

# The ‘Other’ Big Shutdowns: GM’s Is Permanent for at Least 14,000, Ford’s for 1,000 in US, 25,000 Abroad

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Region: [Europe](#), [Russia and FSU](#), [USA](#)  
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*If millions of America’s working-class felt empathy and fear for the 800,000 and their families caught in the recent 35-day federal temporary shutdown, what about the [14,000](#) out of nearly [18,000](#) General Motors employees with at least 12 years service facing permanent layoffs? Or Ford’s [1,000](#) in the U.S. out of possible 25,000 abroad (Britain, France, Germany, Russia).*

Poor sales are blamed for both downsizings. Ford officials told the Michigan state government it was “[restructuring](#)” global operations in general. But in particular it would shutdown operations April 1 near Detroit where 1,012 workers at the Flat Rock Assembly plant make Lincoln Navigator SUVs and Mustangs.

For GM longtime employees, it’s *déjà vu*. A decade ago, GM faced [Chapter 11 bankruptcy](#) after the 2008 crash and fierce competition from Japan’s automakers. It laid off 47,000, closed five plants, phased out the Hummer, and cut Pontiac production.

Image on the right: General Motors is expected to make a major announcement Monday that could affect its historic assembly plant in Oshawa, Ontario (Source: Fox 5)



This year, GM will close [five plants](#) in four states (Maryland, Michigan, Ohio), and Canada’s Ontario province. The company specifically blamed significant profit losses on six passenger cars and, instead, estimated to make billions on electronic SUVs, pickup trucks, and driverless cars (“autonomous vehicles:” AVs).

GM has invested more than [\\$6 billion](#) to be the first of 11 automakers this year to put a fleet of AVs—ride-hailing Lyft robo-taxis—on America’s city streets. AVs could be a [\\$285 billion](#) market by 2030, according to Wall Street’s Goldman Sachs. GM has been fitting out 200 EV Bolts with state-of-the-art sensors and computer systems. Success, of course, rests on how many riders trust a cab doing a safe 25 mph, but solely dependent on a computer to avoid accidents. GM had 22 in 2017 tests, five in 2018; [Tesla](#) and [Uber](#) each have had a fatality, both apparently caused by computer glitches.

Other questions arise about GM’s monumental gamble on AVs which only fleet owners can afford, considering that prototypes have cost about [\\$200,000](#) per car. What if its 10 competitors beat GM’s price? Too, prospective buyers certainly will have questions: Can an

AV change large bills? Help the infirm (and luggage) in and out of the car? Miss the destination? Can AVs deal with detours, never have flat tires or stall or overheat, handle snow and ice. Above all, will it be well maintained after the warranty expires?

Used-car dealers may not be eager to accept them, knowing prospective customers will have even more of the same questions. Among them will be what guarantee do they have that the AV's innards are still in working order? What if it involves ruinously expensive repairs to ready it for resale? What happens when the AV ages into a "beater?"

### **Companies Silent on Key Issues**

None of those issues have been aired for the buying public, despite GM's legendary publicity and advertising skills to sell products. Ford has been even more silent about future plans. Perhaps such deliberate omissions have been covered up by the uproar in "demobilizing" the armies of the downsized.

GM's thousands were given [19 days](#) in November to decide whether to take a buyout. For the more than 50% who refused—most perhaps living from paycheck to paycheck— "the company will begin to unceremoniously lay off workers," [it announced](#) on October 31<sup>st</sup>. The first round of downsizings for the [4,250](#) salaried began Feb. 4. Plant closures begin in March.

Millions of working Americans might imagine that United Auto Workers (UAW) leaders would call for strike action. But the 2009 contract [relinquishing strike rights](#) until 2015 and apparently is now set in stone. In addition, the union is a [major GM stockholder](#) which has to have pulled its punches on labor relations. Scandal over union funds also is in the mix. Last year a [federal investigation](#) revealed \$4.4 million was demanded by the UAW-Chrysler National Training Center after millions went missing "in a scheme to misappropriate funds to top UAW officials" for luxury items.

