

# Obama, the UAW and the auto bailout

## Statement by Jerry White, SEP candidate for US president

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The United Auto Workers has declared that its “number one priority” this year is the reelection of Barack Obama. In its campaign, the UAW is portraying President Obama—who oversaw an historic attack on auto workers’ jobs and living standards—as a champion of the working class.

According to the UAW, President Obama “saved” the auto industry and one million jobs during the bailout of GM and Chrysler in 2009. On the other hand, Obama’s Republican challenger, Mitt Romney, opposed emergency federal loans and favored throwing the Detroit automakers and their workers into the bankruptcy courts.

According to the UAW, this demonstrates that the distinction between the two candidates could not be clearer. “Mitt Romney’s values of profits-over-people are wrong for workers and all Americans,” declared UAW President Bob King recently. In contrast, the president “stood with workers” and worked with the UAW to return the companies to profitability.

The return of the auto industry, King said in a recent statement, is a “great national success story” and “an example of how business, labor and the government can work together to find solutions to some of the nation’s most difficult problems.”

The UAW has also posted on its web site the video released by the Obama campaign on Romney’s role in the takeover and shutdown of a Kansas City, Missouri steel company that went bankrupt in 2001. As CEO of private equity firm Bain Capital, the UAW writes on its site, Romney gutted the jobs, wages and pensions of workers at GST Steel. “In Romney’s economic philosophy, CEOs and wealthy investors prosper by any means necessary, even went it meant companies

failed and workers were left behind.”

The claim that Obama is a man of the people is an utter fraud. The same day the White House released the anti-Romney video, Obama collected more than \$2 million at a fund-raising event in New York City where Wall Street asset-strippers no less ruthless than the Republican candidate paid out \$35,800 a head for an evening with the president.

Obama’s servitude to the financial elite was also highlighted in his remarks defending JPMorgan Chase, after the Wall Street bank acknowledged a \$2 billion loss from speculative trades in derivatives by its London office. “JPMorgan is one of the best managed banks there is,” Obama gushed. “Jamie Dimon, the head of it, is one of the smartest bankers we’ve got.”

President Obama’s intervention in the auto industry was not aimed at “saving” jobs but of boosting the profits of these same financial sharks. The president exploited the meltdown of the auto industry—produced by the banking crisis—to impose long sought after attacks on auto workers, once the highest paid industrial workers in America. For years, Wall Street had complained about low returns caused by high wages and “Cadillac” benefits, along with outmoded job and workplace protections.

The Obama administration handed over the restructuring of the auto industry to Wall Street, appointing as “car czar” Steven Rattner, formerly of Lehman Brothers and Morgan Stanley and the CEO of the asset-stripping firm Quadrangle.

After rejecting the cost-cutting plans of GM and Chrysler as too little, too late, Obama’s Auto Task Force began a “managed bankruptcy” of the two companies—shutting down dozens of plants deemed unprofitable and eliminating 35,000 jobs. The president worked with the UAW to slash the wages of new-hires

in half, ban strikes for six years and impose other devastating concessions on current and retired workers.

Any differences between Obama and Romney are purely tactical. Rather than using the bankruptcy courts to tear up union agreements and impose wage and benefit cuts unilaterally—a course Romney says he would have taken—Obama preferred to use the willing services of the UAW to suppress opposition to the dictates of Wall Street.

In exchange for destroying the hard-won gains of generations of auto workers, the UAW was handed control of the multi-billion-dollar VEBA retiree health care trust fund, including billions of dollars worth of stock in GM, Chrysler and Ford. The Obama administration realized that this would give the UAW executives a direct financial incentive to further slash the wages, benefits and health care plans of their members.

This is precisely what happened in the last round of contracts in 2011, when the UAW agreed to the lowest increase in labor costs in history. Wages have been cut so low in America, the UAW has boasted, that GM and other companies are relocating production from Mexico and China to the US, a strategy the Obama administration approvingly calls “in-sourcing.”

The UAW’s support for Obama has nothing to do with defending the interests of the working class. For workers it does not matter which big business politician takes over the White House. For the UAW apparatus, however, having Obama there to continue using it as a cheap labor contractor is critical for the income and business opportunities of King & Co.

The struggle to defend the jobs and living standards of auto workers necessitates an entirely new strategy. The prerequisite for any fight is a break with the UAW and the building of new organizations, controlled by rank-and-file workers, that are completely independent of the UAW and the Democratic Party. The aim of such organizations must be the unconditional defense of the jobs and living conditions of all workers, not the profits of the corporations and the banks. Workers cannot accept the “choice” of either having no job or starvation wages.

The experiences of workers in the US and internationally show the dead-end of so-called labor organizations based on the defense of capitalism and economic nationalism. From Greece and Spain, to

Japan and the United States, workers are being impoverished to enrich the owners of the transnational banks and corporations.

Far from the economy improving, there are new signs of a global economic depression. The capitalist system has failed. The alternative to capitalism is the struggle for socialism, including the nationalization of the auto industry and the banks under the democratic control of the working class. Only in this way can the massive productive forces of society be organized on a rational basis to meet human need, not private profit.

As the presidential candidate of the Socialist Equality Party, I call on all auto workers to support our campaign and to build the revolutionary leadership necessary to guide the coming struggles of the working class.



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