Germany: Opel works committee signs a "Pact for the Future"

Union endorses wage cuts

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On October 19 of last year, trade unions and works committees representing all workers at the various European subsidiaries of General Motors called out their members on a day of action to protest the announced destruction of 12,000 out of a total of 63,000 jobs.

From the standpoint of the organisers, these protests were meant to save face while they refused to endorse the action of workers at the Bochum plant in Germany, who had spontaneously walked off the job.

Five months later, GM has not only pushed through all the job cuts it had proposed, it has also secured agreements to significantly reduce the wages of the remaining workers—all with the full support of the unions and works committees.

They have done exactly the opposite of what they declared they would do at the October 19 demonstrations. By playing the individual plants off against one another and undermining the solidarity of the workforce, they have done everything the company wished.

The workers are to pay a heavy price. In Germany, almost one third of the 32,000 jobs at Opel are to go, and wages will be cut by up to 15 percent. In Sweden, massive job cuts are planned, and the closure of the Saab factory in Trollhättan is a very real possibility.

After a weeks-long tug-of-war, the German works committees finally convinced GM that it would be more cost-effective to build a new mid-class model, beginning in 2008, in Rüsselsheim, Germany rather than in Trollhättan. Following the joint works committee agreement in December, 2004 to accept 9,500 job cuts, committee chairman Klaus Franz signed another deal on March 4 to cut salaries and working conditions. These measures will save Opel a half a billion euros every year.

The agreement ironically carries the title "Pact for the Future." With it, the works committee is attempting to extract a (highly questionable) pledge from GM that no factories will be closed between now and 2010.

The reference to "the future" deserves to be taken as a threat. After the capitulation of the works committee and union to the demands of the company, the next round of retrenchment and wage cuts is already on the horizon.

For months now, General Motors has been demanding cuts in Opel salaries to a level 20 percent lower than the metal workers' pay scale. The "Pact for the Future" envisages various reductions in salaries for the three western German plants (Rüsselsheim, Kaiserslautern and Bochum).

At all three locations, the previously agreed salary increases for 2004 and 2005, totalling 3.5 percent, will be cancelled. In Kaiserslautern, salaries will then be cut by a further 6.5 percent.

In Bochum, a seven-year-long wage freeze has been agreed to. There will be no salary increases until the end of 2010.

These measures amount to a cut in salaries of 8.5 percent for workers in Rüsselsheim and 15 percent for those in Kaiserslautern. Depending on the development of pay rates in the future, the workforce in Bochum will suffer a loss of pay of between 10 and 12 percent.

Christmas bonuses will also be cut. In line with a previous restructuring plan (the Olympia Program) agreed to in 2001, workers in Rüsselsheim and Kaiserslautern will still receive a bonus of 130 percent of their gross monthly salary this year. In Bochum, however, it will be cut to 85 percent.

From 2006, Christmas bonuses at all factories will amount to just 70 percent. Only when the company breaks even or makes a profit will it increase to 100 percent. Opel Chairman Hans Demant has already made clear that he does not expect the company to make a profit over the next several years.

Along with the pay cuts, the pact calls for a further easing of restrictions on working hours. These can now vary between 30 and 40 hours per week, with workers receiving the standard pay for 35 hours regardless of hours on the job. In addition, they must be available to work up to 15 Saturdays per year—for those in Bochum, 17 Saturdays or Sunday nights. Overtime will not be paid for this work.

With these measures, the joint works committee has for the time being bought an agreement with management that no German factories will be closed before 2010. In an interview in January with the *Süddeutsche Zeitung* newspaper, however, GM chief Rick Wagoner made things quite clear: "If we are not successful in Europe, we will close factories." He said he could not "rule out plant closures in any country in the world" under conditions of ruthless competition and with overcapacity in the industry. If losses at Opel were to increase, negotiations would be restarted.

The works committee considered it decisive that production of the new mid-class models was allocated to Rüsselsheim and not Trollhättan. The chairman of the joint works committee, Klaus Franz, had made the pact dependent on this point. From 2008, Rüsselsheim will start production of the new Opel Vectra and Signum models, as well as the Saab 9-3, with a total yearly volume of 293,000 vehicles.

