

G.M. Layoffs Foretell Increase in Bankruptcy Filings

America's largest car manufacturer, G.M., recently announced that it will close twelve car plants in the US and Canada and slash 30,000 jobs in the next 12 months. With 325,000 employees world-wide, it currently has more employees than any other industrial company.

G.M.'s Saturn plant, built in Spring Hill, Tennessee, and intended to develop innovative techniques to compete with foreign cars at a time when auto companies were closing plants and cutting hundreds of thousands of jobs, will also cut about 1,500 workers at the plant. These were all jobs that G.M. originally assured their employees were guaranteed, but cut as the company shut one of two assembly lines at one of the most famous factories in the country.

More Saturn layoffs on the horizon

Another 4,000 jobs at Spring Hill, the second-youngest plant in GM's American network, are also at risk of being eliminated. Among other plants that G.M. plans to close are its highly regarded plants in Oklahoma City and Oshawa, Ontario. Each has won the title of the best plant in North America by J. D. Power & Associates, which publishes an annual ranking according to efficiency and quality. Similar layoff announcements are expected at the assembly plants of leading competitor Ford.

Layoffs lower consumer confidence

These layoffs at G.M. and other plants lower consumer confidence as individuals become concerned that stable jobs with good health care and retirement benefits are becoming rarer. The United Auto Workers Union told the BBC News recently, "Hope is diminished, the future is unclear and communities are less stable." With twelve plants closing, G.M.'s hardships will harm towns across North America, not just in its home state of Michigan. Corporate restructuring expert John Challenger told Reuters, "Retailers, restaurants, real estate, home improvement stores... will all see business decline."

The economic hardships imposed on former employees of companies undergoing lay-offs, as well as workers in the surrounding communities are obviously severe and quickly translate into increased bankruptcy filings in the regions surrounding the troubled companies.

Our firm receives an increase in call volume from individuals interested in learning about bankruptcy relief upon announcements of job layoffs in the area. We are not alone in our observations. An analysis by the Winston-Salem Journal, as reported by the June 30, 2003 article in journalnow.com, concluded that personal bankruptcies in the middle district of North Carolina increased by about 25 percent from 2000 to 2002, after studying court statistics. Many of the largest increases took place in working-class areas close to where major layoffs occurred

Conclusion

If you are in debt and would like to find out more about the legal options available to you, give Amicus Curia a call at **(360)427-3599**.

Sources:

"Doubts Remain over GM's future," BBC New World Edition, November 22, 2005.

"G.M. to Lay off 30,000 over a year," Michael Gawenda Herald Correspondent in Washington, smh.com.au, The Sydney Morning Herald, November 23, 2005.

"Lofty Promise of Saturn Plant Runs Into G.M.'s Fiscal Reality," By Jeremy W. Peters and Micheline Maynard, The New York Times, December 2, 2005.

"Personal Bankruptcies in Region Increase-Many Filings Occur in Areas with Factory Layoffs and Undereducated Work Force," Paul Garber, journalnow.com, (an on-line partner of the Winston-Salem Journal), June 30, 2003.