

Use It or Lose It: Auto Capacity 50% Unused and Going, Going, Gone

by EIR Staff

The large assemblage of critical auto-industry capacity whose near-term closing or sell-off has already been announced, is represented in part by the map and table of 64 auto assembly, production, parts, and supply complexes on pages 12-14. It comprises 73 million square feet of industrial capacity, much of it richly supplied with machine tools, and with machines of both high precision and flexibility, and large force and lifting capability. Its shutdown will cost 75,000 skilled industrial jobs directly; and through immediate radiating effects on smaller supply plants and machine-tool shops, 300,000 more. What is about to be shut represents, in automobile-industry terms, the capacity to build 2.5 million or more cars and light trucks a year. But in terms of urgent national economic investment, it represents a unique industrial capability to build the United States “a new national infrastructure” of transportation, power, and so forth.

Interviews with representatives of the engineering and production workforces in the industry make clear, among other things, that this is by no means the full measure of unutilized, “lost” capacity which could be restored. Since about 1985, five jobs have disappeared for every one which remains in a typical auto parts or supply plant; and two jobs have gone for every one that remains in a typical assembly or engine plant. The Lockport, New York Delphi Corporation facility which makes heating and cooling systems—one of the very few *not* marked for shutdown by Delphi’s bankrupt management—serves as an example. Though the complex will apparently remain open, the largest production building at Lockport is completely empty and used only for storage now; two other production buildings operate at 50% and 33% capacity; the machine-tool-making part of the complex has shrunk from 550 to 250 highly skilled employees; and the overall workforce has fallen in 15 years from 11-12,000, to about 3,700 now, and still shrinking.

And among some of those plants about to close this year or next: Delphi in Columbus, Ohio employs 845 of what was once a workforce of 5,000; Vandalia, Ohio Delphi electronics has 650 workers of its 1990 total of 2,400; General Motors’ Pittsburgh Metal Center has 600 remaining of a peak of 3,500 workers; the Ypsilanti, Michigan Visteon parts employed 4,000 workers at one time, and now has 700, with 9 of its 12 stamping presses recently unused; and the Adrian, Michigan Delphi plastic injection mold plant, with a legacy of many

industrial missions since World War II (see article, p. 24), has 385 workers left of its 1,150 workforce 20 years ago. Among assembly plants, Ford’s Hazelwood facility outside St. Louis is typical: It employed 3,000 skilled production workers only 11 years ago; but had shrunk to 1,700 employed when it closed down on March 11.

Thus, take this highly adaptable unutilized auto sector capacity, and employ it in building a critically needed new national infrastructure under a Federal reorganization; and as many as 2 million Americans would be newly employed, or re-employed in industry—in a nation which has *lost* 2 million industrial jobs in five years.

Fail to do so, and recent reports show that the majority of this unutilized capacity will have been demolished by 2008. Its rich stock of machine tools will be sold for scrap or “wind up in Mexico” and low-wage outsourcing locations in Asia and South America, where auto firms are “parking” increasing amounts of that machine-tool stock in their globalized operations.

