Lessons from the Humbling of General Motors

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Of all 20th century industries, it was the auto sector that best captured the sway of capitalism and the rise of American dominance. The assembly line showed off capitalism's remarkable productive potential and the automobile flaunted capitalism's consumerist possibilities. At mid-century, with Europe and Japan emerging from the devastation of war, 80% of the world's cars travelled on North America roads. Pursuing the United States model became a common aspiration across the developed capitalist countries.

In the seventy-seven years before the fateful events of 2008, General Motors (GM) was the largest of the large in the auto industry. As early as the 1920s, GM had pioneered the multidivisional corporation – a form of corporate organization that allowed for both the centralization (of planning) and the decentralization (of execution) that was so crucial to facilitating the post-war omnipresence of global corporations. As late as the first year of the 21st century, *Fortune* ranked GM as the largest (by revenue) of *all* global corporations.

The fruits of the assembly line did not, of course, flow automatically to those tied to it. That only came as workers organized to challenge GM's unilateral power. The United Auto Workers (UAW) achieved its breakthrough, and inspired others, through the creative sit-down strikes and by introducing to this iconic industry the principle of industrial unionism – a form of unionism representing the unskilled as well as the skilled and uniting workers across companies. In the growth years after the war, the proudest achievement of the UAW and then the Canadian Auto Workers (CAW), even to the point of trading off workplace rights, was winning what was essentially a 'private welfare state' – a set of gains that brought workers not just wages, but the security of a range of benefits, of which health care and pensions were the most significant.

One question posed by the humbling of General Motors in the current crisis is whether this represented a failure specific to GM and the U.S. auto industry, or speaks to the decline of U.S. manufacturing more generally and with it, American economic power. But an ultimately more important issue – because it is so central to the challenging of U.S. power both at home and abroad – is the extent to which the most recent losses imposed on the auto unions reflect a momentous defeat of the broader working class in both the U.S. and Canada. This leads to asking what then is to be done if this defeat is not to presage the terminal marginalization of unions as a social force.

In the discussion to follow, one point in particular needs highlighting: limiting the analysis to specific issues and ignoring the wider context – that is, the development of global capitalism as a social system – won't do. This is not a matter of ideology but of honestly confronting what we face. Partial analyses lead to incomplete solutions and incomplete solutions can in fact make things worse. It is the refusal to think in larger terms, typically in the name of being 'realistic,' which bears a good deal of the responsibility for why workers were left so vulnerable when the auto crisis hit and why they subsequently found themselves boxed into such narrow options.

Escaping that debilitating trap – which involves *truly* being realistic – would mean learning to think and act in fresher, bigger, and more radical ways. This does not, of course, reduce basic workplace, bargaining and union issues to a secondary status. Rather, it emphasizes that these can advance working class struggles only if located within a larger strategy for social change.

1. Competition and Globalization

The crisis of General Motors must be placed in the context of global competition. Global 'competitiveness' has been the greatest disciplinary force confronting workers (directly in the private sector, indirectly in the public sector): compete or you lose your job and livelihood; compete or our country won't be able to afford its social programs.

Competition, a fundamental of capitalism, implies winners and losers and a constant restructuring of not just work, jobs and communities, but of class relations. While competition destroys individual businesses, at the end of the day capitalists as a class emerge more powerful: the survival of the fittest means that some companies come out of the competition more robust than ever, better positioned to restore profits and investment, and able to take over the market shares of those driven out.

For the working class, on the other hand, greater competition means something quite different. As the competition between companies is translated into competition among workers, workers are pushed to identify with their own employer, while undermining each other in the desperation to hang on to their jobs. Competition consequently fragments the working class; it erodes their one ultimate strength – solidarity.

We see this in the current auto crisis. The crisis has seriously weakened GM, put Chrysler into the hands of Fiat, and destroyed hundreds of auto parts companies. But at the end of the day there will still be an auto industry in North America that is more concentrated (fewer but larger corporations) and, in capitalist terms, stronger than it has been in recent years. But the workers in the industry will be less unionized, the unions that remain will have been made less effective, and worker expectations will be further lowered. In light of the high profile of the sector, the historic role of its key unions, and the depth of the current crisis itself, the outcome will clearly escalate pressures on other workers, both private and public. To that extent, the defeat of the auto workers does indeed threaten to become an historic *class* defeat.

