

# ‘Retool Auto Industry, Stop Globalization’

*On May 14, “The LaRouche Show” Internet radio program hosted a round-table discussion on the immediate crisis of General Motors and Ford, and the future of the entire auto/machine-tool sector of the United States. The guests were Sue Daniels of Tyler, Tex., former vice president of the Texas AFL-CIO, and currently on the national board of the Coalition of Labor Union Women (CLUW); Eugene Morey, president of United Autoworkers Local 849, Ypsilanti, Mich. (site of a Visteon Ford parts supplier plant); Mark Sweazy, president of United Autoworkers, Aerospace and Agriculture Implement Workers Local 969 in Columbus, Ohio (site of a Delphi GM parts supplier plant); and Heather Detweiler of the LaRouche Youth Movement in Philadelphia, Pa. The program was hosted by Harley Schlanger, Western states spokesman for Lyndon LaRouche. The guests took questions from across the nation, from railworkers in Mexicali, Mexico, and from Argentina. The following are excerpts from the 90-minute discussion, which is archived at [www.larouchepub.com/radio](http://www.larouchepub.com/radio).*

## **GM/Ford Auto Capacity: A National Security Issue**

**Schlanger:** People don’t understand this question of national security. We did an article in *New Federalist* which had some very interesting figures in it. It went through the importance of the auto sector in World War II: that we retooled to produce tanks and planes, and it was the auto sector, that also had a section of it—the machine-tool section—that produced the rockets that were used for the Moon landing. So, I think this national security question is an important issue.

**Morey:** You’re exactly right; the automotive sector retooled and took their assembly plants and started turning out tanks and that kind of stuff for the government. That’s something that people don’t realize.

And the other thing that I think people don’t realize, or give the unions much credit for, is most of the people in the country today that have benefits and retirement and health care—these are all gains that were won by union members, fighting for the working people. And we seem to have lost that goal, to make a better place for the people in this country.

**Schlanger:** One of my associates in Los Angeles had an interesting way of putting it: He was talking to one of our



*Auto plants can easily be retooled to produce a variety of new products. Said UAW leader Mark Sweazy: "I'd love to be part of an infrastructure project such as transportation. . . . I would love to see the auto industry get on board, become productive, be part of something positive, and honestly keep people working." Here: Honda workers in Ohio.*

supporters, and he said, "Look, do you understand what it means if General Motors and Ford go under, and lose that capability?" And the person said, "Yes! It means I'll buy a Toyota." And my associate said, "Well, you realize that without Ford and General Motors, we would not have won World War II, and Toyota wouldn't have helped us!"

**Morey:** That's exactly right. . . . I'd like to dive a little deeper into that subject. Because, it's one thing to say, "Well, I'd just go out and buy a Toyota, and that would solve the problem." But, take away each 100 vehicles that are made in this country: 23 jobs are related to those 100 vehicles. Now multiply that by the hundreds of thousands of vehicles that are made, and the hundreds of thousands of jobs that are affected, and that really takes a lot of the laughter out of that little Toyota comment.

But my point is, I don't think the auto industry has portrayed how real this problem is. I don't think our government has sat up in their seats and paid attention enough. And I don't believe the people in our country realize that this affects each and every one of them.

**Schlanger:** That's part of the reason why we're having this show, to have an opportunity to get these ideas out.

**Sweazy:** You mentioned earlier about a global financial crisis: Well, this thing just doesn't stop at our borders—and Toyota knows that, as well. Because, you put General Motors and Ford on the auction block—guess what? Toyota won't be far behind either. They do have a lot of money behind them at the present time—but, how far can they continue? And, I don't want to get into their future, but it certainly will have a tremendous impact, not on just the United States, but Europe

as well. And their auto industry's faltering at the present time. So, the impact that we see today here, is just not between California and Virginia, we'll say.

## Globalization Damage Toll

**Schlanger:** Lyndon LaRouche has made precisely that point: that it's not just a question of "a couple of auto companies in the United States made a few mistakes." It's that there's a global disintegration under way. The average American has less disposable income than 25 years ago. People have more credit now, but we all know, at some point, the credit cards, and the credit capabilities, if you don't have a job, it dries up and you're left with nothing.

