

“The EV race has become a cost-cutting race”: Global auto execs declare war on workers

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The global auto companies are accelerating the attack on workers' jobs and living standards throughout the world. The cost-cutting campaign takes place as corporate executives warn that competition over electric vehicles and the scramble for cheaper labor is leading to a worldwide restructuring that will leave only a handful of global auto giants standing.

In the US alone, the automotive sector announced 21,328 job cuts since the beginning of 2024, up 18 percent from the 18,017 cuts announced through May 2023, according to job placement firm Challenger, Gray & Christmas.

Ford Europe is expected to announce a new round of job cuts in Germany, Spain and the United Kingdom by the end of month, the head of works council at Ford's Cologne plant reported last week. Ford, which said last year it would slash 3,800 jobs in Europe as it shifts to EV production, announced earlier this month it would eliminate up to 1,600 additional jobs at its assembly plant in Valencia, Spain, as part of its global restructuring plan.

In every country, the global automakers are counting on the complicity of the union bureaucracies to slash labor costs and pit workers against each other in a fratricidal struggle over a dwindling number of jobs. The bidding war between IG Metall in Germany and UGT in Spain to supposedly “save jobs” by securing a new EV model has led to thousands of job cuts and massive concessions in both countries.

Stellantis executives have been the most vocal in their demands to cut workers' jobs and wages. “The industry's shift toward electric vehicles has sparked a global cost-cutting crusade at Stellantis, which is shrinking its North American workforce, offshoring some engineering work and consolidating its lineup onto a small number of versatile platforms that can support multiple body styles and powertrains,” *Automotive News* reported last week.

“CEO Carlos Tavares' quest for greater efficiency already has led to buyout offers and terminations of salaried and hourly employees in recent months, and CFO Natalie Knight this month said \$200 million more in headcount reductions are planned by year-end. Tavares also said at least two U.S. plants ‘need a significant turnaround,’ which could mean more job cuts,” the

industry publication wrote.

In what can only be interpreted as a declaration of war against autoworkers, Tavares told an Investor Day conference in Italy last month, “You are going to see a huge shift of the supplier base. The sourcing will move from the Western world to the best-cost countries. The EV race has become a cost-cutting race.”

Stellantis plans to source 80 percent of its parts to low-wage regions and has already shifted the recruitment of the majority of engineers to Morocco, India and Brazil. According to Bloomberg, engineering salaries are \$53,000 (€50,000) or less per year in these countries, compared to as much as five times that amount in Paris or Detroit.

A veteran engineering worker and a United Auto Workers member at Stellantis told the WSWs that the company plans to lay off more non-UAW white-collar workers next month. He predicts the massive Chrysler Technical Center in Auburn Hills would be closed after the next UAW contract in 2028.

An hourly worker at the Detroit Assembly Complex-Mack (DACM) plant told the WSWs, “The company is squeezing the salaried staff and laying off white-collar workers at the Auburn Hills headquarters. Tavares wants to pay a fraction of what they pay in Europe and the US.” He also said, “They are really squeezing the Italian plants. It's as if Tavares is saying, ‘We are not Fiat Chrysler anymore, so we are going to shut the plants in Italy and build cars in low-cost countries.’”

DACM is one of the US plants Stellantis is targeting for a “turnaround,” the worker said, adding that the others probably include the Sterling Heights Assembly Plant and Warren Truck, both in the Metro Detroit area. “Every two weeks they threaten to get rid of the second shift here. They keep telling us quality is low, daily throughput is too low, and that there is high absenteeism. Since the UAW contract was passed, they have eliminated 700 supplementals and that is why things are so bad. They also laid off 57 full timers but were forced to hire them back to keep production going.”

The 2023 labor agreement rammed through by the United Auto Workers bureaucracy last year provided Ford, GM and Stellantis a green light for massive job cutting. Sold by UAW President Shawn Fain and his backers as a “historic” contract that would create jobs, end tiers and secure part-time workers full-time positions, it sanctioned the firing of thousands of part-time workers, escalating

layoffs and grueling work schedules for the workers who remain.

“No one was excited about the contract. They sold it by promising us more money and a new car program. Now, we are paying Chrysler back for cars they cannot sell. The contract was horrendous. All they showed us were the highlights. Most of the things they are doing to us now, we can’t find in the full contract. I figure Fain is going to go to jail for collusion and corruption, just like the other UAW presidents. Most workers don’t trust the UAW or the politicians from either one of the two parties, because they think they are all bought off.”

DACM opened in 2021 after receiving tens of millions of dollars in tax concessions from the state of Michigan and Detroit, and under a new “super-competitive” local contract agreed to by the UAW. It employs about 4,500 workers who produce the company’s highly profitable Jeep Grand Cherokee.

The preamble of the Local 51 agreement epitomizes the labor-management conspiracy against workers. It reads in part:

The parties agree that the mission of employees, the Union and Management of DACM is to produce the highest quality vehicles in the most efficient, and lowest cost method so that they can be price competitive. Each party recognizes the fact that we are competing in a global market and dedicate ourselves aggressively [to] meeting this competitive challenge.

Stating that the DACM “provides an excellent opportunity to find and promote new and innovative ways of doing business,” the local contract pledges that management and the union “must set aside traditionally accepted roles each have played out in the past, and embark upon a whole new, non-adversarial working relationship...”

“They hired nothing but new people in our plant,” the Mack worker told the WSWS. “Even management are all inexperienced. The company frowned on older workers because they thought they would be rabble rousers, and they didn’t want anything to get in the way of making their profits.”

He continued, “They thought the EVs would make them tons of money, but they can’t squeeze the suppliers enough to make them profitable. Plus, they need 10 new wars to get enough lithium for the batteries. They said they were going to go fully to EVs by 2030, now they are saying it will be 72 percent by 2030,” the worker said.

The Biden administration backed the installation of the Fain administration in the UAW to prevent an all-out rebellion by rank-and-file workers after decades of union corruption, which include the bribing of UAW officials to sign sweetheart contracts.

The president has promoted Fain as a “great labor leader” and has appointed him to the White House’s Export Council. There, he and other union leaders sit with Fortune 500 executives and advise the president on trade war measures against China, and the securing of critical raw materials and supply chains, which is seen as a crucial for military confrontation with Russia and China.

As part of this, automakers have relocated their parts production

from China to Mexico, along with India, Thailand and Vietnam.

Commenting on the escalating jobs massacre, Will Lehman, a Mack Trucks worker from Pennsylvania who ran as a socialist candidate for UAW president in 2022, said:

Everything the global automakers are doing confirms the warnings made by the International Workers Alliance of Rank-and-File Committees (IWA-RFC) and our struggle to transfer power from the pro-capitalist UAW bureaucracy to the workers on the shop floor. Fain, UAW Vice President Boyer and other union bureaucrats are now hurling mutual recriminations against each other about corruption and collusion with the corporations. This is a falling out among thieves who all signed off on contracts which have opened the door for massive attack on jobs, wages and conditions.

Fain is now wearing a sweatshirt with the picture of a World War II bomber and joining Biden in promoting the myth about the ‘Arsenal of Democracy.’ That was when Reuther and other UAW bureaucrats functioned as war-time labor lieutenants and enforced a ban on strikes against poverty wages and intolerable speed up. Today, Biden is employing Fain & Co. to force workers to sacrifice for new and even more terrible wars for US global domination.

Workers in the US and around the world have no interest competing against each other in a race to the bottom. Nor do we have any interest in killing each other in wars for the control of raw materials and corporate profit. We are all confronting global companies and there are no national solutions for the working class. That is why the IWA-RFC is fighting to unite workers across all borders in a common struggle to defend the right to secure and good paying jobs and a future free from war.

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