

At stake in GM strike: globalization's destruction of labor and industry

by Richard Freeman

The United Auto Workers strike against General Motors' Delphi East plant in Flint, Michigan, which started on June 5, is an action of enormous strategic importance for the United States, and indeed, for the entire world economy. For 20 years, with increasing ferocity, GM, as well as Ford and Chrysler, has carried out the British oligarchy's policy of "outsourcing," the leading edge of globalization: gutting and shipping out plant and equipment from the industrial belt in the United States, ratcheting down wage levels, and firing workers, while production facilities are transferred to low-wage centers in the United States (especially in the South), or to GM-run Auschwitz-style slave-labor *maquiladora* factories in Mexico.

Either this globalization is halted, or there will be no industrial capacity and labor force left to economically reproduce the human race.

The reasons for this are an issue of basic economics. As Lyndon LaRouche has emphasized, economics starts with man in the image of God; that is, man has a divine spark of creative reason, which makes possible revolutionary scientific discoveries of principle. Man applies these discoveries to promote the capital-intensive, energy-intensive development of the economy and the cognitive capacity of the labor force. The advanced sector can help the Third World to develop these capacities and to build infrastructure—water management systems, high-speed rail, nuclear power plants—that will raise it to advanced sector standards.

But there is an alternative, Hobbesian, conception: that man is essentially a beast, only fit for labor paid at or below subsistence levels; that industrial capacity should be hollowed out of the advanced sector, and new plants built in the Third World—not for development, but only for looting, with the strictest cost-accounting slashing of living standards.

GM identifies with the second conception. It has long considered shutting down the GM Delphi Automotive Systems parts plant in Flint. In so many words, the message was conveyed to the workforce: Either agree to drastic wage reductions, or GM will close the factory. During the current strike, GM has howled that because the UAW has had the effrontery to strike, GM now will not make new investments in the plant. But for years, GM did not make any significant investment in that plant anyway, or in most of its part-producing plants in the United States. Since 1985, GM has laid off

15,000 workers at its plants in Flint, reducing its workforce there to 47,200. Yet, because Flint still depends on GM for 36% of its manufacturing jobs, and 60% of its direct and indirect payroll, the loss of GM jobs has caused the city to shrink. In 1980, it had 159,611 people. That shrank to 140,761 in 1990, and today, the population is about 125,000. In sum, GM's policies have destroyed a city.

Since 1992, across the United States, GM has closed four car-assembly plants, and closed or sold off 19 parts-producing plants. The company's long-standing pattern of disinvestment from the United States is clear.

Instead, GM has invested its money in a slave-labor system in Mexico, which represents one of the final steps of Nazi labor recycling: the *maquiladora*, an in-bond assembly plant. GM's Delphi Automotive System integrated auto parts system operates 53 *maquiladoras* in Mexico. In the case of Delphi, raw materials and semi-finished parts are shipped from the United States to Delphi *maquiladoras* in Mexico. There are no Mexican customs duties, so it is like shipping raw materials inside the United States. Once at the *maquiladora*, the Mexican workers assemble the parts into a finished component. It is then shipped, duty-free, back across the border to the United States for final assembly.

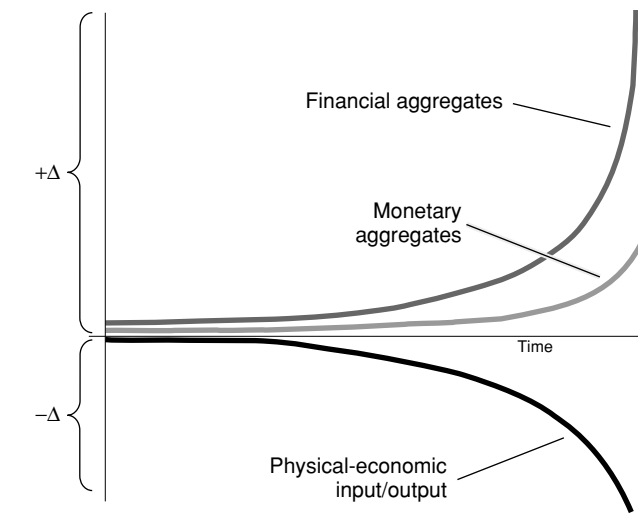
In effect since 1965, the *maquiladora* system was greatly strengthened by the passage of the North American Free Trade Agreement (NAFTA), in 1994.

