

Toyota and the Union-Backed, Government-Led Witch Hunt

by Brian Johnson

Toyota, which employs over 35,000 workers in the United States with factories in eight states, is the target of a government-led and union-supported attack due to recent recalls.

In the U.S., it is estimated that 15,000 Lexus HS250h and 133,000 Prius models will be recalled due to gas pedal issues, with another 500,000 Prius and other gasoline-electric hybrids needing anti-brake software modification. As unfortunate and inconvenient as recalls can be, this not the first, or last time an automobile will need to be brought back to the shop for a quick fix.



One might think this is the first auto recall in decades from the way government officials and Congressional Committees have pounced on Toyota. However, as recent as last month, Honda announced a recall of 646,000 Fit models (or Jazz in some markets) due to a faulty master switch that could allow water to enter the electrical components resulting in fires. Ford, less than one year ago, was forced to recall more than 4 million cars based on 550 vehicle fires. The recall concerned cruise-control deactivation switches that were installed in 16 million Fords. Part of the recall included nearly 1.1 million 1995-2003 Ford Windstar family van models.

There was no government outcry and no demand for Congressional hearings over these recent recalls. So why has Toyota suddenly become the target of a government-led witch hunt?

Toyota's U.S. operations are extremely successful, not saturated by inefficient union monopolies, and are in direct competition with the now government-owned General Motors.

From their first U.S. factory in 1988, the Japanese company's success in the U.S. is extraordinary. In 2003, the Camry became the best-selling car in the U.S. and still is. In 2005, Fortune magazine stated: "By nearly every measure, Toyota is the world's best auto manufacturer. It may be the world's best manufacturer, period." In 2006, Toyota became the

third-biggest seller of cars and trucks in the U.S. In 2007, Toyota captured second place in the U.S. market, replacing Ford, which had held the No. 2 position since 1931. In 2008, as GM declined and temporarily avoided bankruptcy, Toyota surpassed their unionized competitor becoming the largest automaker in the world.

Toyota's ability to ascend, while others plummeted, lies in their philosophy based on efficiency and productivity called "The Toyota Way." This corporate philosophy is not anti-union, rather based on the principle of "kaizen" which means "continuous improvement." This principle seeks complete quality management by improving local work environments and raising productivity. It empowers executives and plant employees, who are famously authorized by Toyota to stop the assembly line to quickly solve any problems based on their own discretion. Such practices are never heard of and often forbade in other highly unionized automobile facilities.

In fact, the differences in efficiency and productivity (and why the unions are determined to penetrate Toyota's workforce), do not stop there. When GM fired over 35,000 employees between 2006 and 2008, Toyota laid off zero. GM loses almost \$2,500 in profitability per vehicle where Toyota makes almost \$1,500 per vehicle. This is largely due to GM's forced union contracts. GM's union, the United Auto Workers (UAW) mandates that GM pay, on average, each non-skilled line worker about \$33 dollars per hour. This inflated wage includes workers who are "idle," meaning they don't have a specific job that day, but can still come to work, sit in a special facility and collect a pay check.

These artificially inflated costs, bound by forced union contracts, are sinking other US auto industries. Toyota has managed to rise above that, not by being anti-union, but by believing in and enforcing a corporate-wide model based on efficiency and improvement.

Now, the agents of the government, which controls GM, are publicly castigating Toyota in an attempt to smear the company and increase their own profitability. As a direct competitor with Toyota by way of involvement with GM, the assault against Toyota represents one of the most public conflicts of interests the business world has experienced.

Transportation Secretary Ray LaHood, told owners of a recalled Toyota to "stop driving it" and take it to a dealer to get it fixed. As a appointee of President Obama, who supported the government takeover of GM, LaHood's comments should be viewed as a violation of the government's own "non-compete" commitment. In publically condemning Toyota, which is now a competitor of a government owned corporation, LaHood is using his position to drive down the market share of Toyota and advance the interests of GM.

LaHood's comments and the call for House Congressional Hearings into Toyota, led by members with union-heavy districts whose interests appear to be self-serving, has led to a public outcry from a bi-partisan group of Governors whose constituents rely on Toyota for employment. Led by Gov. Mitch Daniels (R-Ind.) who says, "Let's recall. Let's fix it...If a fine is in order, then fine, but they have gone so far beyond that. It's very, very suspicious in view of the government conflict of interest." Daniels added, "These Congressmen running this committee have their own agenda and it is a discriminating agenda in this case. They didn't do this the last several hundred recalls."

The government, in this case backed by the union saturation of GM, has a clear conflict of interest in owning companies that are in direct competition with Toyota. The problems have been determined, the solutions are in process. Sec. LaHood and the union-supported Democrat heads of the committees holding hearings on this matter should step back and allow the private sector to function without biased interference.