

Business

Oakland hit by GM closings

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By JOSEPH SZCZESNY
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Three plants around Oakland County will close permanently or idle indefinitely as part of General Motors Corp.'s bankruptcy filing.

The Pontiac Truck assembly plant will close in October while the assembly plant in Orion Township and Pontiac Metal Fabricating will be placed on standby for when vehicle sales revive.

In all, the decision impacts more than 5,300 GM workers who will get layoff notices. Nearly all of the workers will be eligible for supplemental employment benefits and a new transitional benefit program once their benefits run out.

More than 2,200 of the workers are employed inside the City of Pontiac, which stands to lose thousands of dollars in income tax collections.

These latest cuts follow other major reductions in GM's local employment, which go back to 2005. The latest cuts will reduce GM's blue-collar employment in Pontiac, which stood at nearly 30,000 in the late 1970s, to just less than 1,000 at the GM Service Parts Operations warehouse on Joslyn and the staff of the GM Powertrain lab on the city's north side.

Kit Walk, president of United Auto Workers Local 653 in Pontiac, said employees were not notified of the fallout from the bankruptcy until they showed up for work Monday morning.

"I'm still trying to find out some more information," he said.

The one bit of good news in the announcement is that the Orion plant is now a candidate to build a new small car that GM plans to build in the United States within the next couple of years.

Troy Clarke, president of GM North American Operations, said during a conference call Monday that GM should be able to make a decision on where to build the subcompact within the next couple of months.

“We want to be able to convert it for the 2011 or 2012 time frame,” he said.

In addition, the Pontiac Metal Fabricating plant will be put on “standby” so it can reopen once vehicle sales recover.

Fritz Henderson, GM interim chief executive officer, said bankruptcy marked the saddest day in GM’s long history, which stretches back more than a century.

“The economic crisis has caused enormous disruption in the auto industry, but with it has come the opportunity for us to reinvent our business,” said Henderson, who noted thousands of GM employees have sacrificed now so the company can remain in business.

“We are going to do it once and do it right,” he said. “The court-supervised process we are pursuing provides us with powerful tools to accelerate and complete our reinvention.”

President Barack Obama also spoke about the hardships imposed on GM workers.

“I know you’ve already seen more than your fair share of hard times,” he said. “We saw 400,000 jobs lost in the auto industry in the year before this restructuring even began. I will not pretend the hard times are over. Difficult days lie ahead. More jobs will be lost. More plants will close. More dealerships will shut their doors and so will many parts suppliers.

“But I want you to know that what you’re doing is making a sacrifice for the next generation — a sacrifice you may not have chosen to make, but a sacrifice you were nevertheless called to make so that your children and all of our children can grow up in an America that still makes things, that still builds cars, that still strives for a better future,” he said.

Van Conway, a turnaround specialist with the firm of Conway, Dunleavy and McKenzie, said the one silver lining in bankruptcy is that the government has to make the turnaround of both GM and Chrysler.

“You’ve basically got a couple of companies that can’t fail,” he said.

“That’s a lot better than it was back in December when these companies could have collapsed,” said Conway, who expects Michigan to receive substantial aid from the Obama administration

In addition to the plants around Pontiac, GM plans to close Powertrain plants in Livonia, Flint and Ypsilanti Township.

It also will close plants in Parma, Ohio, and Fredericksburg, Va., as well as stamping plants in Indianapolis and Mansfield, Ohio.

GM also will close service and parts warehouses in Boston, Jacksonville, Fla., and Columbus, Ohio, by the end of this year.

Ralph Nader, a GM critic for nearly five decades, criticized the Obama administration's approach to GM's reorganization.

"There is little doubt that GM's chronic mismanagement and the deep recession require restructuring and scaling back the auto giant. But the bankruptcy and restructuring plan appear poised to do so in ways that will needlessly harm the stakeholders meant to be helped by Washington's rescue of GM," Nader said.

"Many, many jobs will be lost that could be preserved. There is reason to question whether too many plants and brands are being closed — a matter that should have been taken up in Congress," he said. "Just the closing of hundreds of (GM and Chrysler) dealerships will cost more than 100,000 jobs. These sacrificed jobs will fray communities and impose enormous expenses on government entities that will have to provide unemployment and social relief while suffering lost tax revenues.

"The unionized workforce will see the wage and benefit structure slashed — even though auto manufacturer wages make up less than 10 percent of the cost of a car — so that new jobs at GM will no longer be a ticket to the middle class. This will drag down the wage structure of the entire auto industry — exactly the wrong direction for the country," he said.

Nader also said America's manufacturing base will be further eroded as the U.S. surrenders more ground to rivals such as China.