

GM bankruptcy will devastate communities

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In conjunction with its Monday bankruptcy filing, General Motors announced that it will shutter nine more plants and place three others on indefinite suspension. GM will also break contracts with more than 2,100 auto dealerships. The closings and layoffs were dictated and worked out in their detail by the Obama White House and its Auto Task Force.

The closures will devastate cities and towns in Michigan, where half of the shutdowns will take place, and in Indiana, Ohio, Delaware, Tennessee and Virginia. Somewhere between 18,000 and 20,000 workers will lose their jobs, according to GM. These workers will be turned out into the worst job market since the Great Depression. In addition, scores of auto dealerships will shut down across the US.

Particularly hard hit will be the state of Michigan, the long-time home of GM. Michigan already has the highest unemployment rate in the US.

Six plants will be closed in the industrial state. The Pontiac Truck and Bus plant will close in October. Powertrain factories at Livonia, Flint and Ypsilanti will be closed by December 2010. A Grand Rapids stamping plant had already been slated for closure, and will shut down this month.

GM's Pontiac stamping and Lake Orion assembly plants will be placed on "standby." Workers could be called back in the unlikely scenario that demand for GM vehicles increases. One newspaper reported that idled workers would receive 75 percent pay for a "limited amount of weeks."

Separately, GM laid off 64 workers at its Grand Blanc Weld Tool Center near Flint, Michigan.

Jeff, a worker at the Pontiac assembly plant, explained to the *World Socialist Web Site* how he learned of the closure. "They told us this morning," he said. "One guy from management gave us a spiel about GM going into bankruptcy and then said he was sorry to inform us that this was one of the plants being closed

down in October. The union didn't even come to the meeting. They didn't give us any information on buyouts. We don't know anything."

Justin, another worker at Pontiac assembly, said that he was devastated by the looming closure. "I've got three kids to feed," he said. "I've got to find a way to take care of them."

The state of Ohio will lose a GM service and parts warehouse in Columbus, a powertrain factory in Parma by the end of 2010, and a stamping plant in Mansfield some time next year. A stamping plant will also be closed in neighboring Indiana, at Indianapolis.

The last auto plant on the East Coast will disappear with GM's closure of its Wilmington, Delaware assembly plant, which produced cars for Saturn and Pontiac, two GM lines that will be sold off and likely vanish. On May 1, GM closed down its powertrain plant in Massena, New York. A service and parts warehouse will also close outside Boston, Mass.

Two factories will close in the South. An assembly plant in Spring Hill, Tennessee will be idled. A powertrain factory in Fredericksburg, Virginia, will close. In addition, a warehouse distribution center will be shut down in Jacksonville, Florida. The Shreveport, Louisiana plant that produces Hummer SUVs was not slated for closure, but its demise is likely as GM is attempting to sell off the brand.

By the end of 2010, GM will have only 34 US plants, down from 47 at the start of the current year.

Additionally, GM will close almost all of its factories for 11 weeks this summer in order to cut down production.

The idled plants in Spring Hill, Tennessee, and Lake Orion, Michigan, along with a previously closed plant in Janesville, Wisconsin, will likely be pitted against each other in competition for production of a new subcompact car, according to media accounts.

The shutdown of the Pontiac Truck and Bus plant,

also known as Pontiac East Assembly, will devastate the city of Pontiac, Michigan, which is already impoverished by decades of factory closings and layoffs. About 1,100 workers will lose their jobs.

Pontiac will lose about 20 percent of its current tax base, or about \$10 million, said Fred Leeb, the city's emergency financial manager appointed by Michigan's Democratic governor, Jennifer Granholm.

Leeb was quick to announce that Pontiac's working class will pay the price for the shutdown. "We fear that we are going to have to cut even more deeply," he told the *Detroit News*. "And there will be concessions to ask from the (city) unions."

The *Detroit News* notes that the consequences of the Pontiac closures will spread. "The ripple effect is expected to be felt not only in city tax coffers, but with homes that remain unsold on the market, and storefronts and office spaces—including in the downtown business district—that remain vacant," it reports.

Orion Township Supervisor Matthew Gibb told the *Detroit Free Press* that the town would be hit hard. "We have a \$6.2 million operating budget and we'll be lucky to get to \$5 million on the revenue side next year," he said. "Something as simple as the library depends on it."

The local political elites in Michigan are vying with each other to shift the burden of GM's bankruptcy on workers in neighboring cities. Democratic Detroit Mayor David Bing has announced he will consider a package of tax incentives to keep GM's corporate headquarters in the city to fight off a rival bid from nearby Warren, Michigan.

Mansfield, Ohio will lose its Ontario GM plant and about 1,200 jobs. With about 50,000 inhabitants, the city is already confronting a \$1 million budget shortfall for the current year.

About 700 GM workers will lose their jobs in Indianapolis. Fewer than 6,000 GM factory workers will remain in Indiana. As late as 1981, there were 48,000.

Jeff, who has worked for five years at Pontiac Truck and Bus, said he doubted the mass layoffs would launch a rebirth of the industry, as President Barack Obama has claimed.

"This is not going to save the industry," he said. "They spun off Delphi and laid off thousands and it

didn't stop the bankruptcy. There were bad management decisions, but the banks made conditions for the auto industry to fail. Nobody is buying vehicles; there's been a 50 percent decline. How can people buy cars if they're losing their jobs and homes?

"Wall Street got trillions from the government. All those guys in finance get their bonuses. It's pathetic. Now someone is going to the bank on GM and Chrysler. It's going to be the investors and people who are already rich, not me and you."



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