

# At Michigan auto factory, Obama says more “sacrifice” needed for economic turnaround

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In an appearance at Ford’s Michigan Assembly Plant in suburban Detroit Wednesday afternoon, President Barack Obama pointed to the “sacrifices” the White House demanded from auto workers during the 2009 restructuring of General Motors and Chrysler as the model for resurrecting manufacturing and the US economy as a whole.

Accompanied by Ford executives, Detroit mayor Mike Duggan and other local Democrats, along with representatives from the United Auto Workers union, the president put on his phony rolled-up-sleeves persona. He said Michigan workers embodied the grit and resilience of America, which had come back stronger than ever after the 2008 financial crash.

The US economy, the president said, saw the strongest job growth in 2014 since the 1990s. Over the last four years, he said, the US had created more private sector jobs than Europe, Japan and every other advanced economy combined. The manufacturing sector had led this rebound with US industries “making more stuff and selling it around the world.”

The president’s comments only underscore the enormous gulf between the self-satisfied ruling elites—which have enriched themselves though the unrelenting attack on the jobs and living standards of workers—and the tens of millions of working people struggling each day to survive.

In fact, the manufacturing sector has only added 650,000 jobs since 2010, far shy of the 2.3 million jobs shed in the preceding three years. Those jobs predominantly pay low wages and lack the benefits and conditions won by industrial workers in the last century. Manufacturing jobs were traditionally the highest paid private sector jobs. More than 1.5 million manufacturing workers—one out of every four—earn \$11.91 per hour or less, and 600,000 earn \$9.60 per hour or less.

As for the state of Michigan, which once had among the highest living standards for workers in the country, it now ranks in the bottom 10 for per capita income in the US, barely ahead of Mississippi, West Virginia, Alabama, Arkansas and other traditionally poor states.

Just a few miles away from Obama’s stage-managed event, nearly one out of seven residents of the city of Detroit, which just emerged from municipal bankruptcy, face eviction from their homes because they are behind on their property taxes. The “Motor City,” Obama said, was experiencing a “rebirth” with new business and private investment, tech startups...there are still challenges but it’s coming back.”

In fact, Mayor Duggan, a multimillionaire former corporate executive, is overseeing a brutal campaign of water and other utility shutoffs, cuts to city worker pension and health care benefits, and the selloff of public assets to service the debts of the Wall Street banks.

“America’s resurgence is real,” Obama insisted, saying no one should convince workers otherwise. Now that the US was in “calmer waters and the worst of the crisis is behind us,” the president said, it was “time that everyone pitched in so that the rising tide is lifting all boats not just some.”

This was a passing reference to the fact that 95 percent of all economic gains under the president’s tenure have gone to the richest 1 percent. Corporations, including GM, Chrysler and Ford, are reaping record profits and hoarding trillions in cash while the stock market has reached stratospheric heights. Corporate profits are at their highest share of GDP since World War II, while the portion of national economic output going to labor has fallen to the lowest postwar level.

Obama recounted how his administration decided to use the crisis in the auto industry to ram through concessions in wages, benefits and working conditions long sought by the auto bosses and Wall Street. Pointing to the precarious state of the industry following the financial meltdown, with plunging sales and one out of five workers losing their jobs, Obama said, “We could have given billions in taxpayers dollars to the corporations without accountability or change, but that would have just kicked the problem down the road.”

“The alternative was to do nothing and let the companies fail,” the president said, but this would have had the cascading effect of wiping out suppliers, communities and stronger auto companies like Ford. “So, in exchange for

help, we demanded responsibility. We told the auto companies ‘you have to change with the times.’ Plants restructured. Labor and management worked together, settled their differences and everybody made sacrifices; it was not just the workers who gave something up. That’s when America works best. We rejected the false choice that either the unions or the businesses could succeed but not both.... We believed in shared sacrifices and that leads to shared prosperity.”

In fact, the Obama administration collaborated with the United Auto Workers to make sure that the corporations and the UAW apparatus succeeded—at the direct expense of the working class. The UAW agreed to cut in half the wages of new workers, freeze the pay of traditional “legacy” workers, eliminate the eight-hour day and tear up other long-standing job protections and working standards. In exchange, the UAW was given control of billions of dollars in corporate shares and other assets as part of the union’s takeover of the companies’ retiree health care obligations.

New auto workers make less than the average manufacturing wage of \$19.10 an hour and lack traditional retiree and health benefits. All told, the auto companies reduced hourly labor costs by 25 to 30 percent, and lowered their break-even point to sales of 11.5 million to 12 million a year. With next year’s sales predicted to return to pre-recession highs of 17 million vehicles, this means billions in pure profit.

Obama said jobs in the auto industry had for generations been representative of what it meant to “get into the middle class.” If you worked “hard on this job you could afford to raise a family, buy a house, go on vacation and retire with some dignity.... Every car you sent down the line...gave you a sense of security. Plants like this built more than cars, they built the middle class and that was worth fighting for.”

In fact, many new auto workers at Ford and other companies have been forced to live at home with their parents or stretch to pay rent for an apartment and other necessities. Vacations, retirement and job security are little but an illusion.

A profile by *marketplace.com* of workers at the Ford Michigan Assembly Plant where Obama spoke noted that 20 of the 23 workers on one line were being paid entry-level wages of \$16.78 an hour. “Three of them are legacy workers, and 20 are entry level,” a worker is quoted as saying. “Each one of them have families, a couple of them are single mothers, a couple people that are in their 50s that are starting over.”

These workers have no job security. In fact, the factory where Obama spoke was on an extended holiday shutdown because of low car sales, with thousands of workers on layoff. Late last year, nearly 100 workers at Ford’s Chicago

Assembly plant—so-called Long-Term Supplemental Employees (LTSE) earning even lower wages agreed to by the UAW—were informed by automated robo-calls that they had been terminated because sales were down.

Obama boasted that Ford had relocated some of its production from Mexico back to the United States, and that many manufacturers who went offshore are realizing that “America is back and we got to get in there”—i.e., that the US has become a new cheap labor haven.

Eric, a worker at Chrysler’s Warren Stamping plant, told the *World Socialist Web Site*, “When I started in 1995, the job offered hope. I live in Warren, and now you can see vacant houses where people have lost their homes. It really doesn’t seem like there is any improvement on the horizon. The whole movement from a manufacturing-based economy to a service economy has led to a wider gap between the haves and the have-nots.”

Referring to the two-tier wage, Eric said, “I believe it was devised to keep us separate. The company hasn’t given the first-tier workers a raise in 10 years, and now it seems that isn’t even up for discussion. They are saving money and laughing all the way to the bank.”

Another young Warren Truck worker added, “The amount of money the second-tier workers get is barely enough to live on. You work your ass off, but it is gone very quickly.”

Obama concluded his remarks with a homily that revealed more than he intended about social reality in America. He cited a worker, named Ramone, who had been hired into the Ford plant after returning from eight years of military duty in Afghanistan and Iraq and being forced to go into a homeless shelter because of the lack of work. Obama said Ramone was now working at Ford like his grandfather had for 25 years.

This is Obama’s new “middle class,” working for half the wages of their grandparents and barely keeping one step out of a homeless shelter.



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