

GM execs boast about low costs of UAW contract, hand over billions to shareholders

Jerry White
30 November 2023

In a conference call with Wall Street bankers Wednesday morning, General Motors executives announced billions in stock buybacks and dividend payments for their wealthy shareholders while gloating over the negligible cost of the new United Auto Workers contract. GM CEO Mary Barra and Chief Financial Officer Paul Jacobson delivered the remarks nine days after the UAW bureaucracy pushed through a company-friendly contract, which was opposed by 47 percent of GM's production workers.

Barra told representatives from Morgan Stanley, Goldman Sachs, Deutsche Bank and other financial firms, "[W]e will return \$10 billion of capital to our owners and raise our common stock dividend by 33% as part of our capital allocation framework." The stock buyback plan is the largest in the company's history.

"GM will repurchase \$6.8 billion this week, with the balance coming by the end of next year," the *Wall Street Journal* reported, which also noted, "the \$10 billion buyback is a significant increase from the \$4.2 billion in cash returned to shareholders over the past seven quarters combined."

"With the \$10 billion in buybacks we could've been given pensions," a GM worker and member of the GM Lansing Workers Rank-and-File Committee told the *World Socialist Web Site*.

UAW President Shawn Fain lied, she said. "He talked big and ignored pensions and our other demands, then he comes back and says he got you a raise. Fain claims he's for the people then says heck with what the workers want, and he hasn't said a word after the contract and is suddenly gone. As far as I'm concerned, Biden and Fain are in cahoots together to shut down strikes and make us pay for a war."

During the conference call, the GM executives boasted that the increase in labor costs from the new agreement were "not significantly" higher than what they had already factored in.

The UAW contract covering 46,000 workers in the US and the Unifor contract covering 4,300 Canadian workers would add \$500 per vehicle in 2024 and about \$575 on average

through 2028—or \$9.3 billion in additional labor costs over the four-and-a-half-year contract.

The costs of the strike in the US—which involved fewer than 10,000 GM workers at three of GM's 11 assembly plants, as well as workers at its parts depots—was about \$1.1 billion, CFO Paul Jacobson said. "The cost of the ratification bonus and other elements of the new contract are largely offset in Q4," he said, referring to the fourth quarter profits. As a result, GM revised this year's earnings forecasts from \$12-\$14 billion to \$11.7-\$12.7 billion.

Ford released a similar statement Thursday morning, saying the UAW deal would raise costs by \$8.8 billion or \$900 per vehicle by 2028. The company expects to make \$10 billion to \$10.5 billion in adjusted earnings before interest and taxes this year, only slightly down from previous guidance of \$11 billion to \$12 billion, industry publication *Automotive News* reported.

For months, the auto bosses insisted there was no money to meet workers' demands for inflation-busting wage increases and the restoration of pensions and other concessions the UAW handed over during the 2008 bankruptcy restructuring. As late as October 24, Barra was insisting, "Accepting unsustainably high costs would put our future and GM team members' jobs at risk."

Now in one fell swoop, GM is handing more than \$10 billion to its top shareholders, which include Barra herself, President Mark Reuss, Executive Vice President Douglas L. Parks, along with the financial parasites who run BlackRock, Vanguard Group and Capital Research Global Investors.

"The entire contract was \$9.5 billion in all-in costs over the next five years for workers, and in a single day they handed themselves \$10 billion," Tony, a veteran GM worker at the Spring Hill, Tennessee assembly plant told the WSW. "They had two stock buybacks this year, and they'll probably have one or two more next year. Barra and the other execs are retiring soon, and they want to drive up the share value so they can cash out and retire."

Fain claimed the UAW-GM deal was a "record contract," and that "our strike squeezed every last dime out of General

Motors.” In fact, the auto companies, the UAW bureaucracy, and the Biden administration had crafted the agreements months before. Fain used his bogus stand-up strike policy and the theatrics of the “contract battle” to wear down rank-and-file resistance and impose a deal that will pave the way for massive job and wage cuts as the corporations shift to electric vehicle production.