If it were not for the slave-labor system at the *maquiladoras*, it would make no sense for GM to pay the transportation costs to ship parts several hundred miles across the U.S.-Mexican border and then 1,000 miles back to Michigan for final assembly. But in Mexico, a worker in GM's Delphi Automotive Systems parts-producing plant earns \$1.10 per hour, versus almost \$20 per hour for a unionized worker at a Delphi Automotive Systems parts plant in the United States. Plus, GM pays nothing for infrastructure—since there is none worth mentioning—and even gets the Mexican government to subsidize its electricity costs.

The conditions of the Mexican workers in the *maquiladoras* are intolerable. The Jan. 25 *Hoosier Herald-Times* of Indiana told the story of Teresa Silva, of Ciudad Juárez, which is located in the middle of the Chihuahua desert. Silva works for the Thomson Consumer Electronics TV *maquiladora*, but the conditions are similar to GM Delphi workers in Ciudad

FIGURE 1

A typical collapse function



Juárez, which has the largest number of GM Delphi parts plants— 18 in the city proper, and 5 more close by. She earns 52¢ per hour, and lives with her two children in a “12-by-12 foot house.” The *Herald-Times* reported, “An unusual two-day rainstorm had battered the desert neighborhood and soaked the backyard lean-to that’s home to her mother, brother, and sister.” The lean-to is made of cardboard, nailed over a rough frame.

In Silva’s home, “a sagging bed takes up much of the single room.” Yet, despite the extreme heat during the day and cold in the evening, there is neither air conditioning nor heating. When it turns very cold, the “stove doubles as a heater.” Further, “water comes from a single spigot, outside on the bare-dirt lot.” The water does not meet U.S. health standards.

In many of the *colonias*, the poor neighborhoods, where many members of the *maquiladora* workers live, there is no central sewage system; raw sewage runs down the city streets. Hepatitis A and other diseases flourish.

Nazi economics

How could such a situation come about on the North American continent, in the last years of the twentieth century?

What is relentlessly pushing the globalization-outsourcing process forward, is the world financial speculative bubble. The two globalization processes — one involving production and the other financial speculation — are parts of one process. LaRouche’s “triple curve” function presents the relationship (Figure 1). The globalization of world financial markets has created a financial bubble that is growing at a hyperbolic rate, as represented by the uppermost of the three curves. Exemplary of this is the \$130 trillion world derivatives market.

The rate of return of the growing mass of financial claims in the upper curve, and the growth of the monetary aggregate (middle curve), sucks dry the lowest curve, representing physical production, forcing it downward. But, in periods in which the demands of the claims become immense, such as they are now, they can only be satisfied by vicious looting of the physical economy, as plant and equipment are sucked dry, and the workforce is cannibalized, through the process of fascist labor recycling pioneered in Nazi Germany in the 1930s. The last step of the Nazi policy was the labor camps, like Auschwitz: Workers were fed 400 to 600 calories per day, and when incapable of standing up, were gassed.

Today, under labor recycling, a worker earning \$20 per hour, for example, with full health and other benefits, is fired; he is then hired (sometimes at his old job) at \$10 per hour, with half-benefits. He is fired again, and hired again, at \$6 per hour, with almost no benefits.

While there have been precursors of this policy over the past 25 years, the world financial crisis has reached the point where there is an aggressive shift to implement this last phase. This process is now being carried out against the workforce globally.

Under such a policy, no nation benefits. There is no “lowest wage.” The wage level in Mexico, for example, can always be undercut in another country, where the workforce will be put to work for less.

By this levelling process, both industry and the cognitive powers of the labor force are wiped out. If not stopped, nations will cease to function or exist.

In this report, we look at the development of outsourcing in the auto industry through GM. We then look at its extension to other industries, and finally, we examine how this process will destroy America as an industrial republic.

GM’s maquiladora empire in Mexico

While GM is facing down the UAW at its Delphi Automotive Systems plant in Flint, it is busy building its Delphi empire in Mexico. Today, total employment in the Delphi division in Mexico, at 72,000 workers, is approaching the total employment at the Delphi division in the United States, at 90,000. Until 1978, GM did not have a single Delphi Automotive Systems plant in Mexico. If this trend continues, in a few years, GM’s Delphi Automotive System in Mexico will employ more workers than are employed at the Delphi division in the United States.

There are two ways that GM outsources: 1) for *parts*, where auto parts are not made by GM in-house, but are produced either by low-wage, non-GM factories in the United States, or in *maquiladoras* in Mexico; or 2) *entire car assembly*, where complete cars are made outside the United States,



LaRouche organizers at UAW picket lines in Flint, Michigan. General Motors has invested in a slave-labor system which is destroying both the United States and Mexico.

but shipped back for sale on the U.S. market.