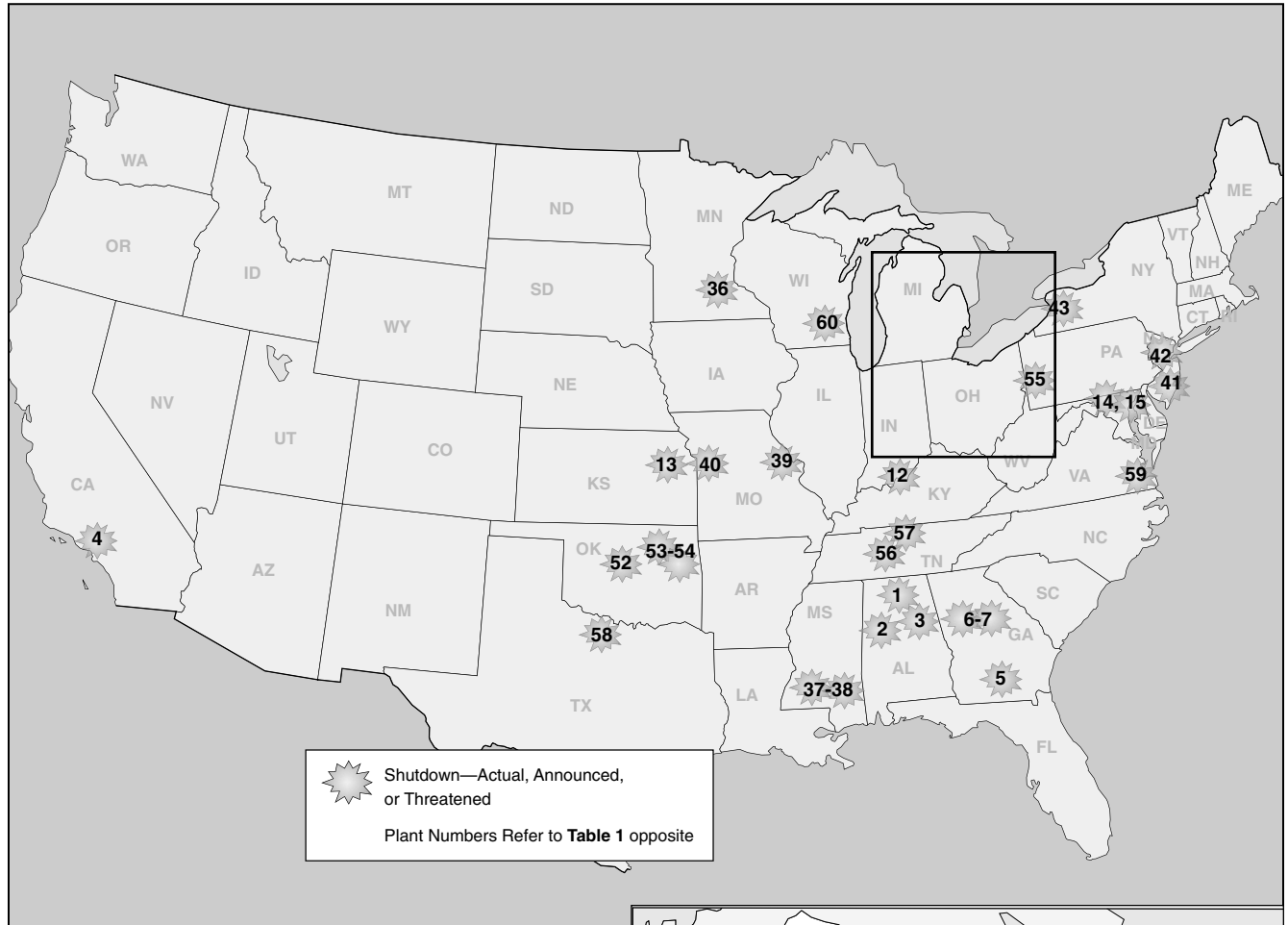
Plant Capabilities for the Legislation’s Purposes

A survey of some examples of closing, and otherwise underutilized, auto capacity shows that not only can it be employed for Federal, general-welfare purposes of construction of vital economic infrastructure: It has been so employed. Older facilities all over western New York, Ohio, Michigan, Missouri, and elsewhere famously produced aircraft and many other munitions during World War II, as the result of a national “conversion” process proposed by the United Auto Workers’ Walter Reuther, already at the end of the 1930s. In 1945, Reuther proposed they be reconverted to railroad building and housing construction, through Federal authorities; though this wasn’t implemented, many plants continued to convert to make other products besides automobiles.

Veteran auto workers report that the older auto plants—with their larger spaces, heavy machinery, and rail as well as truck doors, are industrially more adaptable than newer plants often built to produce a single product. It is a striking fact that the automakers, in many cases, have recently poured hundreds of millions in new machinery and equipment investments into these established plants, only to turn around and shut them down under the savage “demands” of globalization.

FIGURE 1

64 'Excess' Auto Plants Available for Operation by a Federal Infrastructure Corporation



Industrial Capacity Challenges Congress: Use It or Lose It

“Here’s how this thing is going to work. You’ve got somewhere in the range of 35-40% capacity utilization, among the Big Three auto companies. We know it most concretely in the case of General Motors, that it’s about a 35% utilization, in order to actually produce their market share of cars and trucks and SUVs and all of this. . . . So, that section of these auto companies, we’re going to hive off, and they’re going to continue to operate the way they’re operated. But we’re going to take the unused capacity under receivership of some kind of temporary government agency, and take that idle plant capacity, the laid-off workers, and give them specific, vital assignments in this rebuilding of the country’s infrastructure. So we’re going to actually put those elements of the auto sector that are right now either unused, or underutilized,. . . into Federal government receivership reorganization. And we’re going to hire workers back, and we’re going to emit Federal credit.”

