

Making Sense of a U.S. Owned General Motors

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Now that the United States owns General Motors, many are asking, “What’s in it for taxpayers?” This is an extremely good question, considering that taxpayers may spend up to \$100 billion [!] towards a company that’s currently worth around \$450 million. (Wall Street Journal, 6/02/09)

This large discrepancy in numbers means, obviously, that taxpayers could lose tremendous amounts of “investment” money if Obama’s “profit first” plan is put into effect. What is this plan? Strip the company to a fraction of its former self, using far fewer workers and making far less money in the hopes that GM will then out-compete the foreign competition on the world market.

Will Obama’s plan benefit anybody? Yes, a small group of ultra-rich investors will likely buy GM at a bargain basement price so that they may pursue their profits in private after the public laid down the enormous “restructuring costs.”

Obama has made it extremely clear that “he doesn’t want to run GM.” He will instead appoint a “private board of directors and management team,” meaning, a typical group of corporate CEO’s who are concerned about nothing but blindly chasing profits.

But what about Obama’s promises of “transforming” the U.S. auto industry so that electric and hybrid vehicles are produced? Wouldn’t this require that the government “take the reins” and make it so? Apparently, this was nothing but a ridiculous propaganda stunt, meant to distract the public away from the gruesome dismembering of America’s proudest union, the United Auto Workers (U.A.W.).

The New York Times noted:

“... sooner or later, the company’s [GM] environmental goals are bound to come into conflict — again — with its overarching need to prove that the new G.M. can turn a profit, the necessary step before private investors and lenders will step back in.”

And:

“Profits will also dictate decisions about building cars in lower-cost countries like South Korea or China.” (June 02, 2009)

The U.A.W.’s sell-out President Ron Gettlefinger, aware that GM’s new managers wouldn’t hesitate to outsource more jobs if profit demanded it, used a twisted argument to keep jobs

in the U.S. — U.S. autoworkers now make the same amount as foreign companies without unions. Problem solved.

The existing problem lies in the fact that workers in China and India make even less than those in Korea or Japan; the race to the bottom is a marathon, and Obama is doing his best to play catch up.

Here's what Obama said about the recent "hardships" for U.S. autoworkers:

"Difficult days lie ahead. More jobs will be lost. More plants will close. More dealerships will shut their doors, and so will many parts suppliers. But I want you to know that what you're doing is making a sacrifice for the next generation."

Orwell would be horrified by such doublespeak, while the Republicans are studiously taking notes.

Those who claim that the current "difficult days" will be followed by prosperity are leaving out an important fact. The living wage achieved by autoworkers was based on a temporary situation: after World War II, the U.S. was the only industrially advanced country not destroyed; its auto industry was unchallenged.

Now, however, the opposite is true: there are numerous advanced countries furiously competing — in all industries — for dominance of the global market. The same, global race to the bottom that eventually culminated in World War II has again re-emerged. While the corporations of the U.S. are struggling to maintain their international dominance, companies within the borders of other nations are smelling blood.

Obama's restructuring plan of GM will be spread rapidly to other U.S. corporations, who will pressure their unions to take giant wage and benefit cuts for "the good of the company." Sell-out labor leaders will agree with fake hesitation, while distracting their members with denunciations of China, Mexico, and elsewhere. An obvious solution will remain ignored.

GM's restructuring plan may close up to 20 plants. Instead of producing high-speed rail, electric buses, solar panels, windmills, and electric cars, the enormous productive capacity will be sold for scrap metal. Instead of using these plants to not only keep, but to expand employment, tens of thousands of jobs will be directly lost, while indirectly cities will be devastated.

These facts are enough for any thinking person to question the validity of Obama's often praised "market economy" (capitalism). The brief blip of history where U.S. corporations dominated international commerce — and U.S. workers consequently benefited — is over. Now we are offered two choices: a steep, profit-induced race to the bottom or an economy that is put to work for the benefit of workers, not shareholders. Operating GM for the benefit of people's needs is no utopia; the government already owns General Motors, it need only put it to good use. And the only way that such a rational choice will be made is if U.S. workers demand that it happen.

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