UPS pushing forward with automation and facility closures, threatening thousands more jobs

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During a Third Quarter earnings call last week, UPS management announced "progress" in the company's plans to reduce capacity, automate operations and slash jobs. Management said it has reduced capacity by 1 million packages so far this year, the product of the closure of 45 operations, including nine full buildings.

Part of the "Network for the Future" cost-cutting plan, the closures resulted in a reported 8 percent improvement in the number of parcels processed per work hour, equivalent to "an efficiency gain of 11 million hours."

This reduction in capacity is aimed at re-sizing UPS's operations to shrink the company's surplus capacity of an average of 12 million parcels a day, double the surplus from years before the pandemic. The surplus capacity is due to both the expansion of operations to meet increased demand during the height of the pandemic and a steady decline in demand over the past few years. Daily volume in quarter three 2021 was 23.4 million but declined to 20.3 million the same time last year.

Reductions in capacity really means a reduction in jobs. By levering automation to increase efficiency, management is seeking to cut labor costs and boost profitability at the expense of the working class.

Towards this end UPS announced earlier this year that it would close around 200 facilities in the US while tripling the number of automated facilities to 400 by 2028. In preparation for this the company is laying off more than 10,000 people in middle and lower management, and it already employs tens of thousands fewer workers than it did a few year ago. But this is only the start of a larger jobs bloodbath.

Closures will be joined with consolidation. UPS is boasting plans to consolidate four facilities in Massachusetts, Connecticut and Rhode Island and has highlighted its operations in Chalk Hill, Texas, and its New York Capital Village Center hub for closure.

Earlier this year UPS reported its "volume-per-resource" ratio—calculated as the average daily volume divided by the number of US employees—as 51. The company plans to increase that ratio to 59 by 2026, a 15.7 percent increase. With UPS looking to reduce capacity to match lower demand, that ratio can only come through mass layoffs.

These changes are already yielding increased profits for company shareholders. UPS reported a 5.6 percent increase in revenue in quarter three with a 22.8 percent increase in "non-GAAP adjusted operating profit," a measure of income that excludes non-recurring costs. The quarterly report also reported a 4.1 percent decrease in "cost per piece," demonstrating the effect automation is having on the reduction of the company's operational costs.

This year CEO Carol Tomé reported that "We now process 63 percent of the volume in our hubs in some sort of an automated way. That's up five percentage points from a year ago."

These changes are not isolated to UPS. Rival FedEx is also implementing automation schemes at 50 locations as part of its "Network 2.0" plan, aiming to save $2 billion in costs by 2027 through these changes. Meanwhile, the United States Postal Service (USPS) is seeking to consolidate its operations into large hubs, eliminating many smaller offices, particularly in rural areas as part of the "Delivering for America" plan, which threatens the jobs of tens of thousands of postal workers.

In the US the auto industry is slashing thousands of jobs after the phony "stand up strike" of the UAW

bureaucracy sold out 150,000 autoworkers. This year Stellantis cut over 2,000 jobs at its Warren Truck facility, while Ford has cut 1,400 jobs at its electric truck plant in Dearborn, Michigan. Internationally, Volkswagen has announced that it will be closing at least three plants in Germany, eliminating tens of thousands of jobs, while Stellantis is looking to cut 25,000 jobs across Italy. Volkswagen has also demanded a 20 percent pay cut from its 120,000 workers in Germany to save 2 billion euros a year.

Boeing has also announced plans to lay off 17,000 workers across its global operations, and thousands of writers and actors in Hollywood face being replaced by AI after their strikes were betrayed last year.

The changes underway at UPS further expose the bankrupt claims of the Teamsters bureaucracy that the 2023 UPS contract was a "historic" victory for workers. Instead it was a historic betrayal, which is being used to carry out some of the deepest cuts in the company's history.

The Teamsters bureaucracy has maintained a guilty silence over the last year as job losses continue to mount, outside of occasional references to a "contract enforcement campaign," which is cover for the fact that the deal contained no protections against layoffs. Last year, the Teamsters bureaucracy also abandoned 22,000 Yellow freight workers who lost their jobs when the company went bankrupt.

The collaboration between management and the union bureaucrats is so close that Tomé boasted of the deal last year: "[W]e can put together plans to mitigate that cost [of pay increases], plans to drive productivity inside of our business through automation, which, oh, by the way, we retained the ability to do so."

The union bureaucrats are doing nothing to mobilize opposition to layoffs because they accept the company's so-called "right" to profit and are working with management to impose them. Bureaucrats like Sean O'Brien, who is one of 160 Teamsters officials who make more than $200,000 a year, have aligned their interests with management to preserve their inflated salaries and their positions as labor contractors for corporations. This finds further expression in O'Brien's courting of Donald Trump and fascist Republican Senator Josh Hawley as a servant to capitalist reaction.

In defiance of these betrayals there is growing opposition to austerity in the working class. The strike by 33,000 Boeing workers defied both the company and the IAM bureaucracy for nearly two months before a sellout contract was rammed through, and sellout contracts in the rail industry were rejected by conductors at Norfolk Southern and maintenance of way workers at CSX. Workers at Canada Post have also voted to authorize strike action, while postal workers in the US are outraged over a union-government offer of just 1.3 percent pay increases. And in Italy tens of thousands of Stellantis workers launched a national strike to oppose the layoffs.

In all of these cases the rank and file is locked in a fight both with management and the bureaucrats. In order to carry forward the fight, workers must form rank-and-file committees to organize a rebellion to transfer power from the bureaucracy and management to workers themselves, while uniting their struggles in a global movement of the working class against exploitation.

The push towards automation and the attacks on jobs and wages by the capitalist class raises the question of which class must control production. Under capitalism automation is a tool for the destruction of jobs and the enrichment of the ultra wealthy, raising profits by cutting labor costs. But under workers' control automation could be a force for raising living standards and reducing working hours without reducing pay. Ultimately, it is not automation that is destroying jobs but a social system that prioritizes private profit over social need.

In the fight against layoffs, the rank and file must take up the fight to place new technology under the control of the working class, turning automation into a force for social benefit and not capitalist profit. This requires a conscious struggle against the capitalist system and profit motive that is turning labor-saving technology into weapons against the working class.