

GM plant closures devastate Detroit suburbs

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The northern Detroit suburbs of Oakland County, Michigan, will be particularly hard hit by the General Motors bankruptcy and restructuring plan. The area will lose 6,600 of the 9,000 jobs being cut in Michigan. This includes the closing of three major factories—the Pontiac East Assembly and Pontiac Metal stamping plant, each with 1,100 workers, and the Orion Assembly Plant, with 2,600 workers.

GM's mid-priced car brand was headquartered and named after the city of Pontiac, although it has been years since any Pontiacs were built there. The final phasing out of the "We Build Excitement" brand is part of the forced bankruptcy of GM being carried out by the Obama administration.

Under the terms of the government restructuring of GM, 14 factories—including seven in Michigan—will be closed and 21,000 of the company's remaining 62,000 hourly workers will lose their jobs by the end of next year. In addition, the company is closing 2,300 dealerships nationwide, which will affect another 100,000 workers.

Although Oakland County includes some of the most affluent neighborhoods in the country, its largest city, Pontiac—with a population of 66,000—has suffered decades of plant closings and worsening social distress. A city where autoworkers had once attained a decent living standard, the median income for a family is now \$31,207, far below the national median of \$44,334.

At the beginning of the year, the Pontiac School Board announced that it would close nine of the twenty schools in the district, including half of the elementary schools, in the face of a projected \$10 million deficit for the 2009-2010 school year. In an unprecedented action, the board voted to lay off all 774 teachers and

support personnel in the public schools, effective June 30. Workers are being forced to reapply for their jobs for next year. It is expected that less than half will be rehired.

Last Monday, at 8:15 a.m., workers at the Pontiac East Assembly plant were informed that their 3.4 million-square foot plant, which produces Chevrolet Silverado and GMC Sierra pickups, would be closed in October or possibly sooner. It is very possible that workers will not return after a planned five-week shutdown to reduce inventory begins June 11. The nearby Pontiac stamping plant, originally opened in 1926, has been put on standby capacity and will be idled in December 2010.

Hundreds of thousands of retirees are concerned that their promised benefits, including pensions and health care benefits, are in peril after the GM bankruptcy. The Treasury Department specifically ordered the elimination of optical and dental benefits for GM's hourly retirees. In January, GM ended paying health benefits for salaried retirees older than 65.

A WSWs reporting team spoke to a retired salaried worker at GM at the Bob E's Super Chief Restaurant in Pontiac. (See accompanying video.)

GM is the largest taxpayer in Oakland County and the closures will have a devastating effect on county and local services. Pontiac Mayor Clarence Phillips said the shutdowns meant an estimated \$1 million to \$3 million less in revenue coming to the city's \$55 million general fund budget. "It's devastating," he told the *Detroit News*. "But I think the story of Pontiac is being told all over the nation right now."

Pontiac Councilman Everett Seay said, "This is a new reality, but how much reality can we stand? It's like Hurricane Katrina, but it's an economic hurricane," he said. "This is like a plane going down and you're asking, 'What do you throw out first?' Where and how

can we keep services going?”

A few miles north of Pontiac is the sprawling Orion Assembly plant, originally opened in 1983, leading to a quick growth of residential and commercial expansion in the area. The factory, which once employed 3,800 workers, is down to one shift of workers producing Pontiac G6 and Chevrolet Malibu models.

In taxes alone, the plant contributes about \$2.7 million to the community, according to the *Oakland Press*. The money, the newspaper said, is used for Orion Township’s operating budget, schools, police and fire departments, in addition to helping fund regional institutions such as the Detroit Zoo, Oakland County parks and the Oakland Community College.

In addition, the township could lose hundreds of thousands in tax revenue under a law that reduces taxes businesses pay on their equipment—known as personal property taxes—when a plant is “idled.”

Orion Township Supervisor Matthew Gibb told the *Oakland Press* that the plant closing would have ripple effects throughout the area. “We have 26 companies that are directly impacted by this—that’s the larger blow,” he said. Gibb said there are 26 companies located within the township that either directly or indirectly supply the Orion plant and the Pontiac plants. “Our big job is going to be supporting the supplier base so they still have a resource here in the community.”

In addition, the impact would spread to local restaurants and businesses that are frequented by workers from the plant and the supplier companies. “You throw the pebble in the pond, it’s far-reaching,” Gibb said.

A young worker at Casey’s Chicken in Lake Orion said the restaurant depends on lunchtime orders from the factory. He explained to the WSWS reporting team that young people graduating from high school in the city would have worse prospects than their parents and face an uncertain future of low-paying and insecure jobs.

The auto plants in Pontiac were the first to be organized after the United Auto Workers union won recognition at GM through the sit-down strikes and battles in nearby Flint, Michigan in 1937. The decimation of Pontiac, Flint, Detroit and other Michigan cities is the bitter outcome of the decades of

betrayals and labor-management collaboration by the UAW.

The UAW has told workers that the Orion plant was one of several “idled” that could compete to make a subcompact vehicle. In order to land the model—which was originally to be produced in China—the UAW has agreed to launch a bidding war between workers at several factories to provide GM with the lowest labor costs possible.

In its latest concessions contract, the UAW said, “It is understood that the compact and small car segment is extremely competitive and in order for the Company to consider investing in producing such vehicles in the US, innovative labor agreement provisions will have to be put in place so that such production can be done profitably under what may be extremely challenging market conditions.”

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