# Behind GM's shift to all-electric vehicles by 2035

## Part 2

**Marcus Day**
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*This is the second and concluding part of a two-part series. The first part can be read* here.

### EV investments: Speculation and consolidation

As with every major technological development in recent decades, including the emergence of the internet in the 1990s, the electric vehicle sector is the vessel for massive levels of speculation on Wall Street. Companies producing electric vehicles have been the center of an increasingly frenzied stock market bubble involving sums of money that dwarf the actual investments being made in the technology itself.

Tesla is the most notorious example, with the run-up of its stock price roughly 800 percent over the course of the pandemic, even though it has only eked out relatively small profits in recent quarters. The company has a market capitalization of over $800 billion, larger than the next nine global automakers *combined*, in spite of the fact that Tesla, which produced fewer than 500,000 vehicles last year, controls much less than 1 percent of the global auto market. This has led to a surge of CEO Elon Musk's fortune to the obscene amount of $177 billion.

In addition to Tesla, a number of start-ups, virtually none of which are actually producing and selling vehicles yet, have become outlets for the enormous amounts of money sloshing about in the stock markets due to the central banks' multi-billion-dollar handouts and reduction of interest rates.

Many of these firms have been raising money through special purpose acquisition companies (SPACs), shell companies created for the purpose of acquiring another company. SPACs allow the acquired company access to share markets (and the current wild speculative investment) without the lengthy review process and stricter requirements of an initial public offering (IPO).

Over $6 billion has been raised for EV companies via SPACs, according to Bank of America. Companies which produce batteries for EVs are also eyeing SPACs to become the latest "landing pad for investors," a recent report in TechCrunch noted.

One of the more significant EV startups is Lordstown Motors, which was formed in 2018 and acquired the site of GM's Lordstown Assembly Plant almost for free after the plant closed in 2019. It effected a reverse-merger with DiamondPeak Holdings last October.

In spite of having yet to produce a single vehicle, as well as growing doubts among analysts that the company will ever be competitive in an increasingly crowded EV landscape, Lordstown Motors currently has a market capitalization of $4.44 billion, more than the 108-year-old luxury carmaker Aston Martin.

The markets responded favorably to GM's 2035 EV announcement, with its share price jumping as much as 7.4 percent in intraday trading, closing up 3.5 percent.

The immense costs associated with the transition to EVs and other new vehicle technologies has at the same time been driving new waves of consolidation and shake-ups in the auto industry. In addition to the most prominent example, the transatlantic merger between Fiat Chrysler and PSA Group to form Stellantis, other major automakers have been racing to work out cost- and technology-sharing agreements.

Ford and Volkswagen and Daimler and BMW have each announced partnerships in recent years. Within days following GM's 2035 EV announcement, Ford stated it would double its planned investments in EVs and autonomous vehicles, reaching $29 billion by 2025, and subsequently announced that it was partnering with tech giant Google, planning to use the company's technology and services for a range of its operations.

For its part, GM revealed last spring that it would partner with Honda, announcing plans last month to build two electric crossovers for the Japanese automaker, one at its plant in Ramos Arizpe, Mexico, under the Honda nameplate, and another at its Spring Hill, Tennessee, plant for Honda's Acura brand.

GM has also sought to make inroads into alternative energy models in the commercial trucking sector. It had initially planned to purchase an 11 percent stake in trucking startup Nikola, before that company's founder was forced to resign under allegations of fraud (the two nominally still have plans to collaborate on the production of a vehicle). More recently, GM announced it was partnering with heavy-duty truck maker Navistar, along with logistics giant JB Hunt, to produce a hydrogen fuel cell truck.

### The impact of the EV transition on the workforce

As with all significant technological advances under capitalism, the shift to EVs, along with the developments in artificial intelligence and

autonomous vehicles, are not being directed at the betterment of society or the improvement of working conditions, but rather are being used to intensify the exploitation of the working class.

EVs require far fewer components than traditional vehicles. GM's current electric model, the Chevy Bolt, has a motor with just three moving parts, compared with 113 in a combustion engine, according to the consulting firm PwC. A United Auto Workers whitepaper in 2019—which presented mass job cuts as an all-but inevitable result of the shift to electric vehicles—cited Ford and VW executives who stated that EVs would reduce labor-hours-per-vehicle by as much as 30 percent.

