

## Auto Leader: ‘There’s No Recovery Here At All’

*Eugene Morey is President of United Auto Workers Local 849 in Ypsilanti, Mich. He represents employees of Visteon Corporation, the primary parts supplier for Ford Motor Company. He was interviewed by Paul Gallagher on March 7.*



**EIR:** The press in New York and Washington are backing up what the Administration says, that a general recovery of the economy is under way. What does the auto industry look like in the Midwest?

**Morey:** There’s no recovery here at all. Our plants are continuing to lose employees. It’s more slowly now, than it was previously; but there’s no new job growth whatsoever in the auto industry that I’ve seen, in Michigan. If we continue to lose jobs overseas, as currently—and it’s all about “Wal-Marting” us in the industry; shopping us to the lowest bidder by country. No, I have not seen any job growth in my industry, whatsoever.

**EIR:** Is this happening within the country as well—this down-waging process, which usually works by outsourcing in most industries?

**Morey:** Yes. Our “drive to the bottom” mentality. It’s happening throughout the entire industry. And it’s no different than what’s happened in the TV industry, the appliance industry, the textile industry. One by one, every industry we had has been under attack by outsourcing. And I’ve seen it here—I’ve been at this plant almost 20 years. And we used to have over 3,800 people; and now we’re under 850.

I’ve seen us lose jobs over pennies apart on a quote, that went to Spain—and then they turn around and, “Oh! Made a mistake!” and raise the price; but it’s after we’ve already lost it. We don’t get it back.

**EIR:** The plant you represent is operated and owned by Visteon, which is the major parts maker for Ford; and it used to be part of Ford. I spoke to another Visteon plant local

president yesterday, who said he expected Visteon to miss payroll next month, in April, and thought it was very near going bankrupt. What would you say?

**Morey:** Well, I know Visteon’s had a lot of red ink since they’ve spun off, basically. Last year, they lost \$1.3 billion. . . . But as far as missing payroll, I couldn’t say that that’s going to happen.

I know that Ford and Visteon work closely together, because there are 18,000-plus Ford employees under the Visteon banner—leased to Visteon. So everybody says Visteon’s a separate company. Yes, it is. But when they spun this off in 2001, all the employees that were working at the plants were Ford employees. They continue to be Ford employees. And they’re trying to replace us with Visteon employees, lower-wage employees, and little by little, they’re doing that; but they can’t do it til there’s someplace for the Ford people to go.

If this plant were to miss payroll, I would be surprised—but I guess, *mildly* surprised. You can only carry [these losses] for so long.

**EIR:** You’re indicating you have there a two-tier wage system, is that right; for Ford employees who are now Visteon employees, as opposed to employees that Visteon has hired?

**Morey:** Right. That’s what I mean. Ford employees are not Ford/Visteon employees; we are Ford employees, under the Ford contract; and we’re leased to Visteon, that was how the arrangement was set up. But all new employees, now, that are coming in, are hired as Visteon employees. And yeah, their wage structure is very different from ours.

**EIR:** What is the difference?

**Morey:** A production worker in our facility is around \$25 an hour; and the Visteon employees come in at \$14 an hour. Big difference. And then, there’s also a major difference in the benefits package that the employees receive.

So, as far as a lot of these programs that Ford has set up, for employee support-type stuff, outside of the facility—the family center that Ford has to help employees with childcare and that kind of thing—that’s not available to the Visteon employees. There’s a retirement package that the Visteon employees have; it’s very different from ours. So, yeah, it’s a major difference from one employee to the next.

We have almost 100 Visteon employees in our facility. And that’s a process they want to continue doing. Although Visteon’s even said that that’s not enough of a cut [in wages and benefits]; that they’re going to have to give up more if they want to keep the jobs, and keep people working.

**EIR:** In other words, that \$14 an hour is not low enough for them to keep the jobs?

**Morey:** Yes, that’s still not enough. Even if we were to replace everybody in the facility—which is their plan—and send the Ford people back to Ford facilities through attri-

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*When I heard Bush talk about “retraining people,” my first thought was, “So, I’m supposed to be retrained to compete, in a shrinking market, against my children. For fewer and fewer jobs, I’m supposed to go out and get retrained, and keep my children from having a job because I still need one.”*

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tion—that’s their plan—even if this plant was completely Visteon, making \$14 an hour, that is not enough of a cut for Visteon to keep jobs in this country.

In the city of Ypsilanti, we are the last large manufacturing place. Tax revenue: Each job in our plant, there have been studies that say that six and a half to nine jobs are what we create for the area.

