

What's good for GM...

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The bankruptcy of General Motors is a major turning point in the history of economic and political life in the United States.

The industrial giant—once the largest and most profitable enterprise in the world—defined American capitalism for much of the 20th century. Its massive presence in the US economy inspired the famous 1953 remark by GM Chief Executive Charles Wilson: “What was good for the country was good for General Motors and vice versa.”

Wilson’s statement, however self-serving, seemed to ring true when GM employed half a million American workers, whose living standards were rising, and the auto industry was at the center of a vast manufacturing infrastructure that accounted for 60 percent of all corporate profits in the US.

The collapse of GM symbolizes the decline and crisis of American capitalism and the predominant role that financial speculation has come to play in the US and world economy. The forced bankruptcy of GM is the starkest demonstration of the subordination of all social interests to the financial aristocracy that rules America.

The bankruptcy filing triggered a 221 point jump on the New York stock exchange, even as it was announced that GM would be removed from the Dow Jones Industrial Average’s list of 30 top stocks, where it had held a place since 1925. The rally was a celebration by the financial elite over the destruction of tens of thousands of jobs and the extortion of wage and benefit concessions from auto workers, whose hard-fought living standards have long been seen as an unacceptable obstacle to profits.

“GM going through bankruptcy is a very positive thing for the auto industry: They should emerge as a reasonable competitor,” Len Blum, managing director at investment banking firm Westwood Capital LLC in New York, told *Bloomberg News*. “The only thing that’s been holding GM back is labor contracts and

relationships with debtors and franchisees. All that should be cleansed in a bankruptcy.”

The “cleansing” demanded by big investors will have a devastating social impact. GM will close 14 plants in Michigan, Ohio, Indiana and other states already hit by high levels of unemployment and social distress. Some 23,000 hourly workers and 8,000 salaried employees will lose their jobs and 2,100 dealerships will close, affecting up to 100,000 workers.

In his remarks after the bankruptcy filing, President Obama bent over backwards to assure Wall Street that the government—which is assuming a majority stake in GM in exchange for nearly \$50 billion in public funding—would do nothing to impinge on the private property or prerogatives of the financial elite. “What we are not doing—what I have no interest in doing—is running GM,” he said.

The company “will be run by a private board of directors and management team,” he insisted, making it clear that they would be experts in downsizing and cost-cutting. “They—and not the government—will call the shots and make the decisions about how to turn this company around,” he continued. “The federal government will refrain from exercising its rights as a shareholder. ... In short, our goal is to get GM back on its feet, take a hands-off approach, and get out quickly.”

For years the American ruling class excoriated “nationalization” for its association with socialism and sang the praises of the capitalist free market. Now the federal government is essentially taking over GM.

This has nothing to do with socialism or genuine nationalization, however. The government is not intervening to uphold public interests and guarantee employment and decent living standards for workers. On the contrary, it is an intervention by the capitalist state to create the best profit-making conditions for US and international investors.

Obama feigned sympathy for the workers he was throwing onto the street, declaring, “I know you’ve already seen more than your fair share of hard times. I will not pretend the hard times are over. Difficult days lie ahead. More jobs will be lost. More plants will close. More dealerships will shut their doors, and so will many parts suppliers.”

He then cynically claimed that the workers losing their jobs were serving a greater, patriotic cause. “I want you to know that what you’re doing is making a sacrifice for the next generation—a sacrifice you may not have chosen to make, but a sacrifice you were nevertheless called to make so that your children and all of our children can grow up in an America that still makes things, that still builds cars, that still strives for a better future.”

This is a contemptible lie. The bankruptcy of GM will only accelerate the process of deindustrialization, which has been carried out by the ruling elite over the last three decades as it increasingly turned to financial speculation to amass its vast fortunes.

In the Obama administration, the American ruling class has found its most ruthless representative, led by a Democratic president who has gone even further than his Republican predecessor in the assault on the working class. While handing over trillions in public assets to cover the bad gambling debts of the financial elite, it demands unending “sacrifice” from workers. The destruction of the jobs and living standards of GM and Chrysler workers will now be used to set a precedent for sweeping attacks on every section of the working class.

From the beginning, the White House has relied on the United Auto Workers to block any resistance by workers. The UAW—which emerged seven decades ago in the bitter sit-down strikes against the exploitation of GM workers—has been complicit in returning auto workers to conditions not seen since the 1930s. In return for functioning as a corporate-government overseer, the proprietors of this organization are receiving billions of dollars in shares and a 17.5 percent stake in the “New GM.”

The transformation of the UAW into a business—whose material interests are antithetical to the “members” it claims to represent—is the outcome of decades of anti-socialism and support for the profit system.

The government takeover of GM and the bailout of the Wall Street banks constitute an implicit acknowledgement of the failure of the so-called free market system and the subordination of economic life to private profit.

In opposition to the government’s plans to exploit the crisis to create new conditions for the exploitation of the working class and new riches for those who profit from this exploitation, the Socialist Equality Party calls for the genuine nationalization of the auto industry and its conversion into a public utility under the democratic control of working people.

The vast productive forces of the US auto industry—built up by the labor of generations of workers—must be defended and integrated into the global economy under the democratic control and on the basis of the international cooperation of all producers. Only in this way can the jobs and living standards of auto workers around the world be secured.

In order to break the back of the financial dictatorship, the banks must be nationalized and placed under public ownership and the ill-gotten gains of the financial aristocracy confiscated to meet the needs of society as a whole.

Such a program is anathema to the two parties of big business as well as the UAW. The reorganization of economic life on the basis of human needs, not profit, requires a fight to unite the entire working class in a struggle for political power and a workers’ government.

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