The increasing internationalization of capitalism – 'globalization' – intensifies competition. But how was it that the Japanese companies, once so far behind, came to be the ones moving to the front? It is not enough to assert that the Japanese were simply smarter; we need to appreciate the context in which this historic reversal occurred. An immediate question is why the Japanese industry was allowed into the U.S. and Canada while itself remaining virtually closed to outsiders. We need, that is, to bring some history of the development of globalization into the story.

Though often viewed as inevitable, globalization in fact had to be *made* and not only General Motors but also the American state (remember GM CEO Charlie Wilson's statement in the 1950s? “What’s good for the U.S. is good for GM and vice-versa”) was at the center of this making. It is true that capitalists, driven by the goal of expanding profits and the pressures of competition, are disposed – as Marx noted – to ‘go anywhere, settle anywhere.’ But capitalist states, concerned to defend their own capital, have often tended to act as a barrier to globalization. While individual capitalists reached outward, in the pre-WWI era this occurred alongside drives to divide the world into national empires and, especially among emerging capitalist powers, attempts to protect their markets through tariffs. In the first half of the 20th century, this divisive nationalism went so far that a globalized capitalism seemed impossible: through World War I, the Depression, and World War II, global capitalism fell apart.

The possibility of a global capitalism was only revived after the end of World War II. The American state – conscious of these past failures, aware of its unique standing after the War, and acting in the interests of its own capital, set out to remake the world in a way that facilitated the making of a global capitalism. It was especially concerned to reconstitute capitalism in Europe and Japan, but to do so in a way that kept them open to American capital. As the U.S. integrated foreign capitalists into this project the U.S. essentially created new competitors.

Consistency in pushing for the priority of the ‘open-door’ abroad implied that the U.S. move to an open door to imports and investment at home. In the particular case of Japan, the fact of the Cold War and the centrality of Japan to the penetration of capitalism into Asia, led the U.S. to accept a certain ‘flexibility’ in mutual international economic relations: Japan was permitted to restrict foreign investment, yet access foreign technology; maintain, into the mid-1980s, an undervalued currency; and allowed to restrict entry into its market, yet retain full access to the U.S. market (at the time, it should be noted, Japan was only a semi-industrialized country with a limited market for consumer goods).

While still under U.S. occupation, the Japanese state and corporations had smashed the militant Japanese trade unions by the early 1950s, with the auto sector being a crucial battleground. By the 1970s, Japan – with borrowed or bought technology and the competitive advantages of lower wages – was making significant inroads into the U.S. auto market. Japan’s exports of small, fuel efficient and relatively inexpensive cars meshed with what U.S. consumers were looking for in a period of elevated energy prices and economic stagflation. When Japanese imports rose especially fast and the U.S. government moved to limit them, the Japanese corporations got the message and moved to directly produce inside the United States.

The Japanese auto companies quickly proved that they could compete as effectively without the cost and so-called ‘cultural’ advantages of Japan; they could match or surpass the Detroit Three (General Motors, Ford and Chrysler) even while producing *within* North America. By the end of the century, they had captured half the U.S. and Canadian car markets and were serious challengers in trucks. Well before the ‘Great Financial Crisis’ that unfolded in 2008 and forced GM and Chrysler into bankruptcy, the Detroit Three were in serious trouble.

2. General Motors and Toyota

The explanations of why GM in particular failed range from its complacency in light of past successes to the failures of its models in terms of styling, quality and price. Other explanations included faulting its size, which came with a degree of bureaucratization that hindered cooperation across departments and left GM's responses to market changes too rigid; or blaming GM for giving in too easily to union demands and thus suffering from lower productivity and higher costs. Most recently, criticism has focused on GM's short-term concentration on SUV's and trucks and corresponding insensitivity to the emergence of the environment as a critical market factor.

