

Record profits harden resolve of autoworkers to strike, as UAW, Unifor contract expirations loom in US and Canada

Jerry White
28 July 2023

To discuss joining the autoworkers rank-and-file committee network, fill out the form at the end of this article. Sign up for text message updates on the Big Three contract fight by texting AUTO to (866) 847-1086.

General Motors, Ford and Stellantis made combined profits of \$22.5 billion over the first six months of 2023, according to the half-year and second quarter earnings reports released by the Big Three automakers over the last few days. The corporations enjoyed a shared rise in revenues as sales increased and the average transaction price of vehicles rose to around \$55,000. At the same time, the companies have slashed costs by closing plants, cutting thousands of salaried and hourly positions from their global workforces, and expanding the use of lower-paid second-tier, temporary and contract workers.

Stellantis, the world's third-largest automaker by sales, reported Wednesday that adjusted earnings before interest and tax (EBIT) hit \$15.6 billion (14.1 billion euros) during the first half of 2023, up 11 percent from the same period last year. Net profit rose to a record \$12.1 billion (10.9 billion euro), up 37 percent year-over-year, with a best-ever \$109 billion in revenue (98.4 billion euro). EBIT-adjusted margins were 14.4 percent across the company's global operations and a staggering 17.5 percent in North America, its most profitable region.

General Motors released second quarter (Q2) results Tuesday, which included \$3.2 billion in adjusted EBIT earnings, up 38 percent from the same period in 2022. In the first half of 2023, GM made \$7 billion in adjusted profits with an 8.3 percent margin. GM executives told investors they will expect to haul in \$12-14 billion in adjusted profits by the year's end, raising projections by \$1 billion.

Ford reported adjusted EBIT-profits of \$3.4 billion in the second quarter, a 45 percent jump over last year. In the first two quarters of the year, the company has raked in \$7.1 billion in adjusted EBIT profits. Ford reported second-quarter revenue of \$45 billion, up 12 percent from a year earlier, based on sales of 1.1 million vehicles around the world, an 8 percent increase. Executives have told investors they expect the company to make \$12 billion this year.

The profits being pumped out of workers are being handed over to the richest investors and top executives. Meanwhile, workers have seen their stagnant paychecks eaten up by inflation.

After handing over \$6.49 billion in dividends and bonuses to shareholders in fiscal year 2022, Stellantis is halfway through a \$1.65 billion share buyback program for 2023. GM has repurchased \$500 million in stock during the second quarter, bringing the yearly total to \$865 million so far.

The profit haul has provoked widespread anger among rank-and-file workers, bolstering the support for a strike when contracts expire for 150,000 General Motors, Ford and Stellantis workers in the United States and another 20,000 in Canada in seven weeks. Workers are determined to win inflation-busting wage increases, and restore cost-of-living protections (COLA) and other concessions given up by the United Auto Workers bureaucracy.

"They're just holding out to make more profits and not caring about the workers," a young worker at the Stellantis Warren Truck Assembly Plant in suburban Detroit said. "We really need a big change in September. I don't really want a strike but if it's necessary, we're going for it."

Another young worker said, "It's a lot of money and it's got to go around. We're the ones doing all the work. It's a bad thing building a product that you can't even buy. We deserve it, working day in and day out, sometimes six days a week, sometimes Sunday. That's why we have to get what we want. They're getting what they want. They're making all the money. They're benefiting from it, so we have to do what we have to do. We have to matter at some point."

A veteran worker was angered over the private White House meeting UAW President Shawn Fain held with President Biden last week. "I don't think that Biden should be involved," he said. "He got involved in the railroad workers strike and screwed them over. So, don't screw us over."

The United Auto Workers union has allowed Stellantis to put the plant on "critical status," allowing it to operate up to seven days a week and 12 hours a day. Workers organized in the Warren Truck Rank-and-File Committee are rallying workers to oppose the push to stockpile vehicles before a potential strike.

"Ford is making a hell of a profit, and we're not seeing any of it," a newly-hired worker at the Dearborn Truck Plant, just outside of Detroit, told the WSWS. The "C" shift, which Ford could soon eliminate, is currently working 10.7 hours on day shifts Fridays and Saturdays and the same hours on night shifts Sundays and Mondays.

