

Germany: Jobs and wages cut at Opel

Dietmar Henning
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General Motors' crisis in the United States and the collapse of car sales in Europe are threatening Opel workers in Bochum with the closure of their factory. The trade unions and Works Council have reacted to the threat by offering wage cuts, and are seeking to play off workers at one location against those at others, while encouraging nationalist sentiments against "the Americans".

In a letter to staff at Opel Bochum, GM's European head Carl-Peter Forster announced that the company would have to lower labour costs by at least ten percent. Initially, the company would try to avoid reductions in personnel, he says in the letter, which was obtained by the magazine *Auto Motor Sport*. But, he goes on, "If market conditions in Europe worsen, it is very likely that further steps will become necessary to ensure the company survives".

Moreover, according to senior Opel insiders and the IG Metall union, the German auto manufacturer is threatened with closure if its parent company in the US goes bust. And there are growing indications that this could well prove the case.

In the meantime, the GM board, which like company head Richard Wagoner was previously against declaring insolvency, is considering invoking the protections of a Chapter 11 bankruptcy. Faced with shrinking capital reserves, several board members have expressed their willingness to now consider "all options", including bankruptcy, according to the *Wall Street Journal*.

Bloomberg news reported that GM is now considering selling off four of its automobile subsidiaries in order to qualify for billions in government credits, which have so far been refused to GM and the two other large American carmakers, Ford and Chrysler. Those brands under consideration for disposal include Pontiac, Saturn, Hummer and Swedish manufacturer Saab.

If financial support from America dries up, this will have far-reaching implications for Opel, which would need to raise billions in credit. In mid-November, Forster, Opel Germany's boss Hans Demant as well as the Works Council chairman Klaus Franz approached Chancellor Angela Merkel to seek endorsement of guarantees valued at €1.8 billion. The initiative was proposed by Franz.

The day before the talks with Merkel, on a Sunday TV talk show, Franz and Economics Minister Michael Glos (Christian Social Union, CSU) had called for credits to be extended to

Opel in return for auto workers making "sacrifices". According to press reports, the two subsequently emptied several bottles of red wine in Berlin while working out the details. "Don't ask how many bottle we drank", Franz told the *Süddeutsche Zeitung*.

Franz acts like a co-manager when speaking to politicians, lawyers, chartered accountants and investment bankers. He does not consider himself to be a representative of the workers but of "German economic interests". For him, the matter is settled: Opel would be better off without GM. He talks about the "black hole" of General Motors into which all of Opel's money supposedly disappears.

While Franz leads the chorus against "the Americans", the local Works Councils are already helping to implement the cuts. They have accepted all cuts in production, which will inevitably lead to cuts in wages.

In Bochum and Eisenach, production was again halted this week and the entire Opel workforce has been sent home. In Kaiserslautern, some 500 out of 2,300 staff working in the supply chain have also been sent home.

According to Opel spokesman Andreas Kroemer, at present all factories are only planning from week to week. However, he told the WSWS that all German plants, as well as the company's European operations in Spain, Britain, Belgium and Poland, would be closed for at least three weeks over an extended Christmas holiday from mid December until the beginning of January 2009.

Many workers have already used up the additional leave time they have accumulated, so that any further halt in production means they face wage cuts. The Works Council is already expecting reduced hours next year, which will mean a further loss in income.

Bochum threatened with closure

For Opel workers in Bochum, this latest round of job and wage cuts could herald the closure of the factory.

Intensive discussions between the Bochum management and the Works Council are already being held behind the backs of the workers. They are putting into place the mechanisms to implement the cost cuts required by Forster.

In the early 1990s, nearly 20,000 men and women still worked at Opel Bochum. Since then, the Works Council has signed one so-called “contract for the future” after another agreeing to the dismantling of jobs and wages. Many parts of the company have been sold off to new owners or to subsidiary companies in which younger workers earn only half the wages that Opel had previously paid.

Before the introduction of “future contract 2005”, there were still approximately 10,000 workers employed at Opel Bochum, today it is barely 5,000. After three years without a wage increase, Opel workers have lost the premium pay rates they once enjoyed compared to other sectors.