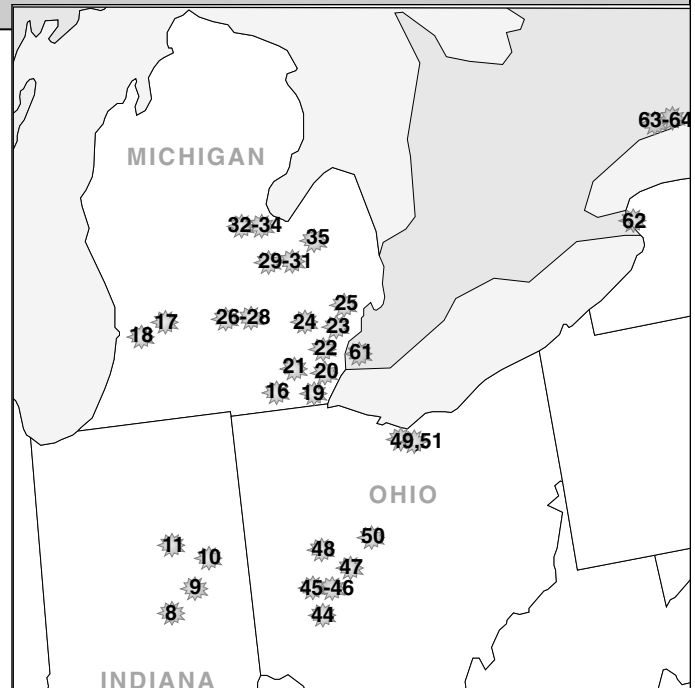


TABLE 1

Shutdowns/Sell-Offs Ongoing, of Major Auto Plants

No.	State	City	Type of Facility	Hourly Workers	Salaried Workers	Plant Millions Sq. Ft
1	Alabama	Athens	Delphi Electrical/Steering	2,037	174	0.7
2	Alabama	Cottondale/Tuscaloosa	Delphi thermal and interior	225	40	0.2
3	Alabama	Gadsden	Delphi thermal and interior	185	40	0.3
4	California	Irvine	Delphi electronic systems	89	4	0.2
5	Georgia	Fitzgerald	Delphi Batteries	363	22	
6	Georgia	Atlanta/Hapeville	Ford Assembly	1,978	174	2.8
7	Georgia	Doraville	GM Assembly	2,856	220	3.6
8	Indiana A	Indianapolis	Visteon Steering Components	1,800	300	
9	Indiana	Anderson	Delphi Energy & Chassis	791	89	0.5
10	Indiana	Muncie	GM Transmission	385		
11	Indiana	Kokomo	Delphi Environment & Safety	2,421	2,913	2.3
12	Indiana	Corydon	Tower Automotive stamping	800		
13	Kansas A	Kansas City	Visteon IP/Lamp Assembly	95	15	
14	Maryland	Baltimore	GM Assembly	883	120	3.0
15	Maryland	Baltimore	GM Transmission (PT)	376	68	0.4
16	Michigan	Adrian	Delphi thermal and interior	387	66	0.3
17	Michigan	Grand Rapids	Delphi energy and chassis	543	110	1.8
18	Michigan	Coopersville	Delphi energy and chassis	575	95	0.3
19	Michigan A	Monroe	Visteon Chassis	1,330	220	
20	Michigan A	Milan	Visteon Powertrain	900	150	
21	Michigan A	Saline	Visteon Interiors	1,585	265	
22	Michigan A	Ypsilanti	Visteon Chassis	770	130	
23	Michigan A	Plymouth	Visteon Climate Control	1,245	205	
24	Michigan	Wixom	Ford Assembly	1,663	167	4.7
25	Michigan A	Chesterfield Twnship	Visteon Seating Foam	155	25	
26	Michigan	Lansing/Delta Twnshp	GM Assembly	130	16	
27	Michigan	Lansing/Grand River	GM Assembly	1,303	185	2.
28	Michigan	Lansing	GM Metal Center	1,514	144	1.
29	Michigan	Flint East	Delphi Exhaust Systems	649	84	1.1
30	Michigan	Flint East	Delphi Energy, Engine	2,173	257	4.2
31	Michigan	Flint North	GM Powertrain	2,262	360	
32	Michigan	Saginaw	GM Malleable Iron (PT)	292	41	0.3
33	Michigan	Saginaw	Delphi energy and chassis	1,015	185	0.7
34	Michigan	Saginaw	Delphi steering systems	3,780	1,200	1.0
35	Michigan A	Shelby Township	Visteon Interiors/Exteriors	1,415	215	
36	Minnesota	St. Paul	Ford Assembly	1,805	160	2.1
37	Mississippi	Brookhaven	Delphi electronic	479	44	0.2
38	Mississippi	Laurel	Delphi Energy Systems	73	9	0.2
39	Missouri	St. Louis/Hazelwood	Ford Assembly	1,589	153	3.2
40	Missouri A	Kansas City	Visteon lamp assembly	95	15	
41	New Jersey	New Brunswick	Delphi Batteries	283	29	
42	New Jersey	Linden	GM Assembly	1,654	88	2.6
43	New York A	West Seneca	Visteon Compressors	110	85	0.3
44	Ohio	Kettering	Delphi Thermal Systems	1,094	147	2.6
45	Ohio	Moraine	Delphi Energy & Chassis	1,145	113	0.3
46	Ohio*	Moraine	GM Assembly	3,821	344	4.1
47	Ohio	Dayton	Delphi Compressors	1,409	252	1.2
48	Ohio	Vandalia	Delphi Interiors	641	3	0.7
49	Ohio A	Sandusky	Visteon Lighting	1,285	215	
50	Ohio	Columbus	Delphi thermal and interior	737	105	1.4
51	Ohio	Sandusky	Delphi energy and chassis	930	212	1.3