A weekend shift worker earns almost \$3 per hour more than the typical starting wage of \$16.67, the worker said. If he is lucky enough to transfer into the Rev-C building where the new electric Lightning trucks are assembled, his shift premium would be cut and he'd be back to \$16.67 per hour, the equivalent of what he could make at many McDonald's restaurants.

UAW officials have kept workers in the dark about the impending job cuts, as they have about the details of their discussions with management on the contracts.

The disquiet on the shop floor was increased by a UAW memo circulated last week that explains how workers can apply for a "temporary" layoff. Referring to the upcoming contract in September, the worker said, "The union is not saying anything about the money. All we hear is, 'Keep the lines running! Why is the line stopping?'"

At GM's Flint Assembly Plant, management, with the collusion of the UAW bureaucracy, has drastically reduced hours for temporary workers. The GM Flint Workers Rank-and-File Committee is opposing this transparent attempt to increase economic pressure on these workers and pressure them to accept whatever "signing bonus" the company and union bureaucracy use to push through concessionary contracts.

Commenting of GM's \$3.2 billion in second-quarter profits, a worker told the WSWS, "All I know is I'm four people away from being hired as a full-time temp. In the meantime, I got called in one day this week and no days last week. I'm just here today to try and find out what the hell is going on."

Another Flint GM worker spoke on the meeting between Biden and Fain. "Usually if there's something going on behind closed doors, they're up to something...I don't know, I've been here for years, I don't know what the [UAW's] strategy is or what kind of mind games they're playing, but it ain't right."

The auto executives have made it clear that they have no intention to grant any of the demands of workers. On the contrary, they plan to roll out the same game plan they have used for decades: threatening the jobs of workers to blackmail them into giving up more. In this they are counting on the UAW bureaucracy. The UAW apparatus, despite Fain's rhetoric about the "obscene profits" of the Big Three, is willing to sign any deal that will preserve the financial and institutional interests of the corrupt officials running the organization.

In his comments to reporters, Stellantis CEO Carlos Tavares made it clear that the number of factories and jobs the company operates depend on the UAW's assistance in sharply reducing production costs of battery electric vehicles (BEVs) so prices could be cut by half while still making a profit. This, he said, was the "real issue" the UAW should be discussing in current negotiations.

"If we want to protect the jobs in the U.S. and the manufacturing footprint in the U.S., we need to find the conditions to make a \$25,000 BEV in the US that we can sell at significant volumes with reasonable margins for that proposal to the market to be sustainable," Tavares told reporters. "That means a certain number of conditions. And that's the kind of things that we should be discussing with our union is how do we build that?"

"Cutting jobs may be one of the components that would come

out of an agreement with our unions, if we were to reach that point," the *Detroit News* quoted Tavares as saying.

Earlier this year, Stellantis "idled" its Belvidere, Illinois assembly plant and sent buyout offers to 31,000 hourly workers in the United States and Canada and to 2,500 salaried employees. Tavares hinted that the company might reopen the Belvidere plant if the UAW handed over more concessions, saying, "So far, the decision is not made. We will wait to see if we are able to use these negotiations to make sure that we fix all the competitive opportunities we have."

Tavares also warned against a strike, saying it was "destructive for everybody" and "not a value-creation process." He expressed confidence, however, that Stellantis would come up with a deal with the UAW bureaucracy. "We are a company that knows how to support a productive dialogue with our partners," Tavares said, aware that his predecessor, FCA Chief Sergio Marchionne, found a host of UAW bureaucrats willing to take bribes in exchange for signing sellout contracts.

The corporations and the union bureaucracies fear that autoworkers will join the growing strike movement involving Canadian port and rail car workers, actors and screenwriters in the US, and the opposition of UPS workers to the sellout contract being pushed by the Teamsters bureaucracy that includes below-inflation raises and poverty wages for part-time workers. The rhetoric being used by UAW President Shawn Fain is aimed at giving workers false confidence in the bureaucracy and preventing rank-and-file workers from taking the conduct of this struggle into their own hands.

To oppose another sellout, workers have to expand the Autoworkers Rank-and-File Committee Network to establish lines of communication and coordinate action by workers across different factories, companies and countries. These committees, working under the direction of the International Workers Alliance of Rank-and-File Committees, will fight to transfer decision-making and power from the UAW and Unifor bureaucracies and put it in the hands of the workers on the shopfloor.

To discuss joining the autoworkers rank-and-file committee network, fill out the form below. Sign up for text message updates on the Big Three contract fight by texting AUTO to (866) 847-1086



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact