

# Nine facts striking Volvo workers need to know about the company and the UAW

Eric London  
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In an official letter announcing the strike of 2,900 Volvo Truck workers at the New River Valley plant in Dublin, Virginia, UAW Secretary Treasurer Ray Curry said the UAW's "goal" is to secure "a contract that works for both the Company and its employees."

There is no such thing as a contract that is good for both the workers and the corporation, since Volvo's profits come from the exploitation of Volvo workers. Curry's statement is an admission that the UAW is working to sabotage the strike in the interests of management, and he is trying to dupe workers by saying that a contract which "works" for Volvo is good for workers, too.

Workers on strike need information about the company and its financial position just like an army going into battle performs reconnaissance to learn its opponents' strengths and weaknesses. The WSWS *Autoworker Newsletter* has reviewed the company's recent balance sheets and shareholder reports and presents the following facts for workers:

## Fact #1: Volvo and its shareholders have taken in billions through pandemic profiteering

As Volvo and Mack Truck workers across the world were getting sick on the job, Volvo management has sustained its cash flow from its industrial operations by cutting costs at the expense of the same workers who risked their lives.

On April 22 Volvo published its First Quarter 2021 report. CEO Martin Lundstedt said the pandemic has actually had its benefits for the corporation, writing, "A strong freight market with increased transport volumes, driven not least by increased e-commerce, and rising freight prices is positive for our customers' profitability and means that they both renew and expand their fleets to meet the increased demand. This contributed to a strong order intake in our truck business."

The report continues, "The good sales volumes, not least in the service business, and our own measures to keep costs down contributed to the adjusted operating income improving to SEK 11.8 billion [US \$1.4 billion, up from \$860 million in Q1 2020]. The adjusted operating margin increased to a historically high 12.6% (up from 7.8%)."

As hundreds of millions of workers worldwide lost their jobs and incomes and as millions of people died from the pandemic, Volvo's shareholders have raked in billions, with earnings per share nearly doubling from \$0.28 to \$0.53 as the company reduced costs.

## Fact #2: Volvo CEO said company executives "work as one team together" with union executives

One of these "measures to keep costs down" took place in June 2020 when Volvo laid off 4,100 white collar office workers all over the world. While these workers don't work on the shop floor, many are also heavily exploited and underpaid by the company.

In a statement to the media announcing the cuts, Volvo CEO Lundstedt let the cat out of the bag: "The Volvo culture will continue to be our guiding star in this work, where *we will work as one team together with the unions* to make this adjustment in a responsible way. With these changes, the Volvo Group will maintain a position of strength, be adapted to the new market situation and continue to be a leader in the transformation towards sustainable transport and infrastructure solutions" (emphasis added).

Thanks to the UAW working "as one team together" with the company, Volvo maintained its "position of strength" by making record profits and cutting costs.

## Fact #3: Volvo's inventory is low and it needs workers badly

Volvo workers in Virginia and other truck plants globally are the company's cash cow. According to Volvo's first quarter report, net truck sales increased to \$7 billion, with truck sales making up over half of the company's total sales. The truck division had an operating profit margin of 12.8 percent, which is extremely high for the auto industry.

But Volvo has only been able to fill a relatively small portion of new truck orders. If it does not meet these orders, it may lose business to its competitors in the ruthless fight for market share. The Q1 2021 report notes that "total net order intake increased by 123% to 85,461 trucks [and] order intake in North America increased by 369% to 22,215 trucks, driven by very strong order volumes in Q1 2021."

In an April press release, CEO Lundstedt said, "Our inventories of both new and used trucks globally are low and we have full focus on trying to satisfy the demand from our customers."

This shows the criminality of the UAW's decision to force workers back to work on April 30, before they had seen the details of the first tentative agreement, which workers subsequently voted down by 90 percent. The UAW was actively helping the corporation to continue production uninterrupted at Mack, which relies on Volvo components, as well as prepare for another strike by building up its inventory. Nevertheless, these figures also show that truck workers occupy a powerful position and that the company could afford to grant wage increases of 50 percent or more.

## Fact #4: Volvo used COVID-19 as a justification for "structural cost

reduction”

In a company report intended for shareholders, Volvo explained that its goal in 2021 was to “turn temporary cost reductions to structural cost reduction.”

