

LEVEL 1 - 3 OF 5 STORIES

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CNN

SHOW: CNN CROSSFIRE 19:30 pm ET

July 13, 1998; Monday 7:30 pm Eastern Time

Transcript # 98071300V20

TYPE: SHOW

SECTION: News; Domestic

LENGTH: 3951 words

LEVEL 1 - 4 OF 5 STORIES

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HEADLINE: Who Will Give in the Auto Workers Strike that Has Crippled GM?

GUESTS: Michael Moore, Fred Smith

BYLINE: Bill Press, Pat Buchanan

HIGHLIGHT:

As the auto workers strike continues to wreak havoc on GM's financial statement, a stalled negotiations process indicates it could get worse for the nation's leading automaker. Filmmaker and author Michael Moore, and Fred Smith, of the Competitive Enterprise Institute, discuss the strike.

BODY:

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BILL PRESS, CO-HOST: Tonight, General Motors and auto workers remain locked in a long and costly strike. Will either side give, or will this strike cripple General Motors?

ANNOUNCER: Live from Washington, CROSSFIRE. On the left, Bill Press. On the right, Pat Buchanan. In the crossfire, president and founder of the
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Competitive Enterprise Institute, Fred Smith. And, in New York, filmmaker Michael Moore, author of "Downsize This!"

PRESS: Good evening. Welcome to CROSSFIRE. They were supposed to settle it over the weekend. They didn't. So, in Flint, Michigan, the General Motors strike rolls into week number four, with both sides still far apart at a huge cost, both in dollars and in manpower; 9,200 assembly line workers are out on strike, and unable to continue production, GM has laid off another 164,000 workers.

The company says it's already lost \$1.2 billion and is losing another \$80 million a day. For what? Among other issues, workers demand that GM live up to its promise to put in new assembly line equipment. But GM says those investments no longer make good economic sense. Tonight, with workers at plants in Dayton and Indianapolis threatening to join the strike, there is no end in sight.

Who's responsible for the stand-off? Are workers demanding too much? Is General Motors refusing to modernize? We tackle those issues tonight on CROSSFIRE, with an expert on free enterprise, Mr. Fred Smith. And with a man who took on General Motors single-handedly in his film "Roger and Me," in New York, Mr. Michael Moore -- Pat.

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BUCHANAN: Michael Moore, even if you sympathize with the United Auto Workers, they've been out for -- a lot of them now -- you've got 170,000 guys who are out and women. And they make 600, 800, a thousand bucks a week. All of these tremendous losses. Is there any conceivable gain, which can justify the kinds of losses they're taking?

MICHAEL MOORE, AUTHOR, "DOWNSIZE 'THIS!'": I think the strike is really more than just about Flint, or General Motors. I think that that's why Wall Street wants General Motors to hang in there and not give in. And that's why, I think, workers all over the country are hoping that the auto workers here went out, because everybody's going through what these workers are going through, being forced to work longer hours and -- broken promises as a result of the company, who says that if you work harder and you give us more hours and you cut back on your benefits, we'll keep these jobs here. So the workers do

all that and then -- the company tries to take these jobs out of the city.

BUCHANAN: All right, Michael -- I agree with a lot of what you say. But let me ask you this: Look, General Motors has now got 50 parts plants in Mexico, four assembly plants down there. They're saying to the UAW, look, we're now going to start cutting off health benefits and what's going to happen is, they have already threatened to start shutting down plants here, stop producing

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certain models, downsizing General Motors to the point where their profits will remain exactly what they are or even better. I mean, isn't the UAW cutting its own throat by continuing this? How does it win?

MOORE: It wins by standing firm and by other unions and the general public out there supporting the UAW in this effort. I think it's critical that they -- that they pull this off, but this is nothing new to Flint, Michigan. I mean, the UAW was founded there. And, as a result of the strikes in the past, workers at General Motors and people throughout this country have things that they wouldn't have had the union not fought for them: health care, Social Security, all these things.

BUCHANAN: Michael, let me agree with a lot of that. But as a practical matter, General Motors used to be the largest employer in the United States. It's now the largest employer in Mexico.

