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GM is back, thanks to Uncle Sam

By [E.J. Dionne Jr.](#), Published: September 21

Have you noticed that one of the Obama administration's most successful programs is also its most "socialist" initiative?

Okay, the bailout of General Motors and Chrysler was not socialist in the classic sense: The government was not looking to hold on to the companies over the long run. Their turnaround was accomplished in significant part by tough, capitalist management steps.

But, yes, this was socialism — or, perhaps, "state capitalism" — because the government temporarily took substantial ownership in the companies when no one in the private sector was willing to put up enough capital to prevent them from going under. Today, the companies are thriving.

More than that: The auto industry exemplifies how unions can do their best to protect the interests of their members while also ensuring the prosperity of the companies that employ them.

This month, the United Auto Workers and GM [reached a tentative four-year contract](#) that will add or save some 6,500 jobs, provide workers with a \$5,000 signing bonus and enhance a profit-sharing agreement.

Note that increase in profit sharing. The union and the company are seeking to align the interests of workers and shareholders. The idea should be as American as a Chevy or a Ford: When a company does well, its employees should do well, too.

The UAW's bargaining approach belies the notion that unions don't care about the well-being of the companies whose workers they represent. On the contrary, the UAW made extraordinary concessions to keep the Detroit-based auto industry alive. Now its members can fairly claim a right to some of the benefits.

"When GM was struggling, our members shared in the sacrifice," [said Bob King](#), the UAW president. "Now that the company is posting profits again, our members want to share in the success."

Anybody have a problem with that?

And the bailed-out companies have come back, as Dick Cheney might say, big-time. In August, GM announced that its [second-quarter profits had nearly doubled](#), to \$2.5 billion. To put that in context, in April 2010, [GM reported losses of \\$4.3 billion](#). Revenue at GM rose 19 percent, to \$39.4 billion.

In a sluggish economy, the auto industry is providing us with good news. And this good news was brought to you in part by the government of the United States of America, paid for by taxpayers just like you and me.

We taxpayers will reap rewards, too. A lot of money put into the companies will be earned back by the government, but there's more: Employed workers will pay taxes (and not need unemployment compensation). The auto industry's large network of suppliers will stay in business. Everybody involved will be able to buy goods and services that will put other people to work.

The larger lesson is that there are two ways to approach the problems capitalism inevitably runs into. One is to pretend that there are iron rules prohibiting us from doing anything at all. We are supposed to have faith that an invisible hand will eventually put matters right; in the meantime, we must accept any slap in the face the invisible hand might deliver.

Franklin Roosevelt [described the other way in 1932](#): "Our Republican leaders tell us economic laws — sacred, inviolable, unchangeable — cause panics which no one could prevent. But while they prate of economic laws, men and women are starving. We must lay hold of the fact that economic laws are not made by nature. They are made by human beings."

Once human beings throw off the chains imposed by the idea that all economic laws are "natural," they discover the capacity to change things and can use the tools of democratic government to do so when all else fails.

We did not have to accept the collapse of our domestic auto companies, and we do not have to accept that the Federal Reserve is powerless to give the economy the boost it needs. There is no reason to believe that the federal government is incapable of investing more in schools, roads and other public goods to build for the future and get more money into the hands of consumers now. We do not have to rely on giving rich people tax cuts and then confine ourselves to offering fervent prayers that they might invest some of the money in creating jobs.

We can seek to control our fate, or we can turn the invisible hand into a God who commands us to be helpless.

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