

Profit bonanza for US auto companies

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Wall Street is celebrating the multi-billion-dollar profits announced by Chrysler and Ford. While industry analysts, corporate executives and the media have attributed the profits to the Detroit automakers' new model offerings and increased sales, they are primarily the result of a staggering reduction in labor costs and the increased exploitation of auto workers in the factories.

Chrysler reported that it made \$1.7 billion in after-tax profits in 2012, a jump of 20 percent from a year ago. Ford beat estimates, reporting \$5.7 billion in 2012 profits and its highest fourth quarter pre-tax profits since 1999. GM recorded \$4 billion in profits during the first three quarters of 2012 and will report its year-end results February 14.

The media has pointed to the “profit-sharing” agreement negotiated by the UAW—which will pay a derisory \$6,000 after taxes to Ford workers and \$2,200 at Chrysler—as proof that everyone is sharing in the good times.

But as an industry analyst told the *Detroit Free Press*, “UAW have not had a wage increase in at least eight years, relying on lump-sum payments and profit-sharing for between 20 percent and 25 percent of their annual pay. By contrast, 30 years ago the UAW typically negotiated three-year contracts with 3 percent wage hikes each year.” Now, he added, “If the profits are not there, the payouts are not there. That was the case at Ford from 2005 through 2008.”

The UAW has accepted concessions worth an estimated to \$1.3 billion a year. This has been directly transferred from workers into the pockets of the corporate CEOs and Wall Street sharks.

These givebacks include COLA, overtime payments after eight hours, and protections against layoffs and speedup. In addition, the UAW has overseen the expansion of the hated two-tier system, which has reduced new-hires to the level of little more than

industrial slaves. Earning so little they cannot afford the cars they build, these workers are told to shut up and be happy they have a job by UAW officials who supposedly represent them.

At Chrysler and Ford new “alternative work schedules” have been implemented, which extend the work day and impose mandatory Saturday work without overtime payments. Unhealthy work schedules and the disruption of family life mean nothing to the auto executives and the UAW when it comes to extracting even more surplus value and profits from the auto workers.

The 2009 restructuring of the auto industry—overseen by the Obama administration with the full support of the UAW—was designed to provide Wall Street unprecedented returns on investments by lowering the break even point for profits. Because of the reduction in labor costs, the corporations are making more today even though US vehicle sales have plunged by more than 20 percent since the financial crash of 2008.

In the third quarter, for example, Ford achieved a profit margin of 12 percent—a figure unheard of a decade ago.

Chrysler/Fiat boss Sergio Marchionne responded to the profit reports by promising there would be no letup in the whip-cracking. “We pause for a moment to enjoy our accomplishments, but we will not stop,” he wrote in an email to employees. “Our continued achievement relies upon maintaining a humble spirit and intense focus on the integrity of our work. And so we press on.”

While auto workers and their families struggle to keep their homes, pay for education and cover health bills, the auto executives are certainly celebrating their accomplishments. After boosting investor returns, Marchionne—who raked in \$19 million in 2011—and Ford's Alan Mulally—who got \$29.5 million—are sure to get windfall pay packages.

As for the UAW, its main concern is protecting the salaries and perks of UAW President Bob King, Vice President General Holiefield and the rest of the business managers at misnamed Solidarity House. While handing over the gains won by generations of auto workers without batting an eye, King & Co. are now reportedly in a bitter squabble with Marchionne over the price he will pay for the corporate stock the UAW owns.

The UAW is so discredited in the eyes of workers that it was unable to rally any significant opposition to the passage in December of the right-to-work law in Michigan, which ended the mandatory payment of union dues. King spent most of his time trying to persuade Republican Governor Rick Snyder that the corporations could make more profit with the unions than without them.

Well aware that a large percentage of workers will stop paying dues once the contracts expire in 2015, King complained in an interview with the *Detroit News* that such workers would be getting a free ride while others had to pay for great “services” the UAW provided.

“Our membership,” he said, “may disagree with some issues or some policies. But they’ve got a great understanding that they would not have the wages and benefits, the security, the due process, the democracy that they have—the voice they have in the companies—without the UAW.”

Who is he kidding?

Having collaborated in the destruction of US auto workers’ jobs and conditions, King is now helping GM and Ford attack European auto workers. He has been brought onto the board of directors of GM’s Opel division to help the German unions suppress opposition to the closing of the Bochum factory and demands for a wage freeze for 20,000 German auto workers.

Throughout the world there is growing resistance by auto workers to the attacks being carried out by the global auto giants. French workers at Renault and Peugeot-Citroen (which is allied with GM) have struck and occupied plants threatened with closure. Brazilian GM workers have also struck to fight the destruction of jobs, while auto and auto parts workers in India and China have fought against low pay and sweatshop conditions.

But the working class all over the world faces the

same political challenges. The old unions and political parties that claim to speak for the working class are imposing the demands of the banks and corporations. There is no lack of courage and determination on the part of workers, but they confront a crisis of leadership.

New forms of struggle must emerge, including action committees controlled by the rank-and-file that are completely independent of the pro-company unions and big business parties like the Democrats and Republicans in the US. Such committees must reject demands that workers’ lives be subordinated to the profits of the rich, and instead fight to mobilize workers to defend the right to secure and decent-paying jobs for all.

This means rejecting the “Buy American” nationalism of the UAW and forging the closest bonds with workers throughout the world to wage a common struggle.

Most importantly, auto workers face a political struggle. They are fighting not this or that employer but an entire economic and political system—capitalism—that enriches the few at the expense of the masses of working people. To assure that society’s needs take priority over the super-rich, the working class must organize itself as an independent political force and fight for the establishment of a workers’ government.

Economic life must be organized to meet the needs of those who produce society’s wealth—the working class. This includes nationalizing the auto industry and the big banks under the democratic control of working people as part of the socialist reorganization of the US and world economy. The Socialist Equality Party calls on all auto workers who want to take up this fight to join and build our party as the new, revolutionary leadership of the working class.



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