

## Demagogy and economic nationalism from Obama

# The wage-cutter in chief visits Detroit

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President Obama's four-hour visit to Detroit Friday brought him to the center of the economic catastrophe created by the profit system. The "Motor City" was once a byword for decent-paying jobs in the world's biggest industry. But Detroit is now synonymous with poverty, urban decay, mass unemployment and the virtual breakdown of a functioning society.

In his first visit to Detroit as president, Obama landed at Detroit/Wayne County Metropolitan Airport and his motorcade drove to the Chrysler Jefferson North assembly plant on the city's east side, then to the General Motors assembly plant two miles to the north and west.

A columnist for the *Detroit News* noted that the route between the two factories traverses one of the city's most blighted neighborhoods, past abandoned auto factories, shuttered storefronts, the Capuchin Soup Kitchen, resale shops, vegetable gardens in vacant lots tended by homeless men, and children playing amid urban debris.

The area is one of those targeted by Mayor David Bing for possible transformation into urban park or farm land—with the remaining residents forced to leave their homes by the cutoff of city services like fire protection, garbage collection, water and street lighting.

During his visit to Detroit, Obama made no comment on the mass suffering stretching for miles in every direction. Instead, he gave a 25-minute stump speech to the 1,100 workers on the day shift at the Chrysler plant, and a briefer address to the work force at the GM plant. He did not mention the city's staggering unemployment rate—estimated at 50 percent or more. Nor did he utter the words "poverty," "homelessness," "hunger," "foreclosure" or "eviction."

Instead, he took the occasion of his visit to the poorest city in America to boast of the great success of his administration's economic policies. A more cold-blooded, arrogant provocation against working people can scarcely be imagined.

Obama delivered his two speeches to audiences of auto workers who have borne the brunt of the restructuring of the industry dictated by the White House. Some 330,000

workers have lost auto-related jobs in the past two years, while tens of thousands of retired workers have lost health benefits and seen their pensions threatened.

Obama's "car czar" went beyond even what General Motors and Chrysler thought advisable, and demanded a 50 percent across-the-board reduction in the starting wage for newly hired workers. The result is that side-by-side on the assembly line some workers are making \$28 an hour and others \$14 an hour for doing the same job. Most workers on the second shift at the Chrysler Jefferson plant make \$14 an hour, but Obama's audience consisted largely of the higher-paid first-shift workers.

Obama could say little of substance to justify the claim that his administration's policies were producing an economic recovery, except to describe the conditions under which he took office in January 2009, and assert that things had improved since then.

Before he boarded the presidential jet for his trip to Detroit, the Commerce Department released figures showing an anemic 2.4 percent annual rate of economic growth in the second quarter of 2010, down significantly from a revised 3.7 percent growth rate in the first quarter and 5 percent growth in the fourth quarter of 2009.

Business investment was up sharply in the second quarter, but concentrated in areas like software and equipment, where capital spending largely substitutes for hiring new labor.

The 2.4 percent growth rate is below the level required to reduce the toll of unemployment, meaning that the 20 million workers now jobless or working part-time or short-time have little prospect of finding new jobs, certainly not jobs that pay well.

But Obama hailed the second-quarter figure as though it was proof his policies were working. He told the Chrysler audience, "This morning we learned that our economy grew by 2.4 percent in the second quarter of the year, so that means it's now been growing again for one full year."

The main point of Obama's remarks at both plants was that without the intervention of the White House both GM

and Chrysler would have been forced into liquidation last year, going out of business entirely instead of the structured government-supervised bankruptcy that was a condition of the auto bailout.

“Independent estimates suggest that more than 1 million jobs could have been lost if Chrysler and GM had liquidated,” he said. “And in the middle of a deep recession, that would have been a brutal, irreversible shock not just to Detroit, not just to the Midwest, but to our entire economy.”

But the bailout was not offered without conditions, he continued, “What we said was, if you’re willing to take the tough and painful steps necessary to make yourselves more competitive; if you’re willing to pull together workers, management, suppliers, dealers, everybody to remake yourself for changing times, then we’ll stand by you and we’ll invest in your future.”

Obama made no other reference to the draconian cuts imposed on auto workers, including the 50 percent cut in starting pay. As for “pain” for the corporate bosses, GM’s profits have rebounded and GM and Chrysler executives continue to rake in seven-figure salaries. GM Chairman Edward Whitacre, for instance, makes a \$1.1 million salary, earning in one week as much as a \$14-an-hour assembly-line worker makes in a year. And that grossly understates his income, since Whitacre is paid mainly in company stock and stands to reap a fortune from the upcoming initial public offering by GM.

Obama noted that 334,000 auto jobs were eliminated between June 2008 and June 2009, and claimed that 55,000 new auto jobs have been created since then. He did not point out, however, that the bulk of these new jobs pay wages that are barely above the poverty level. The White House intervention has had the effect of completing the transformation of auto production from a high-wage, high-benefit industry to one of brutal exploitation at sweatshop wages.

For this, Obama has earned the thanks of the auto bosses and their industrial police force—which operates under the signboard of the United Auto Workers—as well as the entire local Democratic Party establishment. Obama was welcomed to the city with a friendly editorial in the right-wing *Detroit News*. Lined up behind him on the podium were the state’s two Democratic senators, the local Democratic congresswoman, Mayor Bing, also a Democrat, and Chrysler, GM and UAW officials. There was not a hint of oppositional sentiment permitted.

The address to the auto workers was imbued with economic nationalism, which Obama used to flatter both his audience and himself. He referred to his opponents in the Republican Party, who deemed the bailout terms insufficiently harsh on the auto workers and wanted even

deeper cuts or outright liquidation of the company.

“You are proving the naysayers wrong,” he said. “I wish they were standing here today. I wish they could see what I’m seeing in this plant and talk to the workers who are here taking pride in building a world-class vehicle. I want all of you to know, I will bet on the American worker any day of the week!”

Obama continued, harking back to World War II: “It was workers just like you, right here in Detroit, who built an arsenal of democracy that propelled America to victory. It was workers like you that built this country into the greatest economic power the world has ever known; it was workers like you that manufactured a miracle that was uniquely American.”

The constant references to American greatness were somewhat strained, given that circumstances now prevailing in Detroit, and the US generally, hardly resemble a “miracle.”

The nationalist phrases were not only reactionary, but preposterous. The auto industry is entirely globalized, and giant corporations conduct their operations on a world scale, pitting workers in country after country against each other.

Obama spoke at one factory run by Chrysler—now owned by Fiat, with the Italian CEO at his side—and at another operated by GM, which has sold more cars this year in China than in the United States. GM has 32,000 workers in China, while its US hourly employment has fallen from 468,000 in 1979 to only 52,000 today.

These figures suggest the reality facing auto workers and the working class as a whole: the only way forward in the struggle against corporate downsizing, wage-cutting and the destruction of all rights on the shop floor is to unite the working class on an international basis.

It is impossible for American workers to fight the giant multinationals on their own, just as it is impossible for the workers in China, Europe or anywhere else to do so. Only by joining forces with their class brothers and sisters throughout the world, in a common struggle based on a socialist perspective, can working people defend their jobs, living standards and democratic rights. This is a political fight against the Obama administration, the Democratic Party, the two-party system and the capitalist ruling class whose interests they serve.



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