New Opel boss in Europe

Auto workers face layoffs at GM's German subsidiary

Our reporter
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The German General Motors subsidiary, Adam Opel AG, has relied on collaboration with the union and the works council to impose attacks on wages, jobs and working conditions. Opel, which has 44,000 employees, brought in a record turnover of 30,000 million marks last year. This, however, could not be turned into a sufficient profit to satisfy the GM parent company.

General Motors reacted by sending out-going Opel boss David Herman to Russia and appointing Gary Cowger to succeed him. Since last June 19 Cowger has been running Opel AG as its director. His appointment was unanimously approved by the board of directors, and seconded by the unions.

Cowger has not as yet announced any far-reaching changes. But in a recent *BusinessWeek* article, Herman was accused of having a paternal attitude toward the Opel concern. He had kept the Opel company too 'German'.

Cowger is expected to push through the measures which GM headquarters announced at the beginning of the year, namely, reducing staff in Germany by 20 to 30 percent and taking advantage of cheap labour--preferably in Eastern Europe. Cowger said he would receive 'clearly extended powers' to this end.

When GM complained that Opel under Herman was a millstone around its neck, the IG-Metall (metal workers union) and all the members of the Opel works council immediately rallied around Herman and defended 'German quality work' against 'the Americans in Detroit'. Just a few days later they settled negotiations for local agreements, which brought a cut in costs for Opel of at least 200 million marks a year. All German works are affected, apart from the new site at Eisenach which, due to its low wages and extremely rationalised production methods, has become the most productive plant and a model for the entire European car industry.

At the heart of this contract are severe cutbacks in wages and jobs and increased flexibility in working times. The current working hour corridors will be widened as required at the Rüsselshheim and Bochum plants. In the diesel motor work at Kaiserslautern a second shift was already introduced in April 1997.

Should increases be negotiated in the next four years for standard wages, these will automatically be 1.25 percent lower for Opel employees. For a skilled worker this means at least 700 marks less a year. For Opel it means a profit of 50 million marks. Work on Saturdays is to be extended and used to balance working hour accounts in 'golden periods' of full production. However, should overtime become necessary because of the volume of orders, future pay increases will be lowered.

For apprentices, the Opel bonus will not be applicable. They will only be paid according to the current standard wage. Contrary to the claims made by the IG-Metall and the works council, there is no guarantee of being hired after the apprenticeship. Who is to be taken on is decided by a selection commission which judges every individual person by his or her time debit and 'performance'. Those declared to be 'suitable for Opel' do not receive anything close to the Opel wage. Rather they must be content with a job at the far lower rate of a supplier or at another location.

A young worker at the factory gate in Rüsselsheim explained what this means: 'They held a gun to our head: either you move to Bochum (250 km away) or you can pack your things and queue up at the dole office. Safe jobs, reasonable training--that's completely out of the question. I was trained as a pattern maker and now I install the front seats in the Omega. There is no demand for pattern makers, they say.'

As far as staff reductions are concerned, the contract states that they should be arrived at without direct redundancies--with the inevitable proviso: as long as the market situation permits. The process of making older workers leave through early retirement is to be speeded up, while at the same time the company's pension scheme is reduced. This is how some 4,000 jobs will disappear at the Rüsselsheim plant in the next four years.

As soon as this local agreement had been signed it became clear that it did not represent an alternative to GM's announced reduction of staff in Europe by 30 percent, but was rather the instrument through which it would be pushed through. The management announced that all manufacturing shops would probably be pulled down, supposedly to make room for a new building which would require only half of the work force.

'No one knows if anything will be produced in Rüsselsheim. After all, assembling in Poland and Russia is much cheaper,' a Turkish worker ruminated at the factory gate. In fact, General Motors' new plant in Poland will go into full production next year. Whether the new factory in Rüsselsheim will ever be built is more than doubtful in view of a capacity surplus in the European car industry of 7 million cars, or 42 percent of demand per year. The fact, moreover, that most apprentices in Rüsselsheim have to go to Bochum if they want to be taken on by the company speaks volumes.

The unanimous line from trade union headquarters, the works council and editorial offices was: 'The German sites are safe!' They were all satisfied, having reckoned that the cutbacks would probably hit the workers in Antwerp (Belgium) or Luton (England) if it came to mass layoffs and factory closures.

But works council members and trade union officials weren't lazy in Antwerp either. As production fell slightly at German Opel sites last year, it increased in Antwerp. And only one week after the German site agreements, management and union representatives at Opel Belgium presented a new company agreement calling for massive wage cuts, extensive flexibility of working hours and rapid staff reductions.

At least 170,000 jobs will be axed in the next months. First of all, 600 employees with limited work contracts will be fired, the others will follow by means of early retirement regulations or redundancies due to sickness, etc. All newly employed staff will only be paid standard wage without the Opel bonus, which means an approximately 10 percent lower income. Several hundred workers have to accept even higher losses of around 25 percent. Although they carry out their work as before, following outsourcing they legally belong to a new subsidiary of General Motors, which is not bound to the Opel pay agreements in force.

The shift system's readjustment also means a radical change. In a vote concerning the company agreement, the work force may 'democratically' choose between two shift types proposed. One of them is coupled with even fewer jobs and a regular night shift, the other with a few jobs more (73) but with wage cuts of nearly 20 percent.

'We are allowed to choose between a rock and a hard place, that's all!' is what a worker thought at the Antwerp plant gate. 'This new company agreement is a scandal. I have to anticipate my income dropping by 10 or 20 percent, and that's after it has been going downhill for years. One thing that's certain for me is that the trade unions don't represent us. They represent the company. That's why they don't think it necessary to inform us, the work force, but do everything behind closed doors.'

Another worker was even clearer: 'In my opinion, this company agreement is the beginning of the end. I've been working at Opel for 28 years and things have never looked as bad as this. Work is getting harder and harder, work pressure is enormous. I have to work in a 45 second rhythm--that's just too much. The wage sacrifices demanded from us are bigger and bigger, and in the end the factory might still be closed.'

The three unions involved at Opel Belgium--ABVV Metaal, ACLVB and ACV Metaal--declared in an extensive document their agreement with the aims of the company to lower wages and axe jobs:

'The talks took place under heavy pressure from the company agreements which were signed last week for the German Opel plants. The view of both sides, management and trade unions, was that the slight advantage in costs of the Antwerp plant, compared to the German works, must be maintained--whatever happens.'

At a press conference of the three unions a WSWS reporter asked whether they knew that, for years now, the works councils in Bochum and Rüsselsheim had similarly been justifying company agreements to lower costs by arguing that the sites in Bochum and Rüsselsheim had to be defended against the competitors in Antwerp and England.

'We know that!' answered Pol Fransen, the unions' chief negotiator at Opel Belgium. The WSWS reporter broached the subject again: 'The South Korean unions have just signed an agreement which paves the way to slash wages and jobs in order to increase productivity in the works there. Won't you then soon sign a new company agreement for further wage cuts and rationalisations in order to preserve the advantage in costs against Korean competition?' Pol Fransen, together with all other trade union officials present, nodded his head in agreement: 'Yes, yes, it's a downward spiral!'

See Also:

Interview with a GM-Opel worker in Germany
'Our great grandfathers would turn in their graves.'
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