In 1997, the Delphi Automotive Systems group had worldwide sales of \$28.4 billion. Were it a separate company, it would have ranked as one of the world's 500 largest. The principal divisions of Delphi and their function, are:

- Packard Electric: electric wiring harnesses
- Harrison Thermal Systems: heating, ventilating, air conditioning
- Delco Chassis
- Saginaw: steering systems
- Delphi Interior and Lighting Systems: lighting, air-bags, etc.
- Delphi Energy and Engine Management: air/fuel management, ignition, etc.

GM Delphi's *maquiladoras* pay their workers, on average, \$8.75 per day—two and one-half times the Mexican minimum wage of \$3.50 per day. On the basis of an eight-hour workday, GM's Delphi *maquiladora* system is paying its workers \$1.10 per hour. The average hourly wage for a UAW-represented autoworker, working for GM in the United States, was \$19.27 per hour as of June 1996. So, on base pay alone, a Delphi worker working in a *maquiladora* earns one-eighteenth of what a Delphi worker earns in the United States. When health and retirement benefits are counted, a UAW worker's wage is brought up to more than \$35 per hour.

In its cost-accounting way, GM figured out how to chisel on the health costs of its Mexican workers. In Mexico, the government pays health coverage for all of its citizens. GM has to contribute to the government for this, but a fraction of what it would have to pay in the United States. Thus, while

the financiers and International Monetary Fund denounce Mexico for spending too much of its budget on social services, GM calculated that by locating in Mexico, it could pass on a large portion of its workers' health care cost to the Mexican government.

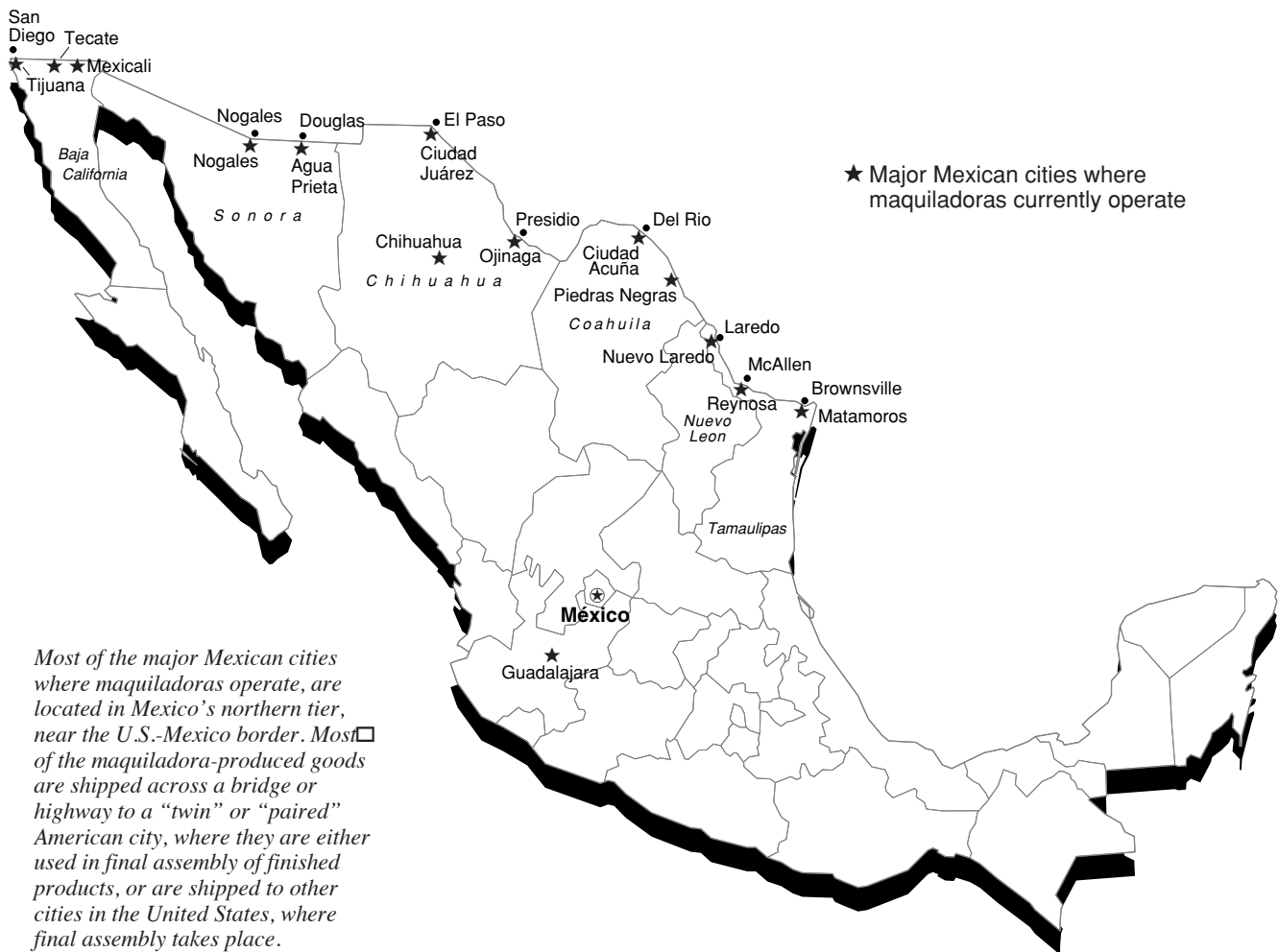
Of GM's 53 Delphi Automotive Systems *maquiladoras* in Mexico, 23 are in the state of Chihuahua, and 18 of these are in Chihuahua's largest city, Ciudad Juárez (home to the largest number of *maquiladoras* of any city in Mexico); 11 are in the state of Tamulipas, most of which are in Tamulipas's largest city, Matamoros (**Figure 2**). Ciudad Juárez is right across the border from El Paso, Texas; Matamoros is right across the border from Brownsville, Texas.

There are two notable characteristics of these two cities, especially Ciudad Juárez, which has a total of 307 establishments, with 201,000 workers: First, they are badly in need of infrastructure of all types, and especially water. As one *maquiladora* booster told *EIR*, these are manufacturing plants in the middle of the Chihuahua desert, where temperatures can reach 110°F. But the water infrastructure has not been built. Second, there is severe poverty and a scarcity of housing in these two cities. The unemployment keeps the plants supplied with labor. The scarcity of housing is such that in some parts of Ciudad Juárez, rents have been double those that prevail in El Paso, Texas, even though wages in El Paso are 15 times higher.

While GM has engaged in a limited housing program for public relations purposes, it has done little else. It has not raised wages, and it does not do much to build infrastructure—GM is most concerned that the bridges and highways

FIGURE 2

Mexico and its maquiladoras



between Ciudad Juárez and El Paso are kept functioning.

In sum, the GM *maquiladoras* in Ciudad Juárez and Matamoros are manufacturing plantations. They might as well be anywhere; they are not part of the Mexican economy, and do nothing to benefit the Mexican economy, as Carlos Cota Meza shows in the next article in this section. All that is needed are bridges, to keep the booty going back to the "mainland."

Entire-car assembly

As mentioned above, GM also engages in outsourcing the production-assembly of the entire car, so that it is produced in a foreign market, but sold, not in that foreign market, but in the United States.

GM employs 9,400 assembly workers in Mexico, in addition to the 72,000 working at its Delphi division.

According to *Automotive News's Market Data Book*, in 1997, automakers in Mexico—which are the major foreign

automakers, such as GM, Chrysler, Volkswagen, because Mexico does not produce its own car—produced 1.338 million cars in Mexico, but sold only 489,000 to Mexicans. According to an automotive economist, almost all of the remaining vehicles (849,000) were exported, primarily to the United States.

In addition to GM, other international automakers are stampeding to outsource parts/components or entire vehicle production to Mexico. Volkswagen has a 750-acre facility in Puebla, Mexico, 80 miles southeast of Mexico City, where it has brought two dozen parts suppliers to supply parts for production of Volkswagens in Mexico. Other automakers, such as Daimler-Chrysler (the merger of Chrysler and Daimler Benz), Ford, Nissan, Renault, and Fiat, have also rushed to Mexico.

The June 13 *Wall Street Journal*, in an article entitled "Mexico Is Becoming Auto-Making Hot Spot," reported that

“over the past four years, Mexico has attracted \$7.7 billion in new auto and auto-parts factories, with an additional \$8 billion projected through the end of the century.” That is, a total of \$15.7 billion.

In Brazil, a similar stampede is on: Between 1996 and 2000, foreign automakers intend to invest \$19.81 billion, led by GM (\$4.18 billion), Volkswagen (\$3.1 billion), and Ford (\$2.25 billion). At present, Brazilian automakers export only 8% of the 1.5 million cars that they produce each year. But, by 2000, Brazil will export 20% of car output.

This large-scale investment shows a long-term commitment outside the United States (and for the European carmakers, outside their country of origin).

Threat to U.S. jobs

On July 17, Don Nibbe, founder and publisher of *Twin Plant News*, threatened that if the UAW workers don’t buckle under to GM in their strike against the Delphi Automotive Systems division in Flint, GM will move even more of its operations to Mexico. *Twin Plant News* is published out of El Paso, and is the leading magazine in the world championing *maquiladoras* (“twin plant” is the other name used for a *maquiladora*).

Nibbe told *EIR*, “If the UAW doesn’t clean up its act real quick, more GM plants will move to Mexico. The UAW is going about it the wrong way. *It has to help GM to reduce costs*. And if it doesn’t do this, GM will move to Mexico” (emphasis added). Nibbe gloated, “Strikes are old-fashioned.”

What gives teeth to Nibbe’s threat, and gives urgency to the need to stop GM’s globalization, is that in the past, GM has done exactly what Nibbe threatens GM will do in the future.

Figure 3 shows GM’s employment of hourly workers in U.S. facilities for 1978-97. In this period, GM slashed its hourly labor force from 520,000 workers to 224,000, laying off nearly 300,000 workers. GM attributed the layoffs to increased efficiency. It is true that some of the layoffs were due to technological improvements, such as the use of robotics. But, many of the layoffs, throwing these workers onto the scrap-heap, was due to outsourcing to slave-labor work sites.

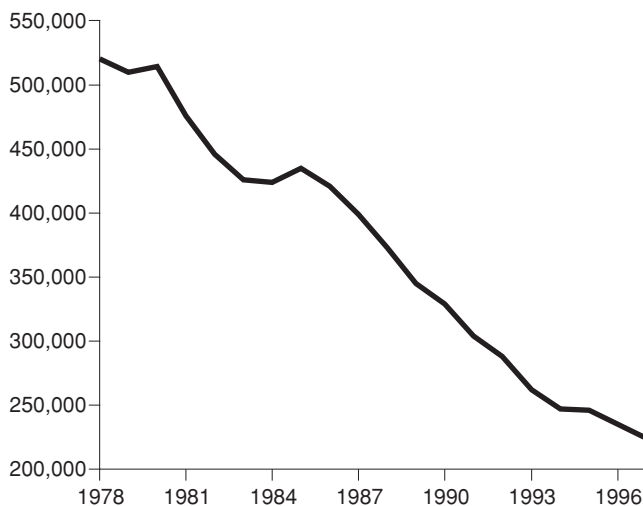
Of the 296,000 hourly workers in America which GM fired, 81,400 jobs, or 27.5%, are now in Mexico alone.

However, there are many tens of thousands of additional workers, paid below-subsistence wages, who have replaced the 296,000 workers that GM fired. GM has Delphi Automotive divisions around the world, from Brazil to Malaysia to South Korea. In 1997, South Korea’s Delphi division had almost \$1 billion worth of parts sales. Not counting the workers who produce for those countries’ internal auto markets, many thousands of workers in those countries likely are producing auto parts for assembly in GM cars in America.

In the United States, GM has also outsourced, contracting for parts from from outside suppliers. While some suppliers pay decent wages, many pay as little as \$7.50 per hour, with limited benefits. GM does not make such a figure available,

FIGURE 3
GM decimates its hourly workforce in America, 1978-97

(number of workers)



Source: General Motors.

but it could be many tens of thousands of workers.

This is where a large percentage of the 296,000 jobs that GM dumped from its payroll, ended up.

To those who say that outsourcing does not lose decent-paying jobs in America to overseas (or to low-wage zones in the United States), the facts show otherwise.

The maquiladora march through industry

Globalization has propelled the expansion of the *maquiladora* slave-labor model beyond the auto industry. Now, every industry in America is threatened, and Mexico is threatened with becoming one vast Auschwitz — with that condition soon to be extended back into a deindustrialized America.

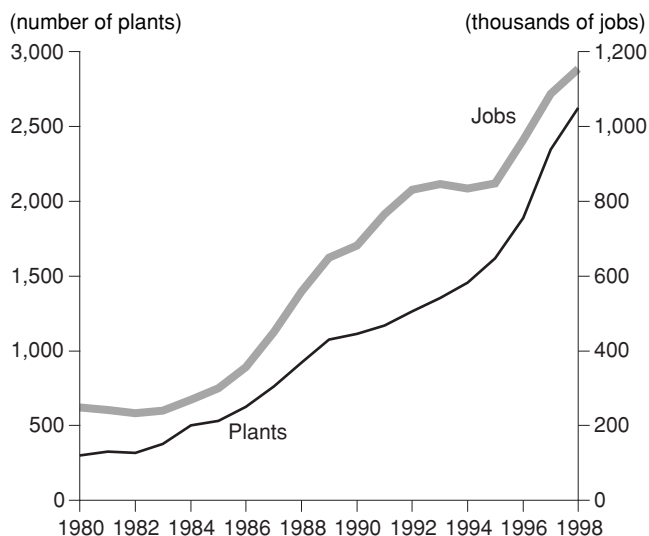
The *maquiladora*, as an in-bond, duty-free assembly plantation system in Mexico, was created in 1965. For the next 15 years, it grew at a moderate rate. **Figure 4** shows that in 1980, there were 620 *maquila* plants, employing 120,000 workers. The *maquiladoras* grew swiftly during 1985-89, when the annual compounded growth rate averaged more than 20% per year. By 1990, there were 1,703 *maquila* plants, employing 446,000 workers.

