

Automakers announce US investments, anticipate big profits under Trump

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Over the last several weeks, major US- and foreign-based automakers have announced they will maintain or expand production in the US and, in some cases, trim back operations in Mexico. Donald Trump has taken full credit for the decisions, boasting that he created thousands of jobs before even taking office, and there would be more “big stuff” after Inauguration Day.

Last week General Motors, which Trump previously criticized for producing one of its small car models in Mexico, announced it would invest \$1 billion in the US, leading to a “combination of 1,500 new and retained jobs.” In addition, GM would “begin work on insourcing axle production for its next generation full-size pickup trucks, including work previously done in Mexico, to operations in Michigan, creating 450 US jobs,” the company said in a statement. It added that it was already “insourcing” 6,000 IT jobs formerly done overseas.

GM’s moves follow similar announcements by Fiat Chrysler, Ford, Toyota and South Korean automakers Hyundai and Kia. On January 3 Ford said it would cancel plans to build a \$1.6 billion plant in San Luis Potosi, Mexico, where it was going to build the next-generation Ford Focus. At the same time, it said it would invest \$700 million at its plant in the Detroit suburb of Flat Rock and add 700 jobs to build two new electric-powered SUVs there. United Auto Workers Vice President Jimmy Settles hailed the move, saying, “I am thrilled that we have been able to secure additional UAW-Ford jobs for American workers.”

There is a great deal of cynical stage-managing in all of this. In virtually every case the moves by the automakers were planned well in advance of the US presidential elections. They are only jumping on board Trump’s “America First” to boost their corporate

images and share values.

Michael Harley, analyst for Kelley Blue Book, added, “Retaining and growing jobs in the US is a political hot button right now. While the decision to create the new positions and opportunities was likely made months ago, the timing of the announcement shows General Motors is more than willing to play the new administration’s publicity game—a sure bet to hear mention of GM in Friday’s inaugural address,” Harley told the *Free Press*.

All the phony expressions of concern for American workers and flag-waving nationalism—whether by Trump, the auto bosses or the UAW—are aimed at concealing the anti-working class character of the new administration.

Whatever additional costs the automakers may incur from retaining jobs in the US will be more than compensated by the vast profits they will reap from the corporate tax cuts and deregulation promised by the new Trump administration.

CEO Mark Fields said the company was “encouraged by the pro-growth policies” of Trump and the new Congress, adding that “these tax and regulatory reforms are critically important to boost US competitiveness.” GM CEO Mary Barra echoed this, saying “As the US manufacturing base increases its competitiveness, we are able to further increase our investment, resulting in more jobs for America and better results for our owners. ... we are committed to growth that is good for our employees, dealers, and suppliers and supports our continued effort to drive shareholder value.”

Indeed, one of the measures the corporations are salivating over is the Trump administration’s plan to sharply reduce repatriation taxes on the billions of dollars they hold in off-shore tax havens. This cash hoard can then be used for stock buybacks and dividend

payouts to “drive shareholder value,” i.e., enrich the company’s top investors and corporate executives.

Then there is the destruction of occupational health and safety, federal wage and labor standards, consumer rights and environmental protections. The auto industry has lobbied hard and anticipates that Trump will also roll back the Corporate Average Fuel Economy (CAFE) and Greenhouse Gas (GHG) emissions standards issued by the Environmental Protection Agency (EPA). The companies complain that the standards, which require them to produce car and truck fleets that will average more than 50 miles per gallon by 2025, are too costly and cut into profits.

While the Obama administration made a symbolic gesture to lock in the requirements, they can be undone by Trump. The head of Trump's EPA transition team is Myron Ebell, a climate change denier who directs environmental and energy policy at the Competitive Enterprise Institute, an advocacy and lobbying group in Washington DC, funded by fossil fuel companies.

Then there is the question of protectionism. Some executives have complained about Trump’s threats to impose 35 percent tariffs on cars or components companies import back into the US, and have openly worried about the impact on car exports to China if Trump’s trade war policies trigger retaliation. Nevertheless, the stepping up of protectionism, or at least the threat of it, has its commercial advantages.

It is significant, for example, that the Obama administration has issued massive fines to German carmaker Volkswagen and pursued criminal charges against its executives for installing software that falsified emissions tests—while the Obama administration essentially gave a pass to the crimes of GM, which covered up defective ignition switches that killed and injured scores, if not hundreds.

Earlier this month, the EPA alleged that Fiat Chrysler put software in Jeep Grand Cherokee and Ram 1500 models that allowed them to exceed pollution limits. Denouncing the report, Fiat Chrysler boss Sergio Marchionne—who just days before announced a \$1 billion investment in the US—said the company intended to work with the incoming administration “to resolve this matter fairly and equitably.”

For decades, the UAW has promoted the lie that economic nationalism and labor-management collusion would defend the jobs and living standards of workers.

The promotion of anti-Mexican and anti-Chinese chauvinism was aimed at ideologically disarming workers, pitting them against their class brothers around the world in a race to the bottom, and justifying the UAW’s collusion in the destruction of jobs and living standards. Now the unions are offering their services to Trump.

This was underscored in the letter sent to Congress by United Steelworkers President Leo Gerard backing Trump’s pick for Commerce secretary, Wilbur Ross, a billionaire asset stripper who the USW worked with to destroy the jobs and pensions of thousands of steelworkers. “The industry is smaller but more efficient than ever, and Wilbur Ross knows better than anyone that on a level playing field, our members are the most productive workforce on the planet,” Gerard wrote, before praising Ross’s threats to impose tariffs on Chinese, Brazilian and Russian steel.

The drive to increase American “competitiveness” will include more job cuts, not less. It is significant that GM’s recent announcement does not affect the 3,300 workers who will lose their jobs in the next few months when the company eliminates shifts at small car plants in Detroit, Lansing, Michigan and Lordstown, Ohio, in a job-cutting move facilitated by the sellout contract signed by the UAW in 2015.



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