There is of course something to most, if not all, these criticisms. GM's managerial capacities have certainly fallen short relative to companies like Toyota. Yet GM's failures relative to Toyota should be placed in a wider context – not least to avoid romanticizing Toyota and pointing to 'Toyotaism' as the solution. For all of Toyota's impressive capitalist management techniques, the story of its relative success includes the following elements:

- In the early 1950s, when the UAW argued for smaller, affordable, fuel-efficient vehicles, GM's response was that product decisions were a management prerogative; the union should stick to bargaining the price of workers' labour. It was the Japanese corporations that eventually brought such vehicles to North America, but this was less a matter of foresight than of necessity. The Japanese market, based on relatively low incomes and high gas prices, supported the development of a capacity to build small cars and in the 1970s and 1980s, the Japanese auto companies couldn't compete technologically with the Detroit Big Three in larger, more sophisticated vehicles. For their part, the Big Three were ready to concede this low-profit end of the market, largely because any success here was seen as cutting into the large market in the U.S. for their own higher-profit larger vehicles. That tension over competing with your own model is certainly not something unique to GM; as one Japanese executive recently noted in reference to Toyota, "What should worry it now is [that] Lexus and high-end customers may shift to driving a [lower-profit] Prius." (*Bloomberg*, June 10, 2009).

- Toyota's Prius represents less a commitment to the environment than an appreciation of the beneficial image of being environmentally conscious. Before the crisis hit, Toyota was selling 150,000 Prius cars in the U.S. but also building a new $1.3-billion plant in Texas to produce 200,000 heavy-duty Tundra pick-ups for personal as well as business use so as to cash in on the larger profits generated by such vehicles (some 10-fold in levels of profits in comparison to that of the Prius). As it turned out, Toyota had to mothball the plant when, like GM, it confronted the sudden collapse of the truck pick-up market. (Toyota's 84 year old patriarch recently scolded the company president for "being so anxious to boost sales and profits that he'd let Toyota emulate now bankrupt General Motors Corp. and Chrysler [in] becoming addicted to big, expensive cars and trucks…" *Bloomberg*, June 22, 2009).

- In China, in different circumstances, it has been GM not Toyota that led in emphasizing small car production. As the *China Automotive Movement News* reported, "Toyota Motor has hit a pothole in China, where its failure to anticipate booming demand for small cars is depressing sales as rivals like General Motors report sharp gains" (May 9, 2009).

- What passes for greater productivity at the Japanese transplants includes a greater repression of their non-union workforce: management flexibility at the expense of any worker flexibility, inhumane line-speeds, discarding injured workers who can no longer sustain the work-pace.

- Perhaps most significantly, the Japanese transplants in North America benefitted competitively from the uneven effects of the U.S. being the only developed country without socialized health care costs (we will return to this in the next section).

As for GM, its emphasis on SUVs (sport utility vehicles) and trucks in the 1990s was precisely what it was being pressured to do by shareholders hungry for higher returns (this includes institutional investors like pension funds). U.S. consumers, their traditional bias for larger vehicles fortified by relatively low gas prices, were ready to pay big bucks for big vehicles and, as we've noted, all companies were only too happy to comply with 'the market.'

This could of course not last forever, but the profits could be grabbed while they lasted – and they lasted for over a decade. The plan was that as the market changed, the companies could make their transition to smaller, more fuel-efficient vehicles. What they did not account for – and this was the great failure of GM management – was how suddenly and radically things could change.

Ironically, by the time of the GM and Chrysler bankruptcies, studies generally confirmed that the quality gap with the Japanese transplants had become 'statistically insignificant,' (*Bloomberg* June 22) and that the productivity gap was "nearly erased" (Harbour Report, June 5, 2008). What remained, however, was the continuing perception of that gap, GM's inability to adjust in the face of the economic collapse, and Detroit's well-publicized cost disadvantage relative to the transplants.

3. Labour and Legacy Costs

In terms of wages, GM's problems cannot be linked to any recent exorbitant wage gains by auto workers. The UAW made their great gains in the 1950s-60s. Since the end of the 1970s, they, like other workers, have generally been on the defensive. Productivity in the U.S. motor vehicle assembly, for example, has almost doubled since 1990 yet real wages have remained virtually constant and in the parts sector they have actually fallen by about 6% (U.S. Department of Labor). In any case, while imports from Japan originally had the advantage of lower wage costs, the Japanese assembly plants that came to the U.S. more or less matched the wages of the Detroit Three in order to avoid unionization. Where then is the problem?

