Big Three automakers release earnings reports for third quarter of 2021

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Last week, the "Big Three" US automakers, General Motors, Ford and Stellantis, issued their financial reports for the third quarter. Earnings across the board dropped year over year, though some did beat analysts' expectations, pointing to the major impacts that the labor shortage and disruption to global supply chains continue to have on the automotive industry worldwide.

GM recorded gross profits of $3.79 billion for the third quarter ending on September 30, with total revenues of $26.78 billion for the quarter. Profits have dropped 40 percent year over year, according to the *Detroit Free Press*. GM's revenues, while still enormous, reflect a 25 percent drop from the third quarter of the previous year. Despite this, GM's third quarter earnings beat Wall Street's expectations.

General Motors' stock rose to $54.43 at the close of markets on Friday, inching up to its 10-year high of $59.31 in June 2021. This is up from the 10-year low of $22.29 from the near collapse of the stock market in early 2020 at the start of the pandemic, before the passage of the multitrillion-dollar CARES Act bailout.

Ford's earnings per share was 51 cents in the third quarter, nearly double analysts' expectations of 27 cents. Ford's stock jumped after the news to $17.08 Friday, its highest level since 2014. Auto revenue also slightly beat expectations at $33.21 billion compared to an expected $32.54 billion.

However, Ford's revenue is still 5 percent below the level from the third quarter of 2020, and pretax adjusted earnings were $3 billion last quarter compared to $3.6 billion last year. Still, Ford announced Wednesday that, beginning in the fourth quarter, it would reinstate its regular dividend, which it had suspended beginning with the onset of the pandemic.

In its report, Ford noted stronger sales for its Bronco SUV and Mustang Mach-E, an electric vehicle. However, Ford's sales and market share for its Ford and Lincoln brands are at their lowest levels in 6 years, according to Cox Automotive.

Stellantis, the company formed out of a merger between US-Italian automaker Fiat Chrysler and French automaker PSA in January 2021, reported net revenues of $37.8 billion in the third quarter, a 14 percent drop from what the two companies reported in revenues from the same quarter last year. It also reported 1.1 million vehicle shipments in the third quarter, a 27 percent drop compared to last year, according to the *Detroit Free Press.* The global semiconductor chip shortage caused planned production to drop up to 30 percent at Stellantis plants worldwide.

Richard Palmer, Chief Financial Officer for Stellantis, said in a press release last week that the corporation's revenues "reflect the success of our recent vehicle launches, including new electrified offerings, combined with significant commercial and industrial actions executed by our teams in response to unfilled semiconductor orders."

All major US automakers are investing more and more resources in electric vehicle (EV) production, with the overall aim of cornering the market to compete with production from China and dominate the global market. Ford, Stellantis and GM have all released electrified models over the past two years, and last month Stellantis unveiled plans to set up four new EV platforms to support production of 2 million vehicles per year.

GM CEO Mary Barra told the *New York Times* that its joint battery venture with LG would start up production next year in Ohio. Ford CEO Jim Farley announced Wednesday that Ford planned to "simplify the technology" of its BlueCruise hands-free highway driving system, delaying its rollout to the beginning of next year. His reason for the delay was that Ford needed to "catch up" to major EV competitors GM and Tesla, according to CNBC.

Yet obstacles to electrification efforts exist in the ongoing microchip shortages and disruption to global supply chains, themselves the economic consequences of the subordination of pandemic policies on the part of capitalist governments to private profit. But it is the working class who have been made to pay for disruptions to production in the form of wage and job cuts, speedup, longer workdays and more dangerous conditions.

All of the Big Three automakers have alternated shutting down and ramping up production since the global supply shortage began. It is notable that most production shutdowns were due not to the spread of COVID-19, which has killed dozens of autoworkers in the US alone, but due to a shortage of irreplaceable parts.

In a UAW memo circulated at the Stellantis Belvidere Assembly Plant in Belvidere, Illinois, which builds Jeep models, workers were told that they must work 60 hours per week through the end of this year. The plant has operated off and on since February 2021 and has laid off two shifts, leaving the plant operating with one shift only. When workers have been laid off, many have struggled to collect unemployment benefits from the state and have found no better recourse through the United Auto Workers.

Workers at several other plants worldwide have experienced similar patterns of production shutdowns and layoffs followed by brutal levels of forced overtime. Stellantis announced in October that it would lay off 1,800 workers at its Windsor, Ontario plant in Canada, where it had rotated shutdowns due to the chip shortage earlier this year. In India, Ford has plans to shut down all of its car-making operations in the country, leaving 4,000 workers and their families in the dust. Meanwhile, Sterling Heights Assembly Plant near Detroit has been placed on "critical status" until the Christmas holiday, with workers liable to work seven days a week for 90 consecutive days.

All of the major US carmakers expect the chip shortage to affect production and financial gains well into 2022, with Ford predicting that it could affect its production through the beginning of 2023, according to CNBC. Notably, GM, Ford and Stellantis all pointed to rising car prices as an earnings driver in the face of production stoppages. In the US, the Consumer Price Index, which measures inflation of consumer goods, has stood at over 5 percent since at least July.

Companies are doing whatever they can to increase supply to make up for shortages. But perhaps the most important issue confronting auto executives is fear of opposition from the working class, such as that which forced a shutdown of global Big Three operations in March 2020. More than 10,000 workers at John Deere agricultural and construction equipment manufacturing plants in the US are currently on strike, part of a broader push by workers in the US and around the world to demand wage increases that keep pace with inflation, better working hours and safer working conditions.