Germany: Opel to destroy 10,000 jobs

Cuts announced after union sell out

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Weeks of negotiations between the works committee at the car maker Opel in Germany and General Motors management ended last Thursday with the complete capitulation of the works committee and union. Within the next two years, one in five jobs are to be cut at GM factories across Europe, which currently employ 63,000 workers. Most of the cuts are to take place at the Opel factories in Germany, where 9,500 jobs are targeted. However, the attacks do not end there. Management has already announced further cutbacks and savings measures that are aimed at reducing personnel costs by a further 20 percent. The threatened closure of factories and entire production sites is, contrary to the public statements of the works committee, still on the drawing board.

Most of the axed jobs are to come from the Opel factory in Rüsselsheim, near Frankfurt. In this factory alone, 5,000 workers out of the 19,600 employed there will lose their jobs. In Bochum, the workforce is to be cut almost in half—from 9,600 to 5,500—and 400 positions are to go in Kaiserslautern. Eisenach, in eastern Germany, is the only factory where no job cuts are planned. Of the current 32,000 Opel employees, only 22,000 will remain.

The chairman of the joint works committee, Klaus Franz, described the job destruction as the "sharpest cuts in post-war history." Nevertheless, he added, "The most important aim achieved by the works committees was to ensure there will be no sackings." The deputy chairman of the engineering union IG Metall, Berthold Huber, made similar remarks: "There will be no compulsory redundancies and no plant closure—this is the most important message to employees." These claims are intended only to throw sand in the eyes of workers and to cover up the bankrupt politics of the union.

According to Thursday's announcement, 6,500 Opel workers will either be transferred to temporary job creation companies or receive a one-time redundancy payment. For the other 3,000 workers, partial retirement or transfer to a company subsidiary (a new joint venture between Opel and its suppliers) is envisioned.

Franz declared without a hint of shame that General Motors was "cutting into its own flesh" and making 750 million euros available for these measures. However, the reality for workers belies Franz's claim of GM's generosity.

The payments for the "voluntary" redundancies are to be calculated according to length of service and the amount of workers' take-home pay. Klaus Franz estimated that for a 50-year-old worker with 30 years of service and a gross monthly income of 3,600 euros, the severance payment will reach 216,000 euros. However, this example is far higher than what most workers can expect.

The agreement further stipulates that workers have no "individual legal claim" to redundancy payments. Workers older than 52 and those with "special skills" are barred from taking such a package. It is anticipated that many of the redundancy payments will be no more than the 10,000 euro minimum. If a sufficient number of workers fail to voluntarily accept redundancy, Opel management has the option of forcing workers out.

The planned job creation companies are in reality the opposite of what their name implies. Instead of employment, workers who are transferred to them will only be offered a longer road to unemployment.

The planned training and qualification programmes will be limited to 12 months. After this period, workers will be thrown out, and those who have not found a job will face immediate unemployment—an inevitable fate for many redundant Opel workers. The employment situation in the Ruhr area (the heart of the German manufacturing industry, where Bochum is located), as well as around Rüsselsheim and Kaiserslautern, is nothing less than catastrophic. Moreover, the placement rate of such job creation schemes is exceedingly low.

Speaking to West Germany’s Rundfunk (WDR) television, Dr. Herbert Buscher from the Institute of Economic Research in Halle said: “The placement rate is downright poor. In principle, it’s around 10 percent.” Job creation companies are “in many ways just a rose-coloured, socially cushioned route to unemployment.”

General Motors, however, will undoubtedly benefit from the transfer of thousands of workers into the job creation programmes. The German Federal Employment Office will contribute most of the payments to workers in these job creation companies. Depending on their number of dependents, workers will receive between 60 and 67 percent of their last after-tax paycheck in the form of a “transfer payment.” General Motors is to make up the difference to give them 90 percent of their take-home pay.

Only 2,500 euros per employee will be set aside for training and qualification programmes, with the Employment Office and GM splitting the costs 50-50. In addition, workers will be hired out as “temporary workers” to other employers.

Klaus Franz showed contempt for the workers he officially represents. The *Tageszeitung* newspaper quoted him November 10 as saying that the job creation companies are “the basis for the future, the basis for everything.”

For IG Metall, there is certainly some justification for such jubilation. While workers face a disaster, the union can turn the layoffs into a way of making money. Although the job creation companies are officially non-profit organisations, through the hiring out of workers, they can in practice reap large revenues. It is no accident that, according to the *Tageszeitung*, the first company that workers from Rüsselsheim and Kaiserslautern will be contracted out to will be Mypegasus, in which Peter Hunnekuhl, the legal advisor for IG Metall, is a partner. At the end of the day, IG Metall will also profit from the sell-out of Opel workers.

Klaus Franz called the retrenchment package an “acceptable result.” However, by any objective measure, the deal struck with GM marks a colossal failure of the politics of consensus and compromise that have been the basis of the trade union movement for decades.

In their dealings with GM management, the union representatives were unable to achieve any of their proposals. With regard to job cuts, General Motors not only fully succeeded in their plan to implement savings of 500 million euros, but also in laying off workers via retrenchment payments and job creation companies. This roundabout way of sacking workers was something that the trade union had sought to avoid at all costs. Moreover, factory closures in the future were not ruled out. A spokesman for General Motors Europe in Zurich said that the agreement “does not mean at the same time that European factories will be retained indefinitely.”

In the end, factory closures will be the topic of future negotiations between the union and GM. Industry experts do not believe the Bochum plant can survive. At the very latest, the factory is expected to close when production of the Astra and Zafira models ends at the close of the decade. The decision as to whether to produce the Opel Vectra and Saab 9-3 in Rüsselsheim or in Trollhättan in Sweden has been postponed until next March.

GM has already raised new demands for the next round of negotiations. Wage premiums are to be axed and working hours lengthened. These measures are calculated to save the company an additional sum amounting to hundreds of millions of euros. The joint works committee has signalled its readiness to negotiate. A further onslaught on the jobs, wages and working conditions of Opel workers is already being prepared.