If we turn to total compensation (wages *plus* benefits), the cost problem is clarified. Such costs have in fact grown relatively rapidly. But the driving factor in this escalation of costs wasn't primarily the gains negotiated in collective agreements. Rather, it was the extraordinary increases in costs for the *same* benefits. Inflationary pressures, in other words, didn't come from auto workers but from the drug companies and private health insurers providing and profiting from these benefits. (This is more generally confirmed in a recent report by the President's Economic Council of Advisors, which notes that once health care is excluded, the growth in overall worker compensation is surprisingly flat. See 'The Economic Case for Health Care Reform.')

Rising health care costs affect prices and sales. But if all companies faced the same costs, no company would be relatively disadvantaged. It is because the U.S. heath care system is overwhelmingly private that the impact of achieved benefits is so uneven. Even if the transplants were unionized and had the same benefits, their shorter histories in the U.S. and consequent lower number of retirees receiving health care benefits mean that the transplants would still have a competitive advantage over the U.S.-based companies. Though Canada's health care system avoids this disadvantage, because the Canadian operations are integrated into the higher cost U.S. operations, the U.S. problem is also a Canadian problem.

The gap here is stunning. At the end of the 1970s, GM had some 470,000 hourly workers and 133,000 retirees and surviving spouses. At the time of its bankruptcy, the workforce had decreased by over 85% (to 64,000) while the number of retirees had increased almost four-fold (to some *half a million*) as GM became one of the largest health care consumer in the USA. From a ratio of fewer than 3 retirees per 10 active workers, GM had gone to 77 retirees per 10 active workers. This is hardly sustainable, especially when the Japanese transplants collectively – Toyota, Honda, Nissan, and Subaru – have less than 1000 retirees in the United States. (To some extent, the need for revenue to pay the high fixed costs of health care also pressured GM and others to sell vehicles at a heavily discounted price even if this meant selling at a loss).

Pensions are a slightly different matter. Unlike health care, they are paid out of a stand-alone fund. Company payments are invested in stocks and bonds, and as long as the payments continue and the returns generated are high, there is no problem. But what seemed adequate during the stock market boom of the 90s changed quickly and dramatically when at – the same time that GM was increasingly less able to set aside new monies – the returns on the assets in the pension funds collapsed. Relative to GM's falling workforce and shrinking market, the burden of both health care and pensions was all the greater.

For workers, this dependence on their employers for health care and pensions – as opposed to receiving them from the state as a right – pushed them toward lobbying governments to support these corporations and, alongside this, vulnerable to government or corporate calls for concessions. Moreover, in trying to gain public support for their dilemma, auto workers found themselves relatively isolated since most workers didn't get such benefits. It once could be assumed that the largest corporations would be around forever and so pension promises were safe. That era – eclipsed by the intensification of competition over the past quarter century – is gone. Even the biggest private companies can no longer guarantee workers their benefits.

4. Misdiagnosis: Reciprocity, Hollowing Out and U.S. Declinism

When we consider what might be done, certain perspectives on the crisis lead to confused if not harmful strategies. The CAW, for example, has for some time put emphasis on calling for 'trade reciprocity': where foreign-based corporations are accessing our markets, their home markets should in turn be opened to us. This sounds fair enough, but it misunderstands the nature of globalization. If Asian markets were in fact opened, this would do nothing for Canadian jobs. The auto companies would still be unable to ship from the U.S. and Canada and be competitive with Asian wages. On the other hand, if it is made easier for companies like GM to invest in Asia and organize their parts flows across that region, this would be beneficial to GM – but hardly a solution for workers here.

What is of special concern (since the policy itself won't help) is the ideological content of focusing on trade reciprocity as a union strategy. The CAW was a leader in the earlier fight against free trade and still officially opposes it on the grounds that enforcing the property rights of corporations (the freedom to produce, move, and sell where they please) undermines *our* freedom *as workers* to shape our lives and societies. The demand for reciprocity, however, contradicts this position; calling for other countries to become more economically open further *legitimates* free trade.