(continued)

TABLE 1 (Continued)

Shutdowns/Sell-Offs Ongoing, of Major Auto Plants

No.	State	City	Type of Facility	Hourly Workers	Salaried Workers	Plant Millions Sq. Ft
52	Oklahoma	Oklahoma City	GM Assembly	2,534	200	3.9
53	Oklahoma A	Tulsa	Visteon Glass	600	100	
54	Oklahoma	Tulsa	Delphi	118	6	
55	Pennsylvania	Pittsburgh	GM Metal Fabricating	541	72	0.9
56	Tennessee	Spring Hill	GM Assembly	5,067	709	5.2
57	Tennessee A	Nashville	Visteon Glass	730	120	
58	Texas	Wichita Falls	Delphi energy and chassis	198	30	0.5
59	Virginia	Norfolk	Ford assembly	2,400		
60	Wisconsin	Milwaukee	Delphi energy and chassis	485	70	0.5
Canada						
61	Ontario	Windsor	Ford Engines	2,200		
62	Ontario	St. Catherines	GM Powertrain	300		
63	Ontario*	Oshawa Plant #1	GM Assembly	1,000		
64	Ontario	Oshawa Plant #2	GM Assembly	2,300		

The Last Decade: 1996-2005

State	City	Type of Facility	Workers	Company	Year Closed
Alabama	Athens	Electrical, Steering	2,037	Delphi	2001
Indiana	Indianapolis	Foundry	881	Chrysler	2005
Maryland	Baltimore	Assembly	883	GM	2005
Michigan	Detroit	McGraw Glass	717	Chrysler	2003
Michigan	Detroit/Mound Rd.	Engine Plant		Chrysler	2002
Michigan	Dearborn	Assembly	2,000	Ford	2004
Michigan	Detroit/Mt. Elliot	Tool & Die	290	Chrysler	2003
Michigan	Dearborn	Vulcan Forge	80	Ford	2003
Michigan	Detroit	Tank	536	Chrysler	1998
Michigan	Flint/		1,200	GM	1999
Michigan	Saginaw	Malleable Iron (PT)	292	GM	
New Jersey	Linden	Assembly	1,654	GM	
New Jersey	Edison	Truck Assembly	900	Ford	2004
New York	Tarrytown		3,456	GM	1996
Ohio	Brook Park/Cleveland	Aluminum Casting	78	Ford	2003
Ohio	Toledo	Machining	1,628	Chrysler	2003
Ontario	Windsor/Pillette Rd.			GM	2001-03
Quebec	St. Therese	Assembly		GM	2002

A = Facility in Ford Motor Company's "Automotive Components Holdings, LLC," as of Oct. 1, 2005

*Third shift at the plant will be eliminated; figure represents one-third of the plant's production workforce.