MOORE: Right.

BUCHANAN: There's 18 parts plants in Juarez. All General Motors has got to do to beat the union is move their jobs right down there, their plants down there. They pay auto workers down there -- auto workers, one third of the U.S. minimum wage.

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MOORE: Right. Less than that, actually. And why don't they just move all

the jobs down there, and who is going to be left here to buy their automobiles? I mean, is that what they -- is that really what they're saying: If the strikers don't go back to work, we're going to close down these factories and just move them all down to Mexico? Who's going to be left to buy the cars? That's just their bluff. They're not going to do that. And I think actually -- I wish we had more aggressive action on the part of Congress to prohibit companies like General Motors, which are posting a record profit this year from being able to move these assets down to Mexico and to other countries, and destroy families and destroy cities here in this country.

PRESS: Fred Smith, let me ask you first of all, I have never seen a strike quite like this one. I mean, I've been on strike myself. I've walked the picket line, and it's usually always after more money from me and my pocket. The workers here are not saying this. They're saying GM, you promised to invest \$300 million in this plant. You haven't done it. We want you to put this money in for new equipment. So, more money in the plant, not in my pocket. Why isn't that in the best interest of the General Motors?

FRED SMITH, COMPETITIVE ENTERPRISE INSTITUTE: Because it's never in the interest of people when you're putting bad -- good money after

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bad. Effectively, what this strike is really about is whether or not GM is going to be allowed, and is going to be brave enough, to go through the extremely painful strike that we have been talking about here today to make it possible for GM to re-enter the ranks and become the kind of competitive firm it once was. Ford, Chrysler have gone through restructuring. I was in the railroad industry for a number of years. Railroads took strike after strike with no results.

If they're going to take this strike, and they have to date, they've got to restructuring, re-flexibility. You can't run an efficient operation today, trying to sell, what, have Champagne-paying workers trying to sell beer-budget Americans on cars. We can't do that. People don't make enough money to make the kind of cars with \$100,000 a year type-salaries are justified -- unless these workers are productive. They're not productive today -- not enough productive today.

PRESS: Well, Fred, wait. You're talking about productivity, you're talking about competitiveness, you're talking about efficiency -- God Bless America; but, if you want to be productive and efficient and competitive you've got to have the latest tools. You've got to have tools that are capable of doing the job. GM -- these things are outmoded presses, and GM won't update them.

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SMITH: No, no. Bill -- capital can't substitute. You can't make money by investing new capital unless the work rules allow you to use that capital efficiently. When the railroads were going through their restructuring, when the other companies went through theirs, what they had to do was to get simultaneous changes. You need new investments, but that new investment is foolish unless you have work rule flexibility to make it worthwhile, to pay the high wages that the UAW is now earning.

PRESS: Well, this is a circular argument. Mike, I just want to point out that they could invest this year, as they have, in China, in Brazil, in Mexico:

They can't invest in Flint, Michigan?

SMITH: There's a big difference, because in those countries they do have the work rule flexibility they're not getting in the United States.

PRESS: Yes, a dollar an hour. Michael.

BUCHANAN: Michael.

MOORE: And gun to the head. That's -- look, these workers in Flint and throughout this country have improved their productivity. They build the same number of Buicks now in Flint that they did last year with about a thousand
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fewer workers. These workers have increased their productivity. The company has refused to put new materials in their: New presses, new dyes. Ford and Chrysler have done that. They've modernized their plants. General Motors -- has not done that, and that is why these workers, so-called productivity, doesn't match Chrysler and Ford.

SMITH: Michael, you're absolutely right, but you've got the -- symptoms right, but you don't have the diagnosis right. The real

situation is not how much money you put into -- obsolete working conditions. It's how you try to gain the change -- the changes needed to make investments in new plant and equipment worthwhile. You can put a lot of money -- General Motors has put massive amounts of money over the last decade in new capital, in new equipment, with the old work rules. That didn't work.

They're now going through the very painful thing saying, if we're going to go through this kind of pain, we better get some gain for it. They better, or there will be no General Motors in the future. This is really about whether there will be a General Motors in America's future.