A related misconception lies in seeing the crisis in terms of the metaphor of an industrial 'hollowing out,' with whole industries moving abroad. It is easy to understand why, based on their direct experience, workers might see things this way. But the fact is that jobs are not only going but also coming in (though generally not coming to the same places that were left). This is especially so in the auto industry. The Detroit Three were investing in rural areas and the U.S. south even as they closed plants elsewhere. And the facilities that have undermined the Detroit Three have increasingly been new foreign-based investments – assembly and parts plants that are now here, in the U.S. and Canada, rather than abroad.

All this is better understood as a sweeping *restructuring* of the industry than its hollowing out: restructuring workplaces to make them leaner and more productive; outsourcing from the Detroit Three plants to the parts sector; restructuring relative market shares between U.S.-based and foreign-based companies; geographic shifts within North America; a more general transfer of jobs from manufacturing to services and within manufacturing to higher tech; restructuring toward less unionization and less effective unions; and restructuring expectations and class relations.

One aspect of these domestic transformations is that it wasn't imports that were causing the majority of job losses in the U.S. and Canada, but – in addition to the loss of market share to the transplants producing domestically – outsourcing to domestic suppliers and productivity gains due to speedup and the introduction of labour-saving technological-change. For example, in 1990-2005, U.S. output in the auto industry as a whole, including the transplants, increased by an average of 3.1% annually in vehicle assembly and 4.8% in parts (the latter benefitted form the outsourcing). But productivity in assembly (3.7%) grew faster than output and almost as fast in parts (4.4%). Thus overall employment fell. For GM alone, sales fell by some 10% over this period but employment fell by 2/3. The significance of the impact of productivity is especially clear in the computer equipment sector, where output increased by a remarkable 22% per year, yet with productivity growing even faster (28% annually), employment fell by an average of 5% annually (*Monthly Labor Review*, Feb 2008).

Seeing the problem in this way helps move us from feeling hopeless (there is no industry left), to taking on the possibility of unionizing companies that remain within North America and the communities we live in as workers. It also highlights the labour movement's failure to share in the productivity explosion through, for example, a reduction of hours of work in higher-wage sectors. Most important, it forces us to address the core of the problem: as long as the restructuring of our lives is left to markets, competition, and profits – as opposed to democratic planning to meet our collective needs and potentials – life for working people can never be secure.

A third misconception closely linked to the above is that the bankruptcies of GM and Chrysler, along with the financial crisis, signal the end of U.S. global leadership and its replacement by China, Asia, or Europe. The implication is that the U.S. is doomed to a period of economic decline and/or that this decline will lead to some dramatic and progressive response. Consider first the financial crisis. It certainly demonstrates how chaotic and anti-social capitalism is as an economic system. But if anything, it *confirms* U.S. leadership. The crisis was based in the U.S., yet posturing aside, no country and no investors saw fit to get out of dollars. The dollar generally was, in these times of trouble, the universal safe haven and the centrality of U.S. leadership within an interdependent capitalism remained clear.

As for the auto sector, it is no longer the measure it once was of U.S. competitiveness. That has shifted to other higher tech sectors and the pervasiveness of U.S. business services, including – despite the financial crisis – finance services (for instance, Goldman Sachs, JP Morgan and Citigroup still far outranked all other banks around the world in Mergers and Acquisitions services right through 2008, and indeed were joined by Morgan Stanley and Bank of America in world's top five in 2009). U.S. companies remain an international force: GM, for example, remains a leader in the auto industries of Russia, China and Latin America. The investments of the Japanese companies in the U.S. do not reflect American decline but highlight the continuing importance of operating in the heart of the Empire because of the size of its market and the political limits of market penetration through imports (Toyota sells more vehicles in the U.S. than in Japan and over half of Honda's global profits come from the U.S. market).

If the auto industry isn't as important as it once was, it does remain a crucial sector with vast inter-industry linkages, and in spite of the devastation its workers and communities have suffered, the U.S. auto industry remains in business. At home, GM may recover some of its lost market and production and, if not, that share will be picked up by Ford, Fiat or the transplants. And as mentioned above, both domestic and foreign-based companies will continue to invest in the U.S. and Canada and increase content here (as the transplants have, reluctantly at first, come to do with not only assembly plants but parts plants and a measure of research and development).