Sources: Industry employees; General Motors Corp.; Ford Motor Co.; Delphi Automotive; Visteon Corp.; *EIR*.

This is true of the Norfolk, Virginia Ford assembly plant, for example, of the Ford and GM plants in Oshawa and St. Catherines, Ontario, and others. These plants are capable and versatile.

Nuclear fuel rods were fabricated and other nuclear-plant parts made—as in LaRouche's proposed legislation—by both the Fenton (St. Louis) Chrysler facility, and the Adrian, Michigan Delphi instrumentation plant in the 1950s. The Adrian plant produced aluminum during World War II and the late 1940s; aircraft parts and brakes for aircraft and army

trucks during the Korean War; fabricated nuclear fuel rods and piping in the 1950s for Bridgeport Brass Company; then produced aluminum again in the 1960s, for Harvey Aluminum and for Martin Marietta; and then from 1974 until now, built and operated plastic injection molding presses for Chevrolet and for Delphi.

The necessity to completely rebuild and refurbish the ancient, too-small, and outworn dams of the entire upper Mississippi River system, has been recognized by many in Congress. As LaRouche proposes, the large modern mitre gates for these



Niagara Falls Historical Society

Just a portion of the Lockport, New York auto plant complex now owned by Delphi Corporation, a part of which has been closed down and other parts 50-70% underutilized. Served by railways (below) and highways, with heavy lifting machinery in one huge bay, the plants here have built aircraft in the past, and could build rail systems in the immediate future.

many scores of obsolete lock-and-dam systems, could be built at the Delphi plants in Buena Vista Township, or at Lockport, New York. The latter has rail doors and a “North High Bay,” with 80-foot ceilings, 100-ton cranes, and large presses, where aircraft were built 60 years ago; the former has a huge bay with 2,000-ton presses and drop forges, three stories tall and set three stories into the ground, and two railroad doors. This plant could also build high-speed railroad stock or other heavy infrastructure. There are numerous other such plant layouts being closed or going unused.

The St. Louis area’s five major auto assembly plants of GM, Ford, and Chrysler (the Ford plant just having closed to auto production), together with the many surrounding suppliers and machine shops, are served by railroads at a kind of national hub; the city area also features railroad repair yards. They constitute an ideal center for new construction of electric locomotives, rolling stock, and other components of a high-speed rail system for the nation—as LaRouche’s outlined legislation intends. The Chrysler plants and one of the Ford plants have had major investment into new tools, robotics, etc. in the past decade. The Chrysler plants built aircraft in the 1940s, then tanks through the Korean War, and finally nuclear fuel assemblies in the 1950s.

The Michoud, Louisiana plants where NASA has built major rocketry were Chrysler plants; the connection to aeronautics is clear in many parts of the auto industry. The Lima, Ohio Chrysler plant, about to shut down with only 200 of its

3,800 workers remaining in 2001, was taken by General Dynamics to produce the Abrams Tank, now having a production workforce of 800.

And ironically, several Michigan auto-parts production plants have long had contracts to produce quality personal and automotive armor for police departments—even as Members of Congress complained bitterly that U.S. soldiers were dying needlessly in Iraq due to inadequate production of armor for Humvees. Why was the Pentagon not instructed to get the Humvee armor built in auto plants, which could have rapidly retooled to mass-produce it?

Specifically, Machine Tools

The tool-and-die centers of the auto sector are its centers of industrial creativity—“new-build” as some are called—where the machines and forms used by the rest of the industry are designed and built. They already have razor-thin lines of skills and capacity, in grave danger of disappearing entirely, outsourced to Asia.

Typical tool-and-die and metal shops are losing 50% or more of their workers. General Motors has five tool-and-die centers: the Mansfield Metal Center in Ohio; the Marion Metal Center in Indiana; Flint Tool and Die, Pontiac Metal Center, and Grand Rapids Metal Center, all in Michigan. Three of the five are being idled. Their employment—which makes possible the work of all 100,000 GM production employees nationwide—is falling this year from about 1,600 to just 1,275 workers now, and likely to 750 tool-and-die workers by July. (A comparable Delphi Corp. “new-build” center at Lockport has fallen from 550 to 250 millwrights, tool designers, die makers, plastic form makers, and so on.) A “corporate standard die” is the basic measuring unit of highly skilled machine-tool work, and GM’s machine-tool centers have already dropped from 1,600 to 1,000 corporate standard dies/year of work, a 40% fall-off.