BUCHANAN: Michael, let me follow up on this. Look, there's going to be a General Motors in America's future, but it seems to me it's going to be in
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Mexico. Now, these Mexican workers are hardworking people. They don't have any of the safety rules, no environmental rules. They're making one-third of the minimum wage, a buck 60 an hour, and they're turning out parts for GM. Every single Volkswagen Beetle, which costs \$20,000, is going to come out of Mexico. How can an American worker, whether he makes \$30 or \$40 bucks an hour, or \$20 bucks an hour, compete with folks who make \$2 bucks an hour?

MOORE: Well, you can't.

PRESS: Ford does -- Chrysler does, Michael.

MOORE: No, they don't.

(CROSSTALK)

BUCHANAN: Ask Michael. Go ahead, Michael.

MOORE: Ford and Chrysler are down there also. The problem with General Motors is, quite frankly, the reason why they've lost their market share -- it's

not because of that worker on the assembly line. It's because General Motors has refused to build cars that people want to buy. That's just the sad fact. If you don't believe it, look at a Chevy Lumina van. If you drop a pencil or a
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pack of cigarettes down on the dash it'll take you a day to retrieve it. That's the kind -- until nobody buys their van, but Chrysler...

BUCHANAN: But they still have 32 percent of the American market...

MOORE: Twenty-nine percent.

BUCHANAN: ... and they got more than anybody else except for all the foreign cars. But that's still a gigantic share of the world's largest market, Michael. But the point is, it's the UAW, how many people did it have 20 years ago, whether it's Ford, Chrysler, GM, and how many does it have today?

MOORE: Half. Half.

BUCHANAN: OK, how do you stop those jobs from going down to Mexico, especially when you're on strike in Flint?

SMITH: You run faster at home, Pat and Michael. You guys haven't figured this out. You can't basically say we'll run slow at home and no one will try to buy abroad. Look, Americans aren't looking for the union label. They're looking for a good product that they can afford. The kind of high-priced products that are produced by champagne-paid workers aren't good for Americans
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working on a beer budget.

MOORE: You know...

SMITH: Americans are basically making less than \$35,000.

MOORE: This is -- wait a minute -- wait a minute. Fred...

SMITH: Michael, not everyone can afford the kind of car that you can afford right now. You live in upside New York. We're not all wealthy like you.

MOORE: Yeah, I'm not wealthy, let me tell you.

SMITH: You're wealthy, Michael, compared to any American watching this show, you're wealthy.

PRESS: Go ahead, Michael.

MOORE: You, sir, have never been in auto factory. You've never worked in that factory. And for you to say that they're making champagne wages, you not only, of course, insult me, you insult all those people out there who build our cars, who take care -- who teach our kids, who clean our toilets, all the
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working people out there who have had to put up with this kind of mentality of people like you who just believe -- actually, your nirvana would be if we could go back to the old days, the old work rules where people didn't have these protections, where there weren't unions, where there wasn't social security; all

of these things that your people want to get rid of.

SMITH: My people...

MOORE: Frankly, the people in Flint, Michigan aren't going to tolerate it. And that's why people across the country are supporting this strike, because they know that if we can't win this in Flint, we can't win this elsewhere.

BUCHANAN: OK, Fred...

SMITH: I grew up in a -- let's not start caring childhood -- I grew up in an area that did not have running water, did not have indoor plumbing, did not have electricity in many of the areas. America is a richer place now because in most of the U.S. economy we freed up our company, we freed up our capital, we freed up our workers to be more productive, to provide the kinds of products that have made it possible to be America what it is today.

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Work rules have to change to allow American consumers to get the same break that UAW workers are getting today.

BUCHANAN: OK. Should Americans care if our cars are all made outside the United States? Do we really need an American auto industry anymore? That question when we come back.

(COMMERCIAL BREAK)

BUCHANAN: Welcome back. The six-week auto strike at GM has virtually shut down the entire North American production of the world's number one automaker. Who is at fault? And will there be any winner from this industrial bloodbath?

Our guests are Michael Moore, author of "Downsize This!" and producer of the film "Roger and Me." And Fred Smith, no relation to Roger, of the Competitive Enterprise Institute -- Bill.

