

At Indiana Chrysler plant Obama hails revival of auto industry profits

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President Barack Obama and Vice President Joe Biden made a joint appearance at a Chrysler transmission factory in Kokomo, Indiana Tuesday afternoon to promote last year's bailout of General Motors and Chrysler.

Facing popular anger over his administration's indifference to the victims of mass unemployment and foreclosures, the president's handlers no doubt hoped the event would help Obama "reconnect with the people," particularly after the Democrats' debacle in the mid-term elections.

Instead, the event underscored the chasm between an administration that has done everything to defend the banks and corporations, and the working class, which has faced an unrelenting attack on jobs and living standards beginning with the forced bankruptcy and restructuring of GM and Chrysler.

On the same day as his visit to the Chrysler plant the Commerce Department reported that American businesses earned profits at an annual rate of \$1.66 trillion in the third quarter—the highest figure since the government began keeping track over 60 years ago.

As always, the audience of "workers" was a carefully vetted group guaranteed to raise no criticism. These included UAW officials in Obama T-shirts, supervisors and state and local politicians who gave the president and vice president a standing ovation as they entered and applauded on cue during the speeches.

Before speaking, Obama welcomed Chrysler/Fiat CEO Sergio Marchionne. According to a recently published account, during the auto bailout Marchionne declared that auto workers needed to accept a "culture of poverty" rather than a "culture of entitlement," attacking, among other things, retiree health care benefits.

The president also gave a warm welcome to UAW President Bob King. The White House awarded the UAW a majority ownership stake in Chrysler in exchange for its

collaboration in the destruction of the jobs, living standards and working conditions of workers at the third largest US automaker. Last week King celebrated the launching of the General Motors' IPO—a stock sale that netted more than \$3 billion for the UAW executives—by joining GM CEO Dan Akerson for the opening bell ceremony at the New York Stock Exchange.

Finally, there was the Democratic Party congressional delegation from Indiana. This included Congressman Andre Carson, who recently demanded that workers at GM's Indianapolis metal stamping plant accept a 50 percent wage cut in order to attract a new buyer for the factory.

In his introductory remarks, Biden said the administration came into office amidst the worst economic crisis in generations and had outlined an economic plan to "help communities, save and create jobs and lay the foundations for a sustained growth of the US economy."

But the vice president made it clear that the foundation for this growth was a drastic and permanent reduction in the wages and benefits of industrial workers. Before bailing out the auto companies, he said, the White House insisted they "had to change things, get leaner, tougher competitively." The auto industry was in a "new era," he said, and was "hiring again."

In fact, new auto workers throughout the industry are being hired at \$14 an hour, half the wages traditionally paid to auto workers. This and other attacks on health care, pensions and working conditions were the preconditions set by the White House to bail out GM and Chrysler.

Biden boasted that the auto and auto parts industry had created 75,000 jobs over the last year—a figure that pales in comparison to the more than a quarter of a million jobs Detroit automakers alone have wiped out over the last seven years.

The situation in Indiana is particularly dire. Over 100,000 industrial jobs have been wiped out in Indiana since the recession began. The *Indianapolis Star* reported Tuesday that 560,000 state workers—18.1 percent of the workforce—was drawing unemployment, had fallen out of the labor force, or was being forced to work part-time.

In his remarks, Obama asserted that the economy was heading in the right direction. He said he was happy that “after a couple of tough years the plant is running at full capacity.” This evoked a delayed applause, perhaps because—as one worker at the plant told the WSWS—there are now only 3,000 workers employed at the transmission and casting complex in Kokomo, down from 6,000.

The president acknowledged that success at one plant “does not mean that people in Kokomo are not still hurting” and that throughout the country “millions are still looking for work.” As a sign of progress, he said, the city’s unemployment rate had fallen from 20 percent to 12 percent—an indication of what the administration apparently considers the new normal.

In a brief review of events leading up to the bailout Obama indicated that his administration was concerned over the potential economic and social upheaval that would have resulted from the outright liquidation of GM and Chrysler. “We knew millions of jobs were in the balance and that the collapse of the auto industry would lead to a deeper collapse of the economy,” he said.

In fact, the administration and the Wall Street investors it put in charge of the Auto Task Force decided to exploit the crisis to push through a historic rollback in the wages and conditions of auto workers. This succeeded in making the auto industry an attractive investment for the same financial speculators who precipitated the economic meltdown in 2008.

“We decided to stand behind the auto industry if the CEOs did what was necessary to be competitive and if they had the cooperation of the workers taking pride in what they made. Today we know that was the right decision,” Obama said, pointing to increased profits and “stock investors” who “expressed their confidence” in the GM IPO last week.

In remarks that won loud applause from the UAW officials, Obama played the “Buy American” nationalist card. “The most important contest we face is not between Democrats and Republicans but between America and our economic competitors,” Obama said. “We don’t want to cede anything to China—we want to make sure workers have the skills to compete.”

The central aim of the administration is not providing skills or decent-paying jobs, but closing the gap between the wages of US workers and their brutally exploited counter-parts in Asia, Latin America and Eastern Europe. In this they have the full support of the UAW.

Obama concluded by announcing that Chrysler had decided to invest another \$800 million in the Kokomo facility, without mentioning what concessions the UAW had granted in return or what other plants would be shuttered or face layoffs instead.

“There’s always a price to be paid,” Chris, a Kokomo transmission worker, told the WSWS. “We would like to know what the UAW gave up. They are already hiring temporary workers whose top wage is \$16 an hour and outside contractors who only make \$14.

“The union is more interested in profits than in people. They measure success in profitability, not how many workers are employed or the wages and benefits they receive. That has all been taken away with a stroke of a pen. The \$28 an hour wage is gone forever. With all that Bob King has said about ‘partnership’ it’s just a matter of time when we all see wage cuts—we expect that in the next contract.”

As for the claims that things were getting better in Kokomo, Chris, who was born and raised in the city, told the WSWS, “Kokomo used to be booming with industry and was called little Detroit because of the iron, steel, canning and printing industry. Now all of that is non-existent. Delphi has less than 1,000 workers and there is no work other than a bunch of restaurants. Throughout my life I’ve seen the deindustrialization of the city.”



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