**EIR:** What’s been the effect on Ypsilanti of going from 3,800 down to now 850 employees at this plant?

**Morey:** For the local economy, it’s been extremely tough. And a few years ago, GM closed down one of these facilities right here in Ypsilanti, and sent the work other places; and we lost 1,700 people then. As far as the businesses, everybody has suffered. The housing market, the community itself—there’s a lot of concern as to how the city’s going to raise revenue, in case of the loss of its last tax basis. This [Visteon plant’s] tax is not quite \$1 million. But when it’s the last big one you have. . . . In our particular area, we have four facilities—actually five, if you count Sheldon Road out there—all within a fairly close proximity. And you take all those facilities, and put these people out of work, and it would completely destroy the economy here. . . . And you’ve got a lot of homes now that people paid quite a bit of money for. If you turn around and take all this [production] out of here, guess what’s going to happen to the value of those homes. They’re going to drop dramatically, because people won’t be able to afford to purchase them any more.

**EIR:** Is what’s happening to Visteon, also happening to the other parts suppliers to Ford, to GM, to Chrysler?

**Morey:** Yes. And a lot of those jobs that we used to have here, they’ve taken and given to a non-union supplier, even in-country, for cheaper labor; and then they source the parts back to us.

So basically, they’ve taken a lot of our manufacturing capabilities away from us; they’re trying to make it so that we’re just “putting things together.”

So, you’re also taking away your technical expertise, your manufacturing capabilities, and just making you—“You know what? We’re going to bring everything in here pre-built, and you’re just going to assemble it.”

Auto parts and supply in this country is becoming a non-

union and low-wage economic—and even a *minimum-wage* economic sector. . . .

And what’s happened, is the reason Visteon is spilling so much red ink, is that Ford is—you know, you have a contract to purchase for a price, to make a product. Then Ford comes back and says, “Oh, we’re going to test-market this product.” So then they put it out for bids; and they come back with a new bid—“Oh, look, we can get it cheaper at another place, so you have to match that price to keep the work.”

**EIR:** And so, these are places where the going wage is less than \$14 an hour.

**Morey:** Oh, yes. We’re talking about parts in Mexico, where the wage is \$1.50. We’re talking about straight outsourcing; or, we’re talking about a shop that is a non-union shop, and, “Guess what? We can get that part made a whole lot cheaper. So if you don’t match it, you lose that work.”

We even—on one of our quotes—we took the labor costs completely out of our quote. And we told them, “If we work free. . .” And, “Well, you’re still too high.”

**EIR:** Has Visteon been losing money from the start, in 2000?

**Morey:** 2001. Yes.

**EIR:** You told me there was recently a pension announcement, but that was [GM parts producer] Delphi, right?

**Morey:** Delphi just announced—that was their salaried people, because they’re not protected by the UAW contract; there’s really nothing the salaried people can do; it’s whatever they’re told. And the announcement came out, that some 6,000 of the Delphi salaried people—retirees—that starting in 2007, Delphi is not going to pay their [health insurance] supplement. So there’s a major cost coming to people who have retired and were counting on that. Actually, my wife’s parents, who are retired from GM, get that supplement. I’ve seen that over the years already—pretty much unpublicized—but his costs have continued to go up. Every year they’ve charged him more for what he has. It takes more of their money away from them.

Supposedly it’s going to save Delphi \$500 million a year. The people are going to have to pay their own supplement for Medicare Part B. They’re going to save \$500 million at the expense of their retirees. These people are going to have to pay it themselves, or they’re not going to have coverage.

**EIR:** This is a strong argument against privatizing Social Security.

**Morey:** That's exactly right. And this, I think, is the first step of what the [Bush] government wants to do. If you look at what the Delphi plan was: They're talking about, "Oh, these retirees are going to be able to put money into their own account now"! Well, how's a retiree on a fixed income going to have any money to put into their own account? Which, of course, brings up the question of the privatization-type stuff that Bush is talking about. How can you make \$7 an hour, try to live, have any money to put into a retirement account? They're saying, "Well, we're going to take part of their taxes." But there's no money there for those people. Their wages continue to be driven down. There is nothing left; there's no discretionary spending money left to be able to help them pay for retirement.

**EIR:** The idea that there is a problem with Social Security only arises, when you make the assumption—as their actuaries are doing—that the growth of wages will be extraordinarily low; that the growth of employment will be even lower than that, down to something like 0.2% per year growth; and that the growth of GDP will be extraordinarily low. If you have wage growth and jobs growth, there's no Social Security problem to discuss.

**Morey:** As long as you keep sending jobs to other countries, you're going to have that problem. Because foreign workers don't pay into our Social Security system. It seems pretty basic to me.

I've been through, in 1980, a pretty good recession. And I lived through that here in the auto industry. And when I heard Bush talk about "retraining people," my first thought was, "So, I'm supposed to be retrained to compete, in a shrinking market, against my children. For fewer and fewer jobs, I'm supposed to go out and get retrained, and keep my children from having a job because I still need one."

**EIR:** In the jobs picture as a whole in the industry; you said there was a decline from 300,000 to 85,000 employees of Ford in the United States. Over what period did that take place?

