

GM prepares for long strike

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Indications are that General Motors, now in the twenty-second day of an escalating confrontation with the United Auto Workers, is digging in for a long strike and a decisive showdown with the union. Armed with a \$13.6 billion war chest, GM is showing its resolve, both to the union and to its Wall Street investors, to press ahead with its plans to eliminate up to 50,000 jobs in the next five years and drive up productivity and profits.

The two strikes at Flint, Michigan parts plants have forced the company to close 26 of its 29 North American assembly plants, as well as scores of component factories. A total of 155,000 workers have thus far been idled. The dispute has become the longest and most expensive since the 58-day national strike in 1970, costing GM \$75 million a day.

On Tuesday GM filed a grievance, claiming that the Flint strikes were in violation of the UAW-GM national agreement. GM labor chief Gerald Knechtel said, "Our contention is that the strikeable issues identified by the union are contrived and that the real issues that led to these costly disputes are ones that the union has agreed to be non-strikeable." The company has accused the UAW of shutting down its North American operations in an attempt to force GM to alter its international investment policy.

The grievance will go to an arbitrator. But after the ruling, GM could seek a federal injunction to halt the strikes and collect monetary damages from the UAW.

GM also said that it will contest payment of unemployment benefits in all of the states where workers have been forced off the job because of the two parts plant strikes. In addition, senior GM executives have instructed their managers to immediately shut down all North American operations not associated with the launch of its full-size pick-up truck in order to save cash for a long strike. The memo, entitled "Aggressive Manufacturing Shut Down," means that

more of the remaining hourly workers in component plants and other facilities will be sent home. It said managers should strictly limit overtime, move the bulk of remaining workers to day shift to save electricity and eliminate advertising on television, magazines and newspapers for at least the next six weeks.

Donald Hackworth, who heads GM's North American car operations, emphasized in an internal voice-mail message to managers the severity of what he called a "cold shutdown." "This action" he said, "is unparalleled and reflects the critical impact that this strike is having on this company." Hackworth also repeated his earlier warnings that spending on future car and truck programs could be jeopardized because of the walkouts.

The directive was the second time this week that GM senior executives have issued cost-cutting orders. On Tuesday, North American Operations President G. Richard Wagoner ordered a 50 percent reduction in discretionary spending. Wagoner's memo stated that NAO is "re-evaluating all of its product programs to ensure that, after settlement, the remaining cash is deployed to the most important products." This was widely interpreted by industry analysts to mean that GM might eliminate unprofitable car models and permanently shut down plants after the Flint strikes have ended.

On Thursday the *Detroit News* wrote that the conflict could "give the automaker a golden opportunity to kill slow-selling products and close inefficient and unprofitable plants." The newspaper said the "potential casualties" were the strikebound Flint Metal Center and GM's Delphi Automotive Systems' Flint East parts plant, as well as two Delphi brake plants in Dayton, Ohio, where a 17-day strike two years ago forced a nationwide shutdown of GM. Other likely targets were GM's Ste. Therese, Quebec, assembly plant, which produces the slow-selling Chevrolet Camaro and Pontiac Firebird models, and the Grand Blanc stamping

near Flint.



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