
A Damage Report

The Cost of the General Motors' Crisis

by Nancy Spannaus and
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Starting in the 1970s, General Motors Corporation began a process of shrinking its workforce and capacity. Under a hostile financial environment, which rewarded quick-fix financial speculation and cheap labor, and with a corporate management oriented toward this monetarist direction, GM drastically shrunk its labor force, from over 500,000 in 1978, to about 120,000 today.

The year 2005 has seen a drastic acceleration of this process, as the bankers' attempts to save their bankrupt banking system lead to demands for more cuts in productive investment. Over 15,000 GM workers have lost their jobs this year already, and GM has targetted 10 additional plants for closing (or for being "indefinitely idled").

For those who remain on the job, they are often required to work mind-numbing overtime. Ford worker Carol Smith reports that up until two years ago, workers at her plant in Louisville, Ky.—which has 10,000 workers, and specializes in Ford Explorers—were working 10 hours a day, five days a week, plus eight hours on Saturday—nearly 60 hours a week. Now, the work schedule has become increasingly erratic, with short-notice announcements that the factory will be shut for a week, and other indications of an uncertain future.

We profile here two of the General Motors plants which have just been shut down: Lansing Car Assembly, and the Baltimore Assembly plant.

Lansing Car Assembly

The Lansing Assembly plant, which closed on May 6, was the longest continuously operating assembly plant in the United States. It was built in 1901, as part of the initial Olds Motor Works. In 1908, it was taken over by William Durant of General Motors, who later ran the plant for his own Durant Motor Co. GM took the buildings over again in 1935, where it began production, which continued for the next 70 years. The plant had two buildings, requiring division of the production process into a body shop and a chassis shop.

One of the Lansing Assembly buildings was home to the famous Fisher Body production. The specialty was the Oldsmobile (discontinued in April 2004), which was known for technological breakthroughs such as the hydra-matic au-

tomatic transmission, introduced in 1940.

During the war buildup, the Lansing Oldsmobile workers retooled their facilities to build cannons, shells, and airplane components, in response to President Franklin Roosevelt's call for a massive industrial mobilization to defeat fascism. That capability is inherent in the skilled auto workforce, and could be used today to retool into production for rail or other vital infrastructure.

By October 1945, the plant again began to produce cars. Over the next four years, Oldsmobile developed the high-compression "rocket" engine, which again boosted car production. Some parts of the company, however, remained available for military work, such as building jet components for planes used in the Korean War. The company reached its greatest productive potential in the 1950s, at the time that Secretary of Defense nominee and GM President Charles Wilson made his famous statement before the U.S. Senate, that "What is good for our country was good for General Motors, and vice versa."

The 1960s through early 2000 saw a long process of decline, the spinning off of parts suppliers, and the outsourcing of production to "cheap labor" sectors, such as Mexico. From a height of 6,000 employed, the number of workers at the Lansing Car Assembly plant was reduced to about 4,500. These are the workers who were laid off on May 6, this year.

The Lansing workers are protected by their UAW contract, so that they will continue to get 95% of their pay for three years. But autoworkers argue that this number is deceptive, since there will be taxes taken out of their take-home pay, thereby reducing what was an overage \$830 a week to \$660 a week, or a 30% cut in wages.

Standard estimates are that for every autoworker employed, there are at least eight or nine other individuals whose jobs depend upon them. In Lansing, it is already reported that there will be losses of hundreds of jobs among supplier companies, which have provided auto parts and logistical support. This doesn't count the service jobs, unrelated to the auto industry per se, which will also be affected by the fact that fewer individuals are working there. Then, there's the question of the tax base, not only for the city of Lansing, but for the state as a whole.

News stories on the Lansing Assembly plant closing include the hopeful footnote that General Motors is building a new plant in Lansing, that will employ 1,500 workers, and provide work for those laid off at the old plant. This is wishful thinking, in light of the overall state of the corporation, and the dictates of the current management, not to mention the fact that 1,500 jobs is represents only one-third the number of those laid off.

