GM Europe announces 9,000 job cuts

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The new head of General Motors Europe, Nick Reilly, has announced that Opel and Vauxhall must slash at least 9,000 of 50,000 jobs at the two GM-owned companies in Europe. The majority of the cuts—up to 5,400—are to take place in Germany.

The German work councils and the IG Metall trade union issued formal protests but will do nothing to defend workers' jobs. From the beginning of the debate over the possible sale of GM's European operations, the work councils and union officials have sought to defend their own positions and privileges while blocking any unified struggle by dividing auto workers along national lines.

Working closely with the Merkel government in Germany, European joint works council chairman, Klaus Franz, and IG Metall backed the takeover of Opel by Austrian-Canadian auto supplier Magna and the Russian Sberbank by offering wage cuts of 265 million euros per year. In exchange Magna indicated that most of the 10,000 redundancies bound up with the Opel takeover plan would take place outside of Germany.

Then at the beginning of November GM promptly halted the sale to Magna and decided to retain and restructure Opel and Vauxhall.

Now Reilly has turned the tables and is using the same methods against German workers as those used by German trade unions against the Belgian, Spanish and British governments and their respective unions. Reilly traveled through Europe last week and has been playing off one European factory against another in order to achieve concessions from the trade unions and public funding from those countries with GM plants. In so doing Reilly has made all sorts of unbelievable promises.

Reilly, a British citizen who took over as boss of GM Europe three weeks ago, has undertaken a series of restructurings involving plant closures and mass layoffs during his 34-year career with GM.

Reilly first visited Germany where he was informed he was unlikely to receive the same level of tax cuts and other state support promised to Magna. Instead he was told GM must pay the majority of the 3.3 billion euros outlined in its redevelopment plans.

Reilly then went on to visit Great Britain, Poland, Belgium and Spain. He received promises for public funding from all of those countries' governments if their local factories were kept open and job cuts were carried out elsewhere. In total Reilly has received assurances of up to 1.5 billion euros in funding.

According to the news magazine *Der Spiegel* the British government promised credits of more than 400 million euros, while Spain says it is ready to free up between 300 to 400 million euros. The Polish government also promised tax breaks. In Belgium, Prime Minister Kris Peeters promised 500 million euros. GM's Antwerp plant has long been consider a prime candidate for closure.

Alarmed at these developments the European Union Commissioner for Industry, Günter Verheugen (Social Democratic Party) arranged a meeting of economics ministers of the respective EU countries with Reilly on Monday in Brussels. Germany wants to put pressure on the EU to block GM from receiving billions of tax funding. Verheugen, who followed Reilly's journey with suspicion, declared he wanted to prevent "an auctioning of jobs" at Opel Europe. But, as one of the spokespersons for Verheugen complained, "We cannot stop him (Reilly) from meeting other people".

The "auctioning of jobs" of jobs, however, is already well under way; not only at a European level but also within Germany. On Tuesday Reilly began his trip through Germany visiting Opel plants in Kaiserslautern and Bochum and speaking with the state prime ministers Kurt Beck (SPD, Rhineland-Palatinate) and Jürgen Rüttgers (Christian Democratic Union, North Rhine-Westphalia) as well as with the work councils. On the following day he drove to Thuringia, home of the Opel factory in Eisenach, and then onto the Opel headquarters in Rüsselsheim (Hessen).

In the course of each visit Reilly declared that "difficult decisions had to be taken", but that each specific factory was safe. He told the work councils in Bochum the workforce of 5,000 would "only" be reduced by 1,800.

The Magna plan had envisaged 2,300 lost jobs.

So far Reilly has refrained from any clear statements and has deliberately left much open. From the start, however, he has made clear that costs in Europe must be cut by 30 percent and production reduced by 25 percent. It has now emerged that Antwerp is not one of the plants immediately targeted for closure, but it still remains unclear where the axing of 9,000 jobs will take place. It is expected that 50 to 60 per cent of the job cuts will take place in Germany and the remainder in Antwerp, with smaller job losses in other European plants. In addition, Reilly has stressed, this is all only part of an initial plan.

GM is also demanding that its European workforce make the same wage concessions, i.e. over 265 million euros per year, offered by the works councils to Magna.

At the same time by remaining vague GM is able to force governments along with work councils and trade unions into a further bidding war. The company is insisting that most of the 3.3 billion euros it says is necessary for restructuring GM’s European operations, will have to come from governments.

The Opel joint works council chairman Klaus Franz reacted indignantly to the fact that Reilly was using exactly the same blackmail tactics he employed in the failed effort to get Magna to take over Opel.

Franz accused GM of planning to wind down production at Rüsselsheim in favor of the Ellesmere Port factory in England in order to receive state aid from London. Germany must bear the brunt of the burden of restructuring, with 50,000 units of the Astra Caravan model to be built in England instead of Rüsselsheim, he complained. "We regard that as a violation of the principal of free competition aimed at gaining public funding," Franz declared.

As long as the issue was "rescuing" jobs in Germany at the expense of jobs in other European factories Franz was all in favor. However when the boot is on the other foot he declares it is "a violation of the principal of free competition".

From the beginning, the works councils and trade unions have opposed any joint action by European workers in defense of jobs. They have also excluded any common struggle with GM workers in the US who are facing 23,000 job cuts and unprecedented wage and benefit concessions as a result of the forced bankruptcy and restructuring of the century-old company by the Obama administration.

A section of the European corporate elite is enthusing over the brutal methods used by GM pointing to it as an abject lesson of how to deal with the working class. For example, the business magazine *Wirtschaftswoche* wrote, "In recent months GM has acquired a position, which deserves one thing: respect…The auto company has received gratis an expensive restructuring concept from Magna for reducing capacity at Opel. At the same time via Magna GM has the agreement of the trade unions to provide deep cuts to wages and salaries together with the readiness of the German chancellor to provide billions in assistance."

At the same time within there is a growing chorus of government and corporate spokesmen who reject any form of state support and prefer bankruptcy for Opel. This position—which is supported by Opel’s German-owned corporate rivals—is championed by economics minister Rainer Brüderle (FDP), who warned, "One must watch out that the principle of competition is not distorted” by state subsidies.

The *Süddeutsche Zeitung* also demanded that state prime ministers refuse to provide financial support for Opel. "Otherwise they set in motion an expensive round of subsidies, which will not make a single job safer. What will politicians do when in a few months the US group reneges on its guarantees over jobs and inventory, arguing that the situation on the market has worsened? Sorry, one has to close the plants after all. Unfortunately this scenario is probable."

And the *Frankfurter Allgemeinen Zeitung* comments: "One does not have to be a specialist to sense that the crisis at Opel will not be solved even in a year. The cash for clunkers program is gradually running out in Europe. Then the issue of plant closures at Opel will once again be on the table."

For such a contingency a further "restructuring plan" with associated job cuts and plant closures will be necessary—a measure which will be dutifully carried out by the work councils and trade unions.