

that could be done. Not only has Germany long had an infrastructure investment backlog of around EU1 trillion, which has resulted in bad stretches on the autobahns and roads, unsafe bridges, etc., but the cuts are also hitting what little of our productive sector remains.

The Auto Club Europa (ACE) says that at least EU2.5 billion is needed for the minimal repair of about 64,000 km out of a total of 400,000 km of local roads, but the funds are not available, due to the municipalities' current EU15 billion deficit. The ACE cautions that it is only a matter of time before serious accidents occur. This, of course, has negative effects on the construction sector, as a result of the planned cuts.

The calculation of Hartmut Mehdorn, of all people—who, as ex-chief of Deutsche Bahn [the German Railroad], is still remembered for his unsuccessful privatization policy—that the government should recall that the massive reductions in infrastructure undermine the future of Germany as an industrial nation, shows how far things have gone. What is needed instead are massive investments in the modernization of railway and other infrastructure, including connections for goods and containers to and from seaports.

By the end of September, the situation will deteriorate so dramatically, that the failure of the current policy will be placed emphatically on the agenda. The conjuncture of the economic collapse in the U.S.A., a serious crisis in China, massive turbulence in the Eurozone, and a hyperinflationary explosion, will make clear that a different financial and economic system is absolutely indispensable.

It is high time to put a stop to the “irrational exuberance” and irresponsible gambling for the benefit of the few, at the expense of the overwhelming majority of mankind. The toxic waste must be disposed of, and instead, productive loans must be made available for large infrastructure projects, such as the NAWAPA water-management project for the American continent, the development of the Eurasian Land-Bridge, and urgently needed projects, such as the Transaqua for Africa.

The collapse of the globalization system will present the world with very much greater challenges than the collapse of Communism did 20 years ago. Then as now, the development plans are ready. This time, we cannot allow ourselves to miss a historic opportunity once again. A plunge into a dark age would be the certain result.

## Obama's Auto-Eroticism Disastrous for Economy

by Paul Gallagher

Aug. 13—Preening himself at several Detroit auto plants in succession on July 30, President Barack Obama proclaimed himself the savior of “an industry on the brink,” through the forced bankruptcies of GM and Chrysler run by his “auto czars” Steven Rattner and Ron Bloom. Rattner (who has since withdrawn due to exposed involvement in a New York State pension scandal) and Bloom both have long associations with Lazard Frères, the synarchist bank of Felix “the Fixer” Rohatyn, planner of “tactical bankruptcies” to get rid of union workers, and reduce wages and benefits in the auto industry, since the 1970s.

In these Obama bankruptcies, which were rushed through the courts in April (Chrysler) and June (GM) 2009, the Obama Administration put some \$76 billion in taxpayer bailout funds into GM, and into Fiat's effective takeover of Chrysler. The United Autoworkers effectively scrapped the wage and health benefit provisions of its contract, and took on some aspects of a company union. Mass layoffs occurred; GM and Chrysler dealerships were permanently closed in large numbers across the country; their auto production nearly ground to a standstill during Spring and Summer 2009.

Now, “This industry is growing stronger,” Obama declared from the floor of Chrysler's Jefferson North plant, which recently added a second production shift. “You are proving the naysayers wrong. The three American automakers have created 55,000 new jobs,” since his bankruptcies, he boasted. Visiting plants of all three automakers, Obama claimed his favorite car was, depending on the location, his Cadillac Presidential limousine, a Ford Escort he doesn't drive, and a Chrysler Jeep he once owned.

In fact, Obama's policy has not only been devastating to the current auto industry, but represents a mortal danger to the machine-tool capacity—manpower, and plant and equipment—it represents, a machine-tool capacity absolutely required to implement the NAWAPA



White House/Pete Souza

*President Obama poses behind the wheel of the new “green” electric Chevy Volt, during his tour of the Detroit auto industry, which his policies have nearly shut down.*

policy LaRouche has identified as crucial to a world economic turnaround.

### **I Fired Them Before I Hired Them**

But apart from affirming his “savior” self-image, often mocked as “The One,” Obama, as usual, did not know what he was talking about. Just as the oceans are not receding under his Presidency, as he promised they would, in Denver in August 2008, so the collapsed industrial capacity of the U.S. auto industry is not being revived as of August 2010.

The employment picture in the auto/machine-tool industry is grim. When Obama took office in January 2009, automakers and suppliers employed 713,600 workers in the United States, already a loss of 45% of the auto workforce since 2000. Since this workforce was skilled in the use of the biggest and most versatile inventory of machine tools left in the U.S. economy, their vanishing employment is a critical loss to our ability to recover. But by June of 2010, as Obama readied his Midwest boasting tour, the auto industry was employing just 680,900, an elimination of 43,000 more, or loss of another 6% of the employment, since his inauguration. Auto is now employing just half of its workforce of ten years ago.

During the period of the GM/Chrysler bailout/bankruptcies themselves (April-July 2009), there was a very

rapid elimination of nearly 80,000 more auto jobs, most paying close to \$30/hour plus benefits.

