After posting $3.2 billion in quarterly profits, GM execs vow to maintain “cost discipline” against autoworkers

Jerry White
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General Motors made $3.2 billion in operating profits in the second quarter of 2023, according to the earnings report released by the Detroit-based automaker on Tuesday. Profits were up $900 million or 38 percent from the same period last year, with profit margins in North America hitting 8.6 percent.

GM has recorded $7 billion in profits so far this year and executives told investors they will collect $13 billion in profits by the end of 2023, raising expected earnings by $1 billion.

In a call with investors Tuesday, GM Chief Financial Officer Paul Jacobson said the company had repurchased $500 million in stock during the second quarter, bringing the yearly total to $865 million so far. “We expect our strong balance sheet and cash flow to support continued stock repurchases as part of our capital allocation framework moving forward,” he said. Despite this, GM shares fell 3.51 percent Tuesday, as Wall Street demanded that the company pump out even more profits from its global workforce.

Stellantis and Ford will release their earnings reports Wednesday and Thursday and are expected to show similarly high profits, largely due to record-high vehicle prices. The average GM vehicle cost $52,248 in the second quarter, almost $2,000 more than a year ago.

While the corporate owners pocket billions, all three companies are engaged in a savage cost-cutting campaign to make their global workforces bear the full cost of the transition to electric vehicle production. GM executives said they had exercised “incredible cost discipline” in the last quarter and were targeting another $1 billion in cost savings by the end of 2024. This is on top of the $2 billion the company previously announced, including forcing out 5,000 salaried workers through “voluntary separations.”

The release of the profit reports has only further enraged the 170,000 GM, Ford and Stellantis workers in the US and Canada, including 55,000 GM workers, who are determined to win back the massive concessions the United Auto Workers and Unifor unions granted the auto bosses during the 2009 bankruptcy restructuring of GM and Chrysler. In the deal overseen by the Obama-Biden administration, and backed by current UAW President Shawn Fain, automakers eliminated thousands of jobs, abolished cost-of-living (COLA) protections, extended the two-tier wage system to all new hires, and vastly expanded the use of temporary workers and low-wage contractors, including at GM’s wholly owned subsidiary GM Subsystems.

“They’re making huge profits,” a GM Subsystems worker at the Factory Zero plant in Detroit told the *World Socialist Web Site*. “In 2009, GM got a government bailout and we lost everything. At my plant, they are building electric Hummers that sell for $120,000 and the EV Cadillac LYRIQ that sells for $100,000. The average Joe who builds these cars couldn’t even dream of buying one. I’m a fifth-generation autoworker. My grandad who worked at Ford could afford to retire, could send his kids to college, could own a home, and take a trip every summer. Today, we can hardly afford to feed our kids.

“We’re working a lot of overtime lately, 10-11 hours a day, because of a possible strike. GM gets away with this because they’ve had the UAW in the pocket for years. All the UAW officials have had their hands in the pot, taking bribes and embezzling the dues we pay. That’s why they ended up in prison.

“The contract for GM Subsystems expires right after the GM contract and all the workers on the floor say we want everything that the traditional workers have. As for the Democrats and Republicans, it’s a Catch-22, they’re both for big business. It’s going to have to get like the 1960s

again, workers have to speak out and not be afraid. We have nothing to lose."

GM executives are so confident that the UAW and Unifor bureaucracies will prevent a strike that they didn't even factor a work stoppage into their earnings projections for the rest of the year. In 2019, a 40-day strike by GM workers cost the company $3.6 billion in lost production, even though the UAW sold out the strike, paving the way for the shutdown of the Lordstown, Ohio, assembly plant, the Warren Transmission factory and others.

In comments to investors Tuesday, Barra said, "We have a long history of negotiating fair contracts with both unions that reward our employees and support the long-term success of the business. Our goal this time will be no different."

But other voices in the ruling class are warning that rubbing the profit reports in the faces of autoworkers could backfire and make it more difficult for the UAW to ram through another pro-company contract.

In an article Tuesday, titled "GM's Fat Profits Are Getting Awkward," the *Wall Street Journal* warned, "Nobody can predict how this year's negotiations will play out, but the signs aren't promising. Inflation, typically a problem in company-union negotiations, has been high since 2019. And the UAW has a combative new president, Shawn Fain, who needs to prove the union's value in a changing industry…"

It continued, "Automakers desperately need to keep electric-vehicle costs in check, particularly following Tesla's substantial price cuts in the first half… GM can emphasize this impending challenge in its talks with the UAW, but the extremely healthy profit it is still making on traditional cars risks undercutting the point."

The UAW's new president, however, is "combative" in rhetoric only. Fain replied to GM's profit report with his typical empty bluster, saying, "General Motors has made mind boggling profits over the last decade…but autoworkers and our communities have yet to be made whole for the sacrifices we've made since the Great Recession. GM executives have closed 31 plants over the last 20 years and are now enriching themselves through joint venture battery plants that get billions from the federal government in taxpayer subsidies but pay poverty wages. It's long past time for GM to pony up, end tiers, pay their employees competitive wages that keep up with the cost of living and provide everyone the ability to retire with dignity."

But Fain has long been part of the UAW apparatus that handed over the concessions and allowed the plant closings in exchange for billions in corporate shares and control over the massive retiree health care trust. Fain was installed earlier this year in a rigged election, sanctioned by Biden's Department of Labor, to put a new face on the thoroughly corrupt and discredited UAW bureaucracy.

Far from preparing any real struggle, Fain met privately with President Biden last week to work out plans to prevent a strike. The White House is extremely nervous that a major struggle by autoworkers would undermine corporate profits, the war against Russia and plans for a bigger war against China.

The real character of the Fain administration is underscored by the sellout contract for 340,000 UPS workers signed by the co-"reformer" in the Teamsters union, Sean O'Brien. The deal, which has generated widespread opposition, barely pays hundreds of thousands of part-time UPS workers any more than non-union Amazon workers.

The corporations, the Biden administration and the UAW bureaucracy have their plans—rank-and-file workers must make their own. It is necessary to expand the Autoworkers Rank-and-File Committee Network into every factory, establishing lines of communication and disseminating real information between workers at different plants and companies, and preparing an all-out strike of all autoworkers in the US and Canada. These committees, operating under the direction of the International Workers Alliance of Rank-and-File Committees, must link up the struggle of autoworkers with striking actors and writers, the UPS workers, Canadian port workers and others to organize a powerful industrial and political counter-offensive of the working class.