Today, union leaders' credibility is so poor that less than [40%](#) voted on the 2019-23 contract. Yet many members believe the contract guarantees the downsized will get about [90% of pay](#) for nine months.

### **Unions Try Absurd 'Mexican-Made Car' Boycott**



A sign on the fence of UAW Local 599, which had 28,000 members at the huge Buick City complex in

In the current layoffs, both the UAW and Canadian counterpart Unifor at least *did* condemn GM. The [UAW](#) *did* give lip service to threatening [legal means](#) to stop the layoffs. It also spent union dues for a [video](#) reminding GM officials that post-2008 survival and profits depended on employee efforts. And in early February it and Unifor foolishly launched a U.S./Canadian [consumer boycott](#) for vehicles assembled in Mexico. [Jerry White](#), labor editor of the *World Socialist Web Site*, was among the first to call this action “absurd” considering automakers’ global assembly operations and the rising tide of [international workers’](#) uniting without unions:

First of all, there is no such thing as a “Mexican-made” car, or, for that matter, an American or Canadian one. A modern vehicle is made up of 30,000 parts, produced and assembled by workers in dozens of countries, not to mention the workers from around the world who extract and process the raw materials that go into the vehicle. Vehicles assembled in Mexico contain components produced by US and Canadian workers whose jobs would also be imperiled by a production slump in Mexico. There are reportedly more than 60 Ontario-based auto parts companies that send components to Mexico, including GM’s transmission plant in St. Catharines and stamping operations in Ingersoll.

The only visible protests so far against the layoffs and plant closures was a one-hour [production stoppage](#) at GM Canada’s Oshawa plant February 6 and a major rally [February 9](#) at GM’s Detroit headquarters for rank-and-file committee members countering the UAW. The rally was supported in [Mexico](#) by 77,000 striking auto-parts workers at the border town of Matamoros, but also [worldwide labor](#): India’s Maruti Suzuki, Sri Lanka’s tea plantation workers, and those in Australia, Britain, Germany, and Turkey.

The committees have been organized by the Socialist Equality Party to end union leadership alliance with management and to provide democratic representation from employees. Aside from opposition to closures, committee demands sought from GM:

- Abolition of the two-tier wage and benefit system
- Giving temporary employees permanent status
- Rehiring current laid-off employees
- Employee control of production
- Transforming “giant auto companies into public utilities, run on the basis of social need, not private profit.

### **State Officials Fail to Protest to Companies**

Despite the turmoil, governors and state labor heads of the affected states didn’t descend on Ford’s or GM’s headquarters to protest closures. The jobless will be relying on dwindling state revenues for those subsequent increases in unemployment claims and food-stamp distributions. The downsized also will face housing foreclosures and rental evictions, as well as utility cutoffs, and diminishing pensions and healthcare benefits.

Michigan’s new governor [Gretchen Whitmer](#) has said little about the layoff’s economic crisis beyond promising a “sit-down” meeting with GM’s CEO Mary Barra. Worse, no reports have been revealed that officials in charge of labor affairs in the affected states have conferred with GM.

However, neither union leadership nor GM's long-time employees can claim ignorance of American buyer trends in the last few years—or those from other global producers. Both parties have learned to watch sales figures with the desperation of the drowning. GM's chief claim rested on a *continuous* run of [poor car sales](#) with statistics to prove it. By contrast, officials said, most American buyers preferred pickup trucks and that SUVs seemingly were flying off car lots. So GM dropped [six models](#): Buick's LaCross, Cadillac's CT6 and XTS, Chevrolet's Cruz, Impala, and Volt.

