

Obama administration spearheads attack on auto workers

17 February 2009

General Motors and Chrysler are scheduled to submit restructuring plans to the White House today that include a drastic reduction of auto workers' wages and benefits and the elimination of tens of thousands of jobs.

The outgoing Bush administration and Democratic-controlled Congress last December mandated the auto companies to submit plans to restore profitability as a condition for \$17.4 billion in emergency loans. Under the terms of the agreement, the wages of 90,000 hourly workers were to be reduced to the level of non-union auto workers, and GM was to be allowed to pay half of its \$20 billion in retiree health obligations in vastly devalued stock.

The agreement includes a sweeping attack on the democratic rights of the workers. It stipulates that the government loans to the companies can be rescinded if any section of workers engages in a strike or work stoppage.

GM previously announced plans to cut at least 31,000 jobs, shut ten plants and close 25 percent of its dealerships by 2012. Given the steep decline in US auto sales—which have fallen to their lowest level in three decades—the company is expected to propose even deeper cuts. All told, the US auto industry is expected to sell less than 11 million vehicles this year, down from 16.2 million in 2007. To align capacity with current demand, it is estimated that the auto companies would need 24 fewer North American factories than their current total of 70 assembly plants.

According to reports in the *Wall Street Journal*, with or without additional loans GM is considering filing for bankruptcy in order to liquidate unprofitable assets and tear up existing agreements with the United Auto Workers union and creditors. It would then transfer profitable brands and assets to a new, much smaller company, which would be a lucrative source of investment for Wall Street.

Speaking on the Sunday talk shows, President Obama's senior advisor, David Axelrod, would not rule out

throwing the 101-year-old industrial icon into bankruptcy. He reiterated the position that auto workers would have to accept "sacrifices."

The White House has set up a Presidential Task Force on Autos to oversee the restructuring of the industry, which will be led by Treasury Secretary Timothy Geithner, an architect of the multi-trillion-dollar Wall Street bailouts. Both Geithner and his co-chair—White House National Economic Council Director Lawrence Summers—fought against any meaningful restrictions on executive pay for banks receiving federal handouts. When it comes to auto workers, however, they insist on near-poverty wages.

Geithner and Summers will seek to use the prospect of plant closures and layoffs to extract massive concessions from auto workers. There is a tentative deadline of March 31 for the United Auto Workers to accept sweeping concessions, or the Treasury Department can recall the federal loans, essentially throwing the companies into bankruptcy and possible liquidation.

The restructuring of the auto industry is being driven by the same considerations as the Wall Street bailout—that is, the enrichment of America's financial elite. This is to be achieved through a permanent reduction in the living standards of auto workers, the closure of unprofitable factories and the devastation of communities where they are located.

The economic crisis is being used to push through a fundamental change in the structure of class relations and eliminate, once and for all, the so-called "middle class" worker who enjoyed a modicum of economic security, including a home, pension, health care benefits and a college education for his children.

The assault on auto workers will be used to spearhead an attack on every section of the working class. The wages of manufacturing and other workers will be reduced to near poverty levels, with conditions of exploitation not seen since before the industrial unions

were built in the 1930s.

In the face of this assault, the United Auto Workers union has proven itself to be a docile instrument of the employers. Unswerving in its defense of the capitalist system, the UAW has collaborated in the destruction of 250,000 jobs at GM, Chrysler and Ford in the last decade alone. Since the late 1970s, in the name of making US automakers “more competitive,” it has accepted one concession after another, culminating in the 2007 agreement which cut the wages of newly-hired auto workers in half.

In exchange for this betrayal, the UAW was given control of an \$85 billion retiree health care trust fund—the Voluntary Employee Beneficiary Association (VEBA)—from which the union bureaucracy hoped to derive millions in income to offset its loss in dues. While the union has offered no resistance to the destruction of jobs, wages and working conditions, it temporarily broke off negotiations last Friday over demands that it accept half of GM’s payment into the VEBA in stock, whose value has fallen from \$43 a share in 2007 to \$2.50 today. Talks resumed Sunday night, however, with the UAW reportedly hoping to receive part of the government bailout money to prop up the trust fund.

The White House has appointed Ron Bloom, a former investment banker and special assistant to the president of the United Steelworkers union, as a senior advisor to the auto task force. During the 1990s, Bloom helped devise so-called employee stock ownership plans at distressed companies such as United Air Lines, where workers were conned into handing over their pensions and health care savings to keep their jobs. In the end, employees at these so-called “worker-owned companies” suffered huge losses.

Bloom was also instrumental in setting up VEBA plans at Goodyear, Dana and the Big Three auto companies, relieving the corporations of billions in retiree health care obligations and enabling the labor bureaucracy to go into profit-making businesses.

This only underscores the fact that the Obama administration is working with the UAW not to defend the interests of auto workers, but to employ the union bureaucracy’s services in battering down the resistance of the rank-and-file. In its talks with the automakers, the UAW bureaucracy is negotiating to protect and expand its own privileges and income, hoping to get corporate and government positions and increase its financial stake in the companies.

If auto workers are to defend their jobs and living

standards they must oppose the Obama administration, the auto companies and the UAW and mobilize their strength to resist any cuts in wages and jobs. Workers are not responsible for the crisis of the auto industry, which is bound up with the breakdown of the entire capitalist system.

Auto workers should defy the no-strike clause in the loan agreement and carry out an industry-wide walkout to defend their jobs and living standards. This struggle must be expanded to hundreds of thousands of parts workers and non-union workers at foreign-owned factories who are facing similar attacks.

For decades, the UAW has sought to divide US workers from workers in other countries through their “Buy American” nationalism. This only plays into the hands of the corporations, which have demanded never-ending concessions in the name of international competitiveness. The global economic crisis and the attacks by the transnational auto giants throughout the world pose the necessity of forging the unity of auto workers throughout North America, Latin America, Asia and Europe.

This struggle must be guided by a new political outlook and strategy. The capitalist system has failed. Economic life must be reorganized on the basis of a new principle—socialism—that begins with the social needs of the great masses of working people and aims to free mankind’s productive resources from the grip of the financial aristocracy.

The auto industry—built up by the labor of generations of workers—must not be left in the hands of the corporate CEOs and big investors who have run it into the ground. It must be transformed into a public utility, owned and democratically controlled by the working class, in order to produce safe and affordable transportation for all. This must be carried out in conjunction with the nationalization of the banks under the control of working people, and the rational reorganization of the entire world economy to meet human need, not profit.

To carry out this struggle, workers must reject any illusions in the Obama administration, break with the Democrats and Republicans, and mount an independent political struggle for a workers’ government.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact