

General Motors announces massive profits in second quarter as new COVID-19 surge builds strength

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General Motors made \$2.8 billion in profits in the second fiscal quarter, the auto giant reported on Wednesday. The results, which shattered analysts' expectations, followed similar huge profits by crosstown rivals Ford, which reported \$1.1 billion in profit last quarter, and Stellantis, which reported \$7 billion for the first half of the year.

The financial results are a further demonstration of the continuing profit orgy by American capitalism, which has largely reversed losses incurred during 2020 by ending whatever remains of public health measures and reopening the economy despite the impact on human life. During the second quarter, which runs from April to June, 3.2 million Americans were infected and 50,000 died of coronavirus.

This figure likely includes thousands, if not tens of thousands, of infections and dozens of deaths among autoworkers, although a precise count is not publicly known because of an ongoing coverup of information relating to COVID-19 in the plants by the auto companies and United Auto Workers.

At the same time, GM and other auto companies, with the full complicity of the UAW, have imposed brutal levels of forced overtime and hired thousands of low-paid temps to replace workers who have taken time off out of health concerns or lack of child care.

The sharp increase in profits came despite the global microchip shortage, which has forced the company and its competitors to idle many of its plants for weeks at a time. The industry largely compensated for this, however, by shifting what supply of chips remained to plants making the most profitable models, mainly sports utility vehicles and pickup trucks. In addition, the company's financial division benefited from the sharp spike in the prices of used cars caused by the ongoing shortages in new vehicles.

The Detroit-based automaker increased its sales by a whopping 40 percent. GM's biggest surge came from high-end models produced at its Arlington Assembly Plant near Dallas, including the GMC Yukon (126 percent increase), Chevy Suburban (90 percent) and Cadillac Escalade (120.3 percent). The combination of rising sales and tightening supply has contributed to a situation where dealers are selling vehicles almost as soon as they arrive on the lot, with one dealer telling the *Detroit Free Press* his "turn rate" has declined nearly 90 percent from 112 to 12 days.

However, in many cases the auto companies have continued production at plants even without chips, stockpiling tens of thousands of unfinished vehicles awaiting chips before they can be shipped to dealers. The *Detroit Free Press* counted tens of thousands of such vehicles sitting in lots outside GM plants across the country, including 10,000 in Arlington alone. A local news report in May found that Ford was taking similar measures at its two auto plants in Louisville, Kentucky, with vehicles crammed into lots as far as 53 miles away from the plants.

One would expect that GM's earnings would have been cause for sunny optimism among its investors. It also increased its year-end earnings forecasts, and CEO Marry Barra said in a statement that she expected the chip shortage to begin to clear up by the fourth quarter.

But for Wall Street, drunk on the biggest stock runup in history driven by the infusion of trillions in cash from the Federal Reserve, GM's record quarter was not enough. According to *Barron's*, which ran an article with the headline "GM Earnings Destroyed Expectations. Its Stock Is Dropping Like a Stone," the automaker "also raised full-year operating-profit guidance from a range with a midpoint of \$10.5 billion to a midpoint of \$12.5 billion, implying earnings of about \$4 billion in the second half of the year. Investors, however, wanted more."

Wall Street punished the company by tanking its stock by more than 8 percent, the worst reaction to an earnings report in nearly a decade, according to *Barron's*.

Investors are sending the message that they will not countenance any letup in the runup of profits by the increased exploitation of the working class. This is the chief consideration behind the elimination of all remaining safety measures by the Biden administration and state and local governments, including the planned reopening of schools to in-person instruction this fall. The reopening of schools in Detroit is seen as particularly vital for the auto industry to force workers, particularly mothers, back into the plants.

For workers, the past three months have been a continuation of the social disaster they have experienced for the past year. The auto companies and the UAW, following the lead of the Centers for Disease Control and Prevention, announced an end to all remaining safety measures, including temperature checks, cleaning breaks, social distancing measures during shift changes and

universal mask requirements. However, the latest surge in cases has forced the UAW and the companies to reverse themselves on this last measure, first, in individual plants in states with high case rates, and then nationwide earlier this week.

One of the plants to officially reinstitute safety measures early was the Wentzville Assembly plant near St. Louis, Missouri, which produces the Chevrolet Colorado and GMC Canyon mid-sized trucks. GM reopened the plant on July 12, when it was already apparent that a new surge of the coronavirus was erupting in the state, which has been among the hardest hit in recent weeks. The company and the UAW waited a week before reintroducing a mask requirement at the plant on July 19.

However, a worker at the plant told the *WSWS Autoworker Newsletter* that in practice virtually all COVID safety precautions have been discarded. “It’s ridiculous. We don’t have sanitizer all over the plant anymore. Everyone is touching the same napkin dispenser to get a mask, no gloves, no sanitizing your work area, no temp taking. It’s a mess.”

She said that the mask requirement has been only haphazardly enforced. “Yesterday, I went to the snack machine, and the guy filling it up with products: no mask anywhere. The outside contractors are still working here: no masks. It’s a mess. What if someone gets really sick or dies? Is GM liable?”

“They said today that the plant manager is supposedly going to be at the door to make sure people are wearing their masks when they leave. How’s the manager going to be at all three exits? There hasn’t been any social distancing on the shift change. They have been doing it like a herd of cattle.”

Neither the company nor the UAW has released any information on new cases of COVID-19 at the plant, either confirmed or suspected, she said. “Our dumb committee man hasn’t said anything.”

The state government is completely ignoring the crisis, she continued, as has been the case elsewhere. “Our governor is mostly concerned with holding the Missouri State Fair, which is going to be another super-spreader event. He has livestock and cattle he’s trying to sell. And [Chicago’s outdoor concert] Lollapalooza too, it was crazy. There’s no way they could monitor everyone coming in, a 100,000 people, was vaccinated or tested negative.”

A social and public health disaster is looming in the fall and winter. Only one month after Biden declared the pandemic over and called on people to “take [their] masks off,” coronavirus cases are up sharply, with more than 100,000 new cases a day. This will be compounded by the ending of temporary social assistance, such as the federal eviction moratorium, which Biden has only given a brief extension. Such measures will undoubtedly impact autoworkers heavily, among whom there are many who were working two or three jobs to make ends meet even before the pandemic.

While no official figures have been released, it is likely that new outbreaks are already underway in plants throughout the country. There have been sharp increases in cases in Southern states with substantial auto production, such as Missouri, Tennessee and Texas, with Michigan not far behind. Yesterday, UAW Local 1264 sent out its first text alert in months notifying workers of a new

COVID-19 case inside the Stellantis’ Sterling Stamping Plant north of Detroit.

“They don’t care about the workers,” a Louisville, Kentucky Ford plant worker told the *Autoworker Newsletter* about the auto companies raking in profits. “If that would be the case, they could distribute some of those profits to supplement workers’ food, rent, and other needs. It’s a travesty.”

However, the critical role in the auto industry’s profits has been played by the UAW, without whose assistance the Detroit automakers could not have posted such results. While concealing information the true spread of covid outbreaks in the plants through corporatist bodies such as the Joint COVID-19 Task Force, the UAW has worked to suppress and quarantine outbreaks of the class struggle in the auto industry.

For more than a month, the powerful strike by Volvo Trucks workers in Virginia was subjected to a total information blackout by the union, which did not even inform its membership in other plants that the strike was happening. However, when informed the strike by the *World Socialist Web Site*, autoworkers immediately expressed immense support for a joint struggle with Volvo workers. Indeed, only days after news of the Virginia strike reached a Volvo cars plant in Belgium from a WSWS campaign team, autoworkers at the plant carried out wildcat strikes against a company-union deal to extend their workweek.

The UAW eventually shut down the Volvo Trucks strike by forcing workers to vote again on a contract they had just rejected a week prior, claiming the re-vote passed by only 17 votes.

In March 2020 it was the action of autoworkers in Michigan, Indiana and Ohio, who conducted wildcat strikes in defiance of the UAW which led to the temporary shutdown of the auto industry saving countless lives. The subordination of human lives to the profits of the auto companies will only continue unless autoworkers continue to develop an organized opposition to the UAW’s betrayals through a network of rank-and-file committees in every plant.



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