

End of GM, or a new beginning?

Written by William Reed

Tuesday, 09 June 2009 15:08

Chevrolet-Saturn of Harlem Inc. was the first filing of the day General Motors sought Chapter 11 bankruptcy protection and recorded the nation's fourth largest bankruptcy. As of June 1, 2009, "What's good for GM is definitely good for American taxpayers". American taxpayers' \$50 billion investment now totals a 60 percent stake in GM, while the union, its creditors and federal and provincial governments in Canada own the remainder of the auto company.

In its past 100 years of operations, what's been good for GM has been good for Black Americans as well. From its early times, GM helped build Black America's middle class. GM was a beacon in the industrial north from the 1930s until the 1950s when hundreds of thousands of Blacks migrated out of the rural South following their dreams of a better life through jobs in the auto industry. From the Great Depression to the riots of the 1960's, GM was a major propeller for Black growth.

In 1971, Dr. Leon H. Sullivan became the first African American appointed to the Board of Directors of a Fortune 500 company with a seat on GM's board. That appointment caused President Lyndon B. Johnson to say, "Now what's good for General Motors really is good for America". An impetus to LBJ's Great Society initiatives, Sullivan's election was widely regarded as an important test of the idea that a Black presence in the corporation's board room could make a giant corporation more sensitive to the needs of minorities. Rev. Sullivan helped GM set a trend opening occupational, educational, and economic opportunities for African Americans. The "Sullivan Principles" are etched in corporate annals as codes of corporate social responsibility conduct.

It was GM that provided buses to transport people to the Poor Peoples' March on Washington. Since the early 1970s, well ahead of other companies, General Motors has gone the extra mile to make sure the American dream was achievable for all Americans. Under the guidance of Sullivan, in 1972 GM became the first auto company to launch minority dealer and minority supplier initiatives. It spent \$2.5 billion with people of color and women-owned suppliers in the US, and had full-time management focused on supplier diversity.

When he died in 2001, Rev. Sullivan would have never considered that GM would have to file for bankruptcy. During these hard times, it's important to note that every General Motors car coming off an American assembly line in recent years had something in it made by minorities. Black Americans particularly should recognize the role GM has played in the economic development of communities over the years. It employed ordinary Black men and women who paid mortgages, put kids through college, and helped anchor our communities. Sullivan got Blacks into GM's business mix: advertisements in black publications; opening an account in each of the nation's black-owned banks; and placement of billion of dollars with black underwriters for insurance on its buildings.

Battered by almost \$88 billion of losses since 2004, the auto giant went to its knees. In order for GM to survive, Blacks, and all Americans should consider GM's impact in our communities, past and future, and know that we are stakeholders in the company. With sufficient customer and investor support GM can get back on its feet and its stock price back into the \$30s or 40s. Then, the US government sells the stock it holds and keeps the money which is payback for the loans/bailouts.

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In the next few months, GM should emerge from bankruptcy as a reasonable competitor. The new company will shed plants, dealerships, debt and other liabilities it can no longer afford. Emerging out of bankruptcy will be a "new GM," made up of four brands that GM will keep in the U.S. market -- Chevrolet, Cadillac, GMC and Buick. GM should reap what it's sowed. Blacks' reciprocity should put them among the first throng of loyal American customers rejecting foreign vehicles. Blacks should be advancing our own interests by showing up at GM showrooms in Harlem and elsewhere and "Buying American".

(William Reed – www.BlackPressInternational.com)