PRESS: Fred, I want to ask you: have you ever heard of something called the Disney dimension (ph)?

SMITH: No.

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PRESS: Well, you know what, neither had I until the day I read about it in this week's issue of "The New Yorker." Disney Corporation has this policy where their executives go out and they work in every aspect of the industry, including going to Disneyland and Disney World and putting on those goofy, literally, costumes; Mickey and Goofy and all of them and going around and shaking hands with the little kids.

And I mean, it's Michael Eisner's philosophy, apparently, that you can't know Mickey until you have walked in his shoes.

Relation: don't you think it's impossible for these GM executives, picking up on something Michael said in the first segment, to know what it's like to be an auto worker until they have worked in their shoes and been on the assembly line

floor? How many of them have done so?

SMITH: I think it's even more -- you're making a broader point. I think it's difficult for an auto worker to know what it means to be an auto worker when they're locked into fabricating jobs and other sub-job classifications that have made the UAW workforce an overly rigid and overly frozen stagnating society.

It's very important that we have auto workers, as you're suggesting, and I agree: it would be a good idea if that flexibility went from the top to the
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bottom. But let's start with a majority of the workers who are frozen into jobs that are represented from the past, not represented for the future, where they have got to be if they are going to make the productivity gains they've got to do.

PRESS: Wait a minute...

MOORE: Why don't we start with the CEO's whose salaries this year are up 170 percent. Why don't we start with the shareholders? Corporate profits this year are up 250 percent. Why don't we talk about that? If you want to talk about your champagne lifestyle, that's what's going on. And the average worker is working longer, harder, faster and getting less. That's what's going on.

SMITH: You're absolutely right. He is. But unfortunately...

MOORE: Or she.

SMITH: ... GM has learned to run much faster -- the GM workforce has learned to work faster. So has the Ford, so has the Chrysler, so has the world auto industry. And when everyone is running faster, it's not good enough to run a little faster. You have got to run as fast as your competitor.

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MOORE: But Fred, so you bring up a good point here. If Ford and Chrysler are also doing it, why has General Motors had 13 strikes in the last three years, and Chrysler and Ford have had none?

SMITH: Exactly. Exactly. That's a good point. A very good point.

PRESS: Why? Why do Ford and Chrysler work out a deal with the UAW; they cooperate so they can downsize, they can move some workers around. Instead, GM is declaring nuclear war.

SMITH: Part of the reason is, of course, they didn't have the Michael Moore's running after them and second-guessing everything they did.

PRESS: Now it's your fault, Michael.

SMITH: Tell me, then, basically, Bill -- this is important -- basically, when General Motors was basically 46 percent of the U.S. auto market, everyone was saying: don't lose jobs, don't close down plants. And they didn't. They basically kept their structure rigid.

MOORE: That's not true. They eliminated 200,000 jobs.

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SMITH: Michael, they, Michael...

MOORE: Two hundred -- General Motors has eliminated 200,000 jobs; they have downsized.

SMITH: Grow up, Michael. What happened is lulls that occurred by continuation in those jobs...

(CROSSTALK)

MOORE: What are you talking about? There's no need for talk like that. Listen, sir. You have to understand, they -- General Motors has downsized. They have eliminated the jobs, just like Chrysler and Ford did. The difference now is that the management at Ford has an ethical relationship with their employees. They don't screw the employees. They follow through on their promises. That's what goes on.

BUCHANAN: Michael, let me play devil's advocate. Clinton says: look, we got low inflation. We got very low unemployment. Things are going very well.

You say the people won't be able to buy automobiles and they lose their auto jobs.

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Look, we don't make TV's anymore and everybody buys TV's. We don't make radios anymore, everybody buys radios. UAW's lost half its jobs. We're still buying 15 million, 16 million cars a year, so they say: who cares if we lose our auto industry in the USA?

MOORE: I think, Pat, that's why all consumers and all workers have to get together and start supporting this strike in Flint and other strikes like this. We have to start standing up to corporate America and saying, "we're not going to participate in a system that is causing this kind of harm to our fellow workers."