In 1994, two singular events occurred, which exploded the *maquiladora* system:

First, NAFTA was rammed through the U.S. Congress, even though, as *EIR* pointed out at the time, and the United Steel Workers point out in a current suit (see box), it wasn’t

FIGURE 4

Number of maquiladora plants and jobs in Mexico



Sources: BdM; INEGI.

legal. NAFTA was actually a treaty among three nations: the United States, Mexico, and Canada. Treaties require a two-thirds vote of the U.S. Congress, something the financier oligarchs pushing NAFTA could not muster. So, they used a ruse: They called NAFTA an “agreement,” and said that it only required a majority vote to pass. Even then, it barely squeaked through the House. It should be recalled that in the early 1990s, when NAFTA was set into motion, British oligarchy mouthpiece and former U.S. Secretary of State Henry Kissinger labelled it “the foreign policy priority of the U.S.” In almost identical language, the monetarist *Wall Street Journal* editorially called the proto-form of NAFTA, “the most important foreign policy priority.”

One of the most important features of NAFTA, which *EIR* highlighted at the time, was the Chapter XIII secret financial accords, which opened the path for British-run banks, including the Hong Kong and Shanghai Banking Corp., notorious for its role in drug trafficking, to subsequently buy up Mexican banks, which possessed 50% of the assets of the Mexican banking system.

While NAFTA did not make any fundamental changes regarding the *maquiladoras*, as one pro-NAFTA spokesman recently stated, “it made the *maquiladoras* secure, and signalled that they were here to stay.”

Second, in December 1994, speculators, reportedly including Britain’s Barings Bank, led an attack on the Mexican peso, forcing the peso’s devaluation by approximately 45% against the dollar; everything in Mexico became 45% cheaper.

(At the same time, the 1994-95 financial crisis in Mexico

TABLE 1

Mexico’s maquiladoras, by industrial activity, plants, and employment

Industrial activity	Number of plants	Employees
Electrical, electronic materials and accessories	459	240,343
Automotive equipment and accessories	205	199,406
Textiles, apparel	797	188,630
Electrical, electronic machinery	139	90,781
Wooden, metallic furniture and parts	337	45,635

Source: INEGI.

caused fundamental parameters of infrastructure and basic consumption to plummet, and real unemployment to rise to more than 40%, creating a workforce desperate for any kind of employment.)

At the end of 1994, there were 2,085 *maquilas* employing 583,000 workers. But, the imposition of NAFTA and the peso’s devaluation created a new dynamic that led to the explosive growth of the *maquiladora* system: Today the number of *maquilas* has shot up to 2,885, employing more than 1 million workers.

In addition to paying below subsistence wages, many of the *maquilas* lack the safety protection codes, or protections against hazardous materials, that exist in the United States. Of the *maquila* workers, 56% are women, often 16 to 19 years of age. The intensity of the work is so great, along with other adverse conditions, that at many *maquilas*, the annual turnover rate is 120%—i.e., an average worker lasts only nine months.

Table 1 shows the industrial sectors with the biggest number of *maquiladora* establishments and the largest employment. Automotive parts and final production, electronics parts and accessories, and textiles and apparel are the three largest employers, accounting for about two-thirds of *maquiladora* employment. Electronics parts and accessories employs 240,343 workers; automotive parts and equipment, 199,406; and textiles and apparel, 188,630.

- Textiles and apparel. The *maquiladora* textile and apparel explosion indicates that the slave-labor wages in Mexico are so low, that they undercut the sweat-shop apparel wages paid in America, and can compete with China. A May 7, 1997 *New York Times* article captures the development:

“Even after 15 years of work, Maria Consuelo Garcia made only slightly more than the \$4.75 minimum wage stitching together Polo, Fila and Sassoon jeans in the Sun Apparel, Inc. factory here. Seeing friends laid off at her plant and others, she kept her sewing machine whirring to beat her quotas.

“But that was not good enough. Company managers said their costs were still too high. Early last month, Ms. Garcia and 297 others were let go. Though Sun Apparel had no com-

ment, the Labor Department said that these workers, and 320 others last year, lost their jobs because the company is bringing in more goods from Mexico, where garment workers usually are paid less than \$1 an hour."

In fact, the Mexican garment worker's wage is between \$0.50 and \$0.80 an hour.

