

how many Mexican auto workers down there buy the products that they build? And that always comes back to the Henry Ford philosophy, which was to pay your workers enough to buy your product—we've lost that! And obviously, the Mexican workers down south, have *really* gotten a bad deal on this whole thing—because they just got exploited.

Schlanger: General Motors has built, or is in the process of building seven plants now in China. So, they're planning a major shift of production over to China.

Sweazy: And Delphi has that many already.

Morey: And Visteon has plants going over there, too. Plus, Visteon has some in India, also.

Schlanger: Mark, I have a question for you from our conference line. Dan in Chicago wants to know if there's still denial among some people in General Motors who think that this is just a temporary crisis that can be solved pretty quickly. What do you think, from your communications both with management and in the union?

Sweazy: From what I've heard in talking to people—and I've talked to managers as well—the concern is real. They see a heavy shadow over General Motors—and I'm speaking of General Motors, even though I'm from Delphi; I was at General Motors, until it spun off in 1999 as Delphi. But General Motors itself—\$301 billion in debt, Harley! I don't know how to put that in other words, that would be less convincing that there's not a problem. That the problem's real; to go to the bank and borrow money, when you're at junk bond status, is going to be another problem or obstacle for them to get around.

The president of our division visited us just this week, and he said that on Friday, you'll get news of our first-quarter profit or losses (they were losses). And he said, they'll be devastating. So, they know the problem's real.

And in our particular case, 42,000 people were spun off from General Motors in 1999, and that was one way around our national agreement to eliminate more heads at General Motors. They tried the same thing at Ford, with Visteon. But, the fact is that that did take place; we accepted it. We're still working as hard as ever, to produce a part for General Motors—we've now produced a billion latches without a recall, and there's still no loyalty to us, because they're buying the same latch from Mexico, Korea, and China.

So, to me, the people at General Motors know, it's an orchestrated effort, and I would say—I'm going out on a limb; my name's Mark Sweazy; I'm not afraid to tell you what I think, because I've been studying this since January: It looks like to me, that we're going to see a leveraged buyout or some type of hostile takeover of Delphi. And it looks like to me, that Delphi would change its name, and move out of this country! Because they have the capabilities now. We've discussed competition. I can't become competitive with Third World prices, that meaning, \$0.30 to \$1.15 an hour in wages!

Interview: State Rep. Perry Clark

Kentucky Legislator: 'A Crisis Situation'

Rep. Perry Clark (D) has been in the Kentucky Legislature for six terms, representing Jefferson County, which is the Louisville region. On May 11, Clark filed a Resolution in the House of Representatives of the General Assembly of the Commonwealth of Kentucky, "Urging Congress To Take Emergency Actions To Save the Economy and the Auto Industry" (see last week's EIR). Representative Clark was interviewed by Marcia Merry Baker on May 17.



EIR: Your Legislature is out of session, but this month you pre-filed a Resolution on the need for action on the threat to the auto and heavy industry sector.

Clark: A lot of times you pre-file resolutions or bills, so you can bring focus and attention to specific subjects.

I think that we've got a lot of specialists, international-wise and national-wise, who are warning us that the economy is hitting the bottom. It's going in the wrong direction. I think we're in a crisis situation when we are dealing with the economy, and I wanted to bring that to attention, that we need certain stop-gap measures to make sure that we don't lose any more of the machine-tooling capability of the United States.

You see on the regular mainline news (which suppresses most of the truth, and I think they're using a very conservative number), they're talking about the *infrastructure of the United States being behind by \$1.6 trillion*, just in repairs. I think you could use a multiplying factor in that number. But that's just to maintain currently what we have.

We're losing our machine-tool capacity. We've got, as an illustration: We have locks and dams here in Kentucky. We have a major one here on the Ohio River, that they just did a stop-gap measure for repair, to replace a door on that lock and dam, and it's the last door left in the United States that fits these locks and dams, and nobody's producing them anymore!

EIR: So if we don't have the means to reproduce the economy, that's what's at stake. What kind of action do you want?

Clark: Federal action. I really want them to begin to look again at the old American System of political economy. You know, it's strange that we come from the state of Kentucky, and there's a man named Henry Clay, whom some people will be familiar with, but not know much about him. He was the father of the American System, and people don't understand what that is! That's a guiding hand in government, that develops infrastructure projects that makes the wealth of the nation, and brings all people's lives up—their economics up, their living up. And we need to get back to that kind of thinking.

EIR: People think of Michigan as the auto state, and rightly, but a map shows five auto assembly plants in Kentucky.

Clark: Kentucky is one of the biggest auto-producers in the world. We have General Motors plants in Bowling Green; we have two major Ford Motor Company plants in Louisville; we have a Toyota plant in Georgetown; and they are talking about bringing in a new hybrid car down there, even as we speak.

EIR: So you had a lot of capability develop, even as some of it was locally outsourced from Michigan.

Clark: That is true, and that's part of where people in this area get into the deception that the economy is doing better than it is. You brought in jobs from St. Louis, where you closed down factories and production, and so on. So while auto seemed to be booming in Kentucky, a lot of that was moved in from elsewhere.

EIR: Okay, and now, your auto-worker constituents in the Louisville area report that their workforce—once 10,000 at the two Ford plants—is now being put into short work months, three weeks per month. So this is hitting big.

Clark: Yes, and they're talking about two work weeks per month. So you have a lot of UAW members especially, and because of the links between unions, you have this great concern about the auto industry.