Volvo bragged in its report: “We demonstrated that we have significantly improved our volume and cost flexibility, which were crucial factors behind our earnings resilience in 2020... We continuously work to improve efficiency in all parts of the company and to reduce our costs, which contributed to improved profitability in the quarter... This means that we can act from a position of strength, and both invest in the technologies of the future and provide a good return to our shareholders.”

In other words, while paving the way for future cost cutting, Volvo plans to save every cent it wrings out of workers to pay shareholders and inflate its stock value.

**Fact #5: Standard & Poor’s ratings company says the future is bright, unless...**

In a June 4 statement, the financial ratings agency Standard & Poor’s provided insight into what Volvo’s plans are for exploiting workers in 2021. S&P declared that it was increasing its outlook for Volvo because “the group has demonstrated consistent execution on its strategy to improve margins and increase cost structure flexibility in the past few years, which helped it to weather the COVID-19-related industry downturn relatively well.” The company has “a clear focus on cost controls.”

Workers should prepare for further attacks like the ones in the last two proposed contracts. However, S&P warned, there is always the distant chance that the workers will attempt to have a say in things. It wrote ominously that a “production stop for other reasons can also not be fully excluded...”

**Fact #6: Virginia workers have powerful allies worldwide**

According to its internal documents, Volvo employs 51,131 blue collar workers globally, an increase of 2,025 from the first quarter 2020, along with an additional 6,801 temporary and contract workers. Because Volvo must meet demand on a global scale, it operates plants in 18 countries around the world.

This includes Volvo Truck plants in Curitiba, Brazil; Blainville, France; Gothenburg and Umeå, Sweden; Ghent, Belgium; Kaluga, Russia; Bangalore, India; Bangkok, Thailand; Brisbane, Australia; and Durban, South Africa. Beyond that, there are thousands of workers at several Volvo Group subsidiaries, including Mack Truck workers in Maryland, Pennsylvania, Virginia and Australia; Volvo Construction Equipment workers in Pennsylvania, South America, Europe and Asia; and others.

The rank-and-file committee is independent of the pro-corporate UAW, so that workers can organize their own struggle.

Though workers at these plants speak at least 10 different languages and come from all different races and ethnic backgrounds, they all share the same interests as workers and are all exploited by the same transnational corporation.

**Fact #7: 2021 dividend payments to investors are equivalent to over \$116,000 per worker**

Volvo recently announced that it was calling a special meeting of its shareholders at the end of June in order to approve payment of \$2.3 billion to...its shareholders. This payout would be in addition to the \$3.68 billion issued in dividends earlier in 2021 alone, the company’s largest cash distribution to investors in its history. If this were shared among all blue-collar workers at Volvo worldwide, it would come to \$116,954.49 per worker.

**Fact #8: Volvo accepted over \$120 million in pandemic support from the Swedish government, which it has not repaid**

Following the announcement of the proposed extra \$2.3 billion payment to shareholders, the media in Sweden reported last week that Volvo had received SEK 1 billion (approximately \$120 million) in pandemic relief last year. Despite the glaring inequity of the company paying out billions to shareholders after having accepted a government handout, the Swedish Agency for Economic and Regional Growth has said they have not requested the money be returned.

**Fact #9: The UAW has \$790 million in its strike fund while it starves strikers on \$275 per week**

Calculated on the basis of a 40-hour week, the strike pay of \$275 a week (before taxes) comes to \$6.88 per hour, which is \$2.62 below Virginia’s poverty-level minimum hourly wage of \$9.50. The Department of Labor filings show that there are over 450 UAW executives who made more than \$100,000 in 2018. Even with the strike underway, the UAW has continued to issue paychecks to this gang of freeloaders. By the time workers receive their first strike paycheck, the UAW will have paid its own staff over \$1.9 million.

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In opposition to the UAW-Volvo alliance, workers at the plant have formed the Volvo Workers Rank-and-File Committee, which played a decisive role in the defeat of both sellout agreements. In the lead-up to the latest vote, the committee distributed a statement from the VWRFC calling for a rejection of the deal. To win, workers must now expand the struggle and launch an internationally coordinated counter-offensive. The *World Socialist Web Site* and International Committee of the Fourth International have initiated the International Workers Alliance of Rank-and-File Committees to support workers in accomplishing this task.



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