

# GM execs gloat over new UAW contract in call with Wall Street investors

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*The WSWs Autoworker Newsletter urges call workers to attend the call-in meeting Thursday, 7pm Eastern Time to discuss the lessons of the GM strike. To register, go to: [wsws.org/autocall](http://wsws.org/autocall)*

In a conference call with Wall Street analysts Tuesday morning, General Motors CEO Mary Barra and the company's chief financial officer boasted that the new four-year agreement with the United Auto Workers would allow GM to slash billions in manufacturing costs and give it the "flexibility" to replace higher-paid veteran workers with temps.

Although the walkout cost the company an estimated \$3 billion in profits for 2019 and 2020, the savings from the contract will lead to far larger long-term gains, Barra and CFO Dhivya Suryadevara told the analysts. The new agreement, Barra said, would maintain the "competitiveness" of GM, "strengthen the future of this company and create shareholder value."

Despite the 40-day strike, the longest national auto strike in half a century, GM made \$3 billion in third-quarter profits in North America. This is up \$200 million from last year, with an 8.4 percent profit margin. GM International reported a \$65 million loss on slowing sales in China and elsewhere.

The large North American profits were largely due to sales of the highly profitable Silverado and Sierra pickup trucks, which the UAW helped the company stockpile by sanctioning forced overtime and speedup before the strike.

GM's stock rose 4.3 percent on Tuesday. Since the UAW announced the contract was ratified last Friday, GM shares have risen by eight percent.

Barra, who made \$22 million last year, said workers and management would go forward as "one team" after the strike. In fact, GM has responded to the UAW's shutdown of the strike with a campaign of retaliation aimed at intimidating workers who widely opposed the UAW-backed sellout.

The UAW claimed the contract passed by a narrow 57-43 percent margin, but there are widespread charges that the vote was rigged. In any case, workers knew that if they

rejected the deal, the UAW would leave them on the picket lines for weeks or months and would not bring back anything better.

Over the weekend and on Monday, at least three Flint Truck Assembly workers, including 19-year veteran Juan Gonzales, were fired due to comments posted on workers' Facebook pages, which GM Global Security regularly spies on. In addition to this flagrant violation of free speech, the company has also refused to rehire nine GM workers at the Silao, Mexico plant who were fired for defying demands by the company and the union that they increase output and undermine the impact of the US strike.

Inside the plants and distribution warehouses, workers are reporting a virtual reign of terror, with management harassing and disciplining workers. The UAW is enforcing speed up and mandatory overtime to make up for the loss of 300,000 vehicles during the strike.

With the plants already running at "max overtime," Barra told investors, it would take "discipline" to boost production and get profits rolling again by the second quarter of 2020.

In her comments, CFO Dhivya Suryadevara said, "The new labor agreement preserves our competitiveness, manufacturing flexibility and balance sheet strength, without sacrificing our earnings power."

Gloating over the terms of the contract, she added, "We have maintained our ability to adjust our workforce in response to changing industry levels, protected the balance sheet with no increases to defined benefit pension obligations and no payments or increased obligations to retirees. We maintained our breakeven point of 10-11 million units in the US and therefore maintained our ability to navigate through a downturn. It is important to note that while this labor agreement is inflationary, we expect to offset incremental economics over the course of the contract period with productivity in our system."

The UAW agreed to the closure of the Lordstown, Ohio plant, which once employed nearly 5,000 workers, along with transmission plants in Michigan and Maryland and a parts distribution center in Fontana, California. The plant

closures would allow the company to move ahead with plans to cut \$4.5 billion in annual labor costs, the GM's executives said.

The unrestricted expansion of temps, which will be overseen by the UAW, will provide GM with a disposable workforce that can be expanded or reduced depending on market conditions without incurring the costs of laying off traditional workers, like supplemental unemployment pay or buyouts.

When a Bank of America/Merrill Lynch analyst complained that the deal only rid the company of 2,000 higher-paid "legacy" workers, Barra reassured him that the Special Attrition Program backed by the UAW would likely lead to more workers leaving over the course of the contract.

The stated aim of the auto bosses and the UAW is to drive out older, more experienced workers, referred to as "surplus," and convert the entire workforce into lower-paid full-time workers, temps and third-party contract workers.

Asked by the analyst if GM planned to replace one-for-one the 2,000 workers being pushed out in the UAW contract, Barra said the company planned to "optimize the workforce" by getting more productivity out of the existing workers.

At the same time, she said, under the new contract, "As we need to hire additional workers we will utilize those temps, and I am very proud that we provided an appropriate path to permanent employment to our temporary workforce, and maintained the in-progression flow, so we will utilize both of those depending on the situation."

Barra told investors that the company would invest more in electric vehicle technology over the next four years than traditional vehicles. As part of the new contract, the company and the UAW will establish a new joint body to oversee new technologies. Barra said 1,000 new jobs would be created at a battery manufacturing plant near the shuttered Lordstown facility. The workers hired at the joint venture are expected to top out at \$17 an hour under a separate UAW contract.

During the course of the strike, Wall Street investors made it clear they were willing to ride out a long walkout as long as GM defeated the strikers and achieved its aim of establishing "21st Century labor relations," i.e., bringing to the auto industry the type of exploitation and precarious employment prevalent at Amazon, Uber and other "gig economy" companies.

GM has achieved this with the collusion of the UAW, which deliberately isolated striking GM workers by keeping Ford and Fiat Chrysler workers on the job, while working to starve workers into submission with \$250-275 a week in strike pay.

The UAW is now targeting 56,000 Ford workers for its

next pro-company contract. Wall Street has been punishing Ford stocks for not moving fast enough on its multi-billion cost-cutting program. The company has already indicated that it will not accept the pattern set by the UAW-GM contract but wants far deeper concessions, particularly on health care.

Ford workers are livid over the GM deal and determined to fight. A Louisville, Kentucky worker with two decades at Ford, told the WSWS *Autoworker Newsletter*, "There are 800 temps at Kentucky Truck, and it keeps going up because Ford is not hiring permanent employees.

"Many have been here two-and-a-half years. Can you imagine working that long, and you can't miss a day without being fired? They pay union dues, and it's not right! The company doesn't care if they get hurt. The medical department gives you Tylenol and sends you back to the line. If you're a temp, you can get fired for getting hurt.

"Workers have given up much for Ford to succeed with the promise that once the company was profitable, we would get it back. We didn't receive any of it back in the last contract. Ford didn't take any money from the government, but it took it from their employees.

"I've been with Ford for over 20 years, and I make \$10,000 less now per year than I did 10 years ago because they got rid of most of our overtime and our COLA. The union is not fighting for us. If this contract is not better than GM, people will pull out of the union," he said.

Ford and Fiat Chrysler workers must draw the lessons of the GM strike and form rank-and-file factory committees to take the conduct of the struggle out of the hands of the corrupt UAW. These committees should reach out to and mobilize workers throughout the auto and auto parts industry to launch national and cross-border strikes to oppose the drive by Wall Street to return autoworkers to conditions of industrial slavery not seen in a century.



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