The U.S., in short, is going through an historic crisis that will include a long period of continued pain. But there is little evidence to suggest that any other country is interested or capable of challenging American leadership. And a crucial part of the strength of U.S. capital and the U.S. state lie in the weaknesses of its labour movement, which provides, as this crisis has sadly shown, the U.S. elite with all the flexibility it needs to solve its problems on terms favourable to it.

5. Toward a Class Perspective

A fundamental lesson of the auto crisis, crucial to all workers, revolves around the cost of not having an independent class vision. Independent, that is, from 'our' employers and the competitive logic of capitalism, and confident in the collective potential of workers – union and non-union, employed and unemployed – to build a society supportive of equality, solidarity, and the deepest democratization of every dimension of society, especially of the economy itself. This requires elaboration.

In the case of health care and pensions, the threat was not only that the corporations would attack such benefits but especially that in the present economic environment they may simply be unable to live up to their promises. Turning to even more privatized options such as investing in stocks and mutual funds or hoping for constant inflation in home values, has proved no more secure (among other things, it is now also leading to retrogressive options like people deciding they have no choice but to increasingly work well past normal retirement age). If we want social benefits for ourselves, they will have to be provided to *all*, and done so through the state while winning this in turn rests on mobilizing the working class as a whole. Furthermore, given the needs of those losing their jobs, as well as those who never had company-paid benefits, and given the government's readiness to throw around funds in a way that is generating more inequality, our expectations should be increased, not moderated. It is not enough (in the U.S.) to have an 'improved' health care system that falls short of every other developed country; or to just defend, especially in Canada, what we have without demanding an extension of health care to include pharmacare and dental care.

The fundamental importance of a class perspective is equally important when it comes to organizing new workers into unions. As the auto experience has shown, hanging on to unionization in a falling subsection of the industry leads sooner or later to the non-union companies setting the standards for those who are unionized (it is not just the failure to unionize the transplants that is involved here; unionization of the parts industry is down from some 80% in the early 70s to the current levels of about 15% in the U.S. and 40% in Canada and this has been a factor in reinforcing outsourcing).

The issue goes beyond building a broad alliance to bring about changes in the legal framework confronting unionization; this is crucial but will, in itself, be inadequate. Unless the vision and orientation of those already unionized is transformed, we are left with the limited extent to which unionization in fact represents an increase in independent working class strength, and it is unlikely that 'trying harder' will be successful. In auto, a central strategy going back to the fifties was to trade working conditions for wages and benefits. This ultimately weakened the union and now also makes it all the harder to unionize transplants; with the UAW and CAW increasingly unable to make a strong case for joining a union to address shop floor working conditions the transplants could keep unions out by more or less matching their compensation. (The driver of unionization has quite generally been workplace relations: workers reaching the point where their fear of challenging the employer is overcome by their determination to be treated with a measure of dignity and refusal to any longer tolerate arbitrary management decrees.)

What is therefore needed to counter the present climate is a view of unionization that goes beyond adding members, to seeing the project as building the working class as a social force. Only such an orientation has the possibility of generating the energy, creativity, commitment, and readiness to undertake risks that have a chance of achieving breakthroughs (institutional risks such as opening the door to unions co-operating to bring new workers into the fold, and – as both an invitation to unionization and gesture of solidarity – providing support and services to workers independent of them having achieved a formal bargaining relationship).

It is around jobs that the failure of having an independent vision has been most costly and where finding solutions is most intimidating. Both the UAW and CAW have, unlike in their early days, refused to raise any questions about the product being produced. In fact, in the name of job security the unions (and their members) generally *defended* the corporations against any criticism, such as that of corporate insensitivity to environmental impacts. This lack of independence from the corporations has cost workers not just in terms of its public credibility and leadership role on social issues but it has, in its short-sightedness, ultimately left auto workers *less* secure.

