

A Surprise Flank Against Delphi-Led Auto Collapse

by Paul Gallagher

Two weeks remain before the potentially industry-destroying bankruptcy plan of Delphi Corporation goes to trial before a New York bankruptcy judge on May 9. But flanks are developing against the attempt of Delphi's pirate CEO Steve Miller, to use bankruptcy to drive outsourcing and globalization to their extreme, and wipe out the irreplaceable U.S. auto/machine tool sector.

Some of the attacks are legal ones in the bankruptcy court itself, including challenges to Miller's phony "tactical bankruptcy" strategy from the entire court-appointed creditors' committee, and from the Federal Pension Benefit Guarantee Corporation.

More important are the first serious moves in Congress since the U.S. auto collapse crisis began 14 months ago. These moves, though still defensive in nature, begin to challenge the shutdown of auto and its vital machine-tool capabilities, rather than just discussing ameliorating the effects for hundreds of thousands of laid-off workers and shut-down businesses—something Congress has not come up with any way to do.

Most notable is the surprising move originated by some Flint, Michigan auto union organizers, taking shape in an April 29 mass march and rally in Michigan. Their strategy is to raise the level of the battle: from a fight—possibly a national strike—against Delphi, to a mobilization for action by Congress to reverse globalization and "save the American dream," of a good productive job, a good education, and a secure retirement. Their march and rally under that theme, to the Michigan capitol building in Lansing on April 29, may begin a mass mobilization into the U.S. capital in Washington. If so, it may intersect continuing mass demonstrations of immigrants, in which the fundamental *underlying* issue is the same—how globalization destroys advanced productive capabilities, infrastructures, and wages.

"Citizens Marching for the American Dream" aims high, at "the current direction our elected officials are taking our Country. We are angry that our government gives incentives to corporations who move our jobs outside the borders of the United States." Its mission statement says, "The time has come to tell our lawmakers . . . what we expect from them. We, the people, have certain inalienable rights. Among them are life, liberty, and the pursuit of happiness." The Lansing mobilization calls on elected officials—primarily aimed at the Federal level, say the organizers—to provide "certain pro-



GM/Tom Pidgeon

If Congress does not enact a new Marshall Plan for U.S. industry, this GM assembly line and its skilled workers will become extinct species.

tections.” Particularly, “As Americans, we have the right to expect that our jobs are not outsourced while we are performing them,” and the right to earn a secure retirement pension after a lifetime of productive work. The movement also calls for universal health-care insurance.

‘Globalization by Bankruptcy’

The priceless machine and tool-and-die capabilities of the American auto industry—which in the past has retooled to be the Arsenal of Democracy, a builder for the space program, and other crucial national efforts—is now an endangered species, to be saved only by forceful Congressional action. The section of the industry richest in such capabilities is the “parts and supply” sector where Delphi has been a giant. And it is precisely this sector which is being pushed into mass bankruptcy by globalization, as every major automaker tries to get close to the “global price”—the “Mexico price,” or “the China price”—on every parts contract. A Chicago Federal Reserve Board special report on the auto industry issued April 17, showed that of the 240,000 net auto jobs lost in the United States just since 2000, some 220,000 were lost in the auto parts-supply sector. There are four auto-supply jobs for every one in auto production and assembly.

Business Week on April 13 landed a solid blow on the nose of Steve Miller’s operation to wreck this sector of auto, when the magazine accused Miller of “globalization by bankruptcy,” and essentially challenged Congress to do something to stop it. The high-profile article, “Go Bankrupt, Then Go Overseas,” fingered Miller’s use of a fraudulent declaration of bankruptcy. “Miller wants to use the bankruptcy courts to drastically slash Delphi’s U.S. presence, thus freeing it up

to focus on its already vast overseas production,” the article said. “If Miller gets his way, Delphi will end up with a U.S. workforce of perhaps 7,000 [from 48,000 in the year 2000—ed.], leaving the bulk of its production and value abroad.” (Delphi would have nearly 200,000 workers outside the United States!) The article headline has the kicker, “For Delphi, Chapter 11 is a globalization gambit. If it works, rivals will copy it.”