Such contempt for the 99% was indicated when both GM's and Ford's movers-and-shakers ruled out making billions by volume-selling via drastic price cuts on cars. Competitors assuredly would have had to follow, but not to the extent of producing a clone to India's \$2,200 compact [Nano](#), of course. Too, GM's lending arm (GM Financial Co.) hasn't cut new-car interest to, say, credit union rates ([2% to 2.90%](#))—yet CUs hold [20%](#) of the car-loan business.

### **GM/Ford Write-Off the 99% Buyers**

It's difficult *not* to conclude that elitism via short-term profits by company officials and shareholders still take priority over business sense. Today's vast buyer niche of the 99% has been written off for decades. Who on minimum-wage jobs can afford the *average* prices listed for 2019 models ranked as "best" by [U.S. News & World Report](#)? Add to the sticker price the average [4.7%](#) bank-loan rate:

- Compacts: \$36,000-\$51,000
- Pickup trucks (small): \$24,000-\$42,000
- Pickup trucks (full size): \$31,000-\$59,000
- SUVs (subcompacts): \$32,000-\$38,000
- SUVs (compacts): \$41,000-\$56,000
- SUVs (mid-size): \$55,000-\$71,000
- Hybrids (compacts): \$33,000-\$47,000
- Hybrids (mid-size): \$41,000-\$57,000
- Used cars (2015-18 models): \$11,000-\$15,000

Ford's founder, Henry Ford, seems to have been the last major mogul of the "Big Three" to produce a car his employees could afford. For instance, when GM first worked up a prototype for its electric vehicle (EV1) in [1990](#) to announce it on Earth Day, the cost was [\\$608,832](#) in today's dollars, and would have had to retail around [\\$109,311](#) in 2019 dollars. Small wonder only 1,117 EV1s were produced, but for lease-only. By early 2005, GM's directors finally got sensible and recalled almost all EVs for [crushing](#) at its Burbank CA facility.

Yet once GM decided to resurrect electronic cars (EVs) in an industry where design-to-dealer takes at least [three years](#), officials wrote off the same vast niche instead of producing an affordable EV. Not Toyota. First retailing the Prius in the US in 2002 for [\\$27,301](#) (in 2019 dollars), up to 2018, it has sold more than [11.47 million](#) —and retails today for under [\\$22,000](#).

Playing to the wealthy, though selling far fewer EVs, may explain why GM has failed to set up, say, night-school retooling courses at its plants—including those in other countries. Nor have union leaders demanded retraining despite the UAW having its own facility. As usual in GM's cold-blooded policy, the idea is to cut labor costs by getting rid of those with seniority

and high pay. Forget their invaluable experience. Loyalty and long hours have never counted in that company, as the Flint Buick City closure in June 1999 demonstrated in steadily whittling down [77,000](#) employees to 1,200 when it folded operations.

### **GM Buys Company for AV Expertise**

Today's company [spokespersons](#) boast that "some 40% of its nearly 80,000 *salaried* workers have been with the company less than five years"—and indicating they are [full of creativity](#). But if that were true, why it spend more than \$1 billion to acquire the three-year-old, 40-staffer Cruise Automation high-tech company in early 2016, a leader in AV engineering.

All those new hires presumably were willing to work long hours mostly at far less pay, and constant fear of dismissals or its legendary downsizings in 1999 and 2009. As one 20-year [body-shop employee](#) said:

They are trying to force the older workforce to retire by placing them in other plants and making them drive long distances. It leaves them little time for their families. They can't just relocate and buy new homes. It forces them to retire.

One interesting and promising factor coming out of the downsizing massacre is that those five empty plants will be "[unallocated](#)" in 2020. Now, if this were Argentina, the downsized would be physically seizing them, fending off Army and police attacks, and stalling off owners' lawyers, as did one successful [pioneer group](#) of employees. Part of the cooperative movement, others also use their incalculable experience—and teachability—to restart the business. Aided by [governmental, legislative, and judicial support](#), by late 2018 some [380 "recuperated workplaces"](#) were employing more than 16,000.

