Ford, GM report massive 2021 pandemic profits

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Ford and General Motors both reported double-digit billion-dollar profits for 2021 in their annual earnings statements released last week. Even while the pandemic continued to rage, sickening and killing untold numbers of workers and accelerating with the emergence of the Omicron variant, the auto companies reaped massive amounts of money for their large investors.

Ford reported $17.9 billion in net income for the previous year, its highest since 2011, and up from a net loss of $1.3 billion in 2020. GM broke its previous record set in 2015, reporting $10 billion in net income, up 55 percent from the previous year. Stellantis, the transnational conglomerate formed from Fiat Chrysler and Peugeot, will not report its 2021 earnings until February 23.

Despite the banner profits, however, Wall Street reacted coolly, pushing down Ford's share price over 9 percent on Friday, on news that the company fell well short of analysts' earnings-per-share forecasts.

In an indication of the unstable and even illusory character of the economic recovery in the auto industry, both Ford and GM sold *fewer* cars in 2021, the second year of the pandemic, than they did in 2020. GM sold 2.2 million vehicles, down 13 percent from 2020, while Ford sold 1.9 million, a 6.8 percent drop.

In each case, however, revenue rose year-over-year despite declining sales, climbing to $136 billion from $127 billion for Ford, and to $127 billion from $122.5 billion for GM.

The rise in revenue was facilitated by steep price increases, with the Consumer Price Index showing an 11.8 percent increase in new vehicle prices in the US for the 12 months ending December 31, 2021. At the same time, the automakers have sought to redirect scarce semiconductors and other parts to their top-selling, highest margin products, including pickups and SUVs, pushing factories which make them to run virtually nonstop.

For Ford, a significant chunk of its net income was made up of financial, i.e., nonproductive, activities, primarily an $8.2 billion investment gain realized through the initial public offering of Rivian, the electric vehicle startup that Ford and Amazon both hold stakes in.

The United Auto Workers union responded to the earnings reports with a predictable mix of groveling before management and cold-blooded indifference to workers' suffering. UAW Vice President for Ford Chuck Browning wrote in a statement: "UAW Ford members worked diligently and remained dedicated to produce the finest built products in the world during a year that presented great challenges due to the pandemic and unprecedented supply chain issues. Their contributions to Ford Motor Company's profits under such conditions are to be commended and our members should be very proud of this great accomplishment."

To present Ford's multibillion-dollar profits—extracted while countless workers became infected with COVID-19 at the company's factories—as a "great accomplishment" is nothing short of obscene, revealing once again that the UAW functions as an arm of corporate management. The full human cost of running full production with ever-diminishing safety measures is unknown because the UAW ceased acknowledging when its members died of COVID just a few months into the pandemic in 2020.

While Browning touted average "profit-sharing" checks of around $7,000, these will not be distributed to Ford's many temporary workers, who pay dues to the UAW but have essentially no rights. The corporatist "profit-sharing" scheme has long been used by the UAW to promote speedup and increased productivity.

Meanwhile, the UAW has enabled real wages to decline or stagnate, driving down newer workers' pay, freezing those of legacy workers, and cutting cost-of-living raises.

GM and Ford have both sought to present a rosy picture for 2022, with GM projecting vehicle deliveries to rise between 25 to 30 percent this year. However, there are a number of storm clouds on the horizon.

Supply chain disruptions have continued to erupt even as the earnings reports were being released. Last week, Ford announced that it would be implementing temporary shutdowns or slowdowns at eight plants across North America, attributing the downtime to microchip shortages. Stellantis also announced that production at its Windsor, Ontario, plant would be impacted by lack of chips.

In a report released in January, the US Commerce Department warned that manufacturers' median chip supply had dropped to just five days' worth as of late last year, down from approximately 40 days in 2019.

While Ford cited chip shortages to explain recent slowdowns, workers at its plants have spoken out about the rapid spread of coronavirus in recent weeks. To what extent labor shortages caused by widespread infection or exposure to COVID have played a role in the production downtime is unknown, given the information blackout on the number of infections and exposures among autoworkers enforced by the companies and the UAW.

Ultimately, the chaos in the supply chain—which has presented considerable uncertainty for autoworkers faced with recurring layoffs—is a product of the breakdown of the world economy as a result of the criminal response to the pandemic by the financial elite, who have continued to rake in trillions in profits and increased share values even as wave after wave of infections have caused global supply chains to buckle. At the same time, a globally coordinated, rational approach to ending the pandemic has been blocked by the accelerated growth of national antagonisms, led by the United States, as each of the major imperialist powers attempts to offload the cost of the crisis onto its rivals and seek to deflect social tension outward through reckless military aggression, mainly against Russia and China.

Financial analysts are also warning that a potential rise in federal interest rates this year could substantially impact automakers' profits. J.D. Power, the consumer data and intelligence firm, recently projected that an increase in rates by the Fed could lead to $22 billion in lost sales, as well as hundreds of thousands fewer used vehicle sales.

As competition and financial headwinds gather strength, and the scramble to dominate the markets for electric vehicles accelerates, the major automakers are drawing up plans for new attacks on workers' jobs, wages, and working conditions. Ominously, Ford noted in its outlook for 2022 that "underlying assumptions" for its projection for higher earnings this year were "significantly higher profits in North America, along with collective profitability in the rest of the world as the company benefits from its extensive global redesign."

The brutal reality of this "extensive global redesign" is revealed by Ford's demands for major concessions at its plants in Saarlouis, Germany, and near Valencia in Spain. Dangling promises of investments in electric vehicles, the company has pitted the two plants in a bidding war, pressing for cuts to wages and break time, among other givebacks, with the facility offering fewer concessions facing closure. To enforce these attacks, Ford is relying on the trade unions and union-controlled "works councils" in both Germany and Spain.

GM, for its part, is expanding its use of lower-paid subcontract workers as it builds out its EV and battery production capacity.

Ford, GM and Stellantis are all undoubtedly preparing new attacks on their workforces in every country, including in the US, where they will seek to once again demand major concessions from autoworkers in the 2023 contract negotiations, with the support of the UAW, under the lying pretext that these will "save jobs." The way forward to fight such attacks has been shown most recently by Ford workers in Saarlouis in Germany, who have initiated a rank-and-file factory committee independent of the unions, demanding an end to concessions and the defense of jobs at all Ford plants.