**Morey:** That's over 25 years. But if you look at the numbers just recently, you'll see that there's a steady decline. Especially in unionized work. Because there's no question that this is an anti-union administration in place now. We [unions] used to have 37% of the workforce back in the '70s. I think it's down to 12.5% of private and public sector employees now, are unionized. The unions really get a bad rap; but they've increased the standard of living for everybody in this country, by trying to get a fair wage, benefits to help health care, safety standards; everything that the unions fought for.

**EIR:** The differential of wages is still 40% between union and non-union employees, in public and private-sector work.

And also the differential between a manufacturing job and a retail job, is still about 80%, in wages. So this whole deindustrialization—look at the last month's report. They said there were 260,000 jobs created. There was no change in wages.

**Morey:** The jobs in manufacturing were nil, or next to nil. "Oh, but retail jobs were up." Well, retail jobs don't pay anything. Our government is based on taxing wages right now. So, as you cut good-paying jobs and you replace them with lower-paying jobs, you continue the problem of the government, with revenues. Even if you trade one for one, which we haven't been, you still need the revenue and the tax base.

They just like to look at the number—"Oh, look, we created jobs." But what you didn't create, was more revenue for yourself and for your government, for us to be able to function as a nation. Because every job you're replacing right now, pays less money; which means you pay less in taxes; so every state in our country is on the verge of bankruptcy, also, as revenues continue to drop.

Michigan is especially hard hit, obviously, having a strong manufacturing base. They continue to cut all school budgets.

So in our state, we continue—My wife's a teacher, by the way, teaches elementary school. So I get to see that firsthand. Even though my wife got her Masters, she didn't get her pay raise, because they had to freeze salaries. It's always as though you want good people, but you don't want to pay them. And every time something comes up, the first thing they cut, is always employee wages and benefits.

And in this state, and in California, with a couple of the biggest teacher unions in the country, they're coming after teacher pensions and benefits. That's front-row California, front-row Michigan right now. Because the legislatures are looking at—"Well, they're state employees, we can cut their benefits, and they can't do anything about it."

**EIR:** You're saying that what [Gov. Arnold] Schwarzenegger has started in California, that now, somebody in the Michigan legislature wants to do that?

**Morey:** It was in the news last week. I don't know if it started with Schwarzenegger; or, it started somewhere else, but they thought that that was their best chance to try to push it through, with Schwarzenegger. "Okay, we'll put it out there, because we can get things done with him right now." . . .

The Visteon new employees; their pension plan is a self—they put into a 401(k), basically, and then the plant will match part of that. But if you really read the numbers, I think that what it was, was that the plant was going to match 7.5% of the first 30% that they put in. It's pennies!

**EIR:** You came, recently, to the Schiller Institute national conference. So you know what Lyndon LaRouche has proposed. He calls it a "Super-TVA": credits on the order of several trillion dollars for modern infrastructure jobs. Now,

Rep. Harry Reid of the Democrats has talked about a (much smaller, so far) Marshall Plan for America's infrastructure, America's cities. Do you think this is the way we need to go, to turn this around?

**Morey:** I believe that's a very good plan, and something we need to look at. We invest billions of dollars in other countries; why shouldn't we do it here? You'll put people back to work, good jobs, and it will revitalize the economy. You mentioned the growth that takes place when you put people back to work—then the Social Security crisis, so-called, there's no issue with that any more, because we generate revenues within our own country.

I like the plans that they've talked about. We have so much infrastructure work, here in our country, that needs to be done. Let's put people back to work.

As a matter of fact, Governor [Jennifer] Granholm has just proposed something similar to that here in Michigan. I think she wants a \$2 billion bond, that she wants to put into—to get a bond, so she can take that money now, and infuse it into infrastructure work, and put people in Michigan back to work, and revitalize the economy. I think that would work well throughout the entire country.

**EIR:** Were it only a lot bigger! LaRouche's Super-TVA idea is, that the Federal government will come to the states that have plans like that, and acknowledge that. "Look, this \$2 billion plan, if you could be serious about it, would be a \$20 billion plan. In fact, it would be a \$200 billion plan, if you and several other governors here got together, for new transportation, for power, and so on, throughout the Midwest. The Federal government will give you the credit backing for such a plan, and you can do something real."

**Morey:** I believe that's a great idea; something that needs to be brought more to the forefront, so that people can understand. People like to talk about education. We all know education is important for high-tech jobs. But there are a lot of people in the world, that college is not for them; but they're good people, they're good workers, and they're just looking for something that they can do to make a living. And we have a lot of people looking for work, but "they're not qualified," because the jobs that are being created are in the technology field where you'd have to have a Masters degree. And that's not for everybody.

**EIR:** LaRouche has talked about this before; that such a "Super-TVA," as he called it, would probably require \$5-6 trillion in credits over a Presidency. Often people say, how can such credit possibly be created. But they have a debate going on, in which the administration, in order to privatize Social Security and dump the funds into Wall Street, is creating credit. Cheney says: "It's just going to cost trillions. We're just going to borrow it."

**Morey:** If we're going to borrow \$4.5 trillion, let's put it into our country, and into putting people back to work.