Then, starting July 2009, there has been gradual re-hiring by the automakers of, by now, over half the number who were rapidly laid off last Spring. But, as new hires, these workers are earning only \$14/hour. Autoworkers, who, for nearly a century, set the wage horizon for others wearing blue collars, and “created the American middle class,” are now going to work well *below* the national average hourly wage of roughly \$20.

Add to this, the fact that, since the Obama bankruptcies, the mass shutdowns of auto dealerships have eliminated “tens of thousands of small-business jobs,” according to TARP Inspector General Neil Barofsky, in testimony to Congress July 12. Barofsky’s report made clear that the Obama White House ordered those *immediate closures of 2,200 dealerships*; GM and Chrysler management wanted to eliminate only 330 dealerships, over a longer period of time.

And in the auto parts and systems supply area, where the most advanced machine-tool inventory is found, no fewer than 50 auto-supply companies went into bankruptcy in 2009 and the first quarter 2010, with no bail-out support from the White House and TARP. By the second quarter of 2010, auto production had fallen to the point, where dealers nationwide cannot meet con-

sumer demand, even though demand is 35% lower than three years ago. Nor can those dealers get credit to support a showroom inventory.

Auto industry capacity utilization fell from about 80% in early 2008 to 56% in late 2009, the lowest level since the mid-1930s, even as capacity itself was shrinking rapidly as plants closed. Other industrial capacity utilization in the U.S. fell “only” by about 10% during that time, from 77-78% to about 67-68%. Capacity utilization of what little plant remains open in auto, is about 76% in August 2010, but that has fallen from 81% in July.

### **Destroying Machine-Tool Capacity**

In the auto industry as a whole, 100 production, assembly, and other facilities were closed in 2008; and in 2009, despite the “savior pulling the industry back from the brink,” the disaster continued: 70 more facilities were shut down! More than 200 GM, Ford, and Chrysler production facilities, of all sizes and functions, have been closed since 2006.

*EIR* warned of these shutdowns, plant by plant, with national maps and lists, in 2005-06, when Lyndon LaRouche led a national mobilization behind his proposal to retool this vast excess capacity in the auto arsenal, to produce the elements of modern economic infrastructure, under an “infrastructure plants corporation” with Federal credit. His urgent legislative proposal was stopped in Congress when the Democratic leadership “turned green,” from February 2006 on, leading them to the failed Presidency of Obama.

Now, on Aug. 10, Obama’s Director of Recovery for Auto Communities and Workers, Ed Montgomery, has resigned with just three (!) of those 200 facilities having been put to any new use. One, a large GM/Toyota innovation center in Fremont, Calif., which employed 2,400, has become a much smaller Tesla Auto facility with a Federal loan arranged by Montgomery. A second, GM’s Delaware assembly plant, has been taken over (but not yet reopened) by Fisker Automotive. The third, in Reading, Pa., now houses an amusement park. For virtually all of the closed machine-tool sites, “cleanup” (getting rid of the plant and its machine-tool inventory) has been the Obama task force’s objective.

So much for “pulling auto communities back from the brink”; Obama’s man Montgomery is leaving the job to his 32-year-old deputy, and the communities have gone over the brink and into the pit of mass unemployment.

Just one of all of GM’s closed plants, for example, appears to have a prospect of reopening: GM has notified Spring Hill, Tenn., and Janesville, Wisc., that it is considering reopening *a* plant. Spring Hill is typical, because GM laid off 2,000 workers there in mid-2009, *during Obama’s “saving” bankruptcy*. Some 1,000 remained working in an attached facility. As for Janesville, former UAW Local 95 shop chairman John Dohner says that GM has already “decimated” the workforce there. Dohner and other GM Janesville employees have retired or transferred to other plants.

### **Engineers on the Scrap-Heap**

The loss of all this auto/machine-tool employment points to the decimation of even more skilled employees and engineers whose skills and creativity are deployable to build crucial new infrastructure, starting with the vast water- and weather-management undertaking known as the North American Water and Power Alliance/NAWAPA.

In the national economy as a whole and over the past decade—and mostly over the past four years—a shocking picture emerges from data of the Commerce Department. Among electrical machinery workers and engineers, for example, 222,000 jobs have been lost since 2000, or 37% (!) of national employment of those skills. Among electrical power machinery producers, 67,000 jobs are gone since 2006, or 15%; among other machinery producers, 200,000 jobs eliminated since 2005, or 16%.

Some 43,000, or 7%, of all electric utility employees have lost employment since 2000; 15,000, or 6%, of rail transportation employees since 2006. Among civil and heavy construction engineers, there has been an employment loss of 301,000 since 2005, or 16%, of all such engineers employed in the country; among specialty contractors’ employees, 28% or 1.436 million jobs lost since 2005; and among all construction workers, 21.5% or 2.44 million jobs eliminated since 2006.

These are the workers who would be immediately put to work, en masse, with the realization of the NAWAPA program, and provide the basis for employing millions more, including the unskilled.

Anyone who believes that Barack Obama has “saved” any part of collapsing U.S. industry and its skilled employment, perhaps needs—to quote arrogant White House spokesman Robert Gibbs—“to be drug-tested.”