

What's really wrong with the U.S. auto industry

by Marcia Merry

On Dec. 18, 1991, General Motors announced a job elimination plan to lay off 74,000 GM workers over the next four years, and close 21 of its 125 auto plants. Wall Street called this needed "downsizing," and George Bush used it as his focus for touring Asia, to blame the U.S. economic mess on the Japanese, and demand dollars of trade tribute. When Congress opened Jan. 3, House Majority Leader Richard Gephardt (D-Mo.) chimed in.

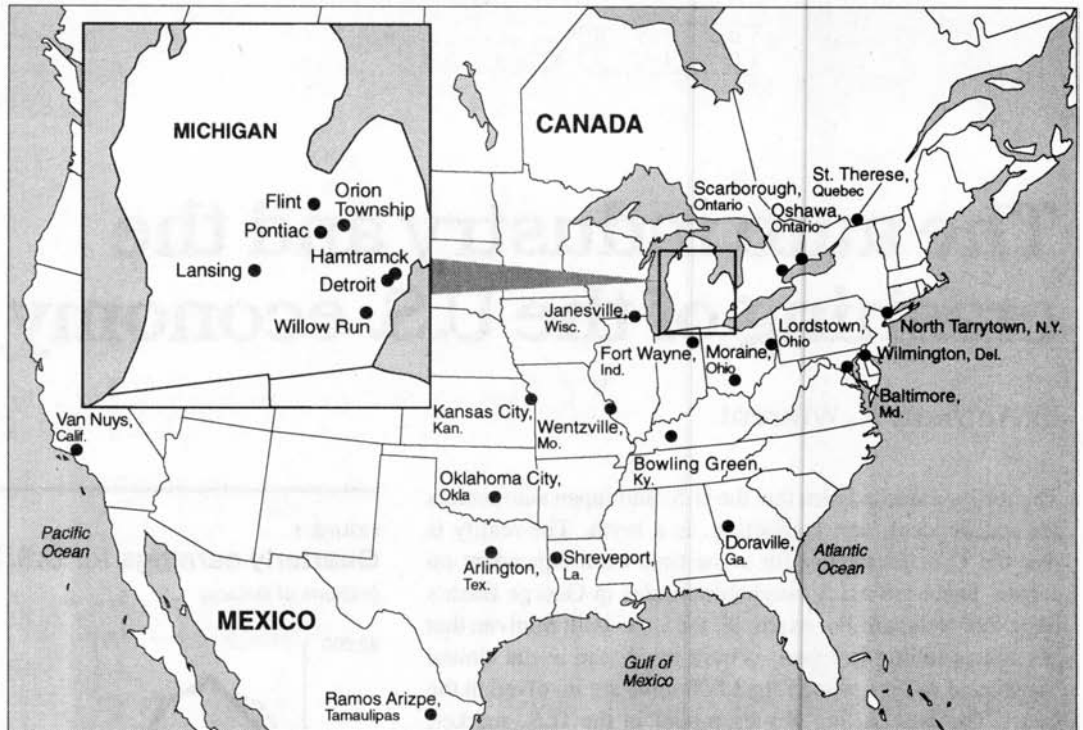
In Tokyo on Jan. 7, Bush stood in front of a shiny red toy car, at the Toys-R-Us opened in Japan by the U.S. merchandising chain, and called for more U.S. car sales in Japan, just as U.S. toys sell there. For the United States, Bush is talking of a tax rebate of \$300 or so per person, so that the taxpayer can go out and buy a car.

Reality is no toy shop. The GM layoffs mark a new phase collapse of the U.S. economy. The elimination of 74,000 GM jobs will translate into eliminating a total of 500,000 jobs in the general economy, according to calculations by the University of Michigan's Office for the Study of Automotive Transport, because there is a multiplier of 7 or 8 non-auto jobs lost, for every 1 auto job gone. There are overall 7.4 million jobs dependent on vehicle manufacturing.

In terms of resources and materials used in the auto-manufacturing industry: 16% of national consumption of steel is used; 50% of national consumption of synthetic rubber; and 17% of national consumption of aluminum, to cite several examples. GM auto assembly plants are located in 16 states, two Canadian provinces, and Mexico.

What the automotive job cuts signify is that the industry is at a crossroads where the only serious response is to intervene for emergency protection of the work force and capital base, in order to salvage what is left of the manufacturing sector for restoration and future production. Instead, the heads of the Big Three automakers themselves went along with Bush and 18 other corporate executives on the Asian junket for an exercise in name-calling and griping, although the auto executives, and their predecessors, have connived to create the crisis. For decades,

FIGURE 1
Main General Motors assembly plants in United States, Canada, and Mexico



GM refuses to specify where layoffs will be made, terrorizing labor and maximizing chaos.

Sources: Ward's Automotive Yearbook and wires.

they have followed Wall Street "business practices" until the companies are insolvent, the auto plants shut down, and the work force displaced and pauperized.

Typical of Detroit's Wall Street approach of "free trade," even in human flesh, GM head Robert Stempel has made known that the specific assembly factories to be shut will not be identified, but will be contingent on local work forces competing against each other. In Arlington, Texas, at the GM plant, workers have reportedly opted for a 10-hour day and a four-day work week, to allow three different production crews to jack up output.

In contrast, the excitement in the auto industry in Japan has been the announcement of an advanced battery that will power an electric car for 100 miles, and need only 15 minutes to recharge. This Future Electric Vehicle (FEV) was demonstrated at the 1991 Tokyo Motor Show by the Nissan. It is the latest development in a series of technological milestones toward the day when electric-powered vehicles can supersede internal combustion engines. A U.S. consortium has also been working on a prototype electric car, though without the breakthrough in the battery so far. Typical of the Detroit approach, the GM prototype car, called the Impact, is aimed at being another expensive yuppie toy, not a new wave of transportation that could benefit society.

Forty years ago there was still a semblance of an integrated transport system in the United States—continental and local rail service, waterways, urban mass transit, airlines, and the individual car. Then the network was dismembered. The rail system has contracted by thousands of miles. Water-

way transport capability shrank. Twelve years of deregulation have bankrupted airlines, and killed passengers. Urban mass transit systems, where they still exist, are death traps. No one can afford a car. And now the announcement is made that what is left will be "downsized."

For 25 years, LaRouche has called for revamping the motor vehicle industry, in order to turn out the range of vehicles needed for a working economy, such as tractors, trucks, and construction equipment, along with aerospace and mass transportation components. With the industry nearing chaos, an assay is all the more required of what the auto manufacture network could produce, and measures are required to protect and deploy it. While only the "Productive Triangle" region of central Europe (Paris-Vienna-Berlin) is capable of mass production on the level to restart the world economy, the U.S. auto sector could be deployed to turn out key numbers of vehicles for Third World use. After 1942, by emergency decree, the U.S. auto sector stopped producing for private personal use, and switched to war-determined needs. In 1985, LaRouche issued an emergency prospectus for the auto industry, calling for a switchover to higher quality auto units, that would last twice as long, in order to free up assembly manufacturing capacity for the tasks of supplying Third World needs.

That is the vantage point from which to look at the GM layoffs. The *Feature* package below covers key points of the last 25 years of auto industry devolution; the current crisis of the Big Three; and a report on the new technologies of the battery-powered electric car.