

General Motors to close four North American plants

Jerry White
4 June 2008

General Motors announced Tuesday it will shut four factories in the US, Canada and Mexico by 2010, eliminating more than 8,000 jobs. The action is the latest move in the downsizing of the former American industrial icon, which has cut its hourly US workforce by 53,000—or more than half—over the last four years.

The explosion in gasoline prices, now topping \$4 a gallon, has hit GM particularly hard. The company has long been dependent on highly profitable pick-up trucks and SUVs, which are among the least fuel efficient vehicles.

With year-to-year truck sales plunging by 37 percent last month, GM is sharply reducing output of these vehicles, preparing the sale of its Hummer brand and ramping up production of smaller cars at plants in Ohio and Michigan where GM has received tax abatements and massive concessions from United Auto Workers union locals.

The shutdown of the plants will have a devastating impact on GM workers and their families, but the impact will be felt even further, as companies supplying parts to GM lay off workers or close factories and communities are hit by the loss of tax revenues for schools and other critical services, home foreclosures and the ripple effects of plummeting consumer spending.

They factories to be closed are:

* Janesville, Wisconsin, which employs 2,800 workers. It will end medium-sized truck production by 2009 and cease production of the Tahoe, Suburban and Yukon by 2010.

* Moraine, Ohio, which currently has 2,500 workers. It builds the Chevy Trail Blazer, GMC Envoy and Saab 9-7x, and will be closed by 2010 or sooner.

* Oshawa, Ontario assembly, which employs 2,600 workers. It will cease production of the Chevy

Silverado and GMC Sierra by 2009 or earlier.

* Toluca, Mexico, just west of Mexico City. It will end production of the Chevrolet Kodiak medium truck by the end of 2008. Nearly 400 workers will lose their jobs.

Prior to final closure, the plants will be reduced to a single shift of workers. GM had previously announced the elimination, by July, of second shifts at Janesville and truck plants in Pontiac and Flint, Michigan.

Speaking at the company's annual shareholders meeting Tuesday, CEO Richard Wagoner said the shutdowns would help cut annual production capacity by 700,000 vehicles and produce structural savings of \$1 billion a year.

The moves are "all in response to the rapid rise in oil prices and the resulting changes in the US, changes that we believe are more structural than cyclical," Wagoner said.

The price of GM stock, which has fallen from \$43 to \$17 over the last year, shot up 4 percent on the announcement, but quickly tumbled as investors anticipated that the moves would do little to offset the continued loss of market share to Asian competitors such as Toyota, which are much less dependent on larger vehicles.

Profit margins for SUVs and other light trucks were between \$10,000 and \$17,000 per vehicle and the switch to producing a majority of smaller cars, although many will be built in lower-wage Mexican and Korean plants, will tend to depress GM's profits. The company has already lost \$50 billion over the last three years.

The Bush administration hailed the job-cutting announcement as a demonstration of the virtues of the "free market." White House spokeswoman Dana Perino said, "It's a sign that Detroit continues to adapt and evolve and address the change in consumer tastes

and attitudes. They're adapting well and they'll make these changes and hopefully be able to pull themselves out of what has been a rough several years."

For his part, Democratic presidential front-runner Barack Obama denounced "George Bush's failed economic policies" and criticized the White House for not promoting fuel efficiency and "helping to make our auto companies more competitive." He made the obligatory expression, as the Democratic candidate, of sympathy for workers losing their jobs, and then pledged that an Obama White House would provide large subsidies to help US companies re-tool for the future.

Last February, Obama addressed workers at the Janesville GM plant shortly after the company had announced the elimination of 750 second-shift workers. While seeking to tap into the social discontent among workers, he promoted the notion that workers shared the same interests as corporate executives and Wall Street investors.

"The promise of Janesville," he said, "has been the promise of America—that our prosperity can and must be the tide that lifts every boat; that we rise or fall as one nation; that our economy is strongest when our middle class grows and opportunity is spread as widely as possible," Obama told the workers.

It is precisely such nationalist and class collaborationist conceptions, peddled by the corporations, big business politicians from both parties and the United Auto Workers union, that have left workers disarmed in the face of the unrelenting attack on their jobs and wages. In the name of "competitiveness" and "saving American jobs," auto workers have seen their living standards steadily erode over the last 30 years. All the promises that concessions would lead to job security have proven to be lies, with over 1 million auto industry jobs wiped out since 1979.

While auto workers in Janesville reacted with anger to Tuesday's closure announcement, local union officials complained that they had done everything to help management cut labor costs. John Dohner Jr., UAW Local 95 shop chairman, expressed the utter prostration of the union leadership, saying, "This has absolutely nothing to do with there being an issue about union and management not getting along. We've worked together, and management hates to see this just as much as the union does."

Last year, the UAW handed over historic concessions to GM, Ford and Chrysler. This included a two-tier wage agreement that allows the automakers to replace tens of thousands of higher-paid workers with new-hires making half the wage. Some 19,000 GM workers have since accepted buyouts and early retirement packages.

In exchange, the UAW bureaucracy was given control of a multibillion-dollar retiree health care trust fund. In this way—by becoming a business enterprise in its own right—the UAW plans to secure the privileges and perks of the union bureaucracy even as it facilitates the wholesale destruction of union jobs and thereby sustains further losses in dues income.

Speaking to the Associated Press, UAW President Ron Gettelfinger said there was little the union could do about the latest changes at GM and Ford. Gettelfinger's counterpart, Canadian Auto Workers President Buzz Hargrove, feigned shock and outrage over the closing of the Oshawa plant, which occurred only weeks after his union pushed through a concessions contract which supposedly promised continued production at the plant through the life of the new agreement.

The closure was a violation of the contract, he said, but he did not threaten to call a strike. Instead, he launched into a Canadian nationalist tirade, saying, "This is an American company, controlled by Americans, and they are making decisions in tough times to protect American jobs," ignoring the thousands of US workers who are being thrown onto the street. He also denounced Mexican workers because GM had decided to build hybrid pickups there instead of in Canada.



To contact the WSWP and the
Socialist Equality Party visit:

wswp.org/contact