A clear giveaway of the globalization strategy is that Miller’s plan submitted to bankruptcy judge Robert Drain, not only closes 21 of Delphi’s 29 major plants in the United States; it calls for closing down half of the eight plants in Delphi’s Packard (electronics) Division, centered in Ohio, which in 2005 generated record business and made overall

profits for the company. This work would go to Mexico and to China.

Business Week named Lear Corp. and Johnson Controls—two other big auto suppliers not yet bankrupt—as candidates to imitate Delphi’s Miller’s globalization-by-tactical-bankruptcy. Another big auto supplier already is imitating Delphi. Tower Automotive entered bankruptcy in February and like Delphi, demanded its United Autoworkers union contracts be torn up by the bankruptcy judge. The UAW has shown that Tower’s problem is not its labor costs, but its huge corporate debt.

Congress’s First Move

Some in Congress have responded to this rapid spread of the globalization parasite for the first time. Representatives John Conyers of Michigan and Evan Bayh of Indiana, both Democrats, introduced legislation on April 6. The Fairness and Accountability in Reorganizations Act of 2006 (S. 2556, H.R. 5113) is intended, as they stated, “to tighten up the bankruptcy laws in response to Delphi’s moves, forcing bankruptcy courts to take all of a company’s international operations into account in assessing its plans for bankruptcy reorganization, so that it can not take all its assets abroad and hide them. Some international corporations that are struggling domestically use their losses at home to justify breaking contracts with American workers, while their overall company is still thriving.”

Changes in the corporate bankruptcy law are urgently needed—companies are using the present bankruptcy courts as if they were the Pinkerton union-breakers of a century ago. Over in the Senate, the same move to stop this, is advancing

in the form of a circular letter initiated by Senators Debbie Stabenow (D-Mich.) and Ted Kennedy (D-Mass.), and signed by five other Senators so far.

‘Marshall Plan for American Manufacturing’

But the organizers of the Lansing rally go beyond this to challenge the Congress to act positively to save the auto industry, and other industries and infrastructures going under to globalization. The effort, originated by Flint leaders including Russ Reynolds and Art Reyes of the UAW district council there, is aimed to draw thousands, and maybe more, citizens from across Michigan to the capitol on a Saturday, “and give them the idea of mobilizing on this,” said Reyes, “so that next we can mobilize them to Washington, D.C.” Reyes, who has been criss-crossing the state speaking at meetings, emphasized that the demonstrations will not narrowly focus on the auto manufacturers; “Most of this problem is on the Federal level, and it will take Federal action.” “Saving the American Dream,” Reyes said, means saving the plants with a Marshall Plan for American manufacturing; securing the future with higher education, focussing on Federal help for state colleges; creating well-paying jobs and secure retirement.

Another rally organizer, Bill Jordan of Flint’s Local 599, said that elected officials from both parties should be attending, but also stressed the broad and national character of what the organizers are trying to kick off. “Wages, good wages vs. a non-living wage, are only 25% of this problem of globalization,” Jordan said. “Infrastructure, the environment, education, public health, protection of the conditions of high-quality production, are 75% of it.” And the solution? “It’s legislation in Washington, D.C.” The next step, Jordan hopes, will be a mobilization to the nation’s capital for action.

The organizers are receiving messages of support up to April 29, to the UAW Hall at 3518 Robert T. Lansing Blvd., Flint, Mich. 48506; and on their website, www.cmad.us.

Weeks before the rally, the Lyndon LaRouche Political Action Committee (LPAC) released a one-hour DVD documentary called “Auto and World Economy Recovery,” as a political mobilization tool and a message to Congress. The message: Save the auto industry capacity and workforce, by a Congressional intervention to *retool* the industry to help build vitally needed economic infrastructure. The documentary shows how this was done on UAW initiative, at the outset of World War II, to make the auto plants “the Arsenal of Democracy”; how it was proposed again by UAW President Walter Reuther at the end of the war, to retool to build railroads and housing; and Lyndon LaRouche’s full proposal to use the 50-60% actually unutilized auto capacity today, to build the modern-technology new infrastructure the nation’s economy sorely needs. Current UAW local leaders are interviewed on how a real “New Marshall Plan for auto” could take shape.