

## **CONVERSION OF THE CAR INDUSTRY**

**Excerpts from a *Democracynow!*-broadcast, december 5 2008**

Rush transcript

The chief executives of Detroit's Big Three automakers returned to Capitol Hill yesterday to plead for \$34 billion in federal aid to bail out the industry. The company CEOs all drove to Washington in hybrid vehicles after being criticized for flying in for hearings last month in separate private jets. Lawmakers said they were not convinced that the automakers could return to profitability even with a massive infusion of government cash. We speak with longtime consumer advocate Ralph Nader and Wendy Thompson, a retired worker at American Axle in Detroit and the former president of UAW Local 235.

AMY GOODMAN: The chief executives of the Big Three [are] scheduled to appear again today before the House Financial Services Committee. With opposition to an auto industry bailout strong among Republicans and even among many Democrats, congressional leaders have given themselves one week to make something happen.

Wendy Thompson is a retired worker at American Axle in Detroit and the former president of UAW Local 235. She joins us from Detroit, where she is helping organize a caravan of auto workers to Washington, D.C., scheduled to arrive Monday morning.

Ralph Nader, longtime consumer advocate, former presidential candidate, he catapulted to fame decades ago with his book *Unsafe at Any Speed*, which took on the auto industry. He joins us on the telephone from Washington, D.C.

Let's start with Wendy Thompson. What do you think needs to happen right now?

WENDY THOMPSON: Well, we're going to Washington in a caravan, because we think it's very important that a rank-and-file worker point of view come into this debate. We don't think it's a question of saving corporations. It's a question of saving an industry, a question of saving working-class communities and the heartland of America.

And we think a comprehensive reformed industry has to happen. Our suggestion is to expand the industry to become transportation-based and alternative energy-based. We say that there's—instead of closing these factories, why don't we start to build products like light rail for mass transit or wind turbines for alternative energy? There is work that needs to be done to create a new society here in America. And a lot is at stake.

JUAN GONZALEZ: Wendy Thompson, your union has been basically backing the company CEOs in this effort to get a bailout, but at the same time there are many Republicans, especially in the Congress, who see the contracts that the unions have had over the years as part of the problem that the automakers have. They claim that the labor costs of the auto companies are out of whack with other automobile companies, especially the Japanese companies. Your response to those criticisms?

WENDY THOMPSON: The solution to the problem is not to take away more from workers that have already had so much taken from them. And it's a downward spiral: if they attack the decent-paying jobs, then no one is going to have a decent-paying job in the end. And this is not going to help us certainly get out of the economic crisis we're in.

We are going to Washington not just for ourselves as autoworkers, but for all American working people, because we think that unions and union wages is what's going to bring this country forward, not set it back. But we do feel that you do need government intervention here, that the corporations have not been pursuing the right path. And after all, the government is supposed to represent the people, and they should have oversight. And, in fact, like they say, taxation without representation—well, if the American working people are investing in these corporations, they should have representation, too.

AMY GOODMAN: Compare, Wendy Thompson, the \$700 billion bailout for the financial industry to what the automakers are asking for, and lay out the message you're taking to Washington. I mean, you're going big with these demands if you're saying, if they should get the bailout, what they should have to do, from saving autoworkers' jobs to single-payer healthcare.

WENDY THOMPSON: That's right. We are asking for big changes, because that's what's necessary. We think that as autoworkers, that we have to stand firmly with saving the environment and saving the planet and that if the auto corporations aren't doing it, the people have to take control here and say this is what has to happen. And that's the point of view we want to get across. We represent all working people.

JUAN GONZALEZ: Ralph Nader, you have been a longtime critic in the past of the auto industry. Your perspective now on them coming to Congress and asking for this bailout?

RALPH NADER: Well, Juan, first of all, it needs to be made clear that the workers and the UAW have given up far more than what the government subsidy will come down to in dollars, if what the auto companies are asking for is accepted by Congress. They gave up huge—billions of dollars in 2007, and they're giving up more in 2008.

And what this whole debate is lacking is any concept of numbers. For example, if this is a \$34 billion so-called bailout, what is it really? Well, it's subsidized loans, or maybe they'll turn it into loan guarantees. And depending on what the government gets in return, that is a fraction of what—as Amy said, of what Citibank and the financial industries have gotten in New York.

The reason why there's so much focus on the auto companies is not just its role in the American economy, but it's public, and there are congressional hearings, where the wave of the gigantic bailout after bailout of Wall Street occurred largely on weekends in secret meetings between the Federal Reserve, the Treasury Department, and the goliaths on Wall Street. And these were sweetheart deals. Citibank got a huge sweetheart deal with very, very little reciprocity.

Now, if the Congress is going to move to save the domestic auto industry, they're going to do it as taxpayers, as shareholders, as creditors, and they will drive a hard bargain. And as a result, the taxpayer can get preferred shares, they can get warrants, so that if the companies recover, the taxpayer gets not just the money back, but a huge surplus. I mean, Ford Motor Company stock now is around \$2.60. If Ford modestly recovers, it could go to \$20. And, of course, those Treasury warrants and preferred shares would come out very, very handsomely, as they did in the Chrysler bailout when Iacocca turned it around in 1980 and '81.

So, what I think should be done is for the government to say, "OK, you want our help. We are going to own a part of you. We are going to be creditors and restructure you; remove the

board of directors and the executives that are deemed not to be performing over the years; put people who know how to produce fuel-efficient, emission-controlled safe motor vehicles in place; and reform the whole area of shareholder rights,” because the government will be a shareholder. And since the government is effectively an insurer, they can move to apply the principle of insurance and loss prevention and produce motor vehicles and alternative transit, mass transit, that will damage less people on the highway and the environment. So, I call it government capitalism, where the government plays the role of a shareholder, the role of a creditor, the role of an insurer, and restructures the entire industry.

I must say, on the UAW, though, the biggest mistake the UAW ever made in this area was to support for thirty years, against consumer and environmental groups on Capitol Hill, a freeze on fuel efficiency. And because the government could not upgrade its fuel efficiency for over thirty years, from the 1975 standards, the Japanese and other foreign competitors were able to eat a larger—eat into the market share of the domestic industry. And I’m glad to hear Wendy say that it seems like some workers, at least, understand that that’s got to change.

AMY GOODMAN: Wendy Thompson?

WENDY THOMPSON: Yes, I do feel that a union is the people and that we, as rank-and-file people, must get more involved in saying what we feel needs to happen. The corporations have not listened to our point of view, but also we have not been as active as we need to be on these issues. And we mean to change that now, and that’s why we’re asking to people to join us in Washington on Monday. We’re spending one day there. You can go to [autoworkercaravan.org](http://autoworkercaravan.org) and see what the plans are. Join with us, because unions are democratic organizations—at least they can be if the memberships participate. And if we did have it, it would be easier for people to get in unions, and hopefully there will be a law change that will allow what’s called card check, where you have a union when the majority of the people sign cards. I think if American people were in unions, it would raise wages, and it would help us develop industry and get out of the crisis we’re in now. But also, working people have to have say in the government, absolutely.