The Baltimore Broening Plant

On May 13, the General Motors Baltimore Broening Highway plant shut down, ending an era of industrial production that goes back seven decades. The history of the Broening



The General Motors Baltimore Broening Highway plant shut down on May 13, 2005, ending seven decades of industrial production. Opened in 1935, it converted to the production of Army trucks and combat planes during World War II.

plant takes us from the beginning of Franklin Roosevelt’s New Deal to lift the U.S. out of the Depression, to today’s more devastating economic depression, which threatens to eliminate our entire auto industry, along with its vital machine-tool sector.

The Broening plant was constructed in 1934, opening on April 9, 1935. By 1937, the plant had 2,200 workers earning \$.95 an hour. In the 1960s, it doubled in size to 2 million square feet, reaching its peak employment of 7,000 workers by 1975. Since 1984, it has only been producing Chevy Astro and GMC Safari vans, deploying two shifts, until it was cut back to one in 2000. On May 13, 1,100 production workers lost their jobs at pay levels as high as \$27 per hour.

While the GM workers will be paid for a few more years, they are nervous about the potential loss of their health care and pensions plans. One 58-year-old worker, who has worked at GM for 40 years, told the *Baltimore Sun*, “I really believe for the first time that there’s a lot of concern for the future. You’re playing with people’s livelihoods, their lives.” The newly “retired” autoworkers are filled with anxiety that they will end up like the retirees from Bethlehem Steel at Sparrows Point, who have seen their health care reduced from the promised levels of their union contract.

Until the “post-industrial” shutdown of the U.S.’s industrial manufacturing sector, Baltimore’s Broening Highway plant and the mammoth Sparrows Point steel complex formed the nexus of a once-proud city of blue-collar workers, who raised their families, purchased homes, and provided an increased standard of living for, among others, poor rural laborers, who migrated from states like North Carolina, by provid-

ing highly paid, quality jobs. The employment at Sparrows Point peaked in the late 1960s at 30,000 industrial workers. Communities on the east side of town near the plants like Dundalk, Turners Station, and Essex were developed, and on the west side, communities like Edmonson Village, blossomed with rows of private homes which became known as the famous “Baltimore row houses,” where workers raised their families with dignity and pride.

During the World War II production mobilization led by FDR, Baltimore became one the key production centers on the East Coast. Three shipyards were turning out Liberty Ships at record levels, with steel from Sparrows Point; GM’s Broening plant ceased car production and turned its machine-tool capability to producing Army trucks and combat

planes. Baltimore City was so “over-crowded” with workers during the war that the streets were not large enough for everyone to travel to work. Ferries had to be called into service to transport workers across the water (many of the jobs were located around the port) in order for workers to get to their jobs on time.

The closing of GM, the shrinkage of Sparrows Point down to 3,000 workers, the transformation of the Baltimore Port industrial nexus into the new “post-industrial beehive” for consumer shopping and dining, called the Inner Harbor, has led to the loss of tens of thousands of skilled manufacturing jobs. In just over a decade, from 1993-2004, Baltimore lost another 32,000 manufacturing jobs.

What might the future look like, if we adopted Lyndon LaRouche’s call to “Recreate Our Economy” by preventing the destruction of the auto industry, and using the machine-tool capability of the Broening Highway for something useful for the Maryland economy! For those of us who travel back and forth from Baltimore to Washington, D.C. regularly, we unfortunately know the waste of time involved in spending 1.5 to 2 hours in traffic, each way, for the 35-mile trip. There are existing, worked-out plans for construction of a maglev train between Baltimore and D.C., which would reduce the trip to less than 15 minutes. Why not take the machine-tool capability of the Baltimore GM plant, get the furnaces going again at Sparrows Point to produce the steel for the trains, and build an essential component of infrastructure that would increase the productivity of the economy, and improve life for the weary travellers as well? All that is needed is political leadership with the courage of a Franklin Roosevelt or a Lyndon LaRouche.

