

UAW's Fraser defends environmentalism

At a press conference in Chicago on Aug. 9, United Autoworkers President Douglas Fraser defended the UAW leadership's support for environmental restrictions on the auto industry—though the union admits that such restrictions have contributed to the near-collapse of the nation's number three car producer, Chrysler.

Fraser's remarks followed an emergency session of the union's Chrysler bargaining council, called to consider the company's extraordinary request for a two-year freeze on wages and benefits. In a printed statement, Fraser announced the union's rejection of the company's request and reiterated the UAW proposal for the federal government to buy \$1 billion worth of equity—a third of Chrysler's total—in the financially troubled corporation. The government would then use these voting rights to place representatives of labor, government, consumer and environmental groups on Chrysler's board of directors.

Fraser's proposal is reminiscent of the tripartite governing bodies set up in Italy by Benito Mussolini in the 1920s. The emphasis, as in the milder U.S. version, the 1932 National Recovery Administration (NRA), is placed on austerity management and labor "sacrifice," as opposed to a technology improvement and investment strategy.

The UAW statement conceded that "socially use-

ful" environmental requirements put Chrysler at a competitive disadvantage. Asked whether the UAW shares the assessment that capital-diverting environmental demands supported by the UAW were a major contributor to Chrysler's current problems, Fraser replied that he "fully agrees with environmentalist restrictions. If people refuse to use catalytic converters, there wouldn't be any air to breathe," he stated. Under "no circumstances" would the UAW support a relaxation of environmental or mileage requirements for Chrysler or any other automaker. Fraser then called for "even greater capital expenditures on environmental matters...."

Fraser also rejected the idea that aid to Chrysler should be part of a high-technology-oriented economic development program or that such a program would be necessary to ensure the corporation's, and the auto industry's, full recovery.

The UAW president declined to comment on whether the union might join the campaign launched by the National Anti-Drug Coalition to end the drug problem in U.S. schools, neighborhoods, and factories—notoriously including Chrysler's. Fraser commented that his union is opposed to "illegal drug use," but said that the issue was "not relevant to the matter at hand."

—M. Moriarty

that of trading water, waiting for the Naderite hatchet to strike.

In 1976, Chrysler posted a profit of \$423 million and a smaller profit in 1977. But in 1978, the roof caved in. Instead of participating in the generally good sales of the year, Chrysler capsized and lost \$207 million.

Chrysler's investment bank, First Boston Corporation, began advising it to liquidate its most profitable overseas operations.

"ping," has divested Chrysler of the following properties, which were earning Chrysler its sole profits:

- In February 1976, Chrysler sold its Airtemp division to Fedders Corporation.
- In December 1978, Chrysler sold 51 percent of its equity in its Argentina operations to local interests.
- In February 1979 Chrysler sold its plant and other assets in Venezuela plus equity in Chrysler Colmotores (Colombia) to General Motors.
- In August 1978, Chrysler sold Chrysler Europe to PSA Peugeot-Citroen.
- In August 1978, Chrysler sold 60 percent equity in Chrysler Turkey to local interests.

• In May 1979, Chrysler sold one-third equity in Chrysler Australia to Mitsubishi Motors Corporation.

1979: Midyear crisis

Chrysler's finances, while temporarily stabilized by the sale of its foreign assets, did not improve; by mid-1979, in fact, they were rapidly deteriorating. The company's working capital had shrunk from \$1.15 billion in 1978 to \$800 million early this year, and is shrinking further toward the critical level of \$600 million. If Chrysler falls below this level, according to one working agreement with its bankers, all its loans are recallable.

Meanwhile, Chrysler's short-term debt mushroomed this year, as it rapidly entered a cash squeeze. Chrysler Financial Corporation, the financing arm which helps finance Chrysler dealerships as well as consumer purchases of Chrysler cars, was likewise in financial straits with an additional \$1.6 billion in short-term debt of its own.

Then came the announcement of Chrysler's huge second-quarter loss of \$207 million and its need for accelerated tax credits on Aug. 2, 1979. This move was