Obama’s “Car Czar” says workers should have taken deeper cuts

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President Obama’s former “Car Czar” says the government should have slashed the wages of auto workers and imposed even deeper concessions on United Auto Workers (UAW) members during the 2009 restructuring of General Motors and Chrysler.

After a speech at the Detroit Economic Club last week, Steven Rattner told reporters, “If we had more time, we might have asked all the stakeholders to sacrifice a little bit more. We didn’t ask any active worker to cut his or her pay. We didn’t ask them to sacrifice any of their pension and we maybe could have asked them to do a little bit more.”

Rattner, an investment banker whose net worth was estimated to be up to $600 million when Obama selected him to head the Auto Task Force, said his “friends on Wall Street” were concerned by GM’s earnings and communication with investors. Even though the Detroit automaker’s profits have sharply risen, the market has punished GM stocks, which have fallen 50 percent since its IPO last year.

After Rattner’s remarks were made public, he denied he was suggesting auto workers should have or should now be forced to take pay cuts. Writing on his blog, he said, “So let me be clear, I have no desire to see auto workers (or anyone else) take a pay cut. The members of President Obama’s Auto Task Force did not work as hard as we did in order for workers to see their pay slashed.”

In fact, that was central purpose of the task force. Using the threat of liquidation, the Obama administration set out to shut unprofitable plants and drastically reduce labor costs so Wall Street could be ensured high returns even if car sales fell to historic lows.

With the full assistance of the UAW, the White House slashed tens of thousands of jobs, wiped out “Jobs Bank” income protections for laid-off workers and cost-of-living adjustments for current workers. It cut retiree health care benefits and expanded the two-tier wage system, which pays newly hired workers $15 an hour or roughly half of what longer-term workers earn.

This was a signal for the launching of a wage-cutting campaign, which has stretched to every section of the working class, from teachers and public employees to industrial and other private sector workers.

In the recent round of labor agreements the UAW handed over more concessions, agreeing to contracts that raise labor costs by their lowest margin in four decades. Nevertheless, Rattner expresses the frustration of Wall Street that the percentage of workers making poverty level wages will be limited to a quarter of the workforce by 2015. They feel conditions are ripe—with mass unemployment, rising poverty and the full complicity of the UAW—to reopen the auto contracts in the not too distant future in order to cut the wages of the remaining 75 percent of workers.

The current lockout of rubber workers at Cooper Tire in Findlay, Ohio is indicative of the “new normal” being demanded by corporate America, which is intent on closing the wage gap between American workers and their brutally exploited counterparts in China, Latin America and other impoverished regions.

In his blog, Rattner continued, “[A]s I have watched events unfold in the past 2½ years, I have become increasingly concerned about the competitiveness of American manufacturing, including autos. We are competing more and more against countries whose workers are paid a small fraction of what American workers are paid but whose productivity is getting closer and closer to U.S. levels (in some cases, even exceeding it).

“All I was trying to say was that if we had achieved more shared sacrifice at the time of the restructurings, we would be in a better position to retain more American jobs in the face of this competition. I wish sacrifice was not necessary.”

Notwithstanding his lament over “necessary sacrifice,” Rattner is speaking for the financial aristocracy, which has no intention of investing in manufacturing unless the gains of a century of working class struggle are overturned. Having worked intimately with the UAW during the auto bailout, Rattner is well aware that the UAW is fully on board as long as it can retain its position of a purveyor of cheap labor.

Rattner is typical of the financial parasites that have risen to the top of the US economy over the last three decades of deindustrialization and assault on the working class. According to *Fortune* magazine, he lives in a “sprawling” Manhattan apartment, which “overlooks Central Park and the Metropolitan Museum of Art (where he is on the board).” The magazine continues: “He has a horse farm in North Salem, New York, in northern Westchester County, near his friend, New York City Mayor Mike Bloomberg, and is building a 15,575-square foot house on the water in Martha’s Vineyard.”

Rattner was forced to leave the Auto Task Force after the New York state attorney filed two civil suits charging that he committed fraud when, as head of the Quadrangle Group private equity fund, he used bribes and kickbacks to obtain management over $150 million in assets of the New York State Common Retirement Fund. Rattner—who is also a major figure in the Democratic Party establishment—settled the case with no admission of guilt by paying $10 million.