

Thousands of GM salaried workers to lose jobs in 2019

By Jerry White
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Thousands of salaried employees at General Motors in the US and Canada will be thrown out of their jobs at the beginning of 2019 as the Detroit-based automaker accelerates its cost-cutting campaign. The white-collar job cuts, which are also coming at Ford, are part of an expected blood-letting of salaried and hourly jobs amid declining sales worldwide and telltale signs of an impending restructuring of the global auto industry.

GM sources told the *Detroit Free Press* and *Detroit News* that at least 3,000 employees would be terminated because not enough had agreed to “voluntary buyout” offers sent out last month. The company is targeting 17,700 salaried workers with at least 12 years’ experience or more than a third of its white-collar workforce in North America.

According to internal sources who spoke to the Detroit media outlets, GM hoped to get at least 7,000 white-collar workers to sign up for the buyout offer by noon Monday, but managers told employees late last week that only 4,000 had done so. “That means 3,000 or more salaried workers in North America could be terminated starting in January if the automaker in fact opts for forced job cuts, which it has said it would consider if buyouts fell short,” the *Free Press* wrote.

GM managers held staff meetings last Thursday and Friday to ratchet up pressure on salaried workers to take the deals, which include six months’ of pay and health care coverage. It is unlikely many more will opt to do so since this is exactly the same severance package for a GM employee with 12 years or more seniority who is involuntarily terminated.

According to one source who spoke to the *Free Press*, “GM will complete the voluntary buyouts by Nov. 29. The managers we’ve talked to are already making their list and will select their cuts in January.” On January 15, he said, GM will announce the involuntary job eliminations, and “walk people out.”

Industry analysts said the cuts targeting engineers, designers, mid-level managers and others are only a prelude to slashing thousands of production workers’ jobs. Market economist Jon Gabrielsen, an adviser to the auto industry, told the *Free Press*, “I absolutely still believe that 7,000 to be the salaried job reduction number for GM in metro Detroit over the course of an auto downturn in the next two to three years, plus as much as another 7,000 in hourly based on how much sales soften,” he said.

The global automakers are under enormous pressure from Wall Street to increase profit margins and shareholder payouts despite falling sales. Last month, GM reported that its third-quarter operating profits in North America increased by 37 percent to \$2.8 billion despite an 11 percent drop in sales during the quarter in the company’s key US market.

In an internal memo obtained by the *Free Press*, which was sent out to managers after the profit announcement, GM said, “We can’t confuse progress with winning. Today, our structural cost is not aligned with the market realities nor the transformational priorities ahead. We must take significant actions now while our company and the economy are strong” to “reduce structural costs and improve vehicle profitability.”

While GM is planning to cut \$6.5 billion in costs, it has squandered over \$10 billion in stock buybacks and dividend payouts for its richest investors since 2017, and \$25 billion since 2012.

Earlier this month Ford said it will reduce its salaried US workforce of 70,000 employees by an unspecified number as part of its \$11 billion “fitness” cost-cutting plan. Morgan Stanley analyst Adam Jonas projected a 12 percent cut in Ford staff worldwide in a note to investors in August saying, “We do not see restructuring at Ford as a ‘nice to have’... but as a crucial step to set the global business on a more balanced footing.”

While seeking to slash jobs all of the automakers have increased the number of white-collar workers hired through temporary agencies who receive lower pay and few, if any, health care and pension benefits.

At the same time, the Detroit-based automakers have carried out temporary layoffs of production workers and permanent jobs cuts and plant closings are expected. Last month, Ford idled its Kansas City, Missouri plant, putting 2,000 workers on temporary layoff, and Fiat Chrysler idled workers at its Indiana transmission plants.

With sales of its Chevy Cruze compact falling, there are widespread concerns that GM may close its assembly plant in Lordstown, Ohio, halfway between Cleveland and Pittsburgh. GM laid off 1,200 workers when it eliminated the third shift at the plant last year and another 1,200 workers when the second shift ended in June.

A second-tier worker at Fiat Chrysler's Belvidere, Illinois assembly plant told the *WSWS Autoworker Newsletter* that threats are being spread about the possible elimination of one shift at that facility. "A supervisor told me to start watching the Illinois.gov WARN site for them to post a 60-day notice of layoff," the worker said, adding, "our union steward said there is a very good chance that we will be laid off December 15 for an unspecified amount of time. More and more talk of eliminating the first shift is causing people to transfer departments and shifts in hope of saving their jobs."

Temporary layoffs have hit a number of Fiat Chrysler facilities including Belvidere Assembly and Kokomo, Indiana transmission plants.

The United Auto Workers (UAW) has not even made a pretense of opposing jobs cuts, echoing management's claims they are necessary to ensure continued profitability in the face of slowing sales. The automakers have been able to extract huge profits in North America, despite falling sales, with the collusion of the UAW, which has signed labor agreements slashing the wages of new hires, eliminating income security for laid off workers and expanded the number of temporary part-time workers who pay union dues but have no rights and do not qualify for supplemental unemployment benefits.

The salaried and hourly job cuts are clearly a shot across the bow of autoworkers in advance of the negotiations for new labor agreements, after the current deals expire in September 2019. The threat of plant closures and mass layoffs were used by the automakers and the UAW to ram concession deals past the opposition of workers who initially voted down a contract at Fiat Chrysler in the first such defeat of a UAW-backed

national deal in three decades.

In a letter sent to workers UAW Vice President for GM Terry Dittes made it clear the UAW would try to blackmail workers with job threats once again. "Filling our plants with product" would be the UAW's top priority in the 2019 contract negotiations Dittes said before echoing Trump's American First nationalism by railing against GM for expanding production in Mexico and China.

This underscores the need for autoworkers to build new organizations of struggle, including factory committees, controlled by rank-and-file workers themselves and independent of the corporate-controlled UAW, to wage a collective fight against coming attack on jobs and living standards. Such a fight must unite workers throughout the world against the transnational auto companies and the capitalist profit system, which enriches the corporate and financial elite at the expense of workers the world over.

"They're instilling fears about cutting a shift and eliminating anyone hired after 2011," the Belvidere worker told the *Autoworker Newsletter*. "Threatening more layoffs, all tactics are to get tier-two employees to take whatever they throw at us in upcoming contract negotiations."

The worker referred to the corruption scandal that has erupted in the UAW, which revealed how union negotiators had taken million in bribes to sign "company friendly agreements." "The tides have shifted. The UAW is no longer on our side and they haven't been in a long time. The more these cases are exposed, the more apparent that is becoming. It's very sad, but it's true."

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