

Auto show: Car executives, UAW officials celebrate “return of Detroit”

Jerry White
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The North American International Auto Show now being held in Detroit has been the occasion for industry executives, politicians and the news media to tout the supposed “return of Detroit.” In a headline emblazoned across its front page the *Detroit Free Press* declared, “We are back,” adding, “A revitalized industry is something to celebrate.”

“It’s a great time,” Ford Motor Executive Bill Ford said of his company, whose 2010 profits are in line to beat Wall Street expectations. The company is set to hire 7,000 new workers, taking advantage of the agreement signed by the United Auto Workers to cut wages in half for new hires.

In its piece on the auto show, entitled “Motown Revival Is A Crowd Pleaser,” the *Wall Street Journal* refers to the “exuberance” of industry analysts and investors over the 58 percent increase in auto sector stocks last year.

Some 10,500 people attended the charity gala Friday night before the public opening of the auto show, up from 8,400 in 2010. Furs, gowns and black ties were on display as Detroit’s corporate and political elite examined the car companies’ latest releases.

Over the last two years—as the industry was in a tailspin—attendees had tended to “dress down,” the *Free Press* reported. This year, however, the clothing at the “upbeat and energetic gala, where champagne flowed much more freely than in the recent past, was something completely different.”

While Detroit’s “dignitaries” were partying just outside of Cobo Hall, hundreds of thousands of the city’s inhabitants struggle to survive in some of the most impoverished and decaying neighborhoods in America, and, in fact, the industrialized world.

One of those at the gala was Detroit’s Democratic Mayor David Bing, who is pushing a plan to shrink the city—which has lost more than half of its population since 1950—by forcing city residents out of neighborhoods

deemed too poor to continue supplying city services.

Another luminary was the emergency financial manager for the Detroit Public Schools, Robert Bobb, who announced last week plans to close 70 additional schools by 2013—nearly half of the district’s current number—and increase class sizes from 35 to 62 for high school students by 2014.

Real unemployment in the Motor City remains at the Depression level of 50 percent, the result of decades of deindustrialization and an unrelenting class war waged by big business to claw back and destroy the gains won through the militant struggles of generations of auto workers.

This process culminated in the Obama administration’s forced bankruptcies and restructuring of General Motors and Chrysler last year, which led to the shutdown of a dozen car plants, the wiping out of tens of thousands more jobs and an historical reversal in wages and benefits.

The White House basically handed the auto industry over to the most rapacious sections of the financial aristocracy, which used the threat of the liquidation of GM and Chrysler to destroy what the American ruling elite has long considered the outrageously high wages and “gold-plated” benefits won by auto workers.

The key role in facilitating this attack was played by the United Auto Workers union, which suppressed all resistance by workers and collaborated with the administration and the corporations to slash jobs and reduce wages to near-poverty levels. In return, the UAW was given billions in corporate shares that has made the UAW an unabashed partner of the auto bosses.

In an interview at the auto show, UAW President Bob King told the local Fox News affiliate, “We’re very excited about GM, Ford and Chrysler. We are building the best cars in the world; we have the most productive plants. It’s a great time to be part of the Big Three.”

Boasting about the gang-up of forces arrayed against

rank-and-file auto workers, King continued, “To me the greatest story of this auto show is there is so much polarization in our society but here the companies, the unions, the Democrats, the Republicans—everybody worked together and we revitalized this industry.”

King explained that the UAW was now appealing to executives at the Asian and European-owned auto plants in the Southern US states to bring in the UAW in order to keep labor costs in line and boost productivity and profits. “In the past,” he said, “they feared the UAW was too adversarial, too inflexible. That was the UAW of the 20th century. That worked; it got us great wages and benefits for a long time—but it wasn’t in a global economy. Now we’re in a global economy and the UAW of the 21st century, we are totally invested in the success of the companies that we work for.”

King is currently in discussions with GM executives about overturning standard hourly wages—an achievement won by auto workers in the 1930s and 1940s—and replacing them with a “pay-for-performance” scheme that would tie each worker’s earnings to productivity, quality improvement and corporate profits. This would return workers to the dark days before the establishment of the UAW when they faced brutal speed-up when demand was up, and immediate wage cuts and even dismissal when demand and profits fell.

Another UAW official at the auto show made it clear the union was committed to maintaining tier-two wages when the labor contract expires this summer. “If you really get down to it, with the situation at the time, in order to compete you have to have that two-tier system to keep those jobs from leaving,” said, Chuck Hall, head of UAW Region 1 in suburban Detroit. “It’s \$14 an hour, but in this economy people will line up for those jobs—they’d be lined up around the building.”

The UAW held its own black-tie gala on the night of the Detroit auto show’s Charity Preview, which was attended by 550 union officers and staff members, along with auto executives and politicians invited to celebrate the spirit of cooperation. “It’s typical of our relationship that we would invite each other to events like this,” James Tetreault, Ford’s vice president for North American operations, told the *Detroit Free Press*. “We actually do like each other.”

The brutal attack on auto workers spearheaded by the Obama administration has set the stage for an unprecedented offensive against every section of the working class. *Wall Street Journal* columnist Paul Ingrassia signaled his enthusiastic support for this in a

comment headlined “The Great Auto Restructuring Shows Signs of Success.”

“The good times are beginning to roll again, far faster than anybody expected,” he said, boasting that the “radical, sweeping and painful overhaul” of the auto industry had allowed GM to more than double productivity since the 1990s while reducing hourly labor costs to 6 percent of its revenue—down from nearly 30 percent a few years ago.

“If the Great Restructuring has the potential to resolve the seemingly intractable problems of Detroit, perhaps bold structural overhauls can produce similar results on some broader issues facing America,” he writes, before outlining what other social achievements of the working class should be dealt with similarly.

With the US facing trillion-dollar federal deficits, he says, no amount of tax increases or spending cuts will work “without restructuring the vast federal entitlement programs that are the national equivalent of Detroit’s Jobs Bank,” he says, referring to the now defunct protection that paid unemployed auto workers as much as 90 percent of their pay until they were recalled.

Social Security should be “restructured” to “encourage later retirements,” he insists, while public employee pensions should be converted into 401(k) employee-funded plans. “We should learn from success,” he concludes, “Tough-love restructuring can produce renewal. With political will, resolve can produce results. Visit this year’s Detroit auto show to see the evidence.”

The bitter experience of the last year has demonstrated the real character of capitalism—a system that enriches the financial elite through the impoverishment of the working class. It underscores the need to build new organizations, independent of the corporate-controlled unions and two big business parties, to unify the working class in a political struggle to reorganize economic life on the basis of human need, not private profit.



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