

# Media backs Obama's assault on US auto workers

Jerry White  
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The news media has given its enthusiastic support to President Obama's insistence that auto workers accept the destruction of jobs, living standards and working conditions in order to return the US auto industry to profitability.

At a White House press conference Monday, Obama rejected the cost-cutting measures submitted by Detroit automakers in a bid for further loans, saying they had not gone "far enough." He demanded the forced merger or liquidation of Chrysler and indicated that the government would throw General Motors into bankruptcy if it failed to "fundamentally restructure" and extract more "painful concessions" from workers over the next 60 days.

On Tuesday, Fritz Henderson, who has taken over the leadership of GM after the White House pushed out CEO Rick Wagoner, said he had gotten the message and would outline plans for more plant closings, layoffs and wage and benefit reductions, on top of the 47,000 worldwide job cuts the company had already announced. If this could not be achieved out of court, Henderson said, GM would do it through the bankruptcy courts.

The editorial pages of leading newspapers in the US and Britain on Tuesday were filled with praise for the president's ruthless attack on auto workers. The *New York Times* was the most strident supporter of a "government-backed bankruptcy process," saying it could be used to "discard GM's liabilities and unwanted assets and produce a profitable, albeit smaller, car company."

The *Times* urged Obama not to back down, saying, "There will be resistance to allowing GM to undergo a bankruptcy proceeding. If Chrysler is threatened with liquidation, there will be enormous pressure for the government to provide more money to save it. But the auto task force has come up with what seems to be the best shot we have at obtaining a viable auto industry. The president must stick to it."

The editorial of the *Financial Times* of London made it

clear which "liabilities" specifically should be discarded, expressing its agreement with Obama's task force that GM's "legacy liabilities," i.e., the pension and health care benefits it owes to 800,000 retirees and their dependents, had grown to "unsustainable levels."

The *Financial Times* praised the decision of the American president to remove Wagoner, saying previous cost-cutting and pension and health care concessions won from the union had been "too timid." The paper continued, "[It] is important to hold the UAW accountable as well. Further support for the companies must not be a bail-out of the union, so deeply implicated in the companies' failure. Mr. Obama's team has been tough with management. It must be tough on the UAW as well, or put both firms into bankruptcy."

Similarly the *Washington Post* said, "It is important that the president did not flinch in demanding even deeper concessions from workers."

The *Wall Street Journal* said it was "glad the Administration is at least talking a tougher line on bankruptcy than Mr. Bush. But the better route would have been to use Mr. Obama's political capital now, at the start of his term, to use bankruptcy to force the companies and their union to make the hard decisions that politics may still let them avoid."

The unanimity of the corporate-controlled news media is a demonstration of the class interests that underlie Obama's policy. These same newspapers, which are complaining about the misuse of taxpayers' money when it comes to the auto industry, were all enthusiastic supporters of the multitrillion-dollar bailout of the Wall Street banks and finance houses, which was carried out with no strings attached. They also rallied to the defense of the AIG executives who used bailout money to give themselves lucrative bonuses.

The media response underscores the subordination of industrial policy in the US to finance capital and the needs

of the financial aristocracy. The aim of the government-directed restructuring is to create conditions in which whatever remains of the auto industry is a substantial source of profit for Wall Street. This requires the shutdown of the bulk of auto manufacturing capacity, the imposition of poverty level wages and sweatshop conditions for the workers who remain and the dumping of pension and health care obligations.

The Obama administration is an instrument of Wall Street and the most ruthless sections of finance capital. This is clear from the makeup of the auto task force, which does not include a single representative of the auto industry.

The task force is headed by Treasury Secretary Timothy Geithner, the architect of the original Wall Street bailout, who has just unveiled a new rescue plan that will provide another windfall for the banks and major investors. His top advisors are two former Wall Street investment bankers, Steven Rattner and Ron Bloom, the latter who played a key role in the dismantling of the steel industry, which generated billions in profits for asset strippers who bought up bankrupt steelmakers after they jettisoned their pensions and gutted the wages and conditions of their workers.

One plan being considered by the task force involves splitting GM into two companies. The *Wall Street Journal* reported that the administration would like to see a "good" GM, comprising brands such as Chevrolet and Cadillac, remain an independent company. Under this plan, the newspaper said, the "good GM" would not be expected to hold the "tens of billions of dollars in retiree and health-care obligations that hurt the auto maker in recent decades."

Freed from such obligations—and augmented by an entirely new labor contract, in which the UAW agreed to major reductions in health care benefits—stakes in this new GM could be given to creditors or the new company could be sold whole or in parts to investors or its shares sold in an initial public offering. Among those bidding for shares or benefiting from the sale of stock, the newspaper reported, would likely be the United Auto Workers retiree health care fund.

The billions owed to pensioners and their dependents would be transferred to an "old GM," made up of "less desirable brands such as Hummer and Saturn, and underperforming plants and other assets." This part of GM, the *Journal* continued, "would likely sit in bankruptcy much longer while a buyer is sought for the parts or it is wound down," with proceeds from its sale

going to pay claims to various creditors.

Such a scenario, while guaranteeing vast sums to the financial elite, would decimate millions of workers and their families and the communities they live in. It would be consistent with the policy of deindustrialization America's financial elite has carried out over the last three decades. According to the latest figures from the Bureau of Labor Statistics, the number of manufacturing jobs in the US has fallen by one-third, to 12.4 million today from 19.1 million at the start of 1980.

American capitalism has turned to financial speculation, massive leveraging and wholesale destruction of much of basic industry, while waging an unrelenting assault on the living standards and social position of the working class. Increasingly, vast sums of wealth have been accumulated by the richest one percent of society in a manner that has been completely divorced from the production of useful commodities and real value.

Last week, Alpha magazine reported that the 25 hedge fund managers pocketed \$11.6 billion last year as millions lost their jobs and homes in the worst economic downturn since the 1930s. Ray Diallo, the founder of the hedge fund Bridgewater Associates, who made \$780 million last year, summed up the ruling elite's contempt for production and for the working class, saying earlier, "The money that's made from manufacturing stuff is a pittance in comparison to the amount of money made from shuffling money around."

It is the interests of these financial parasites that are represented in the Obama administration. The starting point of any struggle by the working class is a fundamental break with the Democratic Party and all of the institutions, which defend the capitalist system, including the UAW.

In order to fight for their own class interests, workers must advance a socialist alternative, including the nationalization of the auto industry and the banks under the democratic control of working people, and unite their struggles with their class brothers and sisters on an international scale to defend the jobs and livelihoods of every worker.

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