Negotiations over future of carmaker Opel face collapse

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5 September 2009

Following the end of the traditional summer break, Opel workers are still in the dark over the future of the company. Plans to sell off the European operations of General Motors to the Austrian-Canadian auto supplier Magna face collapse. All options are open again: bankruptcy, a sell off to the financial investor RHJI, or a program of radical restructuring under the direction of General Motors.

The strategy of the IG Metall engineering trade union and its affiliated works councils lies in ruins. From the outset they had agitated in favour of Magna. At the heart of their strategy was not the defence of the jobs and wages of all employees in the auto industry, but rather the establishment of a new company to function independently of GM and capable of holding its own against fierce international competition.

For this purpose the union sought the aid of Russia, whose semi-state owned Sberbank is backing the Magna offer. On the basis of collaboration with the Russian GAZ auto company, the union bureaucrats banked on privileged access to the Russian market and a corresponding stabilization on the European market.

In return, the union demanded huge sacrifices from the company workforce to make this deal possible. Already this spring, the union agreed to freeze a wage increase that had already been agreed and withheld holiday pay. On a longer-term basis, the union agreed to cut 20,000 jobs.

To facilitate the Magna deal, IG Metall and the works councils worked closely together with the German chancellor and foreign ministry. The national government and those state governments with Opel factories agreed a bridging grant of 1.5 billion euro and credit endorsements of several billions euro in order to secure the takeover by Magna.

The German government is pursuing its own geo-strategic goals with its orientation towards Russia. It needs Russia as a counterweight to the US. At the same time, it is seeking to strengthen German corporations' access to the Russian market and to protect its access to Russian energy supplies.

From the outset the WSWS warned of the consequences of this course. IG Metall and the works councils have transformed the Opel workforce into a plaything in the struggle between globally operating auto concerns. They subordinate workers to the profit drive of "their own company," thereby playing off one workforce against another. This warning has now been fully confirmed. The policy of the trade unions is having disastrous consequences for both Opel and GM workers.

GM management in Detroit and the US government have not simply looked on as their German competitors sought to pass on valuable technical know-how to their Russian allies. The Obama administration has temporarily taken GM under state control and reorganized GM in insolvency proceedings—slashing jobs, wages, and benefits such as health insurance. In so doing, it has relied on the unwavering support of the UAW auto union, which, like the German IG Metall, unconditionally subordinates its policies to the interests of the company and is ready to demand any sacrifice from its membership.

Ferdinand Dudenhöffer of the University of Duisburg-Essen writes in an analysis of GM that "cost relief" had been obtained by radical cuts in personnel and benefits. The economics professor specializes in research into the auto industry.

Under the heading "How strong is GM in reality?" Dudenhöffer concludes that the situation for GM had "clearly improved" at the end of the American insolvency proceedings on July 10. "Through the insolvency, GM could reduce its commitments by 40 billion US dollars," he writes in his study.

He continues: "Workers have largely lost their rights to pensions and health care coverage. The dismantling of commitments by around 40 billion dollars lowers the company's interest costs by around 2 billion per year, and the reduction in personnel brings additional cost savings. From the cost side that sounds good. In addition, 13 works in the US have been closed, and 27,000 workers are to be dismissed by the end of the year." GM has also terminated 2,400 contract dealerships in the US.

Strengthened by this financial relief, GM is now considering retaining Opel in order to strengthen its own status on the Russian and European market. "GM is delaying negotiations and repeatedly placing new demands with the aim—after the German election—of maintaining its grip on Opel, either indirectly with RHJ or by assuming 100 percent ownership," Dudenhöffer writes. "The negotiating goal of GM is clear. GM does not want to sell to the Magna consortium, but instead

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plans with Opel GM's future in Europe and Russia."