The clear threat now exists, that this creative core of the whole industry will completely disappear in the near term, with tooling completely outsourced to (typically) India, China, and Korea, and to small U.S. machine shops which often have to partner by computer with Indian or Chinese corporate operations. The loss to U.S. national industrial capabilities would be immense, all out of proportion to the numbers of employees involved. This is doubly dangerous because nearly the same degree of loss of machine tooling and product control by outsourcing, is occurring in the U.S. aerospace sector, the other remaining American fount of



Ford Motor Co.

This Windsor, Ontario Ford assembly complex, still employing 2,200 production workers, is being closed despite recent, heavy capital investment of hundreds of millions of dollars into its machine-tool and flexible production capabilities.

machine-tool capability, which has shrunk even faster than auto.

In a DVD on auto retooling just released by LaRouche PAC, "Auto and World Economic Recovery," several auto union leaders and local elected officials stress the national security question constantly brought up by auto and aerospace workers. What happens if, in a time of extended war, United States industry has become *completely* dependent for machine tooling, on Asian nations, and can't design weaponry, or NASA space activity, without purchasing "outsourced" machine design? As one union representative put it: Through globalization, we are actually oppressing China by the massive outsourcing of manufacturing there, exploiting super-low wages. What if tensions over this, lead to real hostilities, and we have at the same time become strategically dependent on China or other Asian nations for our machine-tool capabilities?

Congress can head off just such a potential strategic predicament, as well as serving the nation's general welfare, by intervening as LaRouche proposes.

Engineering and design workforces in the auto industry perform a function related to creation of machine tools, though also heavily involved in "styling." These workforces would play an important role as the mobile inspection/planning force for an industry-wide "retooling," assessing the rapid conversion of appropriate plants to specific infrastruc-

ture building. Though not yet *in extremis* like the teams of tool-and-die workers, they are also shrinking. Ford's workforce, for example, is 11,000 for engineering, design, and analysis. One design team there had 1,500 engineers and designers at its peak in the early 1980s; 7-800 in 1995; and now, 350. Outsourcing, in this case, has gone primarily to India.

State-City Function and Revenue

Local elected officials throughout the auto plant-closings locations of the Upper Midwest and South, are holding meetings, hearings—and in the case of Lansing on April 29, attending demonstrations—and searching for solutions to the loss of a large portion of their revenue base. The imminent closing of Saginaw, Michigan's remaining two parts plants, for example, lays off the equivalent of 10% of the city's shrinking population, and takes away even more of its tax base. The school system revenues of two Ohio cities, Batavia and Sharonville, are knocked down 30% by the

closing of a Batavia plant. Hazelwood, Missouri will probably lose its police force and other services along with its Ford plant, having to turn to the state or county for police protection. In Michigan, Ohio, and Indiana, home real estate valuations are falling statewide, and tax revenue with them.

The desperation solution of huge tax giveaways to auto companies, to try to induce them to maintain operations or start new ones, can't work. The State of Mississippi (see article, p. 60) in 2004 gave up \$460 million in tax breaks, free land, and straight subsidies to Nissan, averaging \$60-70,000 per job "created" by Nissan with its Canton plant. Now Mississippi is finding, due to Nissan's extreme low wage policy, that at best it will take 20 years of payroll taxes to recover the revenue lost. Note the small city of Fenton, Missouri floating \$1 billion (!) in industrial development bonds to implement tax abatements for the Fenton Chrysler plants. And note Missouri proposing to eliminate entirely its state sales tax on cars made in Missouri, foregoing \$1,000 per vehicle to try to keep the assembly plants open.

Such local "solutions," like local attempts to find a way of saving an auto plant by "converting" it to fit a niche in the local service economy, are just straws in the wind of the collapse of auto under globalization. A Federal solution as LaRouche puts forward, through the issuance of Federal infrastructure-building credit, can maintain and expand these bases of state and local tax revenue as well.