

speed-up concessions. For example, the workers at the Packard Electrical Division gave GM pay and benefit concessions of more than \$600 million over the last two years. While the precise figures for concessions at the scores of other GM plants are not known, the total amount is thought to exceed \$4 billion.

Based on this pattern, GM's reported profits are fake: they represent \$7 billion in national and local wage, benefit, and other concessions that GM has milked from the auto-workers. Compared with the amount of money taken from the workforce, GM's profits are small. That indicates that GM is using the bulk of the money stolen from its workforce to pay burgeoning overhead costs, foremost of which are growing interest charges on debt, because of the Volcker high interest rate policy.

In fact, while GM chairman Roger Smith and Morgan Guaranty Bank rant that high wages are destroying the U.S. auto industry, the truth is that the interest charges on the production and sales financing of a car are greater than the production-worker wage-bill cost of making the car. Fifteen years ago, the blue-collar wage-bill content of a car's cost was nearly 10 times the interest charge.

A nationwide pattern

A soon-to-be-released *EIR* survey of the employment picture at all U.S. auto plants has uncovered abundant examples of GM's strategy.

Jim Westness, bargaining chairman of UAW local 95 in Janesville, Wisconsin, reported Aug. 23 that GM is using a policy of attrition to reduce the workforce while increasing the line speed of production. Westness stated that whereas his local had 7,200 men in 1978, it has only 5,833, a loss of 1,369 workers who retired or died and were not replaced. Between last year and this year, the line speed at the plant was increased from 60.9 to 64 cars per hour, a speedup of 5 percent.

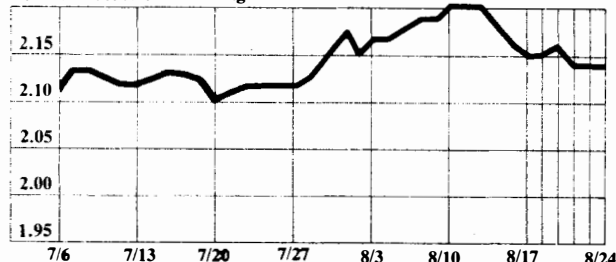
Westness reported that GM is playing his plant off against others to obtain even further speed-up and wage concessions. GM has stated that it will cease production of the standard Chevrolet pick-up truck, which the Janesville plant produces, and replace it in 1985 with a smaller model, which can be produced at any of three plants: Janesville; Leeds, Missouri; or Lordstown, Ohio. But only two of the plants will get the production. The three are being told that the plants with the best performance will get the production. Westness says that if his plant doesn't get the small pick-up truck contract, he will lose more than 2,000 men.

At the same time, GM is reducing its long-term contracts with suppliers and opening up its materials supplies to "competitive bidding." The competitive bids are used as threats to the workforce; at Packard Electrical Division in Warren, Ohio, Bill Malone reports that competitive bids have been farmed out to 21 non-union shops. "GM has given us a timetable. Either we get the work done cheaper, or the jobs will be removed."

Currency Rates

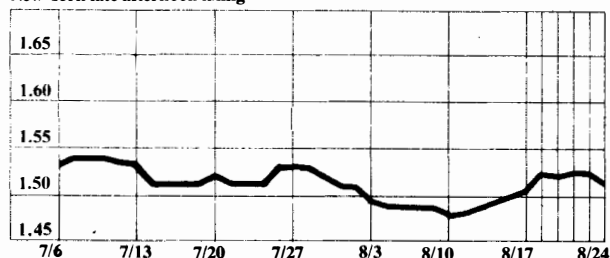
The dollar in Swiss francs

New York late afternoon fixing



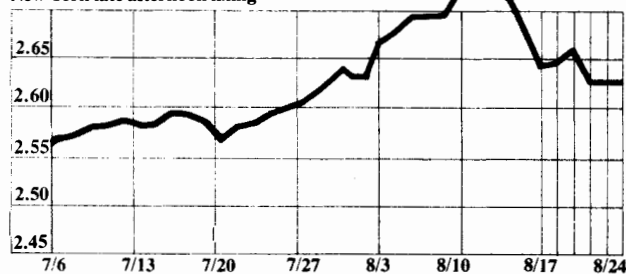
The British pound in dollars

New York late afternoon fixing



The dollar in deutschemarks

New York late afternoon fixing



The dollar in yen

New York late afternoon fixing