The reduced labor required for EVs will be used by the auto corporations to carry out a vast restructuring in order to increase their profits, with the potential for thousands of more layoffs and the increased misery for those who remain.

According to the website Autoblog, some 100,000 workers in the US alone are employed at factories that make transmissions and gas or diesel engines. A massive wave of bankruptcies and job cuts could sweep the already vulnerable auto parts industry. Roughly 75 to 100 of the biggest parts makers "face irrelevance" if they don't secure a place in the move to EVs, Paul Eichenberg, an auto industry consultant, told *Crain's Chicago Business*.

The UAW reacted to GM's announcement of the transition to all-electric vehicles with its typical combination of lies and reactionary nationalism. "The important thing is that President Biden agrees with our position that these new jobs replacing (internal combustion) engines are union wage and benefit jobs that are created right here in the US," UAW spokesman Brian Rothenberg stated.

What are the "union wage and benefit jobs" to which it refers? For over 40 years, the UAW has facilitated one concessions contract after another, bargaining away rights won by workers over decades of struggle, including pensions, the eight-hour day, annual cost-of-living raises and more. At the same time, it has allowed the companies to drive down wages and vastly expand their use of low-paid temps, resulting in working conditions more akin to the 1930s, in return accepting millions in bribes.

Worse, the UAW has worked hand-in-glove with the auto companies during the COVID-19 pandemic, colluding with the companies in ensuring a premature reopening of plants and then covering up the spread of cases, which has resulted in the deaths of dozens of autoworkers.

The UAW is playing a key role in GM's restructuring of its workforce in preparation for new technologies. In 2018, Cindy Estrada, the UAW's then-vice president for GM, signed a secret memorandum of understanding allowing the company to replace much of the workforce at its Lake Orion Assembly Plant with subcontractors. Lake Orion, which produces experimental autonomous vehicles, is a major test-bed for the company's workforce of the future.

The UAW then sold out a 40-day strike by GM workers in 2019, forcing through a contract which allows for the expanded use of temps and approved the closure of three US plants, including Lordstown Assembly.

Where jobs may someday return at the automakers' plants producing EV parts, such as GM's planned joint venture with battery maker LG Chem in Lordstown, they will be fewer in number and earning lower wages. Meanwhile, the relentless effort to drive up profitability for GM's wealthy investors will result in the "Amazonification" of working conditions throughout its operations, with high-tech means of monitoring workers to enforce speed-up and the maximum possible output. These conditions are in the works throughout the auto industry and more widely.

**Technology, capitalism and the fight for socialism**

The social and economic implications of electric vehicle technology presents one with a paradox. In and of itself, the new technology is a positive development. It will make automobiles cheaper to produce and more efficient. Autonomous vehicles, which are not much further down the road, have even more potential.

And yet the benefits of this technology, under the present social system—capitalism—will accrue only to a tiny minority in the form of soaring profits and share values. Meanwhile, workers can expect layoffs, poverty and the destruction of much of existing industry upon which they rely for their livelihoods.

Moreover, EV technology is already turning into another flashpoint in the conflict between the United States and China, as well as in the growing conflict between the US and its erstwhile allies in Europe. Instead of using this technology for the common betterment of humankind, the United States and the other major powers are seeking to dominate this powerful new technology at the expense of its rivals, raising the danger of catastrophic military conflict.

This is not the result of EV technology itself, or of technology in general. Rather, it is the product of the irrational and outmoded character of the capitalist system. Every new technological advance, including not only electric vehicles but faster 5G cellular networks, artificial intelligence and, dreadfully, vaccines against COVID-19, aggravates the contradictions at the heart of the capitalist system. These are between the socially-coordinated character of the labor process and private accumulation of surplus, in the form of profits, by the capitalists, and between the globally-integrated world economy and the nation-state system, which leads inevitably to war.

An entirely different outcome is possible. Electric vehicle technology can and should be used to shorten the working day in the auto industry, improve access to transportation and form part of a global strategy to dramatically curb carbon emissions.

But in order for that potential to be realized, workers internationally must join together to take control of the colossal resources hoarded by the private corporations and their parasitic billionaire investors, and instead harness them to the needs of society. This is the program of socialism.