Although the works committees in Trollhättan offered substantial wage cuts and more flexible working hours, according to GM the factory in Rüsselsheim would have a cost advantage of about 200 million euros over the entire production period. While the German factories are able to build 60 cars per hour, Trollhättan can produce just 39.

This decision places the very existence of the Saab factory in Trollhättan in question. Last year, 105,000 cars left the factory, two thirds of them being the 9-3 model, whose successor is now to be built in Rüsselsheim. In order to compensate for the loss of production, some high end and special models are to be made there in smaller quantities—the Cadillac BLS, to the tune of 10,000 per year; Saab's own top model, the 9-5; and the newly introduced 9-3 sports wagon, as well as a sports utility vehicle. The fact that the factory's capacity is 200,000 vehicles per year will place enormous pressure on the jobs and salaries at Trollhättan—that is, if the

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factory is not to be closed in the near future.

In two years time, the status of jobs and salaries at the Opel factory in Bochum will once again become problematic. Then the decision of where to produce the next generation Astra, beginning in 2010, will be made. According to the chairman of the Bochum works committee, Rainer Einenkel, by 2010 at the latest at least one European Opel factory will be permanently closed. The Bochum factory is competing against the Luton factory in Britain and the Antwerp factory in Belgium.

The role of the works committees is not limited to the negotiation and signing of sweetheart contracts with management. They are also responsible for imposing the conditions stipulated in the agreements. In this regard, they are coming up against increasing difficulties.

This became apparent when they could not find 6,000 workers who were prepared to accept "voluntary" redundancy in exchange for a termination payment. The agreement made in December specified that to reduce the workforce by 9,500, 6,000 workers—2,700 in Rüsselsheim, 3,000 in Bochum and 300 in Kaiserslautern—were to leave with such a package, which was to be calculated on the basis of tenure. The rest of the job cuts were to be obtained through partial and early retirements.

When the stipulated period ran out at the end of January, the number of those willing to leave voluntarily was not even close to the 6,000 target. This was due, in part, to the actions of the company itself, which refused to accept older workers taking redundancy because their termination payments would have been too expensive.

In order to make the agreement more palatable to workers, the works committee had made a point of stressing the high payments that long-tenured workers would receive. In the end, it became clear that the company mainly wanted to get rid of younger and untrained workers, who could only claim small amounts.

In Rüsselsheim, management refused redundancies to 600 workers, in Bochum, to 300, with the excuse that they were "indispensable" to the maintenance of the operation. Bochum works committee chairman Einenkel confirmed, however, that the redundancies were refused "mainly due to cost factors."

When the target of 6,000 was not reached at the end of January, the deadline was extended to January 25. Management and the works committee used this period to place enormous pressure on workers. The human resources department conducted individual meetings with younger workers to remind them that they would be the first to go should it come to forced redundancies.

Finally, the quota was reached in Rüsselsheim and Kaiserslautern. In Bochum, however, only 1,500 workers had signed a redundancy agreement by the end of February. The plan now is to come up with another 1,500 voluntary redundancies by 2007.

The works committees now have the job of pushing through the "Pact for the Future," with its cuts in salaries and more flexible working hours. "The demands on the workforce are extremely high" admitted works committee head Einenkel. He said he expected "difficult discussions for [the pact's] implementation."

The difficulty of finding volunteers in Bochum for redundancy illuminates the growing alienation between workers and the Social Democratic Party (SPD). For decades, voluntary redundancy packages, along with early retirement schemes, have been the methods most often used for cutting jobs in the German industrial heartland of the Ruhr area. Such means have been used in the mining, steel and metal industries to destroy hundreds of thousands of jobs.

The SPD has ruled the North Rhine Westphalia (NRW) state government that covers the Ruhr for the past 38 years. It and the unions have worked hand in hand to impose massive job cuts. For the most part, union functionaries, past or present, hold office in the SPD. The current chairman of the state SPD, who is also the state employment minister, Harald Schartau, was formerly a leading member of the engineering union IG Metall's Dortmund branch, which covers Bochum.

If offers of voluntary redundancy no longer find a response, this is an expression of deep mistrust of the SPD and the unions. Finding other employment in the Ruhr area is basically a futile exercise, and those workers affected no longer believe that things will change for the better in the foreseeable future under an SPD government.

The unemployment rate in the Ruhr area rose dramatically in February, and is now equivalent to levels prevalent in the depressed regions of eastern Germany. In Bochum, the unemployment rate increased from 14.8 percent in January to 17.8 percent in February. The neighbouring cities of Essen and Dortmund have unemployment rates of 16.6 percent and 20 percent respectively. In the city of Gelsenkirchen the figure is 26.4 percent. In the Ruhr area as a whole, 362,000 people are looking for work.

Added to this are the effects of the recent Hartz IV laws and their drastic cuts in unemployment benefits, for which the SPD-led federal government in Berlin is primarily responsible. Opel workers who decide to give up their jobs face the danger within the next twelve months of plunging from a relatively well paid job for skilled labour to the extremely low level of benefits provided by social welfare.

Workers could be forced to sell off the apartment or house that has been paid off over years, as well as the family car, before they could receive a cent from the employment office. The results of hard labour, in many cases spanning several decades, wiped out within the space of one year—that is the future that the SPD and the unions have to offer workers.

The SPD now confronts the prospect of losing control of the state of North Rhine Westphalia for the first time since 1966. According to current opinion polls, the conservative parties—the CDU (Christian Democratic Union) and FDP (Free Democrats)—stand to win the upcoming state election in May and take over from the ruling SPD-Green Party coalition.

The rise of the SPD in the 1970s was closely bound up with the militant struggles of miners who fought against pit closures. At the time, the SPD government sought to rapidly expand the Opel factories in order to provide jobs for the ex-miners. This stands in stark contrast to today, where the very existence of Opel is in question and the SPD has nothing to offer apart from unemployment and Hartz IV.

All the SPD could muster was to press for a verbal agreement that the Opel production lines would remain open. NRW Employment and Economics Minister Schartau gave voice to the fears of the SPD when he said that the situation at Opel and rising unemployment could relegate the SPD in the coming elections to a position of insignificance, and repeatedly called on Opel during the negotiations to agree to a "compromise."

Schartau told the Westphalia "Rundschau" television news program, "If people knew that there was a long-term guarantee for the Bochum plant, they would be willing to make concessions." However, the newly agreed pact will hardly improve the electoral chances of the SPD.

Although the SPD and the unions are in an advanced state of decay, no viable mass political alternative has emerged in their place.

Standing in the upcoming NRW elections is the so-called Election Alternative—Labour and Social Justice (ASG), which has a certain degree of support in the Opel plants. However, the ASG essentially proposes to revive the same social democratic reformist perspective that has failed so catastrophically in the hands of the SPD. The ASG is based predominantly on former SPD members and aims to work closely with the unions.

The experiences at Opel in recent months have clearly shown that the unions are not only incapable of mounting an effective campaign against global corporations like General Motors, but they play an important role in the implementation of job and salary cuts and other attacks on their members. This is not only the product of individual, corrupt union and works committee leaders, but the logical outcome of the perspective of trade unionism.

Under the economic and political conditions of globalised capitalist production, the unions defend massive concessions to the companies as

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“the best” they can offer their members. They are anxious to get politicians and management on their side, in order to retain “their” factories and protect the interests of “their” country.

To achieve these aims, they are prepared to make any concession—placing no limits on the extent to which they can be coerced. In a global economy dominated by transnational corporations and international financial markets, the unions have inevitably transformed themselves into accomplices of their respective companies and governments in a global scramble for profits and markets—a fact that is clearly revealed not only in the Opel pact, but also in recent union agreements at DaimlerChrysler, Volkswagen, Siemens and even in the public services.

The lesson to be drawn from the proceedings at Opel is this: the interests of workers can be defended today only on the basis of an international strategy that unites the working class across national borders. Such a strategy must oppose the capitalist system and fight for the reorganisation of society along socialist lines.

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