And it's not just the Ford Motor Company, and it's not just General Motors, and it's not just that their stock has been relegated to junk bond status; you have real working families out here. And the spin-off jobs off the Ford Motors Company, and the General Motors plants, go to all your Allied, Bendix and other suppliers, the urban industries, the PRWs, all the second tier suppliers. And obviously, these second tier suppliers [going under] would wipe out most of your small businesses which actually supply the second tier suppliers to the Fords and the General Motors of the world.

EIR: So the whole population and complex is at stake.

Over the years, you have been an advocate for making a policy shift. You met with people on the Ohio Valley; you met with Lyndon LaRouche on policy. The latest we hear, is that a resolution modelled on yours and Mr. LaRouche's call

for Senate action, has been introduced in Missouri [see Documentation, in this section]. They have four or five auto plants. Do you find more alarm at the eleventh hour, with the public and lawmakers, or is it still very up-hill to get people to see the crisis?

Clark: I think it's still up-hill. The crisis hasn't quite settled in with everyone yet. Obviously, we're still fighting a battle when you watch your evening news—and I don't care what channel you watch, the CBSs, ABCs, the CNNs—they are all the same and they are all funded by the same people. You have your multinational corporations that are actually doing your advertising, and they are all mainly stockbrokers and banking houses. And they're not going to break through the news, and tell you any of the truth on this. There has been a kind of a squelching of the true economic condition of our nation.

With that battle, you're getting through to the people's minds, that, "hey, we've got a problem here."

EIR: Sometimes people have "dollaritis." When they think of the economy, they think money.

You mentioned the junk-bond status of GM and Ford. The downgrading you mention, comes on top of speculators—hedge funds, derivative traders, and others, already being in big trouble. There are shockwaves. Mr. LaRouche has just renewed his call for taxing these transactions—that is, throwing the spotlight of regulation on these wildmen, which he first made in 1993. You have also acted on that?

Clark: About six or seven years ago, I introduced a piece of legislation that would have taxed derivatives trades in the state of Kentucky, one-quarter of one percent. Now, the purpose was not to increase taxes; the purpose was to show how big the derivative market is. Obviously, I've had all kinds of people trying to stop me. And obviously, the bill never even got a hearing in committee. The governor told me that I didn't know quite what I was doing. And come to find out, that's because the state of Kentucky, through its retirement packages and things of that nature, has a lot of derivatives! And I don't think it wanted to be exposed at that time.

So, we're going to see what those derivatives do when the markets in general take a slide. They're going to go bust. There's no value in them. They're strictly speculating, gaming on a gain or loss on whatever margin of stock or item it might be. Pure gaming. No capital investment.

Real stock, in real value, is the hard capital in tools and machinery, and the capacity to produce things. This is where value is.

EIR: You were vindicated, along with LaRouche. Now we're in a crash situation.

Speaking of the political process of turning this around, what do you see ought to be built and rebuilt, if you're speaking from Henry Clay Country?



A fuel oil tow passes through McAlpine Lock and Dam on the Ohio River at Louisville, Kentucky. The lock was closed for emergency repairs last Summer.

Clark: Locks and dams all over Kentucky. On the Kentucky River alone, I believe we have nine dams that are in disrepair. Any of them could falter and go at any moment. Most of them were built right after the Civil War: big rocks thrown together, with timbers inside of them and concrete poured over top of them. It's time to replace those.

The water system that comes through the Kentucky River supplies the second largest city in our state, Lexington. For a couple hundred million dollars, you could rebuild that dam, add that dam, increase the size of that dam, and hold billions of gallons more water, because we know that a drought is going to hit central Kentucky. It always does. It's a cycle. It always catches people from behind, and they always lose money.

EIR: And there are people in trouble downriver, if there was a flood, and the dam wasn't kept up, and didn't hold.

Clark: That's true. Down in the Falmouth area.

And your whole electrical grid. We've got a problem, with just about everything we've got.

EIR: Passenger rail was taken out?

Clark: Yes. There is no passenger rail. I think you have to go to Cincinnati to get any passenger rail from here, whereas before, you could go to Chicago, southward and eastward.

EIR: Soft infrastructure? Medical care and public health?

Clark: That's a good question, and we probably need to ask someone from rural areas about how the rural health, and rural hospitals are in Kentucky, because we're from the big urban health center in Louisville. It is one of the largest centers in the United States and the world. And you can get great care. There's a lot of it available in Louisville. But there is an issue

on access to beds in rural areas.

EIR: What happens next with your resolution and your plans?

Clark: The legislature will not be back until January. In the meantime, I'll have this passed around to people, and we'll be talking about it.

And really, what we are asking, is that *the United States government, from the Federal level, has to intervene*. They have to vastly expand the funds available for infrastructure repair, for the maintenance of infrastructure, which is in a decrepit mode, and for rebuilding major infrastructure projects that bring wealth, abundance, and prosperity to the people. As the John Kennedy "great projects" would do.

Everybody that has a search engine on their computer needs to search "great projects" and look at what NAWAPA [North American Water and Power Alliance, reviewed by Congress in the 1960s, as an intercontinental plan to provide water and electricity to develop Western drylands] was, and what it could still do today.

NAWAPA could settle the Mexican-American border fights that we're having right now, by bringing prosperity into northern Mexico.

EIR: So Louisville, the Ohio Valley, would be reborn industrially and help provide the inputs into these big projects?

Clark: Absolutely. And I think that while we have lost a lot of the tooling manufacturing, you still have a lot of that last generation engineering mindpower that knows how to do big projects; that knows that these things can be done, and they are not limited to their petty thinking about day-to-day worries. I think you still have that mindset in the older generation that can still be salvaged.