

Labor in Focus by Joyce Fredman

Auto industry run over by 'Recovery'

As the UAW prepares its typical selective strike, industry leaders no longer care if they produce cars.

At 11:59 p.m. on Monday, Sept. 14, contracts for 104,000 Ford workers and 335,000 General Motors workers are to expire. Prospects for a new contract look dim as *EIR* goes to press. Third-ranked Chrysler has a contract that expires next year, although just across the border, the Canadian Auto Workers Union on Sept. 2, chose Chrysler's Canadian subsidiary as its strike target. The independent union said its 10,000 members at four Chrysler LTD plants in Ontario province will walk out at midnight Sept. 14.

The problem that faces the auto industry in America, however, is much greater than how much of a wage increase they can offer. The specter haunting them is the collapse of the U.S. steel industry, the U.S. shipbuilding industry, and most of the rest of America's industrial capacity. As GM's vice president, Alfred Warren, stated earlier this year, "People cannot believe we could stop building automobiles in the United States. I'm sure the electronics people felt the same way. . . . I'm sure the baseball glove . . . [and] the shoemakers all felt the same way, but it's all gone."

In late August, sales of domestic cars and trucks had fallen 17.9% from a year ago, when buyers were tempted into showrooms with the introduction of the first buyer incentive programs. The big three (GM, Ford, and Chrysler) returned to incentives on Aug. 5, but the lure no longer worked. Vehicle loan rates are now as low as 1.9%, down from last year's 2.9% low rate, but sales this year are off 10% so far.

The seven major domestic manufacturers now expect to build a total of about 1,375,000 cars in the United States during July-September, sources in the industry say. This compares with August estimates for the quarter, of about 1.4 million cars. The current forecast is about 16% below the 1,634,247 cars built a year ago. For the period from Aug. 21-Aug. 31, firms that build cars in the United States reported sales of 369,597, down from 450,295 vehicles during the same period last year. Domestic car sales are moving at a seasonally adjusted annual rate of 8.2 million, while imported car sales are running at about 12.3 million units.

General Motors' late-August sales fell 34% from last year, and in November 1986, GM announced plans to shut down 11 of its assembly plants and permanently dump 25,000 workers. The first of those closings occurred on Aug. 26, when the last car rolled down the assembly line at the 64-year-old Norwood, Ohio GM plant. The largest employer in the town, Norwood's closing meant no more jobs for more than 4,000 people.

The auto production that has occurred in the United States is now facing its own set of problems. Ford at the beginning of September recalled 4.3 million cars, light trucks, and vans, to correct fuel-system defects that have produced 230 engine fires and injured 16 people. Ford recalled 4.1 million 1986-88 cars and 1986-87 light trucks, to repair couplings on the fuel lines that connect the gas tank to fuel-injected engines. This represents 56%

of the 7.3 million cars and light trucks Ford has built in North America since 1986.

In such a situation, "job security," the UAW's first priority, will be hard to come by. The union is already talking about settling for annual lump-sum payments, instead of the usual percentage increases in pay and cost-of-living allowances. This seems to be the trend in labor negotiations, where workers have succumbed to the idea that they had better take what's being offered, before the whole industry disappears. Ford and GM are both discussing contracts that allow them to buy parts and cars from outside companies or countries, as well as close plants and shrink payrolls.

Perhaps the most ludicrous example of the direction labor relations are taking is in Toledo, Ohio. There, at the Alexis Road factory, workers have produced automatic transmissions for 30 years. In the past year, GM and UAW Local 14 have set up a 22-acre "jointness" park, a 13-room "joint-education" wing, a plantwide "joint communications" network with 44 TV monitors, and 200-plus "joint employee involvement groups." The goals range from AIDS education to how to invest in real estate.

At GM, such social-control programs cost about \$200 million last year, and Ford spent \$30 to \$40 million on such commitments. Chrysler won't disclose its amount. The steel and communications industries have set up such programs, but the auto industry has by far outdone the rest.

This is how the business community is dealing with the realities of the depression. This insanity is being touted as the secret to the success of Japan's industries. The motto is, if you can't offer them a job, make sure there's a big playground around with a lot of TV tubes.