This year, for the first time, Mexico overtook China as the number-one supplier of clothing and textiles to the U.S. market. In the first three months of 1998 alone, Mexico sent \$1.6 billion in garments and textiles to the United States, up

GM claims, 'Market forces made me do it'

During the UAW strike, GM spokesmen have claimed that Chrysler outsources 70% of its car production, Ford outsources 50%, and GM outsources only 30%. GM has cited the allegedly higher level of its competitors' outsourcing, to argue that it has been "compelled by market forces" to increase its own outsourcing.

This is hokum. The alleged wide discrepancy of outsourcing between GM and its competitors does not exist.

Dan Luria, an economist with the Industrial Technology Institute of Ann Arbor, Michigan, has done research on outsourcing, looking at each phase of production for a standard car (by GM, Ford, and Chrysler), which would cost \$16,000 to produce and which would sell for about \$20,000. For each phase of auto production—stamping, powertrain, seat/trim/safety, fuel/delivery, suspension, etc.—he computed how much of that phase each company produced with "in-house" parts, and how much with parts "outsourced" from somewhere else. Then, based on weighting the value of each phase of production to the value of total production, he arrived at a composite figure of how much of the total car was produced with "in-house" and how much with "outsourced" parts.

Luria found that GM outsources 56.8% of its car's parts; Ford outsources 61.8%; and Chrysler outsources 66%. The difference between GM and Chrysler is only 9.2%, not the 40% difference between GM and Chrysler that GM is claiming.

When asked who originated the idea that GM outsources 30% of its car, Ford 50%, and Chrysler 70%, Luria stated that it was David E. Cole, the director of the Office for the Study of Automotive Transportation. When asked who Cole is, Luria said, "He's the son of the former president of General Motors."

—Richard Freeman

33% from 1997. Aiding this process was NAFTA's elimination of import quotas on garments made anywhere in North America. Overall, Mexico's sweat-shop exports of garments and textiles to all nations could reach \$9.5 billion this year.

- Electronics. The surge in electronics has made Tijuana the largest producer of TV sets in the world, producing 14 million units a year, according to *BusinessWeek*. Japanese giants Sony, Sanyo Electric, and Hitachi have hundreds of millions of dollars of investments in Mexico. But, the wages are so low in Mexico, that both Taiwan and South Korea have made substantial investments in Mexico, finding Mexican wages notably below the ones that they pay in their own country.

Given the way that NAFTA and globalization are reshaping the North American continent, there is little that will not soon come under the wrecker ball of globalization. *Twin Plant News* publisher Nibbe named three industries whose production by *maquiladoras* in Mexico is newer, but ready to take off:

- Furniture. "The furniture industry is going to Mexico because of high labor costs," Nibbe said. "This is the assembly of high-end real wood."

- Aircraft parts production. Nibbe reported that Boeing Co., the world's largest aircraft producer, "has parts suppliers making instrumentation panels, and electrical harnesses in Tijuana and Mexicali [both in the state of Baja California Norte, just across from San Diego]. The F-15 [fighter plane] has subcontractors making parts for it in Mexico." When asked why this is not generally known, he said, "Maybe they don't want it widely known."

- Health care. Nibbe indicated that in the not-too-distant future, as a cost-saving measure, American insurance companies and health maintenance organizations (HMOs) may assign American patients to Mexico for treatment. "If you live in this area [El Paso], and your kid needs braces, you send him to Mexico," Nibbe said. "People do that all the time. If you need dentures, you can get them in Mexico at one-third the cost. Now, you go to a doctor's office, and you say, how much do you want for a visit? \$15? Okay, do you want to be paid in pesos or dollars?" People come all the way from Canada to save money.

"It's not happening yet," Nibbe said, "but I can see the U.S. sending its patients to Mexico. I can see it coming. American insurance companies, like Prudential and Aetna, are buying Mexican insurance companies." He added, "It's cheaper to run a medical facility in Mexico."

Can anyone survive globalization?

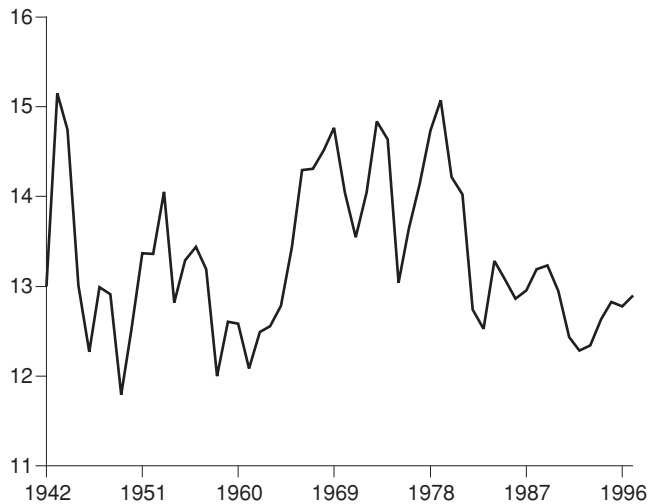
The globalization process is in the forefront in the UAW strike against GM, even though the strike was technically called on local grievances. The issue is: Can the oligarchy's globalization program be stopped?

