GM and Opel: the struggle for dominance in the global auto market

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The conflict over the future of Opel is intensifying. According to media reports, the US parent company General Motors is considering holding onto Opel and its British-based Vauxhall subsidiary. According to the *Wall Street Journal* the GM board of directors requested the executive committee to investigate alternatives to a sell-off of GM-Europe.

The paper cited three anonymous sources who reported that GM boss Fritz Henderson has been given the job of drawing up a restructuring plan for GM-Europe, including a $4.3 billion financial concept, for the next board of directors meeting at the beginning of September.

Shortly before the meeting of the GM board of directors last weekend, the German government once again stressed its advocacy of the bid for GM-Opel by the Austrian-Canadian auto supplier Magna. Like its rival, the Belgian financial investor RHJ International, Magna has been campaigning for months to take over GM operations in Europe. German Chancellor Angela Merkel (Christian Democratic Union, CDU) had telephoned President Barack Obama while Foreign Minister Frank Walter-Steinmeier (Social Democratic Party, SPD) had spoken with US Secretary of State Hillary Clinton.

The German government reacted angrily to the latest news that the GM leadership in Detroit had once again postponed a decision on its plans for the future of GM-Opel. The chancellor, the foreign minister, the economics minister and the prime ministers of those states where Opel plants are located deplored “the recent delay” and curtly demanded an immediate decision. Merkel called the Opel negotiations an “acid test for the transatlantic relationship.”

On Tuesday, GM Vice-Chairman John Smith hurried to Berlin in order to calm the waters, but without making any concessions. As owner of Opel, General Motors had to keep all options open, he stressed. Both the offer by Magna and that of RHJ International remained on the table, but it was also necessary to check the possibility of GM retaining Opel on the basis of revised conditions. This new plan envisages GM receiving approximately €3 billion from the governments of the US, Great Britain, Spain and other European states for Opel and Vauxhall. No decision has yet been made, however, Smith repeated.

Responding to a request by the German chancellor that the US government use its influence to accelerate a decision, Obama issued a communiqué from his holiday resort stressing that any such decision was purely a matter for GM management and that the US administration would refrain from interfering.

No confidence should be placed in Obama’s assertion. During the past few months the US government has invested €50 billion in General Motors and has become the company’s majority shareholder. Subsidized by taxpayer dollars, the government has whipped through insolvency proceedings for GM, which have cost thousands of jobs. In close cooperation with the trade unions it has freed the enterprise from its high costs linked to pensions and other benefits. All these measures are aimed at re-establishing what was once the world’s largest car company as a global player able to reconquer markets in the fiercely competitive international auto market.

The delaying tactics by the GM executive regarding its negotiations with Magna and RHJ, and the new option to maintain GM-Europe in the GM group, have been agreed upon at the highest levels of the US government. It is still not clear how GM will eventually decide. What is clear, however, is that the “conflict over Opel” is part of an international struggle for supremacy on the global automobile market.

Three industrial nations currently dominate the market. Japan now possesses the world’s biggest auto company—Toyota. The German Volkswagen concern is the biggest European auto producer and has recently swallowed Porsche as part of its own plans for leadership in the world market. Germany also has two other major global players—Daimler and BMW—while in the US those companies formerly known as the “Big Three”—GM, Ford and Chrysler—are striving to expand their own shares of the

world market into the new markets in Asia.

The intensive intervention by the German government on behalf of a Magna takeover of GM-Europe is not merely part of the election campaign being conducted by the various partners in the ruling grand coalition, and it certainly has nothing to do with “saving jobs.” The concepts put forward by both RHJ and Magna envisage large-scale job cuts in all European locations.

Instead the German government’s support for Magna is directly linked to its foreign policy interests, with Magna serving as an intermediary for Russia. The Magna concept plans that 55 percent of the shares in GM-Europe be awarded to Russia’s second biggest car producer GAZ and the Russian state-owned Sberbank.

German Gref, the head of Sberbank, was a former economics minister in Moscow and is a close associate of the former Russian president and current prime minister, Vladimir Putin. According to one German media source, Gref does what Putin “tells him to do” — i.e., “Act geo-strategically. Procure know-how for one’s own industries through international cooperation. Open up new markets abroad. Buy Opel.”

The closing of the Magna Opel deal would be an important step for the German government and intensify its economic cooperation with Moscow. Issues of energy security play an important role in this cooperation. According to figures from the European Union, European demand for natural gas derived from imported supplies will rise from the current level of 60 percent to 80 percent over the next 20 years. The main supplier to Europe is Russia and German-Russian trade relations have grown enormously since the coalition of the SPD and Greens headed by Gerhard Schröder (SPD) took power in 1998. Schröder now plays a leading role in the Russian company Gazprom, which is building a major gas pipeline through the Baltic Sea.

This stands in complete conflict with the interests of Washington. When GM was in financial dire straits and confronting bankruptcy, the sale of the company’s European plants was indeed an option for the management in Detroit. However, following the massive intervention by the US government, which is intent on the company regaining its share of the market, all the options are once again up for grabs.

The global car market requires that companies operate internationally and are active all over the world. With this in mind GM does not want to give up its European market so easily. In addition, a majority of the technical development for American models stems from Germany, and Detroit is keen to maintain a monopoly on this know-how. Above all, GM management and the US government are keen to ensure that a potential competitor in Russia does not exploit such technical knowledge. Detroit could also intervene in the Russian market. GM already has an assembly plant in St. Petersburg.

Irrespective of the final decision over the future of GM-Europe, it will reflect this conflict of interests between the US and Germany. Under these conditions the company’s workforces stand to lose, whatever decision is made. GM and Opel workers cannot allow themselves to be the plaything of their governments’ respective imperialist interests. They must adopt an independent standpoint.

This requires a rebellion against the trade union bureaucracy. Since the start of the conflict the German IG Metall engineering union and its work councils have worked tirelessly to promote Magna and German interests. This went so far as a trip to Moscow by IGM head Berthold Huber for a personal discussion with Putin. For their part, the work councils have made clear their readiness to accept wage cuts, the cancellation of holiday pay and further benefit cuts amounting to the sum of €1.3 billion.

In view of recent developments, works council head Klaus Franz has threatened “substantial resistance” by Opel workers. He told the press recently that he intends at short notice to call a mass demonstration in front of the US embassy in Berlin.

Workers must not allow themselves to be exploited for this disgraceful bureaucratic manoeuvre in support of German imperialist interests. They must refuse to follow Franz and the IG-Metall. On the 70th anniversary of the beginning of the Second World War the question must be asked: Where will such a policy lead? Politics has an inexorable logic. History has demonstrated that those banging the drum loudest for German economic interests and trade war inevitably end up as the most virulent advocates of a shooting war.

In the struggle against GM management the ally of German workers is not the German government, but American and European GM workers. It is necessary to establish contact with workers at all other GM locations entirely independently of IGM and the works councils. Workers must prepare to defend all jobs, wages and social standards and use this as the starting point for a broad political movement based on an international socialist perspective.