Moreover, as the crisis unfolded and the jobs issue dominated all other considerations even more, the union – absent any alternatives for defending jobs – was left all the more vulnerable to the most damaging concessions. And even when corporations like GM and Chrysler were saved, most jobs were not, since a basic part of the corporate (and government) recovery strategy included the further decimation of the workforce.

The only possible way out of this box lies in linking jobs to a vision of society not limited by corporate control over production. Suppose, for example, that auto workers – those laid off and those still working – called for expropriating any plant the companies no longer considered useful to profits, and placed those facilities within a public company with a mandate and plan to convert these plants to socially useful production. The *Wall Street Journal* has reported that even on its own, "The auto-industry meltdown is forcing a transformation among automotive suppliers, which are slowly diversifying into more-promising markets such as medical devices and green energy," (June 15, 2009). But absent a determined national plan that creates the crucial social demand for such conversion, private corporations will (as the article goes on to show) only move in this direction sporadically.

An obvious focus of any such plan might be addressing the pressing needs of the environment. The environmental crisis means that, through the rest of this century, we will need to transform everything about how we live, produce, consume and travel; homes will have to be modified, every machine and piece of factory equipment altered, the infrastructure of energy, transportation and cities rebuilt. All this means retaining and expanding manufacturing capacities and jobs. The failed alternative is to passively watch the capacities and jobs continue to fade away.

The point is that an alternative vision would lead us away from focusing on saving the *companies*, to saving the industry's productive *capacities* – the skills of the workers and engineers and the productive capabilities of the equipment. Rather than trying to preserve a falling number of jobs at the car companies – jobs which won't come back – we'd reach *beyond* the auto industry to a plan that included all the workers who will not return to auto and looked to *new* jobs that could address other pressing social needs. Rather than depending on corporations driven by profits and on becoming competitive, we'd turn to *democratic planning*. Rather than handing out money to a financial sector at the center of causing the global economic crisis, we'd be talking about nationalizing the banks – not to fix them so they can return to business usual, but to act as a channel for distributing and investing society's surplus in a democratic way. In short, the solution lies in workers coming to themselves as more than 'just workers' but part of a collective project to build a saner, egalitarian, sustainable, democratic and richer life for all.

What is to be Built?

But how do we get from here to there? How do we build the political capacities – the understanding, confidence and organizational strength – to move on? That unions need to develop closer ties among themselves and link up with other social movements goes without saying. It is, as well, clear that this is not just a matter of bringing together these parts – each with their own limits – but of transforming each of them.

In the case of unions, it is crucial to note that – as central a base as unions are to sustaining progressive change – unions cannot themselves lead the process of radical change. Unions are organizations of workers with different politics that try to create unity around a set of primarily workplace-based ends; the daily administration of contracts and bargaining dominates union life. At their best, unions try to do more and stretch these limits. But the work of broader social change requires a separate organization, one with feet inside the unions but also outside, that identifies its primary task as building toward the possibility of transformative change: coordinating the widest possible popular education; developing grass-roots capacities and confidence to analyze, spaces to debate and strategize; and creating new structures through which segmented working classes can participate, socialize, develop unity, and act collectively.

In previous periods of economic turmoil, workers developed new structures for fighting back and visions of moving beyond the narrow confines of capitalism. If we are to do more than hope for the crisis to be over so we can return to a capitalism that didn't address our needs earlier, and more than passively watch as capitalism narrows our lives even further, then a new historical project must be placed on the agenda. This is the foremost challenge to the present generation of working class and socialist activists. •

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Further reading:

- Herman Rosenfeld, 'The North American Auto Industry in Crisis', *Monthly Review*, June 2009. Rosenfeld's analysis parallels, but goes into more current detail, on the crisis in auto; see especially the excellent section on alternatives.

- Greg Albo, 'Unions and the Crisis: Ways Forward?', *Canadian Dimension*, April, 2009. Albo provides a broader overview of the state of oppositional movements and an extremely useful reference point for the question of ways forward.

- For further analysis on the auto industry see the Socialist Project labour page and labour *Bullets*. See also current and back issues of *Labor Notes* for analysis and reports on struggles, and Gregg Shotwell's outstanding articles on the SOS website – *Live Bait & Ammo*.