The global nature of this is important. I have a statistic here for you [**Figure 1**], on this question of what's happened with the workforce at General Motors: In 1978, there were 520,000 hourly workers, that is production workers, at General Motors. Today, it's 117,000! And that's a lot of jobs that paid well, that put children into school, that put tax money into communities. And many of these people, besides the ones who retired, many of them are now working two or three jobs, merely to keep a roof over their head.

**Sweazy:** And that's the reason that you see Michigan in the shape that they're in—and also Ohio. We've lost somewhere in the neighborhood of 300,000 industrial jobs in Ohio, and we're running on a credit system as well.

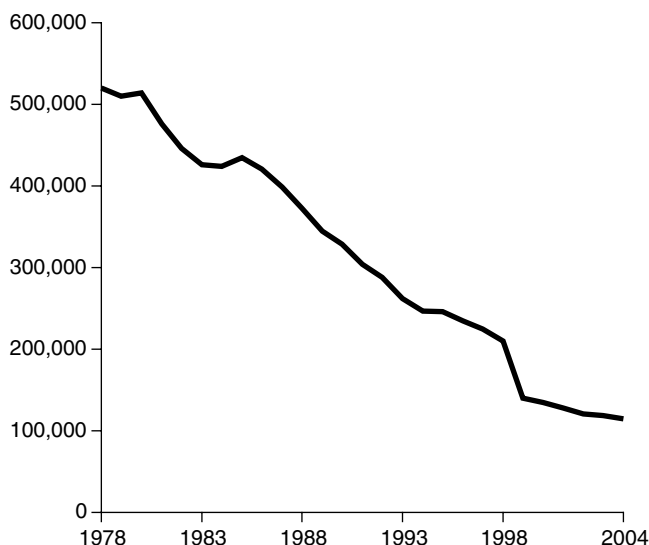
**Schlanger:** Let me bring in Sue Daniels, from Tyler, Texas, an official in the Texas AFL-CIO. Sue, what are your thoughts on this situation?

**Daniels:** I think it's just really bad. We lost 226 jobs at

FIGURE 1

## The Decimation of General Motors' Hourly Workforce in America

(Number of Workers)

Sources: General Motors; *EIR*.

one factory, right here in Tyler. And several years ago, they passed a rule that the workers had to be given a 60-day notice if they laid off more than 150 people permanently. And these people left on Friday, and were locked out on Monday when they came in; no notice whatsoever.

And the other thing is, that the government we have right now, won't back up the laws that are already in place. You were talking about labor unions, and we've lost so many people over the years, due to our jobs being shipped overseas, that we don't have anywhere close to the force that we used to have, as far as political clout and that kind of thing.

**Schlanger:** Eugene, among the members of your union, is there a clear sense now, that there's been a change since the beginning of the year, and that there must be some action taken?

**Morey:** Yes, there's definitely a lot of nervousness, I guess is the best way to put it, on the floor. We're struggling to keep our people working without them being laid off, and losing their jobs. And that's a daily struggle.

I hired on just in '77 to Ford Motor Co. My plant, since then, has lost 3,000 jobs! That's what really hits home, when people realize—you look at 3,000 jobs and \$100 million in the local economy that's gone! I'm not counting taxes, that pay for things. So, we're struggling just to keep our people working. And part of that package, in order to get new work

in, we have to outsource components.

So, you talk about the technology factor: They're really trying to take that away from us. Instead of us manufacturing everything like we used to do, they're sending in components from overseas operations and just having us assemble them.

So, losing that technology is something that's really concerning us, because once we lose that, there's no reason for them to keep us around.

**Schlanger:** Mark, I'd like to ask you, in Columbus, Ohio, in your workforce, are people beginning to get a sense of the crisis? And is it sinking in that this may be the end of the auto industry as we know it?

**Sweazy:** Certainly, Harley. We try to keep our people informed, and we try to let them know currently what's taking place. That uncertainty has become a complete uneasiness with them. One, you've got a government that's trying to rearrange Social Security. And we've got people that are coming of age, obviously, and ready to retire. The majority at our plant, probably 60% of our plant, will be eligible to retire within the next two to three years. So, there's a tremendous amount of uncertainty—

**Schlanger:** Did you say 60% within the next two to three years?

**Sweazy:** Yes, sir. So, this just puts more weight, pressure, and I guess a little more stress on their daily lives. Because, one, working together, they read the paper, they pass information amongst themselves, and this thing is a daily occurrence in our plants.

