Auto workers to pay for Big Three bailout

13 November 2008

What will the government bailout of the US auto industry being pushed by President-Elect Obama and the Democratic Party mean for auto workers? The answer to this question is indicated by *New York Times* columnist Thomas Friedman in an op-ed piece published on Wednesday.

Friedman, a prominent voice of the American liberal establishment, attributes the near-bankruptcy of the Big Three auto companies—General Motors, Ford and Chrysler—to "the combination of a very un-innovative business culture, visionless management and overly generous labor contracts." It is against the last item on his list that his ire is particularly directed.

GM's health care costs, i.e., the already diminished benefits that help millions of active and retired workers and their family members defray soaring medical costs, are "outrageous," he declares. He then writes: "But if we are going to use taxpayer money to rescue Detroit, then it should be done along the lines proposed in the *Wall Street Journal* on Monday by Paul Ingrassia, a former Detroit bureau chief for that paper."

Friedman proceeds to quote at length the bailout conditions advocated by Ingrassia:

"'In return for any direct government aid,' he wrote, 'the board and the management [of GM] should go. Shareholders should lose their paltry remaining equity. And a government-appointed receiver—someone hard-nosed and nonpolitical—should have broad power to revamp GM with a viable business plan and return it to a private operation as soon as possible. That will mean tearing up existing contracts with unions, dealers and suppliers, closing some operations and selling others and downsizing the company.'"

That new union contract concessions will be part of any bailout is underscored by an article in Wednesday's *Wall Street Journal*, which reports, "Obama advisers are also examining union work rules that could be put on the bargaining table..."

In an article published in the *Wall Street Journal* on Monday, Ingrassia elaborates on the implications for workers of his bailout proposal. Like Friedman, he writes indignantly of decades (now ended) during which Big Three workers received "gold-plated medical benefits that virtually no one else had," under which United Auto Workers members had "no deductibles, copays or other facts of life in these United States."

Clearly, whatever remains of such an intolerable state of affairs will have to go!

"After all that," Ingrassia writes, "the company can float new shares, with taxpayers getting some of the benefits." The bulk of the benefits, however, will go to big investors who buy up shares in the downsized and more highly exploitative company.

Ingrassia holds up as a model for an auto bailout "the role played by the federal Air Transportation Stabilization Board in doling out taxpayer dollars to the airlines in the wake of 9/11." This government board "did its job," he writes, "selling government-guaranteed airline loans and warrants to private investors..."

The Bush administration board did indeed "do its job." It oversaw a savage assault on the jobs, wages and working conditions of airline workers in order to restore the industry to profitability and create the conditions for banks and big investors to once again reap huge gains from the industry. This involved strike-breaking and union-busting at Northwest and other airlines.

This is precisely the idea behind the current negotiations on a government bailout of the Big Three. It is of a piece with the entire bailout program for Wall Street sanctioned by the Democratic Congress and carried out by former Goldman Sachs CEO and current treasury secretary, Henry Paulson.

Times columnist Friedman demands that tens of thousands more auto jobs be destroyed and that the wages and benefits of those who remain, as well as the

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pensions and health benefits of retirees, be gutted as part of any infusion of taxpayer money into the auto companies. But he demands no such conditions on the hundreds of billions of dollars being doled out to the banks.

The Paulson bailout, which the *Times* supports, imposes no restrictions on how the banks spend their government money, or how the Treasury allocates the $700 billion-plus slush fund. Since the program was passed by Congress last month, it has emerged that the big banks that are getting the bulk of the cash are refusing to use it to provide loans to businesses and consumers. Instead, the government windfall is going to pay dividends to satisfy major shareholders, finance some $40 billion in previously enacted compensation packages to top executives, and buy up smaller banks.

Friedman allocates blame for the collapse of the US auto industry more or less equally to the auto executives and the UAW. In reality, the crime of the UAW was to abandon any defense of the interests of auto workers, collaborate in plant closures, wage cuts and other concessions, and integrate itself into the corporate structure in order to defend the interests of the bureaucracy that controls the organization. The present situation demonstrates that the immense sacrifices imposed on the workers with the UAW's assistance were never used to modernize the industry, but rather to satisfy the avarice of major investors and provide multi-million-dollar payouts to top executives.

Friedman's column exposes the class interests driving all of the measures being taken in response to the economic crisis. In the figure of Friedman himself—smug, complacent, affluent and ignorant—one sees an embodiment of the upper-middle-class and ruling class layers that constitute the social base of the Democratic Party and the politics and ideology of American liberalism.

Auto workers bear no responsibility for the collapse of the auto companies. Their labor, and that of generations that went before them, built the industry and created the vast wealth that was monopolized and squandered by the corporate heads and the American financial élite. They should oppose the bailout schemes being worked out between Obama, the Democratic Congress, the UAW and Bush and prepare for mass strike action to defend their jobs and living standards. This should become the starting point for a political struggle to mobilize the entire working class against Wall Street and both of its parties and to fight for a socialist policy based on the nationalization of the auto industry and its transfer to public ownership under the democratic control of the working population.

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