America faces an assault against the very concept that it

FIGURE 5

Number of production workers in U.S. manufacturing, 1942-97

(millions)



Source: Bureau of Labor Statistics, Department of Labor.

is a sovereign, industrially based republic. What good is the republic, or what does the republic mean, if the industrial part is gone?

Whether one is a worker or a businessman, the issue is, if the British oligarchy's policy of globalization can strip down the auto industry — America's largest, which consumes 27% of its aluminum, 80% of its lead, 12% of its copper, 23% of its zinc, 56% of its synthetic rubber, and 15% of its steel — there is no industry that is safe from this assault.

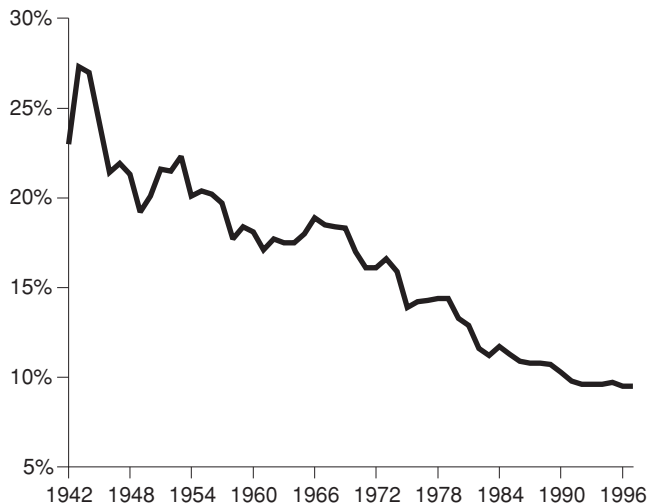
GM says it must outsource in order to compete. Each of the 15 largest auto companies in the world slashes its workforce — using a considerable quantity of cheap-labor outsourcing — and points to the “other auto companies,” which have slashed even more, saying that it must institute still further cuts in order “to stay competitive.”

Such a cost-cutting approach is not sane. If a society destroys the living standard of the productive labor force, it destroys that which is needed for the physical and cultural reproduction of its existence.

Figure 5 shows the number of American production workers in manufacturing. (The Bureau of Labor Statistics normally includes all workers, including white collar workers, but Figure 5 shows only blue-collar workers.) In 1943, during the World War II mobilization, America had 15.15 million blue-collar manufacturing workers, the highest level of this century. This level was approached as a result of the spin-off effects of the Kennedy administration's development of the Apollo space program as a science driver. There was also an upsurge in the latter part of the 1970s — ironically,

FIGURE 6

Production manufacturing workers as percentage of total U.S. labor force, 1942-97



Source: Bureau of Labor Statistics, Department of Labor.

largely as a result of retooling for the auto industry. Since the late 1970s, America's production manufacturing workers, the workers who do the physical alteration of nature in manufacturing, has declined by 2 million, falling to below 13 million.

The precarious state that this puts America in can be seen in **Figure 6**, showing production manufacturing workers as a percentage of the total labor force. In 1943 and 1944, production manufacturing workers were 27% of the workforce. This level stayed above 20%, until the Eisenhower 1957-58 recession, which pushed it below that level. With the exception of the effects of the Kennedy space program, it has steadily fallen ever since, to 9.5% today.

If, in the next two years, the *maquiladora* system slashes another 2-3 million from America's already reduced production manufacturing workers, there will be an insufficient labor force and insufficient industrial capacity left to produce what the nation needs to survive.

Paralleling the take-down of the physical size of the labor force, is the take-down of its already-falling living standards. The world financial breakdown, which is demanding ever more loot to keep the speculative financial bubble aloft, is driving forward the Nazi labor recycling policies. There is no bottom to the recycling: For any nation that becomes a cheap-labor hell-hole, there is always another nation that can use cheaper labor to undersell it. Once, the fascist labor recycling policy, driven by the financiers' demands, gains momentum on a global scale, it is very difficult to stop. These policies threaten to turn Ibero-America, Asia, and Africa into one large Auschwitz. The United States is not immune to it, but is rather the target of this Auschwitz labor policy.