This phenomenon was made famous by the 2004 documentary *The Take* of activist couple Naomi Klein and Avi Lewis. It depicted a bankrupt [auto factory](#) successfully resurrected by downsized employees willing to master every job description, marketing and accounting to hiring and research/development.

### **Argentina's Employee Takeovers Spreading**

The first takeovers, beginning in 2001, were a tractor factory ([Zanello](#)), a plant producing ceramic tiles ([Zanon](#)), and another making clothing ([Brukman](#)). Unlike other re-startups, Zanello stuck to the [capitalist system](#), forming a corporation with power distributed by thirds: 33% to the workers, 33% to dealers, 33% to tech staff, and 1% to the city government.

Takeovers soon [spread](#) to four-star hotels, supermarkets, a small airline, fast-food operations, and other enterprises where owners either went broke or proved to be tyrannical and/or payroll cheats.

How most co-ops work is illustrated by the 2014 takeover of Chicago's Argentine branch of R. R. Donnelley's printing company—now called [Madygraf](#):

Madygraf now employs 160 workers, who are paid the same hourly wage and who make all decisions democratically in general assemblies that meet regularly and can be called by anyone, anytime. These general assemblies

decide, for example, who is assigned to what job in the factory, and assignments are based on individual talents, skills, experience, and interests. Previously, the workforce on the factory floor was exclusively male (with the exception of one trans-woman worker), and now about a third of the workers are women.

True, “recuperating” empty and “unallocated” GM and Ford plants into thriving automaking cooperatives by the downsized seems at first to be a colossal impossibility. However, state and local governments probably want those buildings—and employees—back on the tax rolls as much as GM/Ford want them as tax write-offs.

But consider what could happen if other companies—foreign or domestic—decided that if EV cars for the “masses” were no longer being made by GM/Ford, they would come to the U.S. and Canada to fill that gap with models *under*\$10,000 that would meet EPA standards, and hire thousands of the downsized. Used-car dealers would be relieved because as the supply of 1 to 3-year-old cars diminishes, inventories would be reduced to “beaters” with all their shortcomings and dangers.

### **India, China Could Be U.S. Sources for Low-Priced Cars**

For instance, India and China have produced such low-priced cars for low-income markets: the \$2,200 [Nano](#) and the \$5,170 [Jiangnan EV T11](#), respectively. Upgrades of both would make them U.S. best sellers in this abandoned niche. At hand are those empty GM/Ford plants and a skilled labor force of thousands ready and eager to make—and buy—such cars.

If GM were to offer them bargain-priced leases on those empty plants and surplus equipment, it would be a superb public relations gesture for a company bailed out from bankruptcy after the 2008 crash by nearly [\\$11 billion](#) from Canadian taxpayers and [\\$49.5 billion](#) from Americans. It might also soften its imperious image from CEO [Charles Wilson’s](#) infamous and revealing 1953 policy statement that “what was good for the country was good for General Motors and vice versa.”

The other viable option is for GM and Ford to make drastic price cuts on those six downsized cars and, secondly, to pursue acquiring some of Jiangnan’s whipsmart T11 team to produce a basic EV for, say, a “door-busting” [\\$5,576](#) @ a 2%. They’d have to rehire thousands to keep up with demand.

One long-shot might be rank-and-file committees inviting Amazon to Detroit in that the company is now [“reconsidering”](#) locating its headquarters in New York City because of possible failure in getting nearly \$3 billion in subsidies. But in these days of revenue-poor major cities unable to do the same, Detroit can offer a ready-made facility: GM’s empty plant buildings and parking lots, its hub of air, railroad, highway centrality, and an available labor force to meet Amazon’s need for 25,000 employees.

At length, crying over spilled milk is never productive when stonehearted, money-grubbing giant corporations that regard personnel as disposable “worker-bees.” These new rank-and-file committees need to vigorously push one of these do-able solutions not just to GM and Ford, but also to federal, state, and local governments. As they say about successful public causes: “Numbers count.”

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