General Motors British subsidiary sets the treadmill at a higher tempo

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Autoworkers at Vauxhall, the British subsidiary of General Motors, have accepted by a three-to-one margin a new three-year contract that maintains low pay while demanding higher productivity. The commitment to build a new range of cars in the UK after the expiration of the old Astra and Vectra models was made conditional on workers yielding to the stringent terms of the agreement.

Prior to negotiations Vauxhall management issued an ultimatum that unless serious concessions over pay and working practices were agreed to, the two major plants at Ellesmere Port, Merseyside and Luton, Hertfordshire faced closure and the relocation of production elsewhere in Europe.

Company Chairman Nick Reilly announced that he would forego his national salary in the spirit of “shared sacrifice.” But the waving of £160,000 by this millionaire corporate executive is hardly commensurate with the losses confronting the company’s 10,000 employees.

Reilly, a stockbroker before joining GM in 1975, earned £249,000 in just nine months after being appointed as Vauxhall chairman and managing director in 1996. In a personally signed letter, he made it clear that the threat of closure was not an idle one, and cited the fate of car workers at other companies who have fallen victim to downsizing—such as the 1,000 jobs lost at the Ford plant in Halewood, north-west England and the closure of Renault’s Vilvoorde plant in Belgium.

In this context the term “negotiations” is hardly appropriate, as this implies a give-and-take between two contending sides. During the last pay round, however, the unions overrode three separate votes rejecting agreements that included a reduction in holiday entitlements and productivity increases. This time the contract was placed before the workforce after four weeks of secret talks between the company and union representatives. The unions involved—the Amalgamated Engineering and Electricians Union (AEEU), the Transport and General Workers Union (TGWU) and Manufacturing Science and Finance (MSF)—offered no resistance to management’s dictates.

The unions claimed to have secured long-term employment under the deal. TGWU national secretary for the auto industry, Tony Woodley, stated: “This is a common sense decision which has allowed us to lift the threat of closure from one of these plants. General Motors is now committed to a major programme of investment in both its British plants, safeguarding thousands of jobs. For the first time, GM has given a replacement model to a British plant ahead of any other plant in Europe, with its decision to locate the new Astra at Ellesmere Port. This is a great tribute to the efforts of the workforce at Vauxhall.”

The agreement makes no such guarantees of job security. It only stipulates that redundancies shall not be compulsory. Contrary to the claims of the unions, the agreed speed-ups, increased flexibility and outsourcing will inevitably lead to further job losses. It will be used to further undermine the pay and conditions of autoworkers across the UK and globally.

The pay award is below those set at Ford UK and Jaguar. It will lead to more work being outsourced to “greenfield sites.” These firms, which already operate on low wages and casual labour, will compete for the various franchises by further undercutting conditions. For the first time new employees will be hired at lower rates of pay. The aim is to supplant the present workforce with a new generation of workers who will be subject to greater exploitation.

Of particular significance is the clause making an extra 0.5 per cent pay increase in the third year conditional on the exchange rate of the pound against the deutsche mark. The *Guardian* commented in its April 22 edition: “The deal is seen as heralding more negotiations at European-based multinational firms on the basis of the single currency, the Euro. Companies would be able to base investment decisions on a clearer analysis of unit labour costs and force greater competition for funds among plants in different countries.”

General Motors’ annual sales of $169 billion for 1995 were greater than the Gross Domestic Product of all but 24 of the world’s nation states. The unaudited pre-tax profits of its British subsidiary rose in one year from £10.1 million in 1996 to £24 million. Even this is not sufficient in the face of increased competition from Korean and Japanese car producers in Europe in an already glutted market.

GM is committed to a major restructuring programme within Europe, including cutting the present workforce by 30 per cent. Last year it shed 1,900 jobs at its Antwerp plant in Belgium. In February it announced the closure of its Delphi Automotive Systems wiring harnesses plant in the British Midlands, with the loss of 460 jobs. Production was transferred to Portugal.

The UK was until recently the transnational’s cheapest production site in Europe. The continued rise of the pound against the deutsche mark has reversed this. GM claim that it is 30 per cent more expensive to produce the Vectra model in the UK than in Germany, describing the UK as a “ high cost producer.”

The company has followed a strategy of pitting car workers in different countries against one another. It recently concluded a new contract at its German subsidiary, Opel, which employs over 46,000 workers. Promoted as a deal guaranteeing no compulsory redundancies over the next five years, it allows for the acceleration of the early retirement programme and a hiring freeze.

The lower pay and conditions of the workforce at the Eisenach plant in the former East Germany were used as the benchmark for imposing sweeping increases in productivity and pay cuts. Only on this basis did the company agree to build its new Vectra at its German facilities. This was used to gain greater leverage over the British workforce, particularly at the Luton plant, where the production of the present model is due to end in three years’ time.

The fact that the rate of currency exchange is to now to be a factor in determining pay within a plant, or even its survival, shows how workers are being subjected ever more directly to the rigours of global competitiveness. One expert stated: “This might well be the beginning of a trend which reflects intensified competition and globalisation and will get even more intense with the Euro.”

Key aspects of the agreement are:

• A below-the-rate-of-inflation pay award of 3.5 per cent for the first year, starting on August 3. Either a 3 per cent rise or an inflation-linked award (depending on which is higher) for the second year, and an inflation-linked award for the third, with an incremental increase of 0.5 per cent if the pound falls below 2.70 DM for two consecutive months.

• New employees to be hired at 82 per cent of the existing rates, only reaching the full rate after three years. New start-ups will be entitled to five days less holiday.

• Outsourcing of component parts production to contractors, which pay lower wages and employ a casualised workforce.

• Flexibility of labour and further productivity increases. Last year Vauxhall secured the right to increase or decrease the 38-hour week by 5 hours to match demand. The new deal will establish a three-shift system of working for the first time.