAW has done everything in its power to limit the scope of the struggle and to present it as an isolated battle over local conditions at two Flint factories. This is not just a stance adopted with an eye to the hearing under way before arbitrator Thomas Roberts. UAW President Stephen Yokich, Vice President Richard Shoemaker and other top union officials have repeatedly downplayed the significance of the Flint strikes and attacked suggestions that a fundamental or historic battle is under way.

With GM prepared to take colossal losses, and Wall Street openly declaring war on the strike, the UAW policy of confining the struggle to the narrowest trade union lines is an enormous danger to the auto workers. UAW officials have already made it clear that in the event of an unfavorable decision by the arbitrator, they will call off the strike. Even if the arbitration hearing

does not produce a back-to-work order, the UAW officials are quite prepared to call off the strike if it threatens to disrupt their vote-gathering campaign for the Democratic Party in the fall elections

There is no question that there is a vast reservoir of popular support for the auto strikers, not only in industrial cities like Flint, where auto workers and their families make up a large part of the population, but more broadly. Even with a media largely dominated by corporate propaganda, portraying the strikers as overpaid and spoiled, a CBS poll published Friday found that 46 percent of the public supported the strikers compared to only 37 percent for GM. This continues the trend shown in last year's UPS strike, where there was clear public backing for the strikers' struggle for decent paying full-time jobs.

The auto strike thus has the potential to be a turning point in class relations in the United States and internationally, the beginning of a radicalization of wide layers of workers who will look beyond the program of the trade union bureaucrats for political answers.

Overwhelming vote for strike at Saturn

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[21 July 1998]



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