Kentucky Legislature

This is a resolution which was filed on May 11 by State Rep. Perry Clark (D) with the House of Representatives of the General Assembly of the Commonwealth of Kentucky.

A Resolution Urging Congress To Take Emergency Actions To Save the Economy and the Auto Industry

WHEREAS, an increasing number and variety of relevant specialists have been joining an international chorus which is warning that an ongoing, systemic economic collapse of the world's monetary system has now entered its terminal phase; and

WHEREAS, certain stop-gap actions must now be implemented to forestall the irreparable damage to our physical economy, which is typified by the presently accelerating crisis of the United States automobile industry; and

WHEREAS, any liquidation of the present structure of the physical productive capacities of the auto industry, especially its machine tool sector, would mean both the end of the United States of America as a leading physical economic power, and related kinds of chain-reaction damage to the world economy as a whole; and

WHEREAS, government must now be mustered to act in accord with the implied constitutional obligation of our modern nation state to promote the general welfare, both for our own republic and in concerted action among nations. Unless corrected, the present crisis would now become far worse than what was experienced in Europe or the Americas during the Great Depression of the 1930s; and

WHEREAS, some of the most essential immediate remedies required must be set into motion through included actions consistent with the combined explicit and implicit Constitutional powers of advice and consent of the United States Senate; since the United States Senate is presently the most appropriate instrument for setting into motion the indispensable steps of remedial action, despite manifest reluctance of some circles of the Presidency to grasp the urgency of the present national and world crisis; and

WHEREAS, our constitutional system, known as the American system of political economy, is premised implicitly on the included role of a system consistent with the notion of national banking, which provides our form of constitutional government with the power of its Executive acting in concert with the separate and distinct authorities of the House and Senate to create relatively vast masses of long-term credit for the immediate and long-term expansion of our national economy; and

WHEREAS the creation of new productive capital can be accomplished, under our system, without interference by private financial interests; and

WHEREAS under our constitutional system, this outpouring of debt-based long term capital must be used chiefly not only to create expanded productive employment, but also to create the long-term capital investment in improved basic economic infrastructure, agriculture, and manufacturing; and

WHEREAS, the principal interest and objective of the United States government in the current panic among leading North America automobile manufacturers is to ensure that the continued employment of the labor force associated with that industry remain as functioning, each and all in their present localities of employment; and

WHEREAS, the loss of the tool-making and related capabilities of that sector of the industry would be a strategic disaster of incalculable chain reaction consequences within our nation and the world; and

WHEREAS, the relationship between the machine tool and related elements, and the much larger mass of technicians and operatives employed downstream in the process is an integral relationship, creating situations whereby the employment of the one cannot be separated from employment of the other; and in which the ratio of less-skilled operatives to highly-skilled machine tool and related technicians similarly cannot be reduced; and

WHEREAS, the only remedy is diversification of the productive potential of the auto industry to a broader mixture of suitable forms of production, shifting large portions of current employment into the domain of essential capital goods of production and basic economic infrastructure; and

WHEREAS, whatever the disposition of the relevant troubled financial corporations in the auto and related industries, the productive potential of the industrial labor force of the industry must be held together intact in their present locations making it necessary for the federal government to create the interim vehicle under which the continuity of physical operations can be continued; and

WHEREAS, the relevant choices of alternative markets for this purpose are chiefly in the category of basic economic infrastructure, such as the need to repair, expand, and improve our national railway systems, to maintain and improve our water management systems, and to maintain other urgently needed infrastructure projects; and

WHEREAS, these actions will result not only in saving our existing industry but also in the creation of large new areas of employment of our citizenry in infrastructure and manufacturing, comparable to the best of the New Deal programs that rescued the nation and the world from the last Depression.