And it's not only in our plant. I happen to chair 23 Delphi plants; when we get together as a sub-council, I chair those 23 plants. And when I open that floor up for discussion, the concern is clear across this nation, believe me.

**Schlanger:** And was there a heightened concern after the events this week with United Airlines, and the whole question of dumping the pensions?

**Sweazy:** We discussed that on the floor just the other day, and people say, "Are we next?" That's the next question, "Are we next?" And Delphi announced just on Friday [May 13], that they lost \$409 million this first quarter; and their stock's plummeting.

This goes back to what Eugene said earlier: You know, we as Americans, we work our entire lives; then we get to a point where there's no guarantee. And *then*, we get a government that tells us we ought to be investing in a stock market! Well, I can't imagine putting my money in a stock market at this point, to take care of me when I'm 70 years old!

**Schlanger:** On the President's proposal, as LaRouche pointed out, the proof that the world doesn't think very much of George Bush, is that when he basically said U.S. bonds

were worthless, there wasn't a worldwide panic, because people basically figured Bush doesn't speak for anything but the puppeteer behind him. But, in fact, it *is* a real problem—

**Sweazy:** That sent a terrible message! This little country like Korea we owe \$80 billion to; \$130 billion to India; \$550 billion to China; and \$800 billion to Japan! They're going, "Well, that's not real money?"

**Schlanger:** Eugene, what do you think on this question of Social Security? Have people gotten the idea that this is just another swindle?

**Morey:** I hope so. I believe that the people are seeing through what they're trying to push. You know, it doesn't make any sense to put us \$2 trillion more in debt, with no economical way to get us out of it. I have four daughters, and my concern is, what kind of future are we leaving for our children? Putting all the debt on the next society, or the next group of people coming up, I don't think is the right thing to do, and I believe people are seeing through that.

I like the idea of taking \$2 trillion and reinvesting it into our own country, and putting people back to work.

## Retool, Re-Hire, Rebuild

**Schlanger:** Now, the auto sector—let's just take that. Instead of putting the auto sector through bankruptcy, giving it to a shark like Kirk Kerkorian, who's just going to sell off the plant and equipment and lay off the workers, if we had the money to invest the way Franklin Roosevelt invested during World War II, what could we do with the auto sector?

**Morey:** My plant's an assembly plant, a parts assembly plant. We retool all the time for new products. So, we can make anything that we need to make!

**Schlanger:** What do you mean when you say "retool"? What does that consist of in your plant?

**Morey:** Well, we can build an entirely new product: We have process people in place, engineering people in place, tool-makers in place, maintenance people, where we go out and get new equipment built to create a new process to make a new part. And I'm talking, from raw materials to a finished product, in the course of about 18 months.

So, there's a process in place already in the automotive industry, that we're very familiar with. We bid on jobs, and say, we just got awarded a new starter, at my plant. Now, the process goes into place of getting machines built to make this process; the engineering components, as far as trying to make sure that the product meets specifications. So, the automotive industry's got a lot of experience, as far as re-manufacturing different products.

**Schlanger:** Now, if we continue in the direction that it looks as though GM's management is going, Kerkorian and others, of asset-stripping, what does that do to the engineering

capability that you just described?

**Morey:** It basically destroys it, obviously, if we're sending all our technology overseas, to engineering staffs overseas. No longer do we have ideas coming off the board here, or if we do, they go overseas and they're engineered there, because it's so much cheaper. And then it comes back to us as packaged deals from foreign competition.

So, basically, what you're doing is, you're selling out—you talked about the United States being one of the leading manufacturers in the world: That's in jeopardy. If it's not already passed, it's very close to happening.

**Schlanger:** And we're losing something beyond merely the capacity to produce what we're producing now, but losing future technological advances as well.

**Morey:** Oh yes, most definitely! And that's probably the biggest concern. Corporations are looking at short-term profits, and the long-term damage isn't being talked about, or even being revealed.

**Schlanger:** Well, there are actually two General Motors. One is the General Motors as a production and manufacturing plant; the other is General Motors as a financial entity.

