

Returning to the scene of the crime

Jerry White
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President Obama is visiting two Detroit area auto plants today for photo-op sessions designed to tout the supposed turnaround of the auto industry a year after the bailout of General Motors and Chrysler. With long-term unemployment at levels not seen since the Great Depression, the administration will point to the auto industry's rebound in profits and limited hiring as proof of an "economic recovery."

In an interview Thursday, Obama boasted that all the US automakers were showing profits. "We are going to get all that money back that we invested in the car companies," he declared. The president claimed the industry had added 55,000 jobs since June 2009, the largest number in a decade. He failed to note, however, that this was less than 10 percent of the 615,000 jobs the sector had lost in the preceding 18 months.

The president's appearance at GM's Detroit-Hamtramck Assembly Plant and Chrysler's North Jefferson Assembly Plant has the character of a criminal returning to the scene of the crime. The auto industry's rebound in profits has been based on the brutal downsizing of the industry and a sharp increase in the exploitation of the working class. The White House ordered this attack on behalf of the most powerful interests on Wall Street.

The few workers that are being hired—including 1,300 at the Chrysler Jeep plant—are being paid half the wages earned by auto workers just a few years ago. They get a yearly income of \$28,000—before taxes and hundreds of dollars in union dues are deducted—barely above the government's poverty threshold for a family of four.

Far from being a champion of the auto workers, Obama rejected the initial turnaround plans of GM and Chrysler—which included draconian job, wage and benefit cuts—for not going far enough. He threatened to liquidate the companies unless they carried out a "fundamental restructuring," requiring "workers who have already made painful concessions to make even

more."

Working hand in glove with the United Auto Workers, the administration forced the two automakers into an "orderly bankruptcy," in which they closed dozens of plants, eliminated 31,000 of GM's hourly and salaried jobs, and scrapped long-time models and brands. The downsizing also led to the shuttering of hundreds of car dealerships. Tens of thousands of auto and auto-related workers in the US, along with thousands more in Canada and Europe, were thrown onto unemployment lines.

Obama comes to Michigan where the official jobless rate of 13.2 percent is the second worst in the nation. In the first quarter of 2010, the number of households in the state receiving food assistance shot up 27 percent over the same period in 2009, to nearly 850,000. The real unemployment rate in Detroit is 50 percent.

As part of a plan promoted by the Obama administration, dozens of public schools are being shut in Detroit and the city's mayor is outlining plans to close a \$300 million budget gap by slashing public workers' wages and closing entire neighborhoods deemed too poor to receive city services.

This, according to Obama, is economic recovery.

Detroit's automakers have indeed achieved a recovery in profits. GM, which made \$1.2 billion in the first quarter, is expected to launch an Initial Public Offering of its government-owned stocks by the end of the year. The IPO—one of the largest in US corporate history—will provide hundreds of millions, if not billions, in fees for JPMorgan Chase and Morgan Stanley, the two Wall Street firms chosen by the US Treasury to underwrite the deal.

From the very beginning, the bailout of the auto industry was designed to benefit the financial elite. This was clear from the personnel chosen to lead the Auto Task Force. "Car czar" Steven Rattner, a private-equity trader with no previous experience in the auto industry,

had accumulated a personal fortune of more than \$600 million, chiefly through “stripping and flipping” distressed companies. He is currently facing sanctions from the Securities and Exchange Commission for a kickback scheme to gain lucrative investments from the New York State pension fund.

These are social parasites who demanded auto workers accept “painful concessions”—freezing wages, eliminating cost-of-living allowances, gutting overtime and shop floor protections for current workers and stripping retired workers of dental and optical care.

Above all, the Obama administration demanded a drastic and permanent reduction in the wages of all future workers. This demand extended beyond the agreement by the UAW to accept a cut to \$14 an hour (from \$28) for “non-core,” i.e., non-production workers. According to a recent *Washington Post* account, the Obama administration insisted the lower wage be imposed on all new workers. “In doing so, the administration went well beyond the pay cuts the automakers had envisioned,” the *Post* reported. “‘From the manufacturer’s perspective, the line workers were always going to be getting \$28 an hour,’ said a source familiar with the negotiations and the auto manufacturers’ thinking.” The White House, however, demanded, “the \$14 rate as a way to lower overall labor costs to be competitive,” the source reported.

For decades, the wages won by auto workers pushed up the general living standards of all workers. With its attack on auto workers the Obama administration set the precedent for a wage-cutting campaign throughout the economy. Economic “recovery” is to be based on permanently higher levels of unemployment, a lowering of consumption and a doubling of exports, to be achieved by closing the wage gap between American workers and their brutally exploited counterparts in Asia and Latin America.

In the effort to destroy the achievements won through generations of working class struggle, the American ruling class is counting on the continued services of the UAW and the rest of the union bureaucracy, which have served over the last three decades as the labor police of the corporations and government—and now own a substantial stake in the auto companies themselves.

In a statement released Thursday, newly installed UAW President Bob King hailed the Obama

administration and applauded the profit reports at Ford, Chrysler and GM, saying they “show what is possible with cooperative, collaborative relationships.”

Among auto workers there is deep-seated hatred for all of those who exploit them—from the millionaire auto executives and the Wall Street speculators to their bribed politicians in both big business parties, to the corrupt company men in the UAW. Sooner rather than later there will be new eruptions of resistance, particularly from a new generation of auto workers, that will revive the powerful traditions of class solidarity and struggle of the American working class.

This fight requires new organizations of struggle—organized in opposition to the UAW—and the development of a new political strategy and program to fight the Obama administration, both big business parties and the capitalist profit system they defend. Such a strategy must reject the economic nationalism and corporatism of the UAW. It must be based on the fight for the international unity of all workers against the transnational auto companies, and for the socialist transformation of the US and global auto industry into a public enterprise, democratically and collectively owned by the working class.

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