A precondition for such a move would be a restructuring of Opel just as brutal as that carried out in the US. Even insolvency proceedings are being considered in order to dispose of "past burdens." This was the solution favoured from the start by the German economics minister Karl Theodor zu Guttenberg (Christian Social Union, CSU). This means the company would be freed of all its obligations at a stroke. It would possible to close the Opel plants in Bochum (Germany), Luton (Great Britain) and Antwerp (Belgium) while stripping away the rights and benefits of the remaining workforce.

GM has received support for its plans from the Opel trust, which holds a 65 percent stake in the company and has the job of finding a buyer. The trust was created directly before the opening of the GM bankruptcy proceedings in order to prevent the European company from being drawn into the vortex of the bankruptcy. To this end the German government put up credit endorsements of € 4.5 billion.

The trust is dominated by representatives from General Motors, German bankruptcy lawyers and right-wing business lobbyists. Its directors are Alfred Hagebusch, a bankruptcy lawyer from the economics office, Wellensiek in Frankfurt, and Eric Stevens, the vice chair of GM-Europe. The advisory council consists of two representatives of the GM parent company, a representative of the German government (ex-Continental boss Manfred Wennemer) and a representative of the German states (Hessian FDP politician and bankruptcy administrator Dirk Pfeil).

The head of the Opel trust is Frederick Irwin, executive member of Citigroup Global Markets Germany and president of the German-American Chamber of Commerce. Irwin enjoys the confidence of both the Germans and the American governments and had been expected to act as a kind of arbitrator. However, when GM plans to possibly retain Opel leaked out, Irwin openly criticized German chancellor Angela Merkel, who had expressed her own support for a takeover by Magna. Irwin told the *Tagesspiegel*: "The Germans committed themselves to a policy far too early."

The German *Handelsblatt* newspaper then accused Irwin of stabbing the German chancellor in the back, "instead of seeking to arrive at a compromise between the American and German interests." Although the 67-year-old has lived in Germany for more than 30 years, the paper wrote that he is "at heart an American."

In the meantime the Opel works council is coming under increasing pressure from sections of workers. In order to make its renouncement of wage increases and holiday pay palatable to workers, the union had indicated that the sell off to Magna was in the bag. Now it turns out that nothing has been settled, and the works council has left the workforce in the dark.

The union has reacted in turn by further appeals to the government. At a works council meeting in Rüsselsheim last Tuesday in which work councils from all four German Opel plants and IGM functionaries took part, joint works council boss Klaus Franz defended the union's course and called on the government to pressure the Obama administration for a quick decision over the future of Opel.

In an interview a week ago, Franz had declared, "If there is no decision by the middle of next week, then I am in favour of Frau Merkel and Frank-Walter Steinmeier (foreign minister and vice-chancellor) summoning Fritz Henderson to Berlin. "There has to be a top meeting between the chancellor and vice-chancellor with the GM boss in order to reach a break-through in the sales negotiations."

Such hollow demands will lead nowhere. The course followed by IG Metall and the works councils is leading ever deeper into the abyss. In the meantime the union is signalling it might be ready to adapt to the new situation and subordinate itself to another investor. According to the works council chairman at the Bochum Opel plant, Rainer Einenkel, "One must be able to also talk with RHJI or others, before bankruptcy threatens."

The only things that interest these bureaucrats are their own posts and privileges. In order to defend their own positions they are ready to sell off the workforce for next to nothing. It is impossible to defend jobs and wages at Opel without a complete break with these bureaucracies.

Independent factory committees must be created to establish contact with other GM locations and other auto plants across the globe. The allies of workers in the fight against the GM management are not the German government and the company, but rather auto and other workers in the US and all over the world.

Such independent factory committees must organize strikes, factory occupations and mass demonstrations, in order to defend every job. A new political strategy is required. The principled defence of all jobs, wages and social standards must be made the starting point for a broad political movement on the basis of an international, socialist perspective.

The automobile industry cannot be left in the hands of either financial speculators, business representatives, or the governments that represent their interests. The automobile industry and the banks must be expropriated and placed under the democratic control of workers to facilitate economic policies that serve the interests of society as a whole.

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