Mass layoffs for workers; millions for GM, Ford and Chrysler CEOs

19 August 2019

Next month, with the expiration of the labor contract for 155,000 US autoworkers at Ford, GM, and Chrysler, auto executives will once again demand that workers sacrifice their own livelihoods for the "good of the company."

Tough economic times are around the corner, the companies will say. The automakers are strapped for cash and need a war chest to confront a turbulent world economy, stiffening global competition, and the disruption caused by driverless cars and electric vehicles.

If workers do not want to see more layoffs—like the thousands already fired at GM this year—they had better work longer, harder, and for less money. The United Auto Workers (UAW) —whose executives took kickbacks from the auto companies—will say that workers have no choice but to accept the companies' demands.

But the fact is that every dollar taken from workers through pay cuts goes to pay for stock buybacks, financial speculation and the yachts and mansions of the corporate executives and the billionaire capitalists whose interests they represent.

This was made clear in a new report on executive pay by the Economic Policy Institute, which showed that CEO pay at the top 350 companies grew by 1,000 percent over the past four decades, while workers' wages stagnated.

The average CEO got $17.2 million in pay, according to the report, meaning he or she makes in a day what the average worker makes in a year.

GM CEO Mary Barra typifies the social inequality that pervades American society. Last year, Barra received $21.87 million in executive pay, 281 times the pay of the median GM employee, and nearly 600 times the pay of an entry-level employee.

In November, Barra announced that GM would close five plants in the United States and Canada, leading to over 6,000 layoffs, including the closure of the Detroit Hamtramck and Warren Transmission auto plants in the Metro Detroit area.

This was followed by a massive "downsizing" among white-collar employees, leading to the loss of 8,000 jobs.

The company's profits last year amounted to $10.8 billion, enough to pay the annual wages of some 300,000 new-hire employees. But instead, as the company carried out mass layoffs, the money sweated out of workers was funneled to executives and shareholders.

Ford CEO Jim Hackett got $17.8 million in compensation last year, while FCA CEO Mike Manley stands to make as much as $14 million in the coming year. Matthew Simoncini, the CEO of auto parts maker Lear, was paid over $32.4 million, up by 14 percent over the past year.

Tesla CEO Elon Musk was paid a staggering $2.2 billion last year, in order, as Tesla's board put it, to "motivate Mr. Musk to continue to…lead Tesla over the long term."

Last year, Tesla announced that it would cut its workforce by 9 percent, followed by another 7 percent this year, in an ongoing jobs bloodbath.

Across the economy, chief executives are being paid millions for overseeing mass layoffs. US Steel CEO David B. Burritt, who was paid over $11 million last year, has just announced hundreds of layoffs with the idling of U.S. Steel's blast furnace in Ecorse, Michigan.

Overall, CEOs at the 350 largest US companies received 278 times more than a typical employee, according to the EPI report. By comparison, a typical CEO was paid 20 times more than a typical employee in 1965.

Between 1978 and 2018, CEO pay grew by over 1,000 percent, or more than tenfold. Workers' wages grew by just 11.9 percent over the same period.

Amidst a roaring stock market fueled by money printing from the Federal Reserve, CEO pay has grown by 50 percent during the economic "recovery" after the 2008 financial crash. Over the same period, workers' wages grew by only five percent. According to the EPI, wages actually fell between 2017 and 2018.

Social inequality has been soaring for decades as the capitalist class succeeded in driving down wages, destroying workers' health care benefits, and making working conditions worse.

This is a global phenomenon. This year, to cite one example, French fashion billionaire Bernard Arnault became the third person with a net worth of over $100 billion, having made some $25 billion over the past year alone. Arnault's fortune now equals 3 percent of the economic output of the entire country in one year.

The response of the American ruling class in particular to the erosion of the economic domination of American capitalism in the late 1960s and 1970s was to launch a policy of class war, deindustrialization and financialization. The role of the "celebrity CEO," epitomized by Chrysler CEO Lee Iacocca, was to spearhead this assault and serve as the representatives of Wall Street in the corporate boardroom—for which they were, and are, handsomely paid.

The unions have been the partners of the capitalists in their fight against the workers. The UAW and other unions approved countless plant closings, mass layoffs, and benefit cuts, all in the name of making the companies more "competitive," and defending "American jobs." They long ago transformed themselves into agents of the companies and the state.

The biggest exposure of what the unions have become is the United Auto Workers, whose leaders have been charged with taking millions of dollars in bribes from the auto companies to make sure contracts favorable to the corporations were passed despite opposition from workers.

Whatever their tactical differences, the Democrats and the Republicans are equally committed to policies that increase social inequality and defend the capitalist system that is responsible for it. As the Trump administration had dedicated itself above all to the continual rise of the stock markets, the Democrats are terrified more than anything else of the explosion of social opposition in the working class.

The same conditions that have created unprecedented social inequality are also producing mass protests and strikes all over the world, from Hong Kong and Puerto Rico, to France and Africa. In Puerto Rico, days of mass protests forced the resignation of the governor, a corrupt stooge for Wall Street.

And in January, as autoworkers were fighting mass layoffs in Detroit, tens of thousands of workers went on strike in Mexico's auto parts factories, with class-conscious Mexican workers sending greetings to American autoworkers and calling for them to join their fight.

With a critical battle looming for American autoworkers, workers must understand that they are fighting not just for themselves and their own families, but for all workers: in the United States, in North America, and around the world.

The antidote to social inequality is the class struggle. But the coming struggles can only be successful if they are waged with a new strategy: against the nationalism and capitalist apologetics of the unions, and for the international unity of the working class against capitalism.

The fight against social inequality requires the building of a new political leadership, the Socialist Equality Party, to organize and unify the struggles of workers on the basis of a revolutionary program. The capitalist profit system must be replaced with a socialist society based on equality, international planning and democratic control of production.

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