This outcome confirms the warnings of the Autoworkers Rank-and-File Committee Network, which fought to expose Fain’s lies and oppose the sellout contracts. The fight to build rank-and-file committees to transfer power and decision-making from the UAW apparatus to workers on the shop floor is more imperative than ever to stop the coming assault on jobs and working conditions.

“Offsetting higher labor costs and meeting our financial targets will require us to continue reducing capital intensity of the business, developing products even more efficiently, and further reducing our fixed and variable costs,” Barra declared. Pointing to company’s ongoing plan to cut \$2 billion by the end of 2024, she said, “This includes lower salaried people costs, lower marketing expense, and additional overhead reductions.”

As for claims by the UAW that it had secured “new” investments to create thousands of jobs, Barra noted that “85% of them were previously announced and already factored into our long-term capital plan.”

The GM executives said the company remained focused on EVs, but they still have not made a profit. Executives pointed to unpredictable demand, production problems and challenges from lower-cost producers like Tesla and Chinese manufacturers, which they said had led GM to delay projects and divert money elsewhere, including to stock buybacks. Barra said the reopening of the Orion Assembly Plant in Michigan, where new EV pickups will be produced, would be delayed until late 2025. GM is also cutting jobs at its money-losing Cruise self-driving car division, which lost its license to operate in California after a series of accidents.

With the assistance of the UAW bureaucracy, GM and other automakers intend to make workers bear the full cost of the EV transition and the continued enrichment of the corporate and financial aristocracy.

GM worker: “Fain didn’t stop the billionaire class, he helped them”

Tony, the GM Spring Hill worker, said that UAW President Fain “didn’t stop the billionaire class, he helped them. The contract didn’t kill forced overtime. We’re still

working nine hours a day and for the next two Saturdays. There is nothing in there to improve work-life balance. The attendance policy is worse than Ford’s. The workers hired after 2007 did not get our pensions back.”

Workers at Spring Hill and six other GM assembly plants voted down the UAW-backed agreement. “Fain hasn’t even come down here to find out why we voted it down,” Tony said. “He’s moved on, giving interviews about how the UAW is going to organize the non-union assembly plants.

“This contract was a failure. It only passed by a couple of thousand votes, mostly by workers at CCA parts centers and GMCH, whose wages were brought up. Then you had the scandal of Fain letting the Ultium battery workers vote, even though they weren’t GM employees.”

Tony denounced Fain’s “stand-up strike” policy, saying it was designed to preserve the UAW’s \$825 million-plus strike fund rather than exerting real economic pressure on the company. “They called our plant out on Saturday (October 28) at 10 a.m. and by Monday night we were back to work before even seeing the agreement. They planned this whole thing with the companies. The first plant to strike was in Wentzville, Missouri, where they were having production difficulties with a new model. The UAW helped the company with the strike.”

The only “job security” the UAW won, Tony said, was that “you’ll be forced to move hundreds of miles to get a job if your plant closes or you’re laid off. You’re not going to have a choice.”

Tony worked at the Lordstown, Ohio, plant before it was closed as part of the 2019 UAW-GM contract. “I took the transfer to Tennessee when they cut the second shift in November 2018, right before Christmas. Other guys went to Wentzville, which is also 600 miles away. Just the final shift of older workers have a chance to move back to Ohio and get a job at Ultium at the old pay. But they don’t want higher-paid workers there. Most of them are going to be ‘leased’ to GM and paid low wages.

“Fain is just a continuation of the same thing in the UAW. They work out these deals behind closed doors, and tell you they got this and that, until you finally see the truth in black and white. Unifor did a closed-door deal in Canada too. As for Biden, he’s handing billions in taxpayers’ dollars to the automakers to subsidize EV sales, and billions more to Ukraine and Israel. This has got to stop.”



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact