Impact of the General Motors crisis in Germany

WSWS speaks with Opel workers in Bochum

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The crisis of General Motors in the US has had immediate consequences for the operations of its Opel subsidiary in Europe. Workers at the Opel factory in Bochum, Germany—who had to fight for the survival of their factory four years ago—are especially concerned for their jobs and fear for the future of the factory. WSWS reporters talked with a number of workers at the plant last week.

The international financial crisis and the enormous sales decline in auto has pushed the Big Three US automakers—GM, Ford and Chrysler—to the brink of collapse. GM, which was the largest car manufacturer in the world at the beginning of 2008, is seeking a government bailout and is facing bankruptcy.

GM reported a loss of $2.8 billion for the third quarter. In October the company sold 47 percent fewer cars compared to a year ago. In a recent statement, GM said it is approaching the minimum level of solvency necessary for further operation of the business.

GM's stock market price has plummeted to the lowest level since 1943. Deutsche Bank assessed GM's presumptive solvency at zero. As a result, GM stock fell to just $3 as share. Just a year ago, GM's shares were worth ten times this amount. GM Chairman, Rick Wagoner, announced that the negotiations for a merger of GM and Chrysler have been put on hold.

While GM, Ford and Chrysler are seeking billions from the US government, GM is also demanding further cuts from its subsidiary firms in Europe (Opel, Vauxhall and Saab). Management has called for a pay freeze for the approximately 55,000 workers at these European subsidiaries.

With such measures alone, the company would trim costs by roughly $200 million next year. GM would burden its European factories with a $750 million savings plan. Earlier this month, representatives of GM's European management, met with the European works council headed by its chairman, Klaus Franz, to discuss the implementation of the savings plan.

GM's European operations lost roughly $1 billion (€780 million) in the third quarter of this year and Opel, like GM headquarters in Detroit, has demanded support from the government. The works council and management wrote a joint letter to German Chancellor Angela Merkel (CDU/Christian Democratic Union) requesting that she support a credit package of €40 billion from the European Investment Bank to aid the European automobile industry. This request was turned down by Merkel and the German government.

The losses for GM's European subsidiaries, and the guidelines for cuts issued by GM headquarters in Detroit, came in the midst of the current wage negotiations for the German electrical and steel industries which cover the auto industry.

IG Metall, the main German engineering union, recently agreed to a rotten contract for its members. The union had originally demanded an 8 percent wage increase for a term of 12 months. The employers offered only 2.1 percent. The deal agreed to by the union is far below the inflation rate and represents a decrease in real wages. The only firm agreement is for a single increase of 2.1 percent covering nine months (February 2009 to December 2009), which corresponds to an average annual increase of just 1.6 percent. (See "Germany: IG Metall agrees to sell-out contract").

When reporters from the WSWS spoke with employees in Bochum last Wednesday, these workers were unaware of the settlement struck by their union. Klaus Daft, who has worked at Opel for 22 years, said that all of his colleagues in the factory were opposed to the pay freeze demanded by General Motors.

Klaus said, "We have continuously lost income for the past four years and now we are being asked to sacrifice more of our wages? That would mean very soon we would be working for wages under the agreed contract limit."

He also noted that the works council had promised that Opel employees in Bochum would "never" be pressured to accept wages "below the IG Metall pay scale." "We hope, that this demand will be fulfilled," he added, making clear that his trust in the works council was limited.

Despite all the promises from the trade union, there has been a constant series of wage cuts while the workforce has been systematically reduced. In the past seven years over 15,000 jobs have been cut by Opel in Germany—9,000 jobs in 2005 alone.

Every attempt by the workforce to defend itself against a constant stream of cuts has been thwarted by the works council. It negotiates with the employers behind the backs of the workforce and then exerts pressure on workers to accept lousy contracts—especially at the Opel factory in Bochum.

Prior to the seven-day strike at Bochum in October 2004, when the factory was threatened by a closure, the workforce in Bochum consisted of nearly 10,000 workers. At its peak, employment at the plant totalled 20,000. Now there are only 4,000 jobs left.

As a result, workers have become increasingly critical of the union. "We went along with a token strike," Klaus Daft declared, "but not everybody participated. This uncertainty is noticeable in all areas and in the reaction of the workforce. Formerly, everybody stopped work during a token strike. Everybody took part collectively. This time, however, people are just satisfied if they can keep their jobs."

Since September, Opel workers in Bochum have been given involuntary leave for two weeks on two separate occasions and the company is planning to stop production for four to five weeks at the end of November. The threat of strike action no longer has the same effect. "If we strike, then we would not build as many cars, which probably suits the Opel executive board," Klaus added. "At the moment, we are unable to take any action, because what we do can be turned against as and into an advantage for Opel management."

The production stops are currently compensated through the reduction of overtime. The introduction of working time accounts has made such flexibility possible. This has its limits. "We still have some credit hours left," explained Christoph Klingschmidt, "But that also decreases overtime. We still don't know what's coming next. This will probably result in short-time work in January and February next year." This would eventually mean drastic wage losses, because the short-time work payments amounts to just 67 percent of the last net income.

Klaus Daft described how the works council in Bochum was contemplating further wage cuts to assist management—in particular, cuts to the traditional Christmas bonus and holiday. "The works council has talked about such things, I know that."

The result would be further cuts to pay and would make a mockery of the pledge by the works council chairman, Rainer Einenkel, never to agree to rates below the official IG Metall pay scale.

At the end of 2004, after the strike in October, Einenkel took over the post of works council chairman and has operated as a co-manager for the company ever since. In 2005 he signed the "Zukunfsvertrag 2010" (Future Contract 2010). Since then the workforce has been cut in half.

At the end of September, Einenkel signed the next contract, titled "Zukunftsvertrag 2016" (Future Contract 2016). The contract stipulates further attacks on wages and working conditions—increased workloads, wage cuts of up to 20 percent for temporary workers, a reduction in the number of apprentices, cuts in the Christmas allowance and other payments. Even prior to the new contract coming into force, the average Opel wage is level with the base rate of the IG Metall pay scale. Seeking to defend his support for Contract 2016, Einenkel told the *Frankfurter Rundschau* in September, "We managed to prevent the 38-hour week and payments under the pay scale."

Einenkel claims however, there is no way to prevent future cuts. In an interview with the conservative newspaper *Die Welt*, Einenkel declared that, unlike 2004, "we can't do anything at the moment right now.... Globally, purchasing power is being wiped out. You can't demonstrate against that." His immediate response has been to organize the shedding of a further 150 jobs—ostensibly with severance pay, although GM headquarters in Detroit recently rejected paying out severance money due to the company's crisis.

In a nutshell, Einenkel's statements boils down to this—in the past you could "demonstrate" against the attacks in 2004—a trade union-led campaign that resulted in the halving of the workforce. The situation today, according to the union—is that "nothing can be done." This statement should be seen as a warning for workers. As one Opel worker in Bochum noted: "Absolutely nothing is safe."