

Labor in Focus by Marcia Merry

'Foreigners' threaten auto?

Media emphasis about "foreign competition" is a hoax, timed to coincide with autoworkers' contract talks.

The July Commerce Department industrial inventories report showed that business inventories soared in May to the largest in three years—much of which were unsold automobiles. Inventories of unsold cars on dealers' lots are running 10% higher this year than last.

This again proves the fraud of the "Recovery." Hardly anyone can afford to routinely buy a family car. The annual level of car sales has remained in the same range for the last 10 years, running between 8 and 10 million to 11 million units. During this time, sales of imported cars have doubled, but now sales of imports have likewise slumped. Annual car sales this year will be lucky to go over 10 million.

However, according to the media hype, the only problem affecting the car industry is the issue of foreign imports. This propaganda is timed with the start of contract talks July 27, that begin between the United Autoworkers union and GM and Ford. Their three-year contract expires Sept. 14. The Chrysler workers' contract expires in 1988.

Typical of the national media coverage is the *Washington Post* feature July 19: "For both the companies and the union, however, the driving force at the bargaining table will be an invisible third party: foreign competition."

The reality is that even some of the foreign automakers—many in corporate subsidiary relations with domestic manufacturers—also have slowed down or halted car production for periods of time, to try to "adjust" to the disastrous effects of the "Reagan Eco-

nomie Recovery."

Automakers had reduced their output during the first six months of the year by 7.8%, from 4,466,934 units in 1986, down to 4,118,400 in 1987. Nissan and Honda both idled some of their U.S. plant capacity in June. For the entire second quarter this year, GM conducted a sweeping program of plant idlings, in an attempt to pull down its inventories. GM has carried about a 75-day supply of cars, when the industry regards a 62-day supply as optimal.

The layoffs in auto have ripple effects throughout the economy. Every assembly line job generates—or loses—two jobs outside the factory, according to the Motor Vehicle Association.

The National Machine Tool Association reports that as of the first half of 1987, new orders for U.S. machine tools were down by 8.8% from last year—mostly due to the sharp fall this year in auto sector orders.

In an effort to mobilize some cash flow, automakers have turned to "specialty" vehicles for segments of the U.S. households with money still to spend. The lightweight truck market has broken all previous sales records. Ford had an unprecedented month this summer, where its truck sales outpaced its car sales for the first time in history.

Similarly, the farm-vehicle manufacturing sector has promoted small tractors and riding mowers for the few, select "hot-house" suburbs where people can still afford semi-recreational vehicles. John Deere is heavily advertising its lawnmowers and mid-

et tractors in the Washington, D.C. area. The famous Caterpillar Co. of Peoria, Illinois has begun this shift. Allis-Chalmers first went out of vehicle manufacturing altogether and sold out. Then, the new company declared bankruptcy in June.

When the slump in auto sales worsened this spring, automakers also resumed low-interest loan terms, money givebacks and other financial inducements to consumers. However, this has not changed the trend of declining sales.

Some industry-watchers predict there will be an auto strike in September. Some say it will be at GM—which would "benefit" from a lockout in the same way the USX Steel Division did during the record six-month lockout that began last summer. USX inventories were drawn down. Other industry observers say that anger runs high against the Ford management—which has shown some profits, so "therefore," there may be a strike.

Neither management nor union leaders have chosen to blame the general collapse of agriculture and industry on the impact of the "Recovery" policies. The media give big play to any and all talk of the foreign car threat. From Peter J. Pestillo, Ford's vice-president for employee and external affairs: "If there is one overwhelming compelling dynamic in these talks, it is the internationalization of the U.S. auto industry."

Even the simple facts of the international auto industry shows how the decline is worldwide. In June, 4,000 Ford and VW workers were programmed to be suspended in Brazil. GM told its Brazilian employees that it would give them a general vacation from July 1-10, because of the 7,500 unsold cars in its stockpiles. GM has also announced that it is delaying plans to assemble cars in Egypt.