NOW, THEREFORE, Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

Section 1. The Congress of the United States is urged to intervene on behalf of the national and related interests to ensure that the productive potential of the automobile industry, with its featured high technology and machine tool capability, be held together in place and intact.

Section 2. The United States government must intervene to vastly expand the construction and maintenance of infrastructure projects and related industries in the nation. The impact of this intervention on the Commonwealth of Kentucky will be to provide tens of thousands of productive jobs repairing our infrastructure.

At least ten million jobs could be created nationally in these endeavors, while at the same time maintaining the auto production of the General Motors Corporation, of the Ford Motor Company and of their respective subsidiaries. This initiative will restore our tax base and increase the standard of living, in physical terms of our citizenry.

Section 3. The Clerk of the House of Representatives shall send a copy of this Resolution to each member of the United States Senate and the United States House of Representatives from the Commonwealth of Kentucky.

Cleveland City Council

This resolution, urging the Federal government to intervene to protect the automobile industry in the United States, was entered as No. 929-05 by Council member Kevin Conwell, on May 9, 2005.

WHEREAS, this Council believes that the economy in Ohio, as in the United States, is near collapse, with thousands of jobs lost daily in all areas of industry, including the automobile, machine, and steel industries; and

WHEREAS, certain stop-gap measures should be adopted and implemented by Congress to forestall the presently threatened, irreparable damage to our nation's physical economy, which is typified by the presently accelerating crisis in the U.S. automobile industry; and

WHEREAS, the U.S. automobile industry is \$475 billion in debt, and its bond rating has been recently lowered to junk bond status, making filing for bankruptcy by the leading automobile manufacturers a very real possibility; and

WHEREAS, it is conceivable that the automobile industry's leading manufacturers could close most, if not all their factories in the United States, including in Ohio; and

WHEREAS, the closing down of even some of the automobile factories, including the shutdown of machine tool production, would mean both the end of the United States as a leading physical economic power and cause chain reaction damage to the world economy; and

WHEREAS, the U.S. Congress has the capability to intervene on behalf of the automobile industry to ensure that the

continued employment of that industry's labor force remain functioning in each and every present locality of employment; and

WHEREAS, this Council believes that the U.S. Congress can and must intervene, on behalf of national and related interests, to ensure that the productive potential of the automobile industry, with its featured high technology and machine tool capability, be held together in place and intact; and

WHEREAS, the impact on the City of Cleveland of Congressional intervention will be thousands of new jobs repairing infrastructure, maintenance of automobile production jobs, restoration of the tax base and ultimately, an increase in the standard of living in the City; and

WHEREAS, this resolution constitutes an emergency measure for the immediate preservation of public peace, property, health, or safety, now, therefore,

Be It Resolved by the Council of the City of Cleveland:

Section 1. That this Council hereby urges the federal government to intervene to protect to automobile industry in the United States.

Section 2. That the Clerk is hereby directed to transmit copies of this resolution to all members of the U.S. Congress and to President George W. Bush.

Section 3. That this resolution is hereby declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to Council, it shall take effect and be in force immediately upon its adoption and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

UAW Local 969 President

This letter from Mark A. Sweazy, president of UAW Local 969, was sent to Lyndon LaRouche on May 10, 2005.

Dear Mr. LaRouche:

On behalf of our Executive Board we unanimously approved to petition our state representatives and Congresspersons supporting your efforts to bring legislation to save the economy and to support the ailing auto industry.

Thank you for your efforts to strengthen the industry that helped build America. Knowing that for every 100 autos produced, 23 jobs are related, tells the need to preserve good paying jobs for thousands of Americans. State Representative Dan Stewart has a copy of your proposed legislation as does John Kerry (enclosed letter).

UAW Local 969 stands proud to support the efforts involved to restore America's greatest resource, being the working class mainstream, of men and women that have always stood united to achieve fair working conditions, employment and fair pay. Again we thank you for leading the effort needed to save the domestic auto industry!