

GM job cuts will devastate North American cities

By Joseph Kay and Barry Grey
23 November 2005

General Motors' plan to eliminate 30,000 hourly jobs by 2008, announced Monday in Detroit, will have devastating consequences for cities in the United States and Canada, and its ripple effects will hit working class communities throughout the two countries. The closure of twelve facilities will reduce the auto maker's manufacturing jobs in North America by nearly a third.

Taken together with hourly and salaried job cuts already announced this year by GM, Ford and the auto parts makers Delphi and Visteon, Monday's announcement brings the total of auto jobs targeted for destruction to 60,000, and this does not take into account the impact of Ford's downsizing plan, to be made public in January. The number two US auto maker has made clear that it intends to eliminate thousands of jobs and permanently close a number of factories.

Since 2000, more than 100,000 hourly and salaried automotive jobs have been eliminated in the US. The latest GM cuts are part of a longer-term trend in which corporations have wiped out jobs that once provided a relatively stable livelihood for manufacturing workers. Through major struggles in the 1930s and into the post-war period, workers were able to win concessions in pay and benefits. This was particularly the case in the auto industry.

For the past quarter century, beginning with the Chrysler bailout of 1979-80, the auto companies have been downsizing their work forces, closing plants, and using the prospect of unemployment as a club to impose wage concessions and chip away at health and pension benefits, as well as previously established improvements in working conditions.

They have been assisted by the United Auto Workers union, which has collaborated in the destruction of jobs and the undermining of wages and benefits in order to boost the competitiveness of the US auto companies against their European and Asian rivals.

This process has reached a new stage, marked by the decision of Delphi, which was spun off by General Motors in 1999 and remains GM's main parts supplier, to file for bankruptcy protection and demand pay cuts of 60 percent.

The company is also demanding sweeping cuts in health benefits and pensions, and plans to eliminate 24,000—or nearly two thirds—of its US hourly work force.

In an interview with the *Detroit News* published Tuesday, the day after GM announced its job-cutting plans, Delphi Chairman and CEO Robert S. Miller reiterated his demands for a rollback to conditions not seen since the open shop days of the 1930s. Defending Delphi's proposal to slash the base wage of its workers to \$12.50 an hour, Miller said, "The fundamental reason [we are in bankruptcy] is we have labor costs in our North American facilities that are double or triple what our US-based unionized suppliers [competitors] pay. That is a difference that is unsustainable."

Later in the interview, Miller volunteered the following: "One thing you haven't asked about is whether we will shrink the number of US jobs even if we get what we proposed... And the answer is yes, there will be a significant shrinkage."

Studies show that each job at a US auto factory supports seven jobs at other businesses nearby. That means the elimination of 60,000 auto jobs in the US and Canada will result in a total job loss of well over 400,000. And these losses will be concentrated in working class communities already hard hit by previous layoffs and plant closures.

The measures announced on Monday will be only the beginning for GM workers. On Tuesday, the company's stock fell for the second straight day, as analysts on Wall Street made clear that the cuts would not be sufficient to satisfy banks and investors.

Ron Tadross of Bank of America continued to give GM stock a "sell" rating, saying he still anticipated the company to end up in bankruptcy. John Casesa of Merrill Lynch said, "It will likely get worse before it gets better. We believe GM's announced restructuring plan is only the first step in the long process."

The downsizing of the US auto industry has already produced socially catastrophic consequences in parts of the country, particularly in Michigan, the historical center of

automobile production. The *Detroit Free Press* cited an astonishing statistic, noting that, according to US census data, “Michigan’s median household income has fallen by \$9,914—19 percent—between 1999 and 2004, more than any other state.”

This figure crystallizes a historic decline in working class living standards—one that precedes the impact of the new and more drastic assault on jobs and wages.

Giving a sense of the mood among GM workers in the region, the newspaper quoted Robert Paulk, an hourly worker at the Tech Center in Warren, Michigan, who said, “There are a lot of people that are really mad. They think this is the thing that revolutions are made of.”

Metro Detroit—which includes major plants in Pontiac and Orion Township—has been largely spared in the most recent announcement, though these plants are considered to be high on the list for future cuts. Plants in other areas in Michigan, however, are among the facilities that will be shut down or scaled back.

The city of Flint is slated to lose over 700 jobs with the shutdown of the Flint North engine line in 2008. The Flint North complex once employed 20,000 workers, including the Buick City complex that closed in 1999. The number of active GM workers in the city has declined from a peak of over 80,000 to just a few thousand today.

Flint will also be hit by Delphi’s plans to close its Flint East plant, which employs 3,400 people. The company has already shut down production at its Flint West plant.

Once known as “Vehicle City,” Flint has become a ghost of its former self. Over a quarter of the population, including nearly 38 percent of children under 18, live below the poverty line. The official unemployment rate stands at 12 percent. Both of these figures—comparable to those found in Detroit—understate the devastation that has overcome the city in the past two decades.

Another Michigan city to be hit by the plant closings is Lansing. The Lansing Metal Centre, which employs 1,360, is slated to be shut down by 2007, and the Lansing Craft Centre, which employs 450 workers, will close by 2007. Nearly 3,000 jobs were eliminated when the Lansing Car Assembly plant was shut down last year.

Also in the Midwest, GM is planning on eliminating the third shift at its SUV plant in Moraine, Ohio in 2006, a move that is expected to cost 1,000 jobs.

Thousands of jobs will be lost in southeastern Ontario, Canada. GM announced that it will close its Oshawa No. 2 plant by 2008, eliminating 2,500 jobs. It will also eliminate a shift at its No.1 plant, leading to a loss of an additional 1,000 jobs. About 140 jobs will be lost with the shutdown of a parts plant in St. Catharines, Ontario.

An article in the Toronto *Globe and Mail* on Tuesday

noted that the ~~Entire~~ ~~entire~~ economy of the region will suffer. “About half of Canada’s critical auto parts industry lies exposed to the shock waves emanating from the planned closing,” the newspaper reported. According to the article, GM contracts are responsible for half of the 100,000 jobs in the Canadian auto parts industry. An estimated 12,000 jobs in the parts industry may be eliminated as a result of the job cuts at GM.

The economic impact will extend beyond these parts jobs to wider sections of the economy. “Jan Myers, chief economist for Canadian Manufactures & Exporters,” the *Globe and Mail* reported, “estimates that about nine jobs are created directly in Canada for every auto assembly position. That means the sector generates about 20 to 25 per cent of the total jobs in Canadian manufacturing.”

Outside of the US Midwest and Canada, several major plants will be closed in southern states. GM will sharply scale back production at its Saturn plant in Spring Hill, Tennessee, resulting in some 1,500 job losses. Over 2,500 jobs will be eliminated in Oklahoma City, Oklahoma when a plant there is closed in 2006. And 3,000 workers will lose their jobs in Doraville, Georgia, just outside of Atlanta.

Neither the United Auto Workers nor the Canadian Auto Workers union is willing or able to mount a serious struggle against the auto companies’ attacks. They are both based on a nationalist perspective that precludes a unified struggle of North American auto workers, and instead facilitates the companies’ strategy of divide and conquer. Their nationalism is bound up with their defense of the capitalist system. They oppose any struggle that challenges the private ownership of the auto industry and the subordination of the interests of workers to the corporate drive for profit.

The jobs and living standards of auto workers in the US, Canada and internationally can be defended only through their united mobilization against the transnational corporations on the basis of a socialist program.

To contact the WSWS and the
Socialist Equality Party visit:

<http://www.wsws.org>