

Strike by Mexican Volkswagen workers ends

Gerardo Nebbia**11 September 2001**

The 18-day strike by autoworkers in Mexico that stopped production at the giant Volkswagen-Mexico plant in Puebla state ended September 5 after the union agreed to management's wage and benefits offer. The 12,400 workers will receive a 10.2 percent increase in wages, 3.5 percent increase in food vouchers and 1 percent more for school supplies for workers' children.

Last August, a five-day strike by VW workers at the plant 65 miles outside of Mexico City resulted in a 21 percent wage increase. Both raises still leave workers' wages well behind the pace of inflation, which has risen 352 percent since 1994.

The latest increase raises average VW wages to 226 pesos a day—about \$26 US—only marginally above what a family of four requires to live above the official poverty line in Mexico. The average wage of a US autoworker is \$24 an hour, about seven times more than for a VW worker in Mexico. (German auto workers earn about 10 times as much.)

Originally, the Independent Union of Volkswagen Workers (SITVW) had asked for a 31 percent raise. On August 29, workers rejected a 9 percent wage offer brought back by the union leadership.

The combined 14 percent raise was too much for VW management, however. After announcing the settlement, VW-Mexico Vice President Francisco Bada announced that VW would stop a planned \$1.5 billion investment in Mexico. Instead the company would increase production of its Jetta models in China, where VW officials said its workers are "less assertive." No doubt VW is counting on the Beijing government's brutal repression of Chinese strikes to keep their workers less assertive.

Volkswagen is waging a cost-cutting war with its workers around the globe. VW-Germany reached an agreement on August 28 with the IG Metall union, permitting a longer workweek at less pay and promoting higher productivity in exchange for

promises of new investments. Last year VW fired 1,300 workers at its Uitenhage plant near Port Elizabeth in South Africa who were waging a struggle against the firing of 13 militant shop stewards.

The Mexican walkout took place as VW sales weaken worldwide. Earlier in August, the plant cut back production and 400 workers were laid off. By the time the strike began VW had a two-week stockpile of vehicles to cushion the impact of a strike. However, the strike quickly caused layoffs throughout the state of Puebla, whose one million inhabitants are heavily dependent of auto jobs.

The settlement came at the end of intensive negotiations involving Mexican Labor Secretary Carlos Abascal and labor leaders aimed at blocking the development of a broader movement against worsening economic conditions and the government of President Vicente Fox. The day before, telephone workers, airline pilots and transit workers—members of the National Labor Union (UNT), the three-year-old "reform" union federation that the VW workers are affiliated with—blocked Mexico City's highways for a few hours, calling for a national strike.

The 1.5 million-member UNT includes the much older Federation of Autonomous Unions (FAT), a trade union group independent of the Confederation of Mexican Workers (CTM), the gangster-ridden and corporatist unions tied to the long ruling Institutional Revolutionary Party (PRI). The FAT works closely with the United Electrical Workers (UE) in the US and the American AFL-CIO bureaucracy, which has long been concerned that a movement by Mexican workers against CTM not take a leftward direction, threatening the interests of US multinationals in Mexico and encouraging any similar movement by US workers.

The leaders of the Volkswagen workers union and UNT called on President Fox to intervene to end the strike. In the past the PRI and its affiliated CTM unions

would impose corporatist settlements to quickly bring an end to strikes. This time, however, Fox, a former Coca-Cola executive and leader of the free-market and right-wing PAN (National Action Party), refused to intervene, allowing VW to hold the line against the workers' wage demands. The VW union officials continually dropped the amount of their wage demands and until finally ending the strike largely on management's terms.

In response to VW's threats to suspend investment, Puebla state officials granted the auto giant more concessions. Puebla Governor Melquiades Morales confirmed that he had met with executives from Volkswagen Mexico to pledge his collaboration in improving business conditions. According to Morales, VW officials assured him that they would continue investing, although they would not guarantee all the jobs of current VW workers.

In both its Sao Paulo, Brazil and Puebla plants, VW makes use of so-called "cluster" technology—which groups a series of parts factories close to an assembly plant—in order to sharply increase output by its workers. The speedup prompted VW workers at the Sao Paulo plant to begin rolling strikes last month to press for productivity bonuses. The Puebla plant, the third largest VW plant in the world, has doubled its output since the early 1990s, although employment has fallen from 20,000 to 12,400. With the assistance of the union bureaucracy labor costs per car have dropped from 10 percent of the total cost in 1996 to 3.7 percent last year.



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