Eugene, let me ask you, because I know you've talked about, in discussion with Mr. LaRouche, and also with *Executive Intelligence Review* [see interview in *EIR*, March 18, 2005]: You said, as part of the retooling, your plant could produce parts for the magnetically levitated train, or high-speed rail system. This, of course, does require a government change, a commitment to high-speed, most advanced technologies in transport. But, is that part of what you could do with the retooling you were talking about before?

**Morey:** Yes, that's definitely what we're talking about. And, I think the reason we need to address this now, is, if we don't do it now, the capability's going to be gone. I think that's what Mr. LaRouche is putting front and center, is, we're losing that capability. And in investing the money back in the infrastructure of this country—as everybody knows, roads, bridges, especially in Michigan, it's coming apart! Our state's going broke, as a lot of states are going broke, because of the amount of money that has left our country. You know, look at the trade deficit, and then you talk about "fair trade." There's been no "fair trade."

You look at \$60 billion a month leaving our country, in a trade imbalance, and you wonder, "Okay, where's that money going?" It doesn't go to the workers in Argentina. It doesn't go to the workers in Mexico, to raise their standard of living, which is what originally was the plan. It goes to corporation profits. And like I said, it's going to be a short-term deal, because eventually the corporation's not going to have anybody to buy their products—which is because one of the biggest consumer-spending countries in the world is the United States. But, we're not going to keep having that ability, if we

continue to put good-paying jobs out of the country.

And no longer will we be able to do infrastructure work, high-speed rail work—my plant won't be able to do that, say, two-three years from now. Because all the technology, and the engineering, and the skills of the people that we have currently, will be leaving us.

## Ohio Valley Waterways

**Schlanger:** Eugene and Mark, you're both in states that were the original industrial belt of the country. I was actually born on the Ohio River, in Marietta, Ohio. But many people don't realize that the inland waterways are still a major portion of U.S. internal economy. And yet, just this last Summer, we saw the Ohio River shut down for a while, because of the lack of redundancy in infrastructure with the locks and dams along the river.

On the question of the potential for retooling, Mark, what's the capability from your plant in Columbus?

**Sweazy:** Well, begin with the auto industry, and as of late, we have plenty of floor space available—and with that, we would *welcome*, I'd *love* to be part of an infrastructure project such as transportation. There's the Ohio Rail Commission, that's doing a study presently of a rail system within Ohio, and would be a connector between Chicago and Toronto. I would love to see the auto industry get on board, become productive, be part of something positive, and honestly keep people working. And as Eugene says, we can't afford to lose our technologies, our people that are skilled, or trained to be skilled, in those areas. So, to me, it's a "win-win" situation.

**Morey:** I got floor space to go with you, too, Mark.

**Sweazy:** I bet you do, Brother! So, do all of our other plants.

**Schlanger:** Eugene, to go back to this question of retooling again—and I want to stick with this, so the listeners have a real sense of this: How long does it take in a plant like yours to train someone, or to give them the capability to work the machine tools? What's the learning curve?

**Morey:** Well, as far as the more technical, like the skilled trades part—I'm a machine repairman, so I'm a tradesman—you have a four-year apprentice program. Basically, it's an 8,000-hour program, where you go to school, and you are OJT [on the job training], and working with journeymen throughout the course of four years, to get the basics of your trade.

And, my father, who was also a machine repairman tradesman, he told me, right when I was coming on, he said, "You get the basics in four years, but it takes ten years to become a tradesman." And after being one for about ten years, I realized my Dad was right.

So it takes a good eight to ten years to become a very good tradesman, to know what you're doing, and to be able to handle the things we do. Just the basic apprenticeship program is a four-year program.

**Schlanger:** And that actually is an indication that, first of all, there is some skill involved; but secondly, people can learn it.

**Morey:** Oh yes—they've got to have that desire. In my particular trade, you can't be afraid of a little bit of grease and a little hard work. And there's schooling involved: You go to college for several years. So, it's an intense program. But, it's one that, when you get done, you feel very good about yourself and what you can do, to be able to work on a machine that's as big as house, and be able to go in there and figure out what's wrong when something goes wrong, and be able to fix it, that's a pretty rewarding thing. And that's the thing that we can't afford to lose.

**Schlanger:** That's a central feature of what LaRouche calls the "machine-tool principle." That it's not just that you have these machines that do something, but you have skilled workers who use their minds to constantly innovate, and figure out how to increase the power that an individual operative has, through the use of machines. And you're right: You lose that, and you might as well head back to the dark ages.

**Morey:** And so, it comes back to one of Bush's policies, where he likes to say, "Well, we don't have enough trained people in our country," so they like to import them. "We're going to import technicians from other countries." And my thought is: Why are we doing that, instead of training our own people here?

## Outsourcing Creates Suffering

**Schlanger:** We have an e-mail that just came in from Mexicali, Mexico, from someone in the rail union. It says, "Comrades of the Auto, Agricultural, and Aerospace Worker Union, we are listening to you in Mexicali, Mexico. We would like to know if they will do the same to you that they have done to us in Mexico, where they have displaced us with privatizations. What is your understanding or knowledge of what globalization has caused in Mexico and the underdeveloped countries? And do you think you are going to suffer the same way we have, if what they have already done to us, is done to you?"

Mark, you want to comment on that?

**Sweazy:** Well, it's going to be tough for me, because I'm not aware that Mexico hasn't thrived by the legislation of NAFTA—

**Daniels:** Let me comment on that, because I worked real close, when I was an officer with AFL-CIO, with the *maquila*-*dora* program, which was across the borders—they built factories down there and warehoused it in Texas. And they could get the labor down there done for pennies an hour, and they brought it back across and stored it in warehouses here, and called it a "joint effort." And that was *before* NAFTA. And, in the process, the companies that moved the factories to Mexico, found that they could go on to other countries, and get labor even cheaper! So, that's basically what has happened



*The last car rolls off the line at Ford's Mahwah, N.J. plant in 1980. In the 25 years since that plant closed, globalization has decimated the American industrial workforce.*

with NAFTA and with Mexico.

We took a tour across the border and looked at some of the factories that they had built, and they were atrocious. People lived by a dirty little creek, that was filled with chemicals—sludge and chemicals from the factories that were just running in the water system. And their little shacks were made of cardboard and whatever they could find to protect themselves.

Even when [then House Speaker Jim] Wright was in Congress, we went to Washington and talked to him, and tried to tell him what was going on—and he was a Democrat! But, he had this mentality of a businessman, that it was “going to work itself out.” In 30 years, there would be no difference in our economies: That was the mentality: that over time, it would “work itself out,” where the Mexicans would be able to come to Texas and shop; and we wondered how, with the fact that they were making \$3 and \$4 a day!

**Schlanger:** Yes, how many washing machines and refrigerators and cars can you buy in the United States, when you’re making half a dollar an hour?

**Daniels:** Yes! That’s exactly what we tried to put it across to them. But it was just one of those things that we were not successful on. And people like Jim Wright, like I said, he had this businessman mentality, where he voted with businesses more than the working people. They all thought I was crazy, because he really made me mad, when we went up there and visited—and I asked him, “How do think that the people in Mexico are going to afford to come to Texas and buy some-

thing with what you all are paying them? But you’re taking our jobs and sending them down there, and now we’re living here without any income?”

**Schlanger:** It’s hurt all the workers in all the countries.

**Daniels:** They didn’t benefit down there, because, like I said, their jobs went on to South America, where they could get it done for \$2 a day!

**Schlanger:** Well, now they’re in China, they’re in Asia. And the only ones who benefitted from free trade were the cartels, were the auto companies that got cheaper labor. Mark or Eugene, have you been hearing that they want both Visteon and Delphi to do more outsourcing to China and elsewhere? Are you getting reports on that?

**Morey:** I have. In the process of being involved in trying to get components into our plant, we have a bidding process, where we actually compete against foreign competition. And basically, Visteon’s point is: We want the cheapest part we can get from anywhere. There’s no loyalty to its employees, whatsoever.

**Daniels:** And no quality factor, either.

**Morey:** Even though we produce the best in-class starter in the world, if we’re 38¢ higher in our price, than say, a plant in China, then they’re just going to ship the work over there. And I know that the automotive industries are putting a lot of pressure on their suppliers to build plants in China, right now. And they’re saying it’s to “support the Chinese market for automobiles.” But, really, when you stop and think about,

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!