As millions face destitution gravy train continues for US auto execs

By Shannon Jones
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Amid the global coronavirus pandemic, with a large section of the economy shut down and tens of millions of workers in the US and around the world laid off and facing destitution, executives for the Detroit-based auto companies are continuing to pull in multi-million pay and incentive packages, according to recently released proxy statements.

General Motors CEO and Chairman Mary Barra remained the highest paid auto executive pulling in $21.6 million last year. That included $2.1 million base salary, $2.7 million in short-term incentives, and $12.1 million in stock awards and another $3.5 million in stock options, making her one of the 20 highest paid CEOs in the US.

Ford paid its top six executives $70 million last year, which was more than the company’s net income of $47 million in a disastrous 2019. Ford CEO Jim Hackett led the list with total compensation in 2019 of $17.36 million, down a hair from $17.75 million in 2018. Executive Chairman Bill Ford made $16.76 million last year, up from $13.83 million in 2018. Tim Stone, the newly hired chief Ford financial officer, hired from Amazon based on his brutal record of cost cutting, made $8.1 million.

Fiat Chrysler CEO Mike Manley made $14.45 million in 2019, about 400 times the $35,360 annual salary of one of the company’s thousands of part-time temporary workers.

As a cosmetic gesture Manley said he would take a 50 percent cut in his salary for the next three months. As a point of reference, Manley’s base salary in 2019 was $1 million. He will continue to collect the rest of his compensation, which was in incentives, stocks and non-monetary “fringes.” By contrast, 15,000 US Fiat Chrysler salaried workers will take a 20 percent pay deferment not to be repaid until 2021. GM’s 69,000 salaried workers have been hit by a six-month, 20 percent pay deferral, while Barra will take a token temporary 10 percent pay cut on top of a deferral. The cut does not apply to her highly lucrative stock options.

While rewarding their stockholders and top officers, all the Detroit-based auto companies are carrying out cost cutting and restructuring programs aimed at satisfying the demands of Wall Street for ever-greater returns. In 2019, GM carried out a global restructuring, including the layoff of 8,000 white-collar workers and the closure of four factories in North America aimed at $6 billion in cost savings. It weathered a 40-day strike that ended in a sellout agreement negotiated by the United Auto Workers that contained paltry wage increases and sanctioned the expanded use of low paid temporary workers.

Ford is also into a major restructuring after posting profits of $3.7 billion in 2018 and $7.7 billion in 2017. It carried out 7,000 white-collar job cuts last year and closed several plants in the US and Europe.

Fiat Chrysler recently signed a merger deal with French automaker PSA Group that will involve massive cost cutting. It has recently carried out layoffs, including the elimination of a shift at its Belvidere, Illinois assembly plant.

Since the outbreak of the pandemic, the Detroit automakers have drawn down their credit lines to get through the production shutdowns and are reportedly burning billions in cash. Ford announced a first quarter 2020 loss of $2.0 billion Tuesday and predicted losses in the second quarter could hit $5 billion. While its first quarter sales were down 11 percent, the company had $35 billion in cash on hand, so it did not face an imminent crisis.

GM’s profit report is due out May 5. Its sales were down 7 percent in the first quarter, but it had about $32 billion in cash as of the end of March. GM stock is up from its low of $16.80 per share on March 18 to near $22 yesterday, due to the massive federal infusion into the markets. Ford stock has also risen in recent weeks.

In response to Ford’s sizeable quarterly loss the *Detroit Free Press* wrote, “Ford Motor Co. and its competitors have warned for weeks that their finances are teetering on the brink of uncertainty as a global pandemic continues to brutalize America and bring manufacturing to a standstill.

“While the current landscape is grim, coming months promise to be unrelenting. This is Ford’s first quarterly earnings net loss since April 2009 during the Great

Recession."

In an *Automotive News* podcast, a leading automotive analyst said, "You've just got to rip the Band-Aid off," in other words, the pandemic would force accelerated cost cutting and downsizing. Another analyst warned, "The current external environment merely exposed Ford's ever weakening condition 12 to 18 months sooner. Indeed, Ford had negative cash flow of $8 billion in Q1 2020, yet the lockdowns and shutdowns were only for about two weeks out of the 13 weeks of the quarter."

In a further warning shot from Wall Street, Ford's credit rating was downgraded in March to junk status.

The coronavirus pandemic will inevitably be used as the justification for a new wave of attacks on autoworkers exceeding the cuts in the 2009 bankruptcy and restructuring of Chrysler and GM.

The talk of a cash crisis for the Detroit automakers raises the question of what happened to the bumper profits over the last 10 years? The fact is the auto companies have squandered billions of dollars enriching shareholders and executives through massive stock buybacks and dividend payments. All of this was taken out of the hides of workers who suffered a decade of falling real wages, the halving of pay for new hires and other concessions, enforced by the UAW whose top officials have been indicted for taking company bribes.

Once again the auto companies and their political frontmen are heading to Washington to ask for a share in the trillions of dollars in corporate bailout money. While millions of workers have been left destitute, auto execs are floating the idea of an incentive program to spur cars sales on an even larger scale than the multi-billion-dollar Car Allowance Rebate System initiated under the Obama administration in the wake of the 2008-2009 financial crash.

Always with their fingers to the wind, auto executives are looking for ways to cash in on the crisis. In an interview Sunday on a local CBS news program, Michigan Matters, Gerald Johnson, GM's vice president for global manufacturing, boasted that the pandemic had opened up new profit-making opportunities. "Some people are no longer comfortable using a public transit situation, so a vehicle is part of their safety protocol," he said, adding that production could quickly resume at plants in Flint, Michigan, Ft. Wayne, Indiana and Silao, Mexico, which made the company's most profitable vehicles.

Despite the deaths of at least 24 autoworkers from COVID-19, the auto companies are working with their UAW flunkies to engineer an early return to work so they can begin cranking out profits again. Ford, Fiat Chrysler and GM are now planning for a May 18 startup date, giving the UAW time to tamp down the anger of workers over being made to work in an environment that ensures the rapid spread of the coronavirus.

In a statement Tuesday UAW President Roy Gamble claimed the union was committed to protecting the health and safety of workers, declaring, presumably with a straight face, that "This pandemic may be unprecedented in our modern history, but our role as the protector of the working class is unwavering." As autoworkers are aware, the UAW is committed to the defense of the sanctity of corporate profits, not human life. It was only the independent action of workers who carried out wildcat strikes and other job actions in Michigan, Indiana, Ohio and Canada that forced the shutdown of auto plants in mid-March.

There is a fundamental conflict between the elementary needs of workers to decent pay and a healthy and safe work environment and the profit drive of big business that cannot be papered over by the phony declarations of the UAW and auto executives. The spread of the COVID-19 pandemic has exposed the incompetence and criminality of the corporate gangsters who dominate society and their paid servants in the UAW and other unions.

Autoworkers should begin now to form rank-and-file safety committees, independent of the UAW, to organize opposition to the rushed return to work and demand full income and debt relief for those who are unemployed or furloughed. These committees must demand workers' control over health and safety, in consultation with medical experts, and free and universal testing and medical treatment for all.

Instead of another bailout to the giant corporations and banks, the auto giants should be transformed into public enterprises under the control of workers, with no compensation to their super-rich shareholders.