General Motors reports sharp increase in 2020 profits amid mass deaths from pandemic

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In spite of a global pandemic that killed 350,000 people in the United States last year, General Motors announced Wednesday that its profits in 2020 were up sharply over 2019.

GM made a pretax profit of $9.7 billion last year, up from $8.4 billion in 2019. This is in spite of a fall in sales in the United States, its most profitable market, from 2.9 to 2.5 million vehicles.

The billion-dollar windfall is the direct result of a policy of mass death pursued by the entire ruling class, forcing most sections of the economy to remain open so that workers can continue pumping out profits to bolster endlessly rising share values on Wall Street.

With the disastrous rollout of vaccinations in the United States and throughout the world, and with the expectation that more virulent and lethal strains of the virus will become dominant later in the year, there is no end in sight yet for a pandemic that has killed over 2.3 million people worldwide and nearly half a million in the US.

Even though leading experts such as Dr. Michael Osterholm have warned of a massive surge of the virus in the spring, the Biden administration is moving rapidly to reopen schools and eliminate whatever remains of restrictions on businesses aimed at limiting the spread of the virus.

However, while storm clouds are gathering for the world's population, General Motors expects to do even better this year. In a call with investors Wednesday morning, GM CEO Marry Barra predicted that the firm would post profits of between $10 and $11 billion for 2021.

Across the board, the Detroit-based automakers have posted a rapid return to profitability after wildcat strikes last March, which were organized by rank-and-file workers against the United Auto Workers (UAW) union, forced a two-month shutdown during the initial surge of the pandemic. The third quarter of last year, the first after plants reopened in May, saw a sharp rise in year-on-year profits for all three automakers.

The basis of this has not been so much a recovery in sales as from a tremendous growth in exploitation of autoworkers. A report from last October by Reuters found that, during last summer, overtime levels surged past pre-pandemic levels. Automakers have also flooded the plants with low-paid temporary part-time workers to fill in for workers who are concerned over COVID-19 or caring for children at home from school. This has put the automakers in direct competition with ultra-exploitive firms like Amazon for cheap labor.

Far from defending autoworkers against the spread of the virus and speedup, the UAW has done everything to conceal the number of infections and deaths in the plants and to keep production running. In December, there were more than 21 cases at the Ft. Wayne, Indiana plant, but GM and the UAW kept the factory open because it produces the company's most profitable vehicles, the Silverado and Sierra full-size pickup trucks.

In fact, far more factories have been idled for lack of parts, than for COVID-19 outbreaks. The breakneck pace of production is such that the automakers have overextended their own supply base, producing parts shortages that are now forcing GM, Ford and Stellantis to slow down or halt production at many of their plants worldwide. "The bounce back caught GM and its rivals off guard, and they're paying the price," writes CNN Business. "Automakers cut back computer chip orders early last year, and electronics manufacturers, which had strong sales during the pandemic, happily snapped up the excess supply. But when car sales bounced back, it left the industry struggling with a chip shortage."

While Barra's predictions for 2021 already factored in the impact of the parts shortage, it is still expected to last for months and cost GM alone between $1.5 and $2 billion, according to the Detroit *Free Press*. Share prices in GM fell $1.19 yesterday in response to the news.

Ford announces profit sharing checks cut in half for 2020

Ford Motor Company announced last week that, because of declines in revenue associated with the coronavirus pandemic, profit-sharing checks for last year would be reduced by almost half compared to payments of a year ago.

This year's payments of $3,625 or less for eligible hourly UAW members represents a 45 percent reduction from last year. In 2019, Ford paid up to $6,600 to 53,000 eligible employees, the smallest such payday for the Detroit Three automakers.

Because the checks are calculated against North American pre-tax profits of $3.625 billion, the total that workers will receive, a combined $192 million, represents a mere five percent of profit from the region. So-called "profit-sharing" has long been pushed by the UAW to falsely claim that workers and the corporations have the same interest. It has been used as a lever to increase productivity and replace concessions handed over by the UAW, including traditional annual wage increases, cost of living raises, personal days off and significant amounts from retirement and medical benefits.

Although Ford posted its first full-year global net loss since 2008, new Ford CEO Jim Farley referred to the current year as "a strategic inflection point," a phrase coined by Intel founder Andy Grove to identify a decisive, make-or-break moment in the trajectory of the company.

Even before the pandemic, Ford had initiated a global "restructuring" program to lay off tens of thousands and close plants throughout the world. The aim of this program, in addition to delivering the immediate profit margins demanded by Wall Street, is to free up cash needed to invest into new technologies such as into electric and autonomous vehicles. "2021 is our year of action," he told a reporter at CNBC. "We're executing our plan and we'll continue to do that so every business in our portfolio has a sustainable future. If not, we will restructure it."

The Ford restructuring that Farley helped design in 2018 has so far wiped out 14,000 jobs worldwide. The company just announced closures of all three plants operating in Brazil at a cost of 5,000 Ford jobs and thousands more in supplier plants.

Credit Suisse analyst Dan Levy criticized the company's car-heavy lineup and slammed Ford for lagging behind GM when it comes to investments in electric vehicles and job cuts and plant closures, which GM carried out with a vengeance in 2018-19.

"We see GM as better positioned in a transition to EV, while for Ford conversely we see more challenges ahead in the transition to EV," Levy wrote to investors last Tuesday. Morgan Stanley analyst Adam Jonas added that GM has greater potential than Ford to be successful in profitably shifting from internal combustion engine vehicles to EVs. *Automotive News* noted: "GM CEO Mary Barra has been steadily pulling the automaker out of unprofitable markets since taking over the company in 2014. GM exited markets such as Australia, Russia and Europe. In 2018, GM restructured its North American operations, including job cuts and plant shutdowns, to refocus the 112-year-old automaker on emerging technologies, such as electric and autonomous vehicles."

The investment plan at GM for electric and autonomous vehicles through 2025 totals $27 billion. Until two weeks ago, Ford had promised only half as much in the same time frame. But as the first month of 2021 came to a close, Ford upped the ante, promising $29 billion through 2025, including $22 billion on electric vehicles and $7 billion for autonomous technology.

The all-electric Mustang Mach-E is in production and an E-Transit van will be available by late 2021 while the all-electric F-150 pickup has been promised for the middle of 2022.

At the same time, Farley entered into a six-year agreement with Google for the development of connected vehicles and an ongoing engagement with the internet giant for the use of its expertise and cloud capacity to "better streamline Ford's operations."

A close look at Amazon fulfillment centers will expose what Google has in store for Ford employees. Tens of thousands have been infected with coronavirus, dozens have died and thousands more have suffered debilitating injuries as the logistics behemoth employs hand-held computers and the internet to track workers' every movement through relentless forced overtime.

Ford's announcement with Google was well-received on Wall Street. The company's stock price rose as much as 8.6 percent in a single day. Morgan Stanley estimated the deal could create an annual revenue stream of $9 billion and generate $5 billion in profit for the automaker.

In a similar vein, Ford's stock, which had flatlined for years, has shot up by more than 70 percent in the four months since Farley became CEO at the beginning of October.