Not Much Time Left To Retool and Save Auto

by Paul Gallagher

The pace at which the U.S. auto industry, its machine-tool capacity, and its skilled workforce, are being lost, has undeniably accelerated during the second quarter of 2006. The quickening shutdowns bear out the warning first circulated by Lyndon LaRouche and *EIR* in early 2005, that without a Congressional intervention into the oncoming auto crisis to protect, retool, and diversify auto production, the United States could lose its most important and versatile industry to globalization, and become a "Third World nation industrially."

At that time, 18 months ago, LaRouche first laid out a Congressional policy of retooling for production of new economic infrastructure in auto plants that otherwise were going to close in large numbers. As a website posting of United Auto Workers Local 696 in Dayton, Ohio emphasized on July 27, time is now running out for Congress to act.

During the June 2000-June 2005 period of manufacturing collapse under the Cheney-Bush Administration, the production employment of the auto industry in North America ("motor vehicles and motor vehicle parts and supplies," according to the U.S. Bureau of Labor Statistics) fell from 1,339,000 to 1,101,000, a net loss of nearly 240,000 production workers. In March 2006, and again on May 2 for the "Emergency Legislation, Now!" White Paper of the LaRouche Political Action Committee (LPAC), we published a list of 67 major auto plants which Ford, GM, Delphi Corp., Visteon Corp., and Tower Automotive were going to shut down "by 2008," as their sales fell and they outsourced more and more of their remaining auto production.

We warned that these plants being lost over three years, 2006-08, comprised 75-80 million square feet of machine-tool-rich production capacity, exceeding the auto capacity shut down in the United States in the previous 30 years combined. And in further White Papers in June and July, LPAC nailed synarchist banker Felix Rohatyn personally as responsible for the worst industrial devastation case in auto history—the Delphi "strategic bankruptcy"—and Rohatyn's Lazard Bank circle of financiers as the fascist core of the deindustrialization disease in the U.S. economy.

Not by 2008, But Now

By the end of July, 10 of these 67 "marked" plants had already shut down, including GM plants in Muncie, Indiana, New Jersey, Baltimore, and Oklahoma City; Tower plants in Tennessee and Ontario; Ford Assembly in St. Louis; and a Delphi plant in California. In addition, the Budd Company had unexpectedly closed its auto-supply plants in Detroit and Ohio. Some 8,500 production jobs were lost in these shutdowns of major plants by just these few companies. But the preliminary Bureau of Labor Statistics employment reports through June, showed that in fact, the auto sector had suffered a net loss of another 27,000 jobs, down to 1,074,000 by mid-June—showing a nearly three-to-one multiple of jobs lost in many small and mid-sized auto supply, design, and machine-tool companies.

But worse for the industry's capabilities, during May, June, and July, between 60,000 and 70,000 auto workers have been signing up to retire immediately, in the "buy-out" programs which have snared 35,000 GM employees, nearly 15,000 Delphi workers and rising, and close to 10,000 Ford workers. *All* of these workers will have been swept out of the industry before the end of this year, replaced by relative handfuls of temps to keep targetted plants producing while they "wind down." It should be expected by the multiple reflected above, that another 150,000 or so workers in smaller suppliers, etc., will lose their jobs to this accelerating "wind-down"; and many of the remaining 57 plants on the main "target list" of the big producers, will close quickly, by the first half of next year. Auto employment could easily fall to 850,000 by then—nearly 40% of the industry gone in seven years.

In a threatening death-rattle, Delphi announced on July 25 that it has again hired the co-architect of its "globalization by bankruptcy," Rothschild, Inc.—where Felix Rohatyn is both board member, and "consultant"—to take charge of selling off the auto plants in Delphi's Cockpits & Interior Systems division, and its Integrated Closure Systems (locks, latches, etc.). These divisions involve seven of the plants Delphi wants to close or get rid of, in the United States. But Delphi indicated that Rothschild's consultation "may" also involve selling off the plants of Delphi's Brake & Chassis, Catalysts, Ride Dynamics, Steering and Wheel Bearings divisions. Altogether, this would quickly ditch most of the 25 plants Delphi is closing in the United States. Corporate vulture Wilbur Ross said on July 26 that he is interested in buying some of these facilities. "We look at everything in the distressed auto world, and my guess is that we will look at these assets, though we haven't done any 'due diligence' on them as of yet," Ross said.

Continued falling auto sales in the United States and sales stagnation across Europe, point to further acceleration of the shutdowns. Chrysler Corp., which has avoided closures and production cuts since 2000, is now reported to be cutting production for the coming quarters, and anticipating big losses. Plant shutdowns will follow.

The time is running out for action to create a Federal public corporation to put all these plants to work on a new mission—helping build a new national economic infrastructure.

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