GM profits exceed Wall Street’s expectations

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On Tuesday, General Motors reported that its net income rose to $10.1 billion in 2023, up 1.9 percent from the year before, and topping its own profit projections. GM’s revenue jumped 10 percent to $171.8 billion for the year.

Most significantly, the automaker’s fourth quarter profits rose to $2.1 billion, up 5.2 percent from the period a year earlier and beating Wall Street’s expectations. Multiple news outlets, including *Automotive News*, *Bloomberg Business* and the *Wall Street Journal*, hailed the company attaining its fourth quarter profits “despite the UAW strike.”

In fact, the profits were largely due to the phony character of UAW President Shawn Fain’s “stand-up” strike, which, at its peak, only affected three of GM’s 12 assembly plants and fewer than a third of the UAW’s 45,000 members at the company. GM only lost $900 million in revenues due to the strike in the fourth quarter or less than 0.5 percent of its quarterly revenues of $44.13 billion, according to GM’s CFO Paul Jacobson. He told investors Tuesday that the company produced 95,000 fewer vehicles in the last quarter—a miniscule fraction of the 2.6 million vehicles GM sold last year.

Although Fain claimed that the UAW “squeezed every dime” out of the corporations, the company has found more than enough for a massive payout to top executives and shareholders in the form of record stock buybacks and a 33 percent increase in quarterly dividends starting this year.

In a letter to shareholders posted Tuesday, CEO Mary Barra wrote, “GM reported full-year net income attributable to stockholders of $10.1 billion and Earnings Before Interest and Taxes (EBIT)-adjusted of $12.4 billion with very strong free cash flow, which is allowing us to return significant capital to shareholders after reinvesting in the business. In fact, almost two-thirds of the $22 billion in adjusted automotive free cash flow that we generated in 2022 and 2023 is being returned to shareholders.”

By contrast, tens of thousands of GM workers are “sharing” about 4 percent of the company’s pre-tax profit under the UAW’s bogus profit-sharing scheme. This amounts to $12,250 per worker before taxes and union dues are deducted.

“We're stuck here making less in real wages than we did before,” a temporary worker from GM Flint Truck Assembly told the WSWS. “I struggle every day to get by, pay my bills and pay for food, prices are always going up. We constantly worry about our job security too with all these layoffs. Our phony stand up strike did nothing for us, and it did nothing to hurt production. Otherwise, the media and GM executives wouldn’t be celebrating their mega profits from last year.

“We’re one of GM’s most profitable plants and we should’ve been one of the first to walk out. We all were ready, everyone in all the plants. We all should’ve gone on strike, but the UAW bureaucrats kept us working throughout the whole strike. This all proves that the UAW bureaucrats are not for us. And we got sold out.”

In the GM executives call with representatives of Wall Street banks and investment firms Tuesday, Barra said that any nominal increase in labor costs from the new labor agreements would be more than made up through savage cost-cutting. “From a margin and cash-flow perspective, we are making good progress on cost-reduction and capital efficiencies. Compared with 2022, our fixed costs net of depreciation and amortization will be down $2 billion as we exit 2024, which will offset the impact of higher labor costs.”

At the beginning of the month, GM laid off 1,300 workers in Michigan. This included 945 workers at its Orion Assembly plant, north of Detroit, where production of the Chevrolet Bolt is being wound down and retooling to manufacture electric trucks has been delayed until 2025. Another 369 GM workers are being laid off at the Lansing Grand River plant with the ending of Camaro production in December 2023.

At GM Flint Truck Assembly, the UAW is backing a speed-up competition scheme between shifts. Yesterday, Flint workers were informed that the assembly plant will be shut down for about a week in July, and the company is going to force workers to use three of their vacation days during this week. Workers were also told to expect at least a week-long temporary layoff/plant shutdown next December before Christmas.

Under the new UAW agreement, GM is also offering thousands of workers "voluntary termination" packages and early retirement payouts. Last year, the company got rid of 5,000 white-collar workers with buyouts, and it is continuing to trim its salaried workforce.

The UAW's supposedly "record" agreements provoked widespread opposition among workers. At GM, 47 percent of production workers voted to reject the deal, even according to the UAW's questionable official tally, which included workers at Ultium and GM Subsystems who were not GM employees at the time of the vote.

The deals included a 25 percent wage increase over four-and-a-half years, which will barely make up for the 22 percent rise in consumer prices workers have suffered since the last contract. By the end of the contract in 2028, top pay will be around $40 an hour, less than what workers made in 2007 in inflation-adjusted dollars.

In addition, the cost-of-living adjustment (COLA) formula will not keep up with the rise in inflation; tiers are retained with the in-progression period only reduced from eight to three years; only temporary full-time workers are being converted over to full-time positions, with no provisions to roll over temporary part-time workers.

Above all, the contracts open the door for a massacre of jobs as the auto companies transition to electric vehicles and force workers to bear the cost of the vagaries of the EV market and the battle to gain a competitive edge. The job cutting deals were worked out with the Biden administration, which is providing massive subsidies to the industry to expand EV production, which the White House sees a critical for its growing economic and military confrontation with China.

Last week, the UAW apparatus voted to endorse the reelection of the Democratic president, and Fain has been on the national media circuit as one of Biden's chief advocates. The president who is widely hated for his backing of the Israeli genocide in Gaza is being hosted by the UAW in Metro Detroit on Thursday, in an event expected to draw widespread protests.

In return for the UAW bureaucracy's collaboration, the Biden administration pressed GM to put its joint venture EV battery plants under the UAW's master contract, ensuring a continued flow of dues to the UAW apparatus. The deals have resulted in small increase in the poverty wages of the workers at these plants, with the 1,110 workers at the Ultium plant in Lordstown, Ohio, getting an increase from $16.50 an hour to $26.91, with lower starting wages.

In an interview with *Bloomberg Businessweek*, Fain made it clear the UAW's chief concern was securing a steady supply of cheap labor for these modern-day sweatshops. "If a worker is not going to leave their house to work at McDonald's for $15 an hour and make burgers and fries," he says, "why the hell are they going to go in some battery factory and be exposed to chemicals that make them vomit and pass out?"