

Viewpoint

# United States - General Motors: What's Good for the Country? New Owners for GM

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Move over, Mr. Grinch: the executives at General Motors have you beat.

Just after Thanksgiving, GM declared that in 2019 it will close three major assembly and two smaller transmission facilities in North America. The bombshell announcement, which came despite GM's recent robust profit reports, ensures unhappy holidays for some 6,000 production employees and their families, along with the communities where the assembly plants are located: Detroit-Hamtramck; Lordstown, Ohio; and Oshawa, Ontario.

The Grinch only threatened to ruin one day for a tiny town. GM's decision devastates the future for thousands of workers across North America.

"We've done so much for this company," Nanette Senters, a 20-year veteran at the Lordstown plant, [told a Vox reporter](#). Like the other blue-collar workers affected by the shutdowns, Senters is a union member—the U.S. facilities are represented by the United Auto Workers, the Canadian plant by Unifor—and so earns good wages on the GM assembly line.

If you think decent compensation constitutes a big burden for GM, keep this in mind: [labor costs make up less than 10 percent of the average vehicle](#).

Facing a grim New Year, the 55-year-old Senters sobbed quietly. "It's a very depressed area; this factory has the best jobs here," she said about Lordstown. "This is such an inhumane way to treat people."

But employee pain is just collateral damage to General Motors CEO Mary Barra, whose top priority is ["increasing shareholder value."](#)

After all, Barra, who pulled in \$22 million from GM in 2017, most of it in stock awards and options, must know what she's doing. *Forbes* hails her as among GM's greatest CEOs, while [Business Insider](#) says she's assembled "the best management team" the company has ever seen.

Barra's shutdown announcement wowed Wall Street, sending GM stock soaring. And establishment voices were quick to attest that everyone benefits when the decision-making is left to bosses like Barra. "The old business adage is true," [the Chicago Tribune intoned](#). "What's good for General Motors is good for the country."

## **DON'T BELIEVE THE HYPE**

But here's the thing: GM executives—both Barra's dream team and those who preceded them—are *not* good at what they do. They are in fact terrible at it, if what they are supposed to do is direct a manufacturing concern, rather than a plundering operation for themselves and their Wall Street pals. They've been fleecing workers, customers, and taxpayers for decades at least.

Any auto worker plucked off the line at Hamtramck or Lordstown could run an enterprise that would build superior products and serve the public interest better than these people have.

Think I'm exaggerating? Look at the record:

Through the latter half of the 20<sup>th</sup> century, arrogant GM executives flouted consumer desires, ignored overseas competitors, and engineered simply terrible cars. In 1962, GM controlled more than half the U.S. auto market; its share has now plummeted to 17 percent.

[This managerial malfeasance](#) resulted in the biggest industrial bankruptcy in history, triggering UAW concessions and a taxpayer bailout in 2009 to the tune of \$51 billion. The bailout meant the federal government (that is, the American people) once owned most of GM's stock, but it's all been sold—at an \$11 billion dollar loss. And thanks to its bankruptcy [GM still pays nearly no federal taxes](#).

But surely GM's new bosses are now prudently shepherding their company's resources? Nope. Instead of making capital investments in green technology and factory infrastructure, since 2015 GM has instead spent the lion's share of its newfound profits—[some \\$25 billion](#)—on dividends and stock buybacks. [This shortsighted scheme](#) does nothing besides make investors and top executives wealthier. GM's strategy of aggrandizement-for the few comes closer to dereliction of duty than anything we might call "management."

## **BLAME THE BUYER**

GM treats car buyers with the same cavalier disregard. In a spectacular example of ["sprawling, systemic corporate incompetence,"](#) for over a decade GM ignored—and then lied about—a faulty ignition switch that was literally killing its customers. A fix could have been had for less than a dollar a car, but GM judged ["it would be too costly and take too long."](#)

In its recent shutdown announcement, GM said that "changing customer preferences" forced the company to abandon sedans, a nifty bit of blame-shifting. But American customers are still, in fact, [buying plenty of passenger cars](#)—just not those built by GM. GM has consciously encouraged a move away from smaller cars, as it has ["refocused capital and resources"](#) on SUVs and trucks. Those big vehicles, which [cost about the same to produce as cars but are priced far higher](#), also mean bigger profits. That's the real driver of GM's executive decisions.

This emphasis on oversized gas guzzlers belies Mary Barra's purported commitment to a "Zero Emissions" policy. And [for decades GM has fought against emission standards](#) that encourage fuel efficiency. Good for the country? In this era of global warming, GM imperils the future of the planet.

And yet, though GM's latest shutdown announcement provoked much outrage, in terms of substantive responses, lawmakers and union officials seem to be relying mostly on supplication to convince GM to change course. "We have to figure out what General Motors needs," [declared the Mayor of Lordstown](#). "Please save our American jobs," [begged UAW Vice-President Terry Dittes](#).

Those impulses are understandable, given the desperation felt by UAW members like Nanette

Sempers. And GM still manufactures plenty of vehicles; it's just that such production is done increasingly by the company's 15,000 low-wage workers in Mexico.

But the looming shutdowns [are clearly designed as preemptive blackmail](#) for upcoming UAW negotiations, as GM will dangle the prospect of reviving the plants (or the fear of closing others) to extract more concessions from workers who have already given back too much. GM's announcement is already engendering tension among auto workers across North America; as solidarity erodes, management benefits.

## **THIS IS OUR FACTORY**

For any shot at besting GM's bosses, the UAW should take no tactics off the table. But [when UAW President Gary Jones declared](#) the shutdowns would be contested "through every *legal* contractual and collective bargaining avenue" he did just that. So there will be no walkouts, no slowdowns, no plant occupations that could galvanize the rank and file and demand public attention. Jones might well recall that if union organizers had not taken such audacious steps when confronting General Motors, the UAW never would have been founded.

The workers who sat down in GM's factories back in 1936 believed, legalities aside, that the plants belonged to them, too. They'd invested plenty of sweat equity into them, after all. Through their emphatic action the sit-downers achieved what was thought impossible: at the height of the Great Depression, up against the largest and richest auto manufacturer in the world, they established a semblance of industrial democracy.

Decades later, thanks to billions ponied up by taxpayers, GM is again raking in the profits. So, as the first UAW members once did, it's time to challenge management's right to run the company for its interests alone. Certainly GM's executives are due no deference for their managerial "expertise," since they've repeatedly demonstrated they have little of that. In Canada, a business columnist (!) responded to the threatened Ontario shutdown with a [call to nationalize GM Canada](#). "One either acts or is acted upon," he wrote. "We have allowed GM to act upon us in disagreeable ways long enough."

Can auto workers seize the initiative so they might act, rather than be acted upon? As UAW history indicates, they have before. But a bold agenda will be necessary. So rather than plead with Mary Barra to save jobs, the UAW leadership could demand that she and her managerial minions step aside. They've done enough damage.

Actual auto workers, and the American people, should run General Motors. Until recently we owned most of it.

## **GREEN NEW DEAL**

That might be dismissed as pure pie-in-the-sky fantasy—but then so was, once, the prospect of unionizing super-powerful General Motors.

Moreover, exerting public control over the auto industry has a history here. During World War II [the federal government mandated the conversion from pleasure cars to defense production](#), a process that was accomplished within months. Keep that in mind as GM executives today claim it's impossible to retool existing facilities for alternative products. During wartime, government agencies—not the "free market"—regulated industrial output, prices, and wages.

In 2008, when General Motors' looming default presented a new national emergency, [filmmaker and](#)

[Flint native Michael Moore suggested](#) that public ownership of GM could preserve “our precious industrial infrastructure” and revitalize the ravaged Rust Belt.

But Moore [was not the only one making such a call](#). “I say embrace it. GM-USA,” [proclaimed automotive industry writer Dan Neil in the L.A. Times](#).

“By nationalizing GM,” Neil wrote, “we can aim the company’s astonishing resources at one of the biggest public-policy problems we have: oil. Restructured and refocused, GM could build green vehicles by the millions in a few years.”

That was 10 years ago. Since then, America’s working class has grown more distressed and the need to combat climate change has grown all the more urgent. But now there’s new hope: momentum is building for a [Green New Deal](#), which proposes to create jobs and bolster living standards by reorienting toward zero-emissions technologies.

It’s an ambitious plan, as was the original New Deal. But it’s our only viable path toward inclusive economic growth and a sustainable environment.

A publicly directed GM fits right into this visionary [and widely popular](#) agenda. Such an enterprise, no longer devoted to lush executive compensation and inflated stock portfolios, would prioritize green auto and transit technology. It would respect its customers, while valuing the workers who build the products and the communities where they live.

Now that’s a General Motors that would be genuinely good for the country, and for the future of the planet. Auto workers—indeed workers everywhere—deserve, and should demand, no less.

**Toni Gilpin**

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**P.S.**

• Labor Notes, December 13, 2018:

<http://www.labornotes.org/2018/12/viewpoint-whats-good-country-new-owners-gm>

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