Former member of the Stalinist DKP Rainer Eienkel, who took over the leadership of the Works Council at the end of 2004, has never said he would accept anything to keep the plant open, including “child labour,” as his predecessor Rolf Breuer proclaimed in the 1980s. However, the facts speak for themselves.

All the concessions over the last years were justified by the unions saying that they were needed to “save production at Bochum”. In reality, the closure of the plant has become even more probable. The No 1 Works, in which the “Astra” and the “Zafira” are manufactured, needs investment to ensure production continues after 2011. And GM has already put back production of the new “Astra” by one year on cost grounds. The prospects for the future currently look very bad; there are already rumours that from 2011 production could be halted in the No 1 Works and transferred to Opel’s main plant in Rüsselsheim.

Things look even worse for the No 2 Works in Bochum, where 830 workers manufacture transmissions and axles. According to newspaper reports, GM does not want to develop any new transmission systems in Bochum, with discussions being held about a new location in Asia.

Closure of Opel’s Bochum operations would have wide-ranging implications. At least 7,000 workers are directly employed in the factory: 5,000 by OPEL, 600 by Power Train, 500 by Caterpillar Logistics (No 3 Works), 570 by Johnson Controls (suppliers of car seats), 200 by SCB (Ferrostaal) logistics, 135 by TCM (No 2 Works, tool production) and 70 at the General Vehicle Company that organizes transportation of the new vehicles by rail or road.

In addition, there are at least 2,000 employed by hauliers, waste disposal operators and repair shops. And then there are numerous ancillary industries both locally and nationally. Tillmann Neinhaus, director of the Bochum Chamber of Commerce, estimates the number of those in the immediate vicinity who would be affected by the closure of Opel Bochum at over 11,000.

The threatened closure of Bochum and other plants can only be opposed through the solidarity and common struggle of all those employed by the global GM company. On the other hand, the Works Councils and the unions are doing everything to

divide the workforce at one location from another.

American GM workers are never mentioned in the speeches of the German Works Councils. For Franz, Eienkel and Co., it seems they do not exist at all. But a wedge is being driven not just between the US and the European and German workforce; the German Works Councils are getting ready to play off the different locations inside Germany against each other.

Franco Biagiotti, Works Council deputy chairman in Bochum says, “We in Bochum have always bled the most.” What he is really saying is that this time, it is others who will have to bleed, for example at Rüsselsheim.

In a joint paper, the IG Metall union in North Rhine Westphalia and the Opel Bochum Works Council are demanding investments totalling €420 million for production of a new series of models in Bochum. Without these investments, the closure of Bochum is inevitable, they say. In their paper, they also list ten reasons for keeping production in Bochum, including, “Bochum has specialists in launching new production and also has a very important function as suppliers to the entire company.” The launching of a new model series in Bochum costs only “a third to a half” what it would cost in another plant. For example, producing the five-door Astra in Bochum required only \$20 million in investments, instead of the \$40 million it would cost elsewhere.

These arguments by the IG Metall and Bochum Works Council are deliberately aimed against Opel workers at Rüsselsheim. In a similar vein, one may confidently assume that it is the Rüsselsheim Works Council and IG Metall functionaries who are behind the rumours about moving production from Bochum to Rüsselsheim.

The Bochum Works Council will accept all the cuts being proposed in order to save “production at Bochum”. Works Council leader Rainer Eienkel is trying to placate workers saying, “We will look at what management is proposing”. Meanwhile, his deputy Biagiotti is already suggesting “our present 35-hour week could be shortened to 30 hours,” adding, that the present contract would allow that.

At the beginning of the year, Nokia closed down its mobile phone production in Bochum, with 2,300 people losing their jobs. Biagiotti now says that “we cannot accept a second Nokia in Bochum. We will not stand idly by and let ourselves be buried alive.” No, Biagiotti and the entire Works Council will not stand idly by. The cuts and concessions they are willing to agree mean they are already arranging the funeral themselves.



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