

# Opel-General Motors breakup will mean plant closures and mass redundancies

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While the Barack Obama administration in the US prods General Motors towards insolvency, European trade unions and work councils are playing a major role in the breaking off of Opel from its American parent company. The separation of Opel from GM will inevitably be bound up with wage and job cuts, and plant closures are also part of the discussion.

Last week Obama administration officials announced they had given GM two months to prepare for insolvency. The auto giant, according to the most likely scenario, is to be divided up into a “good” part, consisting of some profitable sectors of the enterprise, and a “bad” part. This solution would enable GM to eliminate or reduce benefits such as pension payments for its former employees.

The German trade union IG Metall and the work councils it heads have reacted to this latest development by pursuing even more vigorously their own plan to create an independent European Opel company.

According to the joint works council chairman and deputy head of the Opel supervisory board, Klaus Franz, Opel belongs to the “good part of GM.... Opel has landed in a completely new pot—as an independent enterprise in Europe, with an investor and state endorsements.”

Together with Franz, the work councils are doing everything in their power to pacify the workforce by floating a number of reports of interested potential investors, particularly from Middle Eastern countries. Fiat is also being mentioned as a potential partner.

The Opel supervisory board, half of whose seats are filled by union and work councils representatives, held a conference call April 10 focused on the separation of Opel from GM. Different scenarios and models were discussed, all of which led to the same conclusion: the workers will pay through the destruction of jobs, drastic wage cuts and worsened schedules and working conditions.

One “insider” told the German ARD television station the “rescue boat for Opel” is over.

“We decided upon individual steps in order to make us independent,” stated Rainer Eienkel, the works council chairman at the Opel plant in Bochum, who also sits on the company’s supervisory board. He was vague in his comments,

declaring only, “There are constant discussions, meetings and appointments. As a result there are also decisions relating to how one can function independently.”

The Opel management and work councils agree on the main issues. They want to “exchange” the debts owed by GM to its European subsidiary for “real value,” i.e., patents and factories, before the expected GM insolvency at the end of May or beginning of June. Whether this actually takes place, however, still depends on the agreement of the US government to whom GM handed over its patents as part of the collateral for the government’s emergency loans to the auto company.

The work councils have already urgently requested the German government to convince Obama and US Treasury Secretary Timothy Geithner to release GM’s patents.

## Dispute between different work councils

The Opel management, IG Metall and the work councils are all determined to separate Opel from GM, although this involves large-scale job cuts and plant closures. The work councils, however, still have not agreed on how the cuts are to be implemented. This has led to predictable conflicts between the various work councils at individual locations, in particular between the plants at Bochum and Rüsselsheim. Each of the works councils is seeking to shift the lion’s share of cuts of up to one billion euros to any other plant but its own.

The various work councils function according to the principle of “dog eat dog,” but they all agree on one thing—a joint struggle of all Opel and GM workers must be avoided at all costs.

Eienkel told the press that the current motto at Opel was: “Only one model at one factory.... The current discussion centers on whether Opel Rüsselsheim produces the Astra.” So far both the Astra and Zafira models have been built in Bochum and the new Insignia model at Rüsselsheim. The Bochum work council has assured the workforce that the factory will continue with production of the Astra.

This “guarantee” by the Opel management was acquired at

the price of further concessions on jobs and wages. Since the last so-called “employment protection contract” in 2005, nearly half of the jobs at Bochum have been lost. All of these contracts are now worthless.

An estimated additional investment of 460 million euros is necessary for production of the new Astra in Bochum. Einkel, however, told the press, “When this sum was announced, the word from Rüsselsheim was that, ‘We can produce for a third of that sum.’”

Einkel then noted that Bochum could offer a number of advantages compared to Rüsselsheim, such as the factory’s own stamping plant and transmission production facilities. These are crucial advantages for the Bochum factory, Einkel argued.

It is still not clear whether Opel’s main plant in Rüsselsheim, with its workforce of 18,000, will take over production of the Astra. According to Einkel, it has been agreed that the new Astra will be produced from 2010 at the British plant in Ellesmere Port.

This would mean that only the Zafira model would be produced in Bochum—a model that is already also being manufactured in Poland. A step-by-step closure of the Bochum plant therefore seems inevitable. The plan to retain just one factory per European country has also not been ruled out. In the case of Germany this would again mean the closure of Bochum in favor of retaining the company’s main factory at Rüsselsheim.

The latest developments underline the accuracy of the February 17 report from the Bloomberg wire service that reported three possible plant closures in Europe. At the time, the work councils and German politicians, such as North-Rhine Westphalia’s Minister-President Jürgen Rüttgers (Christian Democratic Union), who was in Detroit for discussions with GM, described the Bloomberg report as a “false alarm.”

According to the Bloomberg report, GM planned the closure of the Opel factories in Bochum and Antwerp in Belgium (where 3,700 workers build various versions of the Astra), as well as the sale of the company’s plant in Eisenach. According to the same news report, GM’s Swedish subsidiary Saab was to be sold off or closed completely. The *Financial Times* reported April 17 that GM was ready to hand over the insolvent Saab company “for zero.” As for the Opel work in Eisenach, Klaus Franz already proposed its sell-off some weeks ago.

### **“I’m afraid the vote will be manipulated”**

While giving a succession of interviews to the media, the work councils have done nothing to inform Opel workers as to what is going on. “We are not told anything. We read everything in the press,” commented Gerhard B., employed

at Opel in Bochum for the past 34 years. The father of five children told the WSWS that the workers often do not see the work councils “face to face.... They seem to have sunk without trace.”

The sole aim of the work councils, with their contradictory reports to the media, is to prevent any unified fight for the defense of jobs and wages and enable Opel management to implement its plans little by little.

Gerhard B. sees a grim future for the Opel works in Bochum: “If we only build the Zafira here, then it is only a question of time before we are closed down and the last workers are made redundant. The Zafira is also being built in Poland, and production costs there are much lower than here in Bochum.”

Gerhard B. regards a report in the regional press to the effect that a new energy supply contract has been finalized between Opel and the Bochum public utilities companies for the factories in Bochum, Kaiserslautern and Eisenach until 2012, i.e., that production is safe, as nothing less than a tranquilizer.

“The contract goes up to 2012 and many hope that it continues at least until then. But I am afraid it could be the end for us next year.

“New concessions on our part will not change the situation,” he said, referring to the vote being conducted by IG Metall aimed at canceling a recent contract containing a 2.1 percent wage rise. The cancellation of the contract is being supported by Opel management, the IG Metall and the works council in Bochum.

“All of my colleagues are opposed,” Gerhard B. explained “[Former GM boss Rick] Wagoner pockets 20 million [dollars] and we are supposed to sacrifice 2.1 percent. We are absolutely opposed,” he said indignantly. “However, I’m afraid they will manipulate the voting result in such a way as to ensure that the wage increase is not paid.”

Many Opel workers in Bochum, with whom the WSWS spoke, expressed their distrust in the IG Metall union. They reported inconsistencies and confusion regarding the vote and, like Gerhard B., assumed that the tallying of votes would be manipulated.



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