SMITH: Michael...

BUCHANAN: As Mr. Consumer, do you care if America's cars that we ride are made in the USA? Do you really give a hoot?

SMITH: I ride in an American car. I don't know about you guys.

BUCHANAN: Do you care if your car you ride is made in the USA?

SMITH: I want the American people to have the best chance to do the best thing they can with the money they honestly earn.

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BUCHANAN: If the whole auto industry went to Mexico that wouldn't bother you as long as consumer the benefits, right?

SMITH: No, because I'm not interested in protection whatever the privileges were of the past, or whatever ways Americans made money in the past. I want Americans to be as productive as they can.

BUCHANAN: Is an auto industry a strategic national asset we ought not lose?

SMITH: Michael, I mean Pat.

BUCHANAN: Confusing me with Michael Moore?

SMITH: I feel like I've got three guys on the same side. Pat, look. It is not a question of preserving any specific job, just like it's not a question of...

PRESS: Michael...

SMITH: ... UAW autos. We want to give opportunities in the future. What those opportunities are in a free society, I don't know. But let's make them there. Let's not freeze the past.

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PRESS: Michael, we're almost out of time, but I want to pick up on what Pat said. You know, last year we had this UPS strike galvanize the nation. It was important. I supported the workers -- for them delivering packages to doors. Here's the auto -- the American auto industry on the line, and people don't seem to give a damn. Why not?

MOORE: Well, I think people do give a damn. I just don't think we have seen that in the press. Look, I mean, I think the average person does care about who builds their car. I hope that's the case. And I want people to know that the people in Flint, Michigan, work very hard. They are work in there seven days a week in those auto plants, and they're using materials in there now -- this press in this one particular plant where they have the strike is a hand-crank manual press. There's nothing like it in any other GM plant or any other plant in the industrialized world, yet that's what they have to work at in Flint.

PRESS: Michael, I'm afraid we have to hand crank this show down because we're out of time.

Michael Moore in New York, thanks very much for joining us on CROSSFIRE.

MOORE: Thanks for having me.

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PRESS: Pleasure to have you.

And Fred Smith, thanks for coming back again and fighting a good fight. Fred, good to have you here. Pat Buchanan and I will settle this argument in just a couple of minutes with our closing comments.

(COMMERCIAL BREAK)

PRESS: Pat, you know, I got a term for what GM is doing here. I think the proper term is "the great betrayal." Sounds familiar, Pat?

BUCHANAN: Where is my book?

PRESS: Where's your book, but in your book you get "The Great Betrayal," you get it right. It's clear why GM isn't putting money in the plant, because they intend to close it down, move those jobs down to Mexico. The workers sense

this, and they're fighting, not on the for their jobs, but for their community, and the jobs for their kids. And it's wrong. (INAUDIBLE)

BUCHANAN: Let me tell you. This global economy that your boy Mr. Clinton praises. You know what it enables GM to do? To go backwards about 50 years when there was -- to Mexico. There's no Social Security. There's no
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Medicare. You can pay workers a buck an hour. There's no health and safety standards.

There's to environmental standard. They can work -- they can live in shacks outside the place. This global economy enables these corporations to go back in terms of their workers, and to go forward in terms of profits. And until we wake up to it, it's going the take down this country.

PRESS: Which is why I opposed NAFTA, and why you oppose NAFTA. The proof is in the pudding. The pudding is all the money being invested into the new plants being opened and Mexico and not here. And the proof is the strike.

BUCHANAN: Why can't you get through to Clinton on this one either?

(LAUGHTER)

PRESS: Good point. Pat, you're sounding more and more like a Democrat. Maybe you ought to take look at the Democratic primary in 2000?

BUCHANAN: I'm right there -- William McKinley would be right there with me.

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PRESS: Yeah, but where's the rest of the Republican Party?

BUCHANAN: They believed in America first.

PRESS: Where's the rest of the Republican Party? From the left, I'm Bill Press. Good night for CROSSFIRE.

BUCHANAN: From the right, Pat Buchanan. Join us again tomorrow night for another edition of CROSSFIRE.

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