

The Opel-Magna fraud

A betrayal of GM employees in Europe

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The day after the works councils at carmaker Opel documented their intention of implementing wage and benefit cuts of €1.6 billion in coming years, the board of directors of General Motors decided against a sale of its Opel-Vauxhall European operations to the Austrian-Canadian auto supplier Magna.

Up until the last moment, the work councils and IG Metall union functionaries maintained that the sale of Opel and Vauxhall to Magna was in the best interests of company employees—even though such a take-over would involve shedding more than 10,000 jobs. The union cooperated closely with the German government and sought to secure the sale of Opel to Magna, urging the government to put up 4.5 billion euro in taxpayer funds.

It is now clear that from the outset the Magna deal was nothing less than a large-scale diversion, aimed above all at preventing a common struggle by Opel and GM workers in European and American factories in a period when crucial elections to the European and German parliaments were taking place.

The insolvency proceedings of the GM parent company in Detroit this spring was bound up with major attacks on the company's workforces in America and Canada. Although mass redundancies had already taken place, a further 27,000 jobs were slashed and the total American GM workforce reduced to 64,000 workers. Thirty years ago, the GM workforce totaled over 618,000 workers. Even at the start of last year, GM still employed 110,000 workers.

The insolvency proceedings were linked to the closure of fourteen plants and around 2,000 auto dealerships. GM also closed several plants in Canada, reducing the workforce to 7,000. In 2005 GM Canada still employed 20,000 staff.

While GM management worked closely with the Obama administration and the UAW autoworkers' union to implement sharp attacks on the workforce, European trade unions and in particular the German work councils

refused to organize any sort of solidarity action for their American and Canadian colleagues. Instead, they offered Magna wage and job cuts and systematically organized the division of the workforce—pitting one factory and country against the other.

IG Metall invited Chancellor Merkel (Christian Democratic Union) to speak at a factory meeting, offering her a platform for her election campaign. They were well aware that the government had made an agreement with the big business federations to postpone mass redundancies and outright attacks on social benefits until after the Bundestag election. In return, the government extended short time working payments on several occasions and sought to postpone the crisis in the auto industry with its cash-for-clunkers scheme.

The trade unions supported this moratorium with the government, intent on preventing any major social conflicts during the election campaign.

When General Motors opened its insolvency proceedings in May, Opel became the key issue in the German election campaign. It was then agreed at the highest level between Berlin and Washington that GM management should postpone its decision over the future of its European works until after the Bundestag election. Subsequent delaying tactics and repeated announcements and postponements of any decision by the GM board were the direct result of this agreement.

Following the rapid insolvency proceedings in the US and their devastating results, the US government and Wall Street increasingly laid down the line. Under these conditions, the influence of sections of the GM board opposing a sale of its European operations and proposing a US-style restructuring grew.

GM was not prepared to give up either its European business or German technology center. It also opposed Magna's plans for cooperation with Russia, which would have threatened the emergence of Russian auto interests as significant competitors.

The German government was well informed of these developments, but continued to insist that any decision on the future of Opel be postponed until after the election. In the event, the US government waited until after the speech given by the German chancellor to the US Congress on Tuesday before giving the GM board the green light for its decision.

It is highly significant that Magna chief executive Siegfried Wolf reacted to the decision made in Detroit in a calm, even relieved manner. Wolf declared that the decision by the GM board to retain Opel in the best interests of the enterprise was understandable. GM's German subsidiary plays an important role in the worldwide organization of the company. Some months ago experts had drawn attention to the lack of detail in many aspects of the Magna bid, questioning whether the company was entirely serious in its purchase plans.

Nevertheless, the Opel works councils and the IG Metall played a key role during this entire period in duping Opel employees. They repeatedly praised the Magna model as the only alternative, maintaining that agreement on the part of GM was certain.

Just two weeks ago the main driving force for a deal with the Magna-Sberbank consortium, European joint works council chairman Klaus Franz, dismissed speculation that the sale to Magna might not go ahead, with the result that a number of factories in Europe would close. "The sale is secure," Franz said.

The works councils were determined at all costs to prevent any serious struggle to defend jobs and wages. They were fearful that such a struggle by Opel employees could rapidly expand to other factories confronting mass redundancies and wage cutting. They agreed with government—both the old, as well as the new one—that top priority was to prevent a broad mobilization of auto workers.

Instead, they organized the systematic splitting of the workforces at different European locations. Several weeks ago, a letter emerged addressed by the works council chairman at the German Bochum plant, Rainer Eienkel to joint works council boss Klaus Franz. In the letter Eienkel denies the claim that he favored the closure of the Opel plant in Antwerp, Belgium, as a means to limit job reductions in Bochum. In his letter, Eienkel stressed that he was not alone in endorsing the shutdown of production in Antwerp. This was also the position of Franz.

In his letter Eienkel declares, "1. The closure of the plant in Antwerp was part of the GM-Viability Plans 1

and 2. You have known and accepted these plans since February 2009. 2. The switch of the Astra 3-door to Bochum is contained in the Magna Business Plan of September 21, 2009. Known and accepted by you. 3. Antwerp cannot survive without the Astra 3-door, and Bochum is also no longer viable without this model. The result is that both plants are finished. Is that your intention?"

The work councils, IG Metall, and their trade union counterparts in Britain (the Unite trade union) and Spain bear the main responsibility for the present situation. Their refusal to organize a common struggle for the defense of jobs and wages has encouraged GM to impose restructuring measures along the lines of the American model. A number of plants in Germany and Europe are now threatened with closure.

GM management has been able to rely directly on the concessions offered to Magna by German works councils. When Klaus Franz stated that these concessions on job and wage cuts no longer were available, Detroit responded with the threat to initiate insolvency proceedings. The GM board continues to insist that it must cut fixed costs in Europe by 30 percent.

The works councils in Germany have announced protest actions at a number of plants, aiming to cover up their responsibility for the current situation.

In order successfully to organize resistance, the defense of jobs and wages cannot be left in the hands of the work councils and the trade unions. It is urgently necessary to establish independent action committees at a factory level, with the aim of establishing an international network—including GM workers in the US—to plan and organize strikes and factory occupations against the planned attacks.

Workers in the US have already begun to oppose the domination of the American auto trade union. In the past week, 75 percent, and in some locals more than 90 percent, of Ford workers voted down a contract that contained drastic cuts to jobs and working conditions.

A rebellion against the dictatorship of the trade unions and work councils must be made the starting point for a common international struggle for the defense of jobs and social gains, based on a socialist perspective.



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