The reality of capitalism: GM makes $11.8 billion in profits while closing plants, eliminating 14,000 jobs

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General Motors made $11.8 billion in profits in 2018, according to a company statement released yesterday. This included $10.8 billion in North American earnings last year and a 9.5 percent profit margin in the final quarter. These giant profits were announced as GM accelerates it plans to shut five factories in the US and Canada and destroy more than 14,000 jobs.

GM's corporate board initiated the jobs massacre two days before the release of the profit report, which showed an eight percent decline over last year's profits. The aim is to reassure Wall Street that GM will not bow to popular outrage over the plant closings and mass layoffs.

On Monday, the first of 4,000 engineers, technicians, managers and other white-collar workers, including 1,300 workers at the GM Tech Center in the Detroit suburb of Warren, were laid off and escorted out of their work locations. The half-century old Lordstown, Ohio assembly plant is scheduled to be closed next month. The Detroit-Hamtramck Assembly Plant is to be closed on June 1, and the Oshawa, Ontario plant is slated to be shut down by the fourth quarter of 2019. The company also plans to close transmission plants in Baltimore and Warren by April 1 and August 1, respectively.

In 1979, during the first Chrysler bankruptcy, the corporations and the United Auto Workers (UAW) claimed that huge wage and benefit concessions were needed to restore profitability and "save" the auto industry. After three decades of endless givebacks, the UAW made the same claims as it collaborated with the Obama administration to slash wages during the 2009 restructuring of GM and Chrysler.

Now, even as the auto companies are flush with cash, the corporations are demanding even more sacrifices from workers and handing over billions more to Wall Street.

Since 2015, GM has squandered $10.6 billion on stock buybacks to boost the value of the company's shares, more than double the $4.5 billion GM is expected to save next year from the job cuts.

Billions more have been spent on dividend payments to wealthy shareholders. This means even greater personal fortunes for top GM investors like Warren Buffett, the world's third richest man (net worth $84.4 billion), whose Berkshire Hathaway owns 52.4 million GM shares, and Laurence Fink (net worth $1.1 billion), whose BlackRock investment firm controls 79 million GM shares.

In a conference call Wednesday, GM CEO Mary Barra told representatives from Goldman Sachs, Morgan Stanley, Citibank, Barclays, Deutsche Bank and other investment firms that company executives would "continue to deliver on our commitments that we made to you, our owners" to "create value in the short-term and long-term for our shareholders."

Workers in the US, Canada, Korea and Brazil are thrown onto the streets, their communities are destroyed, and the profits they have produced are handed over to the financial aristocracy that lords over society.

Workers are being given an object lesson in the nature of capitalism. While the working class produces all of society's wealth, the product of its labor is owned by the ruling class, which funnels vast sums into the hands of super-rich minority, while workers are condemned to poverty, servitude and social misery.

Predictably, no one on the investors' call raised any

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objections to the devastation that would be wrought by the plant closings and mass layoffs. One analyst from Swiss-based UBS, however, did express concern about the "enormous push-back" against the plant closings. He asked Barra, "How much of the $4.5 billion in savings is at risk if the unions don't allow the closings or concessions?"

The GM CEO quickly reassured him, saying, "I don't see any risks." She made it clear that the UAW had already signed off on closing what she said were underutilized plants. While the status of the plants would be finalized in negotiations with the UAW for a new labor agreement this summer, she said, "it's a transition we have to go through" and "problem solve with the UAW."

Far from fighting the plant closings, the UAW and the Unifor union in Canada have actively supported the decimation of autoworkers' jobs and living standards. A substantial portion of the wages and benefits stolen from workers has found its way into the bank accounts and investment portfolios of the union executives themselves. When GM announced the plant closings in November, the value of GM shares controlled by the UAW increased by more than $200 million.

Facing the growing militancy of workers, the unions, discredited by decades of betrayals and bribery, are blaming the plant closings on Mexican workers for supposedly stealing the jobs of US and Canadian workers, echoing the nationalist rantings of the Trump administration.

This lie has been exploded by the courageous and ongoing struggle of Mexican workers in the "maquiladora" sweatshops in Matamoros. The workers have waged a three-week battle after rebelling against the unions, forming independent strike committees and calling popular assemblies to fight for improved wages and conditions.

Free from the stranglehold of the unions, these workers marched to the US border at Brownsville, Texas and appealed to their American brothers and sisters to join the fight against the global corporations. The struggle has now spread to grocery store workers, public employees and other sections of workers in Matamoros, with business publications warning about the spreading "contagion" of the class struggle.

The reemergence of the class struggle and political radicalization of the working class has struck fear in the hearts of the ruling class. Terrified that the growth of working class struggle will acquire a conscious, anti-capitalist perspective, President Trump declared in his State of the Union adress on Tuesday night: "We are alarmed by new calls to adopt socialism in our country." His warning received the approval of the assembled representatives of the ruling class, Democratic and Republican, who hoped their clapping hands might stop the wave of working class anger spreading throughout the country and internationally.

The answer to GM's job massacre is the demonstration on Saturday, February 9 called by the Steering Committee of the Coalition of Rank-and-File Committees and the *WSWS Autoworker Newsletter* to mobilize working class opposition to GM's plant closings and mass layoffs. The march will oppose the supposed "right" of GM to shut down these plants.

The demonstration is not an appeal to GM and its corporate executives, beholden to Wall Street, but a call for workers to express their independent strength and determination to fight. It is also not an appeal to the UAW, the cheap-labor contractor and industrial police force, but is based on the call for auto workers and other workers to form independent rank-and-file committees to organize and unify their struggles.

The demonstration will demand a halt to all plant closures, the abolition of the two-tier wage and benefit system, the transformation of all temporary workers into full-timers, and the rehiring of all laid-off and victimized workers. In opposition to the shop floor dictatorship of corporate management, it will fight for industrial democracy, workers' control of production and the transformation of GM, Ford and the other auto giants into public enterprises, democratically controlled and collectively owned by the working class.

This program is a critical part of the socialist transformation of the world economy, to make social need and equality, not the accumulation of grotesque levels of personal wealth, the guiding principle of economic, political and social life.

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