

Sales Drop, Strike Threat Leave Auto One Way Out

Auto sales in the United States for the first half of December fell by 14% from December 2004; this pointed to the fourth straight month of dismal sales after two months of “incentive madness” sales in the Summer. The drop was again across the board, including the Japanese automakers: Despite launching a new round of discounts, GM’s sales dropped 17%, Ford’s sales plunged 25%, and Chrysler’s fell 19%. Sales for Toyota slid 6%, Honda’s declined 3%; while sales at Hyundai and Nissan fell 20% and 14%, respectively. Auto sales were also falling in Europe in 2004-05, in Japan from 2003-04, and even in China. This underlies the “big league sports”-type hyping of a contest between GM and Toyota for “Number 1”; they are debating over pieces of a pie which is shrinking because of a “globalized” fall in real wages.

There is clearly no way auto can “sell its way out” of the crisis, which has the ratings agencies promising almost continuous credit downgrades through 2006, in what is already a global auto debt crisis.

By Dec. 15, announcements and leaked threats of auto production plant closings around North America by the biggest firms, in a wave which is already ongoing, had targeted nearly 50 plants, over 60,000 production workers, and tens of thousands of white collar workers (*EIR*’s comprehensive and exclusive map of these facilities is on page 16). And announcements of shutdowns by middle-rank auto-supply companies, come almost daily; the biggest light truck axle maker, Dana Corp., for example, announced Dec. 21 it will eliminate a plant and 500 jobs in Ontario, and others overseas.

United Auto Workers locals have been told to make strike preparations against the most drastic shrinkage plan, that of Delphi Automotive’s pirate “CEO,” Steve Miller; then Miller on Dec. 18 claimed he had taken the huge wage cuts and bankruptcies off the table. But his frivolous declaration of Delphi’s bankruptcy, in order to loot the company, has created a situation of danger of a national auto strike. Miller can’t control that situation; GM’s CEO Rick Wagoner may be able to.

The Democrats of the House of Representatives’ Education and Workforce Committee have made an important intervention with “online e-hearings” (the Committee’s Republican chairman refused to hold formal hearings) from Dec. 6-31, which have been deluged with testimony from elected officials and auto unionists. Democratic leader Lyndon LaRouche welcomed the hearings’ “bringing the people directly into the discussion of policy. Otherwise, ‘democracy’ in America is a whore, it’s controlled by money.”

LaRouche on Dec. 1 urged that Congress hold field hear-

ings and town meetings everywhere the auto crisis is hitting. His “retool auto to build infrastructure” idea for Congressional intervention, will bring hundreds into Washington for a webcast meeting and lobbying Jan. 11-12.

Black Legislators Pass ‘Retool Auto’ Resolution

The National Black Caucus of State Legislators (NBCSL), at its annual conference in Washington Dec. 9, adopted a resolution calling for a Congressional intervention to save the auto industry, by credit and retooling for economic infrastructure construction.

State Representative LaMar Lemmons III presented the resolution, which was identical to the one that he filed in the Michigan State Legislature on May 18, 2005. It was voted on by the body of the NBCSL, and passed unanimously. Half a dozen other state representatives in attendance had filed similar resolutions in their own states.

RESOLUTION 06-61, Resolution To Promote and Diversify the Automotive and Machine-Tool Sectors of Our National Economy, states, in part:

Whereas Government has an obligation to promote the economy through the creation of new capital investment, which will result in the expansion of employment opportunities and help jump-start long-term capital investment by private investors; We must ensure the continued viability of our automotive and machine-tool industries. The loss of these vital anchors of our economy would be a strategic disaster with incalculable chain-reaction consequences for our nation and the world; and

Whereas one of the key options is Federal capital investment in diversification of the productive potential of the automotive and machine-tools industries into a broader mixture of production. Our nation needs to shift into the domain of essential capital goods and economic infrastructure, such as the repair, expansion, and improvement of our national railway systems; maintenance and improvement of water-management systems; and the development of other urgently needed infrastructure projects. The result of this will be to save existing manufacturing jobs and create large new areas of employment in infrastructure and manufacturing for our citizenry, in a manner comparable to the best of the New Deal programs that rescued the nation and the world from the ravages of the Great Depression;

Now therefore be it resolved by the 29th Annual Legislative Conference of the National Black Caucus of State Legislators, assembled in Washington, D.C., December 7-11, 2005, that we urge the Congress of the United States to take every possible action to promote and diversify the automotive and machine-tool sectors of our national economy.