

Ahead of contract agreement, GM to lay off 500 at Lake Orion assembly plant

Our reporter
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General Motors announced Friday that it will eliminate a shift at its Lake Orion assembly plant outside of Detroit, Michigan, laying off about 500 workers by January of next year.

The announcement came the day after the United Auto Workers (UAW) said that GM would be next in line for a new four-year contract, following the ratification of a sellout agreement at Fiat Chrysler (FCA) this week.

Both the UAW and GM are concerned about widespread opposition among autoworkers, who are seeking to reverse decades of concessions, including the imposition of a two-tier wage and benefit system in 2007 and a ten-year long wage freeze for first-tier workers. At FCA, workers overwhelmingly rejected a deal late last month, with a second version passed only after a coordinated campaign of lies and threats orchestrated by the UAW.

The layoff announcement at GM is no doubt intended as a shot across the bow: a warning to workers that the company and the UAW will use the threat of job cuts to pressure them to accept another rotten agreement.

The Lake Orion plant produces small subcompact cars—the Buick Verano and the Chevrolet Sonic. According to Reuters, GM plans to move production of the Verano to China and retool Lake Orion for the production of the Bolt electric car. The company claims that most workers who are laid off at Lake Orion will be eligible to be hired in at the Detroit-Hamtramck (Poletown) plant sometime next year, though even if this is the case it is not clear if they will retain their current pay.

Conditions at the Lake Orion plant highlight the close collaboration between the UAW and GM in slashing wages and benefits.

In 2009, the plant was closed as part of the forced

bankruptcy and restructuring of the auto industry overseen by the Obama administration. In October 2010, the union reached an agreement with the company that would allow GM to rehire laid off workers and pay 40 percent of them tier-two wages, which at that time were \$14 an hour. It also agreed in principle that the company could replace all of its higher-paid tier-one workers at the plant with tier-two workers, who also receive substandard health care and pension benefits.

As part of the agreement, any workers who transferred to Lake Orion in the future would be transformed into tier-two workers. This would presumably apply to workers brought in to produce the Volt.

The 2010 agreement between the UAW and GM provoked enormous anger among workers, who were not allowed to vote on it because it was implemented under “innovative staffing” arrangements included in the contract.

There are 52,700 hourly workers at GM, who will likely very soon be presented by the UAW with a new deal for a four-year contract. In addition to maintaining close relations with GM corporate management, the UAW actually has a substantial ownership stake in the company (10 percent) from stock that is included in the union-run retiree health care fund (Voluntary Employee Beneficiary Association, or VEBA).

With the assistance of the UAW, GM has also pioneered the introduction of a third tier of so-called “sub-assembly” workers earning even lower wages. At the Lake Orion plant, some workers are technically employed by a separate company, called GM Subsystems Manufacturing, which was established in 2009. Workers for Subsystems Manufacturing are employed at many GM plants to do work previously

done by outside suppliers or traditional employees.

Earlier this year, UAW President Dennis Williams indicated that the UAW was willing to agree to the expansion of the number of these third-tier workers.

GM and the other auto companies have succeeded in slashing per-vehicle production costs by half over the past decade. During the same period, the number of hourly workers employed by the company has been cut from 86,000 down to just over 50,000. With the assistance of the Obama administration, GM has expanded the percentage of tier-two workers and dumped its retiree health care costs onto the union-run VEBA fund.

As a result, profits have soared. Earlier this week, the company announced record operating income in North America for the third quarter of this year.

As with FCA, GM plans to use the current contract to deepen the attack on autoworkers. While the UAW is making a show of the claim that it will seek a better deal from GM than it pushed through at FCA, the clearest indication of what is really being orchestrated behind the scenes was given by Wall Street, which sent GM stock up sharply the day after the union announced that the company was next in line for an agreement.



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