

## Senate hearing on US auto bailout signals new attacks on workers

By [Jerry White](#)

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Tuesday's Senate Banking Committee hearing on a \$25 billion government bailout of the US auto industry underscored the reactionary framework of the official debate on the crisis of the Big Three auto companies. At the center of the dispute between those senators who support an emergency loan and those who oppose it is how best to impose the burden of the crisis on the backs of auto workers and the working class as a whole.

The hearing made clear that whatever the outcome of the dispute within Congress and the American ruling elite over the immediate issue of an auto industry bailout, the auto crisis will be used to launch an unprecedented assault on the wages, pensions, health benefits and working conditions of workers in every sector of the economy and every part of the country.

The hearing provided further proof that the only policy capable of defending the interests of auto workers is a socialist policy based on the nationalization of auto and its transformation into a publicly owned industry under the democratic control of the working population. This requires the independent industrial and political mobilization of auto workers and the entire working class in opposition to the auto companies, the Wall Street banks, both political parties and the United Auto Workers union (UAW), which functions as an appendage of the auto bosses.

Even were the \$25 billion emergency loan to be passed by the lame duck 110th Congress and signed into law by President Bush, which appears unlikely, it would be conditioned on the ripping up of existing union contracts and the imposition of wage and benefit concessions that would destroy virtually everything that remains of the gains won by generations of auto workers since the mass strike battles that established the UAW in the 1930s.

The Senate hearing was an exercise in hypocrisy. Neither the senators nor the chief witnesses—the CEOs of General Motors, Ford and Chrysler and UAW President Ronald Gettelfinger—pointed clearly and unequivocally to the absurdity of squabbling over \$25 billion to avert the imminent bankruptcy of General Motors after Congress approved the handover of more than a trillion dollars in taxpayer money to bail out the major banks.

The government rescue of Wall Street executives and speculators, whose recklessness and greed precipitated the financial meltdown that is plunging the world economy into the deepest slump since the Great Depression, imposed no restrictions on the banks and financial firms that receive government handouts. But now that the jobs of hundreds of thousands of auto workers are on the line, politicians and media commentators act as

though the Wall Street bailout never happened and wax indignant over the prospect of government intervention into the “free market.”

The more that opponents of the proposed loan to the Big Three, including the Bush White House, the Treasury and the majority of congressional Republicans, denounce the measure, the more its supporters, from President-Elect Barack Obama to Democratic congressional leaders, declare that any loan must be tied to a ruthless program of downsizing and the destruction of the workers’ wages and conditions.

Opponents of the Democratic-sponsored proposal to use a small portion of the \$700 billion allocated to bail out the banks to rescue the auto companies argue openly that the best option for gutting the wages and conditions of auto workers is to allow GM and the other companies to run out of cash and file for Chapter Eleven bankruptcy protection. This would result in the invalidation of existing union contracts, including the provision of health care and pensions for millions of retirees and their dependants.

Calls for this option have filled the airwaves and the pages of major newspapers in recent days. One example is an article by *New York Times* business columnist Andrew Sorkin that appeared in Tuesday’s edition. He advocated a “government-sponsored bankruptcy” that would force GM and Chrysler to merge and shut down half of their 35 plants. Sorkin wrote, “Bankruptcy would give GM enormous leverage with its debt holders—and perhaps more important with the UAW, whose gold-plated benefits are one reason why GM is no longer competitive.”

At Tuesday’s Senate hearing, GM’s Richard Wagoner, Ford’s Alan Mulally and Chrysler’s Robert Nardelli argued against opponents of the government loan that drastic restructuring is already underway. They pointed to the fact that over the last two years more than 100,000 jobs have been eliminated, scores of plants shut and billions slashed from operating expenses.

The executives praised the role of the UAW in signing a contract in 2007 that imposed unprecedented reductions in labor costs. The concessions, they said, had virtually eliminated their labor cost differentials with Asian and European rivals that operate non-union plants in the US.

