

Behind GM's \$7 billion electric vehicle investment

# As shift to electric vehicles accelerates, unions collaborate with automakers to slash jobs and labor costs

Shannon Jones  
1 February 2022

The announcement last week that General Motors will invest \$7 billion in electric vehicle production in the state of Michigan highlights the rapid shift by all the major carmakers away from gas to electric powered vehicles (EVs). GM's move follows Ford's announcement last October that it will invest \$11 billion in battery and electric vehicle plants in Tennessee and Kentucky.

On January 25 GM announced that it plans to invest \$4 billion to upgrade the Lake Orion Assembly Plant to make electric versions of the Chevrolet Silverado and GMC Sierra pickup trucks and \$2.6 billion to open a battery plant in Lansing at the site of the old Lansing Grand River plant. The battery plant will be in partnership with South Korean LG Energy Solutions through a joint venture startup, Ultium Cells LLC. GM already has battery plants under construction in Ohio and Tennessee.

GM says it will invest \$35 billion in EV and autonomous vehicle production between now and 2025, a 30 percent increase over earlier projections.

The auto companies have long been planning to finance the conversion to EVs through lower wages and the destruction of working conditions. Workers at the new battery plant in Lansing, for example, will not fall under the terms of the national United Auto Workers-GM contract agreement. Ultium Cells currently pays its workers between \$17-\$22 dollars an hour, far below the \$31 an hour made by senior UAW members at auto plants.

This restructuring toward EV production based on drastically lower wages is an international process, meeting with the enthusiastic support of the unions, which have agreed to help slash costs at the expense of workers.

In Europe, the unions and union-dominated works councils have pitted Ford workers in Saarlouis, Germany, and Valencia, Spain, against each other in a bidding war to secure production of a new electric vehicle. The location of the investment will be based on which plant can offer the most concessions, the penalty for failure being the loss of jobs. Union officials in both the German IG Metall and the Spanish UGT (General Union of Workers) have stated their willingness to make significant cuts, including extending work time and eliminating breaks.

In order to avoid paying workers involved in EV production

standard wages as defined under the national UAW contract, GM and other companies are employing subcontract firms to nominally oversee production. In many cases these firms are set up by the automakers themselves. One such dummy company is GM Subsystems LLC, founded in March 2009 just prior to GM's bankruptcy. GM Subsystems already operates at Lake Orion Assembly, Detroit-Hamtramck and several other GM plants. The company offers top pay at a starvation \$17 an hour.

GM's moves to expand its low-wage workforce confirm the warnings made by the WSWs *Autoworker Newsletter* during the 2019 GM strike. Explaining that the defeat of the strike was a major strategic objective of the financial aristocracy, the *World Socialist Web Site* wrote, "In the face of growing signs of a global economic downturn and vast technological changes, Wall Street is seeking a broader restructuring of the global auto industry and a shift of capital towards electric and autonomous vehicles. Though not profitable yet, these technologies promise immense returns to investors from whatever global automaker dominates the market.

"This will require, however, the destruction of whatever is left of the social rights of autoworkers," the article continued, entailing the imposition of the type of brutal conditions which prevail at Tesla and Amazon.

The United Auto Workers has indicated that it is willing to accept lower-paid contract workers into the plants as long as they pay dues to the union. In a statement last week, the UAW said it supported the decision by GM to invest in Michigan and "stands ready to welcome new members."

At the Detroit-Hamtramck plant, now dubbed "Factory Zero," GM carried out a \$2 billion expansion to build the new electric Hummer pickup. Previously the plant employed 100 GM Subsystems workers, but hundreds more are projected to be hired as production ramps up.

A new contract is being negotiated between the UAW and GM Subsystems that will inevitably carry forward the sweetheart terms of the present agreement.

According to a Reuters report, at the GM Spring Hill, Tennessee, plant UAW officials signed a memorandum of understanding (MOU) with GM in June 2020 allowing "several hundred jobs to

be done by Subsystems employees as the plant transitions to building electric vehicles.” GM is investing \$2 billion in the plant to build gas-powered Cadillacs and projected electric vehicle models.

According to the report, the MOU states that “battery assembly operations work, body shop sub-assembly production for battery electric vehicles and battery electric vehicle general assembly sub-assembly production content will be done by Subsystems employees.”

UAW spokesman Brian Rothenberg defended the deal, boasting, “Through the additional product commitment at Spring Hill, UAW members received General Motors’ commitment to invest \$2 billion in Tennessee, increasing UAW represented jobs and building products here in the United States.”

The text of the MOU is full of corporatist blather about the need for union-management partnership. Extolling “innovative” working and staffing arrangements, it declares, “The parties have discussed the competitiveness of performing certain work activities that can be a benefit to the overall profitability of the company, but only when the work is performed at a competitive wage, consistently over time.”

While EV production requires huge initial capital outlays, electric vehicles have fewer moving parts than gas vehicles and require less labor to build, foreshadowing a major downsizing, particularly throughout sectors of the auto parts industry dedicated to components for internal combustion engines. At the same time major advances in battery technology, as well as government support for the expansion of charging stations, has made EVs more practical for consumers. The shift to EVs is accelerating, with Stellantis saying it will no longer produce gas-powered vehicles by 2028.

In EV production, however, the Detroit automakers are far behind Tesla, which is projected to sell one million electric vehicles globally in 2022, and is opening new plants in Austin, Texas, and near Berlin in Germany. By way of comparison, Ford sold around 27,000 electric vehicles in 2021 and GM sold 25,000. GM’s electric Chevy Volt has been plagued by problems, forcing the suspension of production. GM sold just 26 EVs in the fourth quarter of 2021.

In addition to slashing jobs and wages, the auto companies are shaking down state governments, which are being asked to compete for EV plants. Michigan officials reportedly handed over \$824 million in “incentives” to land the GM investments.

Tennessee and Kentucky have handed out similar gifts to Ford. In November, billionaire Illinois Democratic Governor J.B. Pritzker signed into law the Reimagining Electric Vehicles in Illinois Act. The act provides major corporate tax breaks to companies making electric vehicles, which now includes start-up Rivian in Bloomington-Normal, as well as manufacturers of EV parts. Meanwhile, the Biden administration is pushing large tax incentives to purchasers of electric vehicles, in effect a huge subsidy to the auto industry.

And in Germany, the unions and works councils, in addition to preparing concessions, are working with state governments to entice Ford with subsidies and tax cuts.

The experience of the last four decades demonstrates that no

amount of concessions will save jobs. The unions have promoted global whipsawing, pitting workers against each other in different countries or even different plants, in a fratricidal competition to lower wages and labor costs. This has gone hand in hand with the union’s crude incitement of nationalism and xenophobia.

Workers at GM are well aware of this process. In 2018, then-UAW Vice President for General Motors Cindy Estrada signed a MOU allowing GM Subsystems at the Lake Orion plant and the now-shuttered Lordstown, Ohio, plant to perform bargaining unit work at poverty wages based on the claim this would save jobs.

The UAW’s blatant kowtowing to the company sparked outrage. Defending this betrayal, Estrada said at the time, “This was a decision agreed to by the involved local, regional, and national leadership. Everyone agrees that this situation sucks. But what would suck even more would be to have GM shut down any of our plants and devastate hundreds of our members’ lives and the communities where those plants exist.”

The very next year, the UAW sabotaged and betrayed the 40-day strike by GM workers, ramming through a contract which approved the closure of the Lordstown plant, as well as two powertrain plants in Michigan and Maryland and a parts distribution center in California.

The restructuring taking place in the auto industry demonstrates starkly the need for international organization and unification of workers across borders. The national-based unions are hostile to this perspective, insisting that workers must support “their” corporate bosses against foreign rivals by lowering labor costs.

Ford workers in Europe have taken an important initiative in forming a rank-and-file committee to fight plant closures and concessions. Workers in North America should follow this example by helping build the network of autoworker rank-and-file committees. These committees must be independent of the pro-company unions and based on the unconditional defense of workers’ jobs, living standards, and health and safety, not corporate profit.



To contact the WSWs and the  
Socialist Equality Party visit:

**[wsws.org/contact](https://www.wsws.org/contact)**