

Obama praises auto “resurgence” in the face of dismal jobs report

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4 June 2011

Amidst clear indications of a renewed economic downturn, President Obama used a speech at a Chrysler Jeep plant in Toledo, Ohio to praise the supposed “resurgence” of the US auto industry.

The central theme of Obama’s remarks was that the bailout of the auto industry in 2009, which included the forced bankruptcy of General Motors and Chrysler, has led to renewed profitability and hiring by the Big Three. The conditions in the US auto industry, Obama asserted, “show the world that American manufacturing, American industry, is back.”

The White House issued a fact sheet asserting that GM and Chrysler had “created or saved” 20,000 jobs since emerging from bankruptcy. The term “created or saved” is intended to give the administration wide latitude in counting jobs. In fact, the administration’s own statistics show that the jobs that have been added in the auto industry are a tiny fraction of those eliminated in the aftermath of the financial collapse.

The morning of the speech, the Labor Department released a dismal jobs report, showing that only 54,000 jobs were created in May, including a loss of 21,000 manufacturing jobs. The auto industry eliminated 3,400 jobs last month. Obama made an oblique reference to the report when he noted the “bumps in the road to recovery.” (See “Disastrous US jobs report points to deepening slump”.)

In touting his economic policies, Obama spoke of the conditions that prevailed when he came to office. “Too many Americans felt their dreams slipping away from them,” he said. Workers were “working harder for less, wages were flat, while the cost of everything from health care to groceries was going up.”

These conditions, however, are even more pervasive now than two years ago, thanks in large part to the policies of the administration, including the auto

bailout.

Obama made only a passing reference to the massive concessions demanded by the government from auto workers. The government bailout of the auto companies was based on the principle, according to Obama, that “if everyone involved was willing to take the tough steps and make the painful sacrifices that were needed to become competitive, then we would invest in the future.”

These “sacrifices” were born entirely by auto workers, including the enforcement of poverty-level wages for new hires and sharp cuts in health care and retirement benefits. On the basis of these cuts, the auto companies have been restructured to provide huge profits for Wall Street shareholders and corporate executives. This increase in auto profits has been the administration’s main criterion for the bailout’s success.

The task of the government, Obama claimed, was “to make sure that you can see your incomes and your savings rise again, and you can retire with security and respect again.” The conditions of the bailout, however, stipulated that workers see their incomes and savings fall, and that they face an ever more precarious retirement.

In the course of his remarks, which contained the usual amounts of bombast and posturing, Obama stressed the austerity agenda of the federal government, saying that the “tight fiscal times” demand “that we spend wisely, cut everywhere that we can; we have to live within our means. Everyone has to do their part.” The administration is currently negotiating with congressional Republicans to implement trillions of dollars of cuts in federal spending, including for health care programs.

He added later, “just as we succeeded in retooling

this industry for a new age, we have to rebuild the whole economy for a new age.” In other words, the sharp increase in exploitation of auto workers will be - and indeed already has become - a model for the US economy as a whole.

The fundamental premise of the administration's policy has been that if auto workers are to preserve their jobs, they must accept their own impoverishment. This drive to increase exploitation has been vastly accelerated by the economic crisis, but it is the culmination of decades of wage cuts and concession contracts.

The plant at which Obama spoke, the Chrysler Jeep plant, is a case in point. The *Columbus Dispatch* noted that Chrysler decided to build a new assembly plant at the location after “an historic new labor pact with UAW Local 12” which included “vastly reduced job classifications” and “a two-tier wage deal, with new employees in some UAW supplier plants getting \$10 an hour less.”

In the course of the bankruptcy negotiations and then the purchase of Chrysler by Fiat, workers were forced to accept cuts in wages and benefits valued at about \$10,000 a year.

The UAW union executives have played an instrumental role in enforcing these cuts and are deepening their collaboration with the Obama administration and the auto companies.

Earlier this week, UAW President Bob King spoke before the Michigan Chamber of Commerce to insist on the union's absolute commitment to insuring the profits of the auto companies.

The UAW had decided to “adopt fundamental, radical change,” King told the assembled executives. The mission of the UAW is to “join with employers to produce the best-quality product at the best value for consumer.” The union could “no longer take the same approaches that we took 20, 10, or even 5 years ago,” King added.

As an example of the types of measures that had to be eliminated, King cited the “infamous jobs bank,” a hard-fought gain that provided auto workers with a certain measure of security from being laid off. This “did not achieve the results we were seeking,” King said.

The UAW is gearing up for contract negotiations with the Big Three that will begin this summer. King's remarks were a signal that the UAW is preparing to

enforce even more severe concessions on workers as part of any deal.



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