Global reorganization threatens GM workers' jobs

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In a move designed to streamline the company's global operations General Motors announced Tuesday that it is merging its North American and international designing and manufacturing units into a single $135 billion entity called GM Automotive Operations. The consolidation of the company's global operations follows demands by Wall Street and GM shareholders that the company accelerate its cost-cutting and downsizing measures.

The world's largest automaker is following steps taken by its chief US competitors, such as Ford Motor Co. which consolidated its worldwide operations four years ago, and Chrysler Corp. which is merging with German car company Daimler-Benz next month. The global auto industry is facing a crisis of overcapacity and is being hit by declining demand because of the spreading world financial crisis. Under these conditions, GM and its competitors are seeking to consolidate their global operations, eliminate the duplication of processes and use technological advances to build cars anywhere in the world using the same engines, transmissions and underbodies.

Announcing GM's moves, CEO Jack Smith said, 'Intense competition, diverse global markets and the speed with which the world is changing politically, economically and technologically call for a faster and leaner General Motors.' Smith announced that GM presently has 14 global vehicle platforms and is trying to halve that number.

The *Wall Street Journal* commented on the merger, 'With global overcapacity in the auto industry, the race is on to achieve economies of scale on an intercontinental level through consolidation.' Auto analysts say there are 80 more assembly plants internationally than are needed, and a shakeup and consolidation in the industry, which threatens the jobs of millions of auto workers internationally, is expected.

Last month, GM moved the international operations head office from Zurich, Switzerland to its Detroit headquarters. The North American and international operations will be replaced by four regional divisions--North America, Europe, Asia-Pacific and Latin America-Africa-Middle East--all reporting to the head of global operations, G. Richard Wagoner, who was elected Monday president and chief operating officer of the company by GM's board of directors.

Wagoner, formerly GM's chief financial officer and the head of GM Brazil, has been praised by Wall Street for returning North American Operations (NAO) to profitability in the 1990s through plant shutdowns and massive layoffs. Last year NAO accounted for the largest share of GM's near record $6.7 billion in profits.

Wagoner was brought forward by CEO Jack Smith in the aftermath of the boardroom coup in 1992 when wealthy stockholders engineered the removal of top executives whom they believed did not have sufficient zeal to carry through the cost-cutting measures they demanded. Since then 70,000 US hourly and salaried GM employees have lost their jobs as the company transformed 27 purchasing groups into one worldwide organization; consolidated car and truck manufacturing groups and shut down plants; eliminated 30 models; and reduced its central office staff to 1,000 employees from 13,000 six years ago.

While GM executives have claimed the international consolidation is 'not a downsizing move,' their decision is in line with the cost-cutting moves made over the last two months since the company defeated the United Auto Workers 54-day strike at two Michigan parts plants. Less than a week after the strikes ended, GM announced a plan to spin off its Delphi Automotive parts division in a move aimed at trimming 53,000 more UAW employees from its payroll. This was followed by the reorganization of GM's marketing, sales and services at the company's four divisions--Chevrolet, Pontiac-GMC, Buick and Oldsmobile--in a move aimed at wiping out tens of thousands of white-collar jobs.

As part of their agreement to end the GM strikes, UAW officials pledged not to call any further local strikes until after the expiration of the national UAW-GM contract next September. All of the US Big Three automakers are expected to press the union for further productivity increases and cost-cutting concessions, particularly as the economic situation worsens.

The trade unions representing GM workers throughout the company's global empire have followed their US counterparts in accepting plant closings, mass layoffs and concessions in the name of increasing competitiveness and GM's profits.

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