German auto workers protest job cuts by DaimlerChrysler

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On July 15, a total of 60,000 DaimlerChrysler (DC) workers took part in a range of strikes and other actions to protest the company's plans for job cuts and attacks on working conditions. Workers at virtually all of the German-US transnational company's plants in Germany stopped work for a period.

At the company's main complex at Sindelfingen, in the southern German city of Stuttgart, 20,000 workers struck the early shift and gathered to take part in the biggest protest meeting in the history of the factory. In nearby Untertürkheim, 10,000 workers struck the late shift. Protests also took place at DC works in Mannheim, Bremen and other towns across Germany.

At the mass meetings and rallies, the speeches made by trade union functionaries and local stewards were for the most part hollow and demagogic. The chairman of the company's central trade union committee, Erich Klemm, told workers, "Millions are stronger than millionaires!" He then declared, "We will not be blackmailed, and we will not allow ourselves to be divided!"

He went on, however, to stress that the plant in Sindelfingen is competitive, and emphasised the readiness of the factory union committee to enter into discussions with management. Press reports indicated that in discussions that have already taken place, the union committee has offered concessions to management estimated to be worth 200 million euros.

DaimlerChrysler has issued an ultimatum threatening massive job cuts only weeks after the giant Siemens company successfully used the threat of layoffs to blackmail workers involved in the production of mobile telephones. DaimlerChrysler is threatening to switch production of its new Mercedes C-class automobile from Sindelfingen to its plants in Bremen in Northern Germany and East London in South Africa, unless the unions agree to annual savings in production costs of 500 million euros.

The head of Mercedes auto production, Jürgen Hubbert, stated that the planned savings had to be agreed on by the end of the month and realised by 2008-2009. As with Siemens, the Mercedes subsidiary of DaimlerChrysler is claiming that existing production costs are too high.

Siemens's chief executive, Heinrich von Pierer, threatened to shift production from two factories in Germany to plants in Hungary, resulting in the loss of 2,000 jobs. Working in collaboration with the engineering trade union IG Metall, Siemens was able to increase the work week in both of the German plants, imposing a 40-hour week instead of the previously established 35-hour week. Workers will receive no compensation for the extra hours worked. In addition, the company cut supplementary payments.

DaimlerChrysler management has been engaged for a number of weeks in talks with the unions over cuts at its car factories. Even before the deal was struck at Siemens, DC had declared that an agreement was necessary to secure production of the new Mercedes model and thereby save 10,000 jobs, ostensibly through 2011. The deal at Siemens, however, encouraged companies throughout Germany to "up the ante" and demand even more radical concessions from their work forces. DaimlerChrysler management promptly increased the range of concessions it was demanding from its workers.

Any transfer of production of the new C-class would have grave consequences for the workforce at Sindelfingen. At stake, according to personnel director Günther Fleig, are some 6,000 jobs—mainly at the Mercedes plant in Sindelfingen, but also at factories in Mannheim and Untertürkheim in Stuttgart. According to the company's union committee, the concessions demanded will result in a pay cut of 700 euros per month for many workers.

Mercedes boss Hubbert referred to extensive cost disadvantages of Mercedes works in the southern German state of Baden-Württemberg, compared to other regions of Germany. The Bremen factory, for example, carries out two more weeks of production per year for the same costs as its sister factory in Sindelfingen. Workers at the latter plant have 12 public holidays compared to 9 in Bremen. Supplementary payments for holiday work are also 50 percent higher at the Sindelfingen plant. On a range of other issues relating to working conditions, shift work, breaks and bonus pay, Bremen employees are at a disadvantage compared to their colleagues at Sindelfingen.

The concessions currently being demanded are just the beginning. Under its chief executive, Jürgen Schrempp, DaimlerChrysler is pursuing an international strategy. The merger of Daimler with the American Chrysler auto company is part of a range of international moves aimed at making Daimler one of the biggest auto producers worldwide. At present, the German-based company ranks fifth among international auto firms. Last year its operating profit was 5.8 billion euros. Approximately 60 percent of its total profits (3.1 billion euros) were accrued by the Mercedes Car Group.

However, returns for the Mercedes Car Group are stagnating. In May, the DaimlerChrysler subsidiary announced a worldwide downturn in sales of 9.2 percent, and June saw a further drop. The decline would have been even more dramatic were it not for improved sales of the company's small car, Smart.

A year ago, the company engaged the consultancy firm McKinsey to undertake an investigation of its potential "productivity reserves." The McKinsey study concluded that Mercedes could shed 10,000 jobs from its global total of 104,000 without sacrificing productivity or the quality of its cars.

The aim is to satisfy the demands of the company's shareholders. Since its takeover of Chrysler, Daimler has been regarded in financial circles as a weak source of profits, leading to a drop in the share price of the merged company's stock.

In hypocritical fashion, top DC management has declared that should its cost-cutting target of 500 million euros be agreed to, it would be prepared to do its own part by forgoing pay raises for a year. Many workers see this announcement as little more than a provocation.

