

GM announces more layoffs as US auto sales decline

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General Motors announced additional layoffs this week in Michigan as reported US auto sales in May showed a continuing decline.

GM says it is eliminating a shift at its Warren, Michigan transmission plant outside Detroit in late June, affecting some 300 jobs. The facility builds transmissions for 11 different GM models. The company says that the cuts are in response to slowing sales and reduced demand for passenger cars.

Just released sales figures for May show the fifth straight month of auto sales decreases. The seasonally-adjusted annualized sales rate fell to 16.7 million vehicles, down from 17.2 million in May 2016. Total sales for 2016 came in at 17.54 million, a record.

Among US automakers, Fiat Chrysler sales were down 0.7 percent, and GM sales fell 1.3 percent. Ford showed a modest 2.3 percent increase, due largely to stepped up sales to fleet buyers. Among Asian automakers, Toyota sales fell 0.5 percent while Hyundai was down 18 percent. Honda was up 0.9 percent.

One auto analyst told *Automotive News* that the May sales numbers were propped up by dealer incentives. “Dealers and automakers really pushed the deals over the holiday weekend to prop up their May numbers. Incentives were up sharply, and it seems automakers are putting cash on the hood to nudge car shoppers to buy versus lease.”

General Motors reports a 101-day inventory of unsold cars, much higher than the industry standard. The company said the large inventory was in part due to plans to close several plants this summer for scheduled model changeovers. Overall GM sales are down about 1 percent for the year, and the company’s market share is stagnating at near historically low levels. This reflects not just lagging sales for passenger cars, but

also relatively poor numbers for its light truck models as well.

Autoworkers in Flint, Michigan contacted by the *World Socialist Web Site Autoworker Newsletter* said there was talk that there may be layoffs at the GM engine plant this summer after the scheduled changeover. The plant builds motors for the Chevrolet Cruze passenger car. GM has plans to slow production of the Cruze this summer. Earlier this year, GM eliminated a full shift at its Lordstown, Ohio Assembly Plant that builds the Cruze.

Altogether, GM has cut 5,000 jobs since November of last year. In addition to layoffs at Lordstown, GM eliminated a shift at the Detroit-Hamtramck Assembly Plant in March, with a loss of 1,300 jobs, as well as shifts at the Lansing Grand River and Delta Township factories.

Ford has carried out periodic temporary layoffs to cut inventory, including at plants that build its best-selling F-150 pickup truck. It recently laid off 130 workers at its Avon Lake Assembly Plant in Ohio.

Fiat Chrysler has carried through on plans to eliminate passenger car production in North America. Its Sterling Heights, Michigan Assembly plant north of Detroit, which formerly built the Chrysler 200 passenger car, is on long-term shutdown while it retools for production of the Dodge Ram light truck. Some 3,200 workers at the FCA Jeep complex in Toledo are also on temporary layoff.

An older worker at the GM Flint engine plant told the *Autoworker Newsletter*, “It doesn’t look good. Sales of the Cruze are down. There are rumors that there will be layoffs this summer after the changeover. This engine is also built in Tennessee and Mexico. If they don’t build it here they can build it there.”

The 2015 sellout contract agreement between the

United Auto Workers and the Detroit carmakers further expanded the ability of management to hire part time and temporary workers, who receive few benefits and are not generally eligible for supplemental unemployment benefits (SUB) in case of layoffs. This has made it much easier for the car companies to eliminate jobs, creating in effect a disposable workforce.

The veteran Flint engine worker said, “They want to hire all these temporary and part time workers so they don’t have to pay medical or retirement. The UAW lets GM do what it wants.”

Ken, another worker at the Flint Engine plant, lives in Detroit and commutes more than an hour to and from work every day. When the WSWS noted that 300 more workers were being laid off at the Warren transmission plant, he exclaimed, “That’s capitalism! They are concerned only about the bottom line.”

He continued, “Everyone knows the union and the company are in cahoots!”

Workers pointed to the contradiction between the rising cost of living, including steep prices on new cars and trucks, and the low wages being paid to temporary and part-time workers. The older Flint engine worker remarked, “Big SUVs make \$20,000 per vehicle profit, but who can afford them?”

Greg, a temporary worker at the nearby Flint Truck Assembly Plant, said that he made just \$15 an hour after one year on the job. “I can’t afford much right now,” he declared.

The Flint Truck Assembly Plant builds the GMC Sierra and the Chevrolet Silverado light trucks, which have a typical selling price in the range of \$30,000 to more than \$40,000.

Several Flint GM workers remarked on the ongoing water crisis in Flint, where residents were forced to drink lead-tainted water due to the criminal negligence of state and local officials. Workers commented on the fact that GM management was aware that water was corroding parts at its Flint factories and insisted on shifting its water source, but did nothing to raise the alarm among Flint residents.

“It’s messed up, they should have told them,” Greg said. “Especially when they knew.”

He was angry at the fact that more than one year after the exposure of the lead poisoning of Flint’s water supply, the money for needed upgrades and repairs was

barely trickling in. “The money is not being used for what it is supposed to be used for. It seems like it is all going to the military for wars.” He continued, “The government created the problem in Flint, they should pay for it!”

Pointing to the proposed Trump administration budget he added, “Now I see they want to cut money for the Great Lakes,” referring to the proposed elimination of money for environmental cleanup.

Remarking on the threat of home foreclosures facing Flint residents for not paying for the lead-tainted water Ken added, “Why do you have to pay for the water if it was poisoned?”



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