A Damage Report

The Cost of the General Motors' Crisis

by Nancy Spannaus and Lawrence Freeman

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 automatic 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 plan 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 providing 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.