In 2001, the DaimlerChrysler executive pocketed a total of 22 million euros. One year later this sum had soared to 50.8 million—a wage increase of 130 percent. On average, DaimlerChrysler executives took in 3.7 million euros annually, and the company occupies the top position for executive remuneration in the DAX index of Germany's 30 largest companies. Annual remuneration for the chairman of DaimlerChrysler, Jürgen Schrempp, is estimated at 10.8 million.

IG Metall and the company's union committee not only have no answer to the attacks and to the company's international strategy; they are, in the final analysis, responsible for assisting the firm in blackmailing the workers by claiming that sweeping concessions are inevitable.

The central DC union committee has already made extensive concessions and declared its willingness to relinquish a payment of 180 million euros it had negotiated on behalf of DC workers in their last wage agreement. The union committee also offered to sacrifice a wage increase of 2.79 percent that had already been agreed on with the company and was due to be paid from 2006.

In addition, the chairman of the central trade union committee, Erich Klemm, stated: "We are prepared to introduce a 40-hour week in the research and development departments, production planning, and other areas of the central works."

The unions declared there would have to be compensation for the extra hours worked. However, in light of the union cave-in at Siemens, where IG Metall agreed to an extra five hours of unpaid labour, DC workers should treat the union's demand for compensation with the scepticism it deserves.

Before the latest management demands, the union committee at DC had already accepted the destruction of 2,000 jobs in connection with the introduction of the new Mercedes C-class model. It supported the argument put forward by the company executive that new and improved production methods required fewer workers.

At Sindelfingen, which employs a total work force of 31,000, some 1,500 jobs have been lost since the end of last year as a result of early retirements and part-time contracts. An additional 800 short-term workers will lose their jobs when their contracts run out at the end of this year.

While tens of thousands of workers have made clear that they are determined to defend their jobs and working conditions, the DC union bodies and IG Metall have refused to undertake a principled campaign to defend jobs at all of the company's factories both at home and abroad. In line with German industrial practice, many of the shop stewards have sat on management boards for years, and the chairman of the central shop stewards' committee, Klemm, is deputy chairman of the company's board of directors.

In the past, these union bureaucrats have faithfully supported company policy, and Klemm has on numerous occasions boasted of his key role in backing DaimlerChrysler chief Schrempp in important and controversial decisions.

The incapacity of the unions to conduct a principled struggle for the defence of jobs is not merely a product of their close relations with management, and of the resulting privileges enjoyed by union officials. Against the backdrop of the globalisation of production, their entire perspective of a "social partnership" with big business has been transformed. As long as production took place primarily within the boundaries of the nation state, the unions were able to use a combination of strikes and negotiations to win limited concessions for workers. With the advent of globalisation, however, and the corporate strategy of shifting production to cheap-labour havens around the world, the corporatist and nationalist essence of the union's perspective has emerged in the form of open collaboration with the employers in slashing the jobs, wages and living standards of the workers they nominally represent.

DaimlerChrysler is exemplary in demonstrating the extent to which labour-management relations have changed. With Daimler's takeover of Chrysler and its expansion of production facilities all over the world, the workforce—totalling 360,000 worldwide—has been plunged into an intense competitive struggle. Facilities in Europe, the US, Asia and Africa are played off against each other.

The epoch of "social partnership" and the regulation of the economy by nation states is irrevocably gone. After wages and working conditions have been driven down in Germany, the downward spiral will continue—at the company's plants in the US, South Africa, Argentina, Brazil, India, etc.

Under these conditions, there no longer exists room for manoeuvre within the framework of national relations—both for the state, with regard to welfare provisions, and for the employers, with regard to wages and working conditions. While the German government is busy axing the country's welfare state and imposing sanctions on the unemployed, German corporations are seeking to improve profits by driving down conditions in the factories.

Under such circumstances, the traditional trade union policy of class collaboration and social partnership has undergone a transformation, and now assumes the form of a conspiracy against workers and their interests. The radical phrases thrown about by union leaders at protest rallies merely serve as a cover—on the grounds that there exists no alternative—for acquiescence in wage cuts and attacks on working conditions.

To seriously and effectively counter this systematic blackmail, workers at DaimlerChrysler, Siemens and other companies must break with the nationalist orientation of the trade unions and recognise that their defence must be rooted in the forging of a united struggle of the international working class.

The most important task is to establish a principled collaboration with Chrysler workers in America and DC workers at factories around the world. Just as employers organise their activities on a world scale, workers must combine internationally.

Protectionism and nationalism serve only to force workers into a competitive, internecine struggle to see which section is prepared to work for the lowest wages and under the worst conditions. Mercedes workers must pursue a policy of equal wages and conditions for workers all over the world.

It is necessary to reorganise global production in the interests of working people, in order to utilise the developments in technology and science to raise living standards and overcome social inequality. This presupposes a socialist programme that places the defence of the rights and interests of working people above the profit drive of big business and the large shareholders who dominate the financial markets.