

## **The 'New GM': Layoffs, Factory Closings, Offshoring**

*by John Nichols*

The trouble with the whole "Nixon goes to China" theory -- which is grounded in the calculus that big progress is made when a politician goes against type to address a seemingly intractable challenge -- is that sometimes the "bold" gesture is really just more of the same.

This is an important reality to recognize as the major media in the United States begins to play up the reshaping of General Motors by the Obama administration's auto-industry task force as a courageous or groundbreaking "new" initiative to "save" domestic automaking.

It's not.

The GM bankruptcy and bailout is the continuation of post-industrial policies of the Clinton and Bush years. Those policies, which encouraged companies to shutter factories in the US and move operations to foreign countries with lower wages and weaker regulations, were defined by Wall Street rather than Main Street. The model of a "healthy" American company was defined by stock and bond speculators, who rewarded short-term thinking and brutal cost-cutting, even if these strategies resulted in the loss of millions of jobs, the closing of hundreds of functional factories and the deindustrialization of communities, regions and whole states that had once been among the most productive in the world.

Nothing about the old way of doing business made sense, and it made a wreck of GM. After decades of closing factories, laying off workers and shifting production overseas, the company now finds itself with \$172.8 billion in debt.

It would make sense to change course, radically.

But the Obama administration is not doing anything radical.

Rather, it wants to create a "New GM" that stays the course of the old GM.

If all goes according to plan, the "New GM" will close down as many as 20 factories in Michigan, Indiana, Ohio and Delaware. Additional plants in Tennessee and Michigan will be put on "standby," for probable closing. At least 21,000 family-supporting jobs will be lost, as the corporation shifts production to new facilities in China and other foreign countries. Those cuts come on the heels of GM factory closings last year that cost tens of thousands of jobs and shattered communities across the Great Lakes states just as the downturn was developing into a deep recession.

This massive de-industrialization plan -- with its rapid offshoring of work once done in the United States -- will be paid for by the federal government.

It will cost US taxpayers a great deal to eliminate this many US jobs -- Washington has already handed GM \$20 billion and is expected to shift another \$30 billion into the coffers of the corporation. "Whether that investment will ever be recovered is still an open question," suggests the *New York Times* report.

So what should taxpayers make of a scheme to risk \$50 billion on a project to layoff US workers, close US factories and shift work overseas in order to satisfy speculators who continue to reward only race-to-the-bottom strategies?

The *Times* suggests that we ought to be impressed with the "Nixon-goes-to-China" courage being displayed by the president and his auto-industry task force. "The company will also have to shed 21,000 union workers and close 12 to 20 factories, steps that most analysts thought could never be pushed through by a Democratic president allied with organized labor," the paper chirps on its front page.

Spare us.

It takes very little courage for a Democratic president to side with multinational corporations, in the same way that his Democratic and Republican predecessors have.

Courage involves breaking pattern and doing something bold, like recognizing that the United States needs a manufacturing sector and making a commitment to modernizing basic industries and keeping skilled workers on the job. This is not a rejection of globalization; rather, it is an embrace of the future that says the US chooses to compete rather than give up.

An investment of \$50 billion in federal money to close 20 major factories and shed 21,000 jobs is not a plan to "save," let alone revitalize, manufacturing in this country. It is an abandonment workers and communities that speeds up the de-industrialization of the United States. And it encourages GM executives -- be they "old" or "new" -- to be more concerned about the company's stock value than the adoption of smart long-term strategies.