The most degrading testimony came from UAW President Gettelfinger. He pleaded for a bridge loan to help the auto companies weather the storm until the union’s new cost-cutting agreement takes full effect in 2010.

“What the UAW has done?” Gettelfinger asked rhetorically. “In 2005 we ended the vow we made to our retirees that they did not have to contribute to their health care. We negotiated the VEBA [Voluntary Employee Beneficiary Association] to take retiree health care obligations off the company’s books. Hourly workers gave up their 3 percent wage increases and for four years there will be no annual improvement in wages. We changed work rules.”

He could have added that the 2007 contract allows the Big Three to hire new workers at half the pay of older workers and strips them of traditional health and pension benefits.

Responding to criticisms of the union’s so-called Jobs Bank program, which subsidizes the pay of laid-off workers, Gettelfinger declared, “Between 2005 and 2008, we have lost 47,000 workers at GM and we have virtually eliminated our jobs bank at all three

companies. We had to take the political heat for these kinds of decisions, but as a union leadership we are proud to work with these companies.”

Gettelfinger’s testimony was a self-indictment of the UAW bureaucracy, demonstrating that the union lacks any policy independent of the auto companies. It was a testament to the utter failure of the union’s policy based on virulent opposition to socialism, the promotion of economic nationalism and hostility to a political break with the parties of the American corporate elite.

One of the witnesses, Peter Morici, an international business professor from the University of Maryland, told the senators that bankruptcy would allow the US auto makers to throw tens of thousands out of work without paying severance benefits and would put American auto makers on par with non-union plants operated in the US by Asian and European companies.

On the same day as the Senate hearing, Kenneth Lewis, the CEO of Bank of America—which received \$25 billion in the government bailout—told an audience at the Detroit Economic Club that the auto companies shouldn’t get a dime in federal money unless it came with “stipulations,” including a commitment to drastically consolidate the industry, including the elimination of at least one of the Big Three companies. “The American people aren’t interested in just giving more money,” he said with a straight face.

Among the most outspoken Senate opponents of the proposed auto loan is Richard Shelby, the ranking Republican on the Banking Committee. Not accidentally, his state, Alabama, is home to non-union plants operated by Toyota, Honda, Mercedes and Hyundai.

Michigan Senator Debbie Stabenow summed up the reactionary basis on which the Democrats posture as defenders of working people. In her opening comments she said that American manufacturing had to be defended because it was crucial for national security. America, she said, “can’t go from a foreign dependence on oil to a foreign dependence on technology and the manufacture of tanks, planes and automobiles.”

Such nationalist appeals have long been used by the Democrats and the UAW bureaucracy to undermine class consciousness and demand ever-greater sacrifices from workers in the US to “save American industry.”

The American ruling elite is exploiting the economic crisis to impoverish the working class and return it to conditions of unbridled exploitation not seen since 1930s. In this, it has the full collaboration of the UAW and the rest of the official unions.

The collapse of the US auto industry has demonstrated the need for state intervention and planning. The question is: by whom and in whose interests? The experiences of the last three decades, beginning with the 1979-80 Chrysler bailout, demonstrate that in so far as state intervention, in whatever form, is carried out by the two corporate-controlled parties and a government dominated by big business, it will be used to destroy the conditions of auto workers and, on this basis, create a rump auto industry that can once again provide a profitable avenue for investment by Wall Street banks and speculators.

The only policy capable of defending the interests of working people is the nationalization of the auto industry under the democratic control of the workers themselves. Economic decision-making must be taken out of the hands of those who have driven the industry into the ground—while amassing huge personal fortunes—and put in the hands of the working

population.

The business secrets and account books of the corporations must be opened to public review and the multi-million salaries and other ill-gotten gains of the CEOs and Wall Street speculators confiscated and put to socially necessary use. The auto industry must be reorganized on the principle of production for human need, not profit, in order to guarantee decent living standards to workers and their families and produce safe, affordable and environmentally sustainable vehicles.

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