

The Chrysler bankruptcy

Tom Eley, Barry Grey
2 May 2009

On Thursday, President Obama told a news conference that Chrysler, the third largest US automaker, would enter Chapter 11 bankruptcy. Obama said that this step would “save jobs” and that the process would be quick and painless.

Within hours, these words were exposed as lies. All Chrysler plants will be closed for the duration of the bankruptcy proceedings, and at least six of these will never reopen. Meanwhile, analysts say the Chrysler bankruptcy may well bog down in court and the company could face liquidation. Many Chrysler workers will never set foot in their plants again.

In his Thursday comments, Obama sought to scapegoat the handful of hedge funds and other bondholders who refused to allow Chrysler to write down its outstanding debt. This is a smokescreen. In fact, it is the Obama administration that has thrown Chrysler into bankruptcy.

The administration, in conjunction with the United Auto Workers, Chrysler and Fiat, raised the threat of bankruptcy to blackmail auto workers into giving up massive concessions, only to send Chrysler into Chapter 11 the very next day.

The UAW has played a pivotal role in this conspiracy, working to block any resistance by the workers.

In a press release, UAW executives did not offer an explanation for the failure of their promise to workers that a “yes” vote on new and sweeping concessions would avert bankruptcy and save jobs. The statement did announce that the UAW will seek to use the bankruptcy court to make official the new give-backs it wrested from the workers. “The UAW will join with the US government, Chrysler and Fiat in urging the US Bankruptcy Court to give immediate approval to labor agreements ratified by UAW members,” it read.

When, and if, Chrysler emerges from bankruptcy, the UAW will be the majority owner. It may also soon own a 40 percent stake in General Motors, which also faces bankruptcy.

These events demonstrate that the UAW is a union in name only. It is a business, which will henceforth derive

the bulk of its income, beyond the dues deducted from the paychecks of the dwindling number of workers trapped within it, from the increased exploitation of its “members.”

The UAW’s conversion into a corporatist business enterprise is the outcome of historical processes decades in the making. Its transformation is rooted in the right-wing political perspective upon which it, and the rest of the official trade union movement, is based.

As auto workers resist the destruction of their jobs, living standards and working conditions, they will find no more bitter enemy than the UAW. It is critical that these struggles—which should begin now with the organization of rank-and-file committees independent of the UAW—base themselves on the political lessons of the entire experience that has led to the present disaster.

There are several interrelated components of the political perspective that has led to the collapse of the UAW and its transformation into an instrument of the exploitation of the workers.

*** Defense of capitalism and opposition to socialism:** In the mass struggles that established the UAW in the 1930s, the most militant workers and rank-and-file leaders were animated by the ideals of socialism. But the union leadership early on rejected any struggle for a radical restructuring or democratic reform of American economic life, let alone a revolutionary transformation on the basis of socialist principles. After World War II, when the United States emerged as the dominant capitalist power, the UAW lined up behind the drive of the US ruling elite for global hegemony. This took the form of support for Cold War policies abroad and the anti-communist witch-hunt at home. The UAW carried out a purge of the socialist and radical elements who had played a decisive role in the founding of the union.

The union bureaucracy that was consolidated on this reactionary basis identified its interests with the profitability of the Big Three US automakers. This meant that the jobs and conditions of the workers were entirely dependent on the unchallenged international economic

and industrial supremacy of the United States. Once that position began to erode, the UAW turned to collaborating with the companies in handing back the gains that workers had achieved through previous militant struggles.

* **Nationalism:** The identification of the interests of workers with those of the owners was bound up with nationalism. The UAW rejected the fundamental principle that workers of every country are united in a common struggle and can defend their interests only by uniting with their class brothers and sisters internationally. As the world economy became increasingly integrated and dominated by transnational corporations that operated on a global scale, scouring the planet for the cheapest possible labor, the nationalist orientation of the UAW proved to be a blind alley for the workers. Instead of pressuring the auto companies for concessions to the workers, the UAW turned to pressuring the workers for concessions to the companies. It sought to pit American workers against their counterparts in Canada, Mexico, Europe and Japan, insisting that they had to accept lower wages and job cuts in order to make “their” American companies more competitive. The resulting downward spiral of jobs and living standards has led to the present disaster.

* **Alliance with the Democratic Party:** In the midst of the class battles that established the UAW—such as the sit-down strikes in Flint and other cities—the UAW leadership rejected a struggle for the independent political organization of the working class, instead tying the workers to the Democratic Party. This was the political expression of its defense of capitalism.

This deprived the workers of any means to effectively oppose the ruling class offensive that has been waged for more than three decades, beginning with the Chrysler bailout of 1979-1980, under Democratic no less than Republican administrations.

This policy has culminated in the election of Obama, with the support of the UAW, and the installation of an administration that functions as the direct tool of Wall Street. The UAW’s alliance with the Democrats now takes the form of a united front of the Obama administration and the UAW to impose poverty wages and sweatshop conditions not seen since the open shop days of the 1930s.

It is urgently necessary that workers draw the necessary conclusions from the entire experience that has culminated in the bankruptcy of Chrysler and impending bankruptcy of GM.

Workers must revive the militant traditions of past

generations. They should fight to drive the UAW bosses out of the factories, just as the pioneers of the industrial unions in the 1930s broke with the AFL in order to organize resistance to industrial despotism and sweat shop conditions. They should elect factory and work-place committees to organize demonstrations, strikes and factory occupations against layoffs, plant closures and the sell-out contracts imposed by the UAW. They should appeal to all auto workers, in the US, Canada, Mexico, Europe and Asia, to unite in a common struggle.

This is above all a political struggle. It must be guided by a new political perspective. Workers must break with the Democratic Party and the two-party system and fight for the building of a mass socialist party of the working class. Only through its own party, fighting for a workers’ government, can the working class advance its solution to the economic crisis.

At the heart of a policy that advances the interests of workers—for secure and decent paying jobs, health care, pensions, industrial democracy and decent working conditions—is the demand for the nationalization of the auto industry, along with the banks, under the democratic control of the working class. This socialist policy must be fought for in the United States and internationally.

It is necessary to wrest control of industry from the financial oligarchs and organize it internationally according to social need, not private profit.

Tom Eley and Barry Grey



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact