

# Bluster from UAW President Fain as Ford receives \$9 billion federal loan for electric vehicle production

Shannon Jones  
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The announcement that Ford Motor Company has been conditionally approved for up to \$9.2 billion in government loans is a further indication of the degree to which the transition to electric vehicle production is being underwritten by the capitalist state. The loans are being overseen by the US Department of Energy and were requested by Ford to construct three EV battery plants in Tennessee and Kentucky.

The automakers expect to realize huge cost savings from massively reducing their workforces, since EVs require an estimated 40 percent less labor to produce. The auto companies are making little effort to hide the fact that the large initial cost of the transition to EVs will be forced onto the shoulders of workers through the creation of a low-paid workforce at EV plants.

In response to the federal handout to Ford, UAW President Shawn Fain issued a statement full of bluster, saying the deal “shortchanges” UAW members and communities. He accused the Biden administration of “actively funding the race to the bottom with billions in public money.”

Pointing to the 2009 forced bankruptcy and restructuring of the auto industry under the Obama administration, Fain concluded, “The last time the federal government gave the Big Three billions of dollars, the companies did the exact same thing: slash wages, cut jobs, and undermine the industry that for generations created the best jobs for working families in this country.”

The “shock” expressed by Fain is hypocritical. Fain and the administration he heads know full well what to expect from a government that trampled the right of railroad workers to strike, imposing a management dictated sellout agreement. This latest announcement comes in the wake of an unbroken string of attacks on workers by the Biden administration and Congress, including the ending of pandemic subsidies, including huge cuts to Medicaid and food stamps, while they provide nearly unlimited funds to the military. The most “pro-union” president in history has overseen a massive transfer of wealth to the richest billionaires.

As for his profession of outrage over the 2009 bankruptcy, Fain must think autoworkers suffer from amnesia. At the time

Fain—then a member of the UAW-Chrysler National Bargaining Committee—and other UAW officials hailed the Obama administration for “saving” the auto industry. The UAW worked closely with the White House to impose massive concessions on autoworkers, including the elimination of tens of thousands of jobs, the slashing of new hire wages by 50 percent, the elimination of pensions and a vast expansion of temporary and contract workers. Fain said in 2009 about the historic concessions, “We’re not happy about it, but you have to do what you have to do.”

The statement earlier this year by Fain that the UAW would withhold its endorsement of Biden’s re-election until the White House pledged a “just transition” to EV production was likewise political theatre, part of the UAW’s efforts at “militant” rebranding in the wake of the corruption scandal. The corporations are counting on Fain and the UAW bureaucracy to impose the massive costs of restructuring onto the backs of workers in the ongoing contract negotiations. For its part the UAW apparatus will carry out its assigned task in exchange for the right to collect dues from low paid EV workers.

The Biden administration’s subsidies to the automakers for EVs are unprecedented in scope, dwarfing previous government handouts. They take place as the US ramps up trade war and preparations for world war against Russia and China and a giant further new assault on the living standards of workers, who must pay for all this.

The extent of US subsidies for EV production has escalated tensions with European governments, which are pressing ahead with their own support to automakers in a subsidy race.

Meanwhile, Ford CEO Jim Farley has signaled the brutal attacks on workers’ jobs which are in store. In comments at the Future of Everything conference hosted by the *Wall Street Journal* earlier this year, Farley said, “We need a different kind of people, new talent,” at EV plants. “I don’t think I can teach everyone—it will take too much time,” he said, rejecting the suggestion that current workers could be retrained.

The loans to the auto companies will be granted at US Treasury interest rates, which are far cheaper than what the auto

companies could get from private lenders, and come with “flexible” terms. The federal loans are on top of substantial subsidies that Ford has received from state and local governments, including tax abatements and outright grants.

For example, the state of Tennessee alone has handed out over \$1 billion in subsidies to Ford, which has started construction on BlueOval City outside of Memphis, a massive EV complex. The megasite is expected to dwarf the Ford Rouge complex outside Detroit and will include an assembly plant, a battery plant and a supplier park.

The state of Kentucky is providing Ford with an upfront subsidy at taxpayer expense of \$250 million in forgivable loans. The deal will subsidize the BlueOval SK Battery Park, which will consist of twin battery plants near Elizabethtown, Kentucky. The project is a joint venture between Ford and South Korean company SK Innovation. To train workers the state is investing \$25 million in the Elizabethtown Community and Technical College BlueOval SK Training Center.

The location of these enormous projects in Southern right-to-work states is a shot across the bow aimed at the United Auto Workers bureaucracy. Ford has given no firm commitment that the new plants will be unionized, only stating that it will allow a union representation election. Given the UAW’s well-known corruption scandal and previous difficulty “organizing” in the South, its success in organizing the plants is hardly a sure thing.

Meanwhile, Michigan has already handed Ford nearly \$1 billion in infrastructure improvements and direct cash subsidies for the construction of a battery plant in the western Michigan town of Marshall. Ford has said it will facilitate union organization at the facility. However, according to a Ford memorandum the majority of the projected 2,500 workers to be hired at the plant will earn a total compensation package of around \$41,000, or about the near-poverty wage of \$20 per hour, far lower than standard pay at Ford plants where the UAW has a presence.

GM has already recognized the UAW at GM’s Ultium Cells battery plant in Lordstown, Ohio, next to the site of the company’s former Lordstown Assembly Plant. Workers at Ultium make \$16.50 an hour and top out at around \$20, which is more than \$10 an hour less than top pay for full-time GM workers.

The reality behind Fain’s rhetoric about a “just transition” to EVs was exposed during the recent five-week strike by Clarios battery workers in Holland, Ohio. Workers twice voted down sellout contracts recommended by the UAW bureaucracy before the UAW rammed through a sellout on the third try. The agreement contained below-inflation pay raises and opened the way for the imposition of a 12-hour work schedule throughout the plant.

Fain defied the calls by rank-and-file GM, Ford and Stellantis workers to ban the handling of batteries made by scab labor at the Clarios plant, allowing workers to continue installing batteries in new vehicles.

While driven in significant measure by new technological developments, including improvements in battery production methods, the expansion of EVs is increasingly bound up with the drive to war by the US and NATO powers, and is developing into a major factor behind the US’ bellicose threats against China. Washington is seeking to control supplies of critical minerals needed for batteries, as well as for components for military hardware. The supply chains and refinement of minerals and resources required for EVs, including lithium and cobalt, are currently dominated by China.

As long as production remains subordinated to private profit interests, technological developments, no matter how promising in themselves, will not be used for the betterment of the working class or society as a whole. Electric vehicle production is no exception. Vast fortunes have been made on speculation on EVs, at the same time as the transition is being used as an opportunity by the ruling class to intensify the exploitation of workers.

The same processes at play in the US are taking place all over the world. Ford is slashing 5,000 jobs in Europe and discontinuing the Ford Fiesta built in Cologne, Germany, as part of its EV transition, while Stellantis recently announced the shutdown of a factory in Austria.

The progressive utilization of EV technologies, as well as advances in artificial intelligence, requires a coordinated global effort so that they are deployed for the real benefit of the majority of the population regardless of the impact on profit-making, which is absolutely impossible under the capitalist nation state system.

Likewise, the fightback by workers must be organized on a global basis. This is why the expansion of the International Workers Alliance of Rank-and-File Committees is critical for US autoworkers and their working class brothers and sisters all over the world. To wage a fight in defense of jobs and living standards and prepare common action, workers must organize independently of the pro-company UAW bureaucracy, building rank-and-file committees, democratically run by workers themselves.



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