

# Opel, General Motors and German-American relations

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In recent days, German and American government representatives have solemnly extolled the partnership between the two countries. On November 3, German Chancellor Angela Merkel received standing ovations from the US Congress. On November 9, US Secretary of State Hillary Clinton attended celebrations in Berlin marking the twentieth anniversary of the fall of the Berlin Wall. President Barack Obama sent a video message.

However, if one probes beneath the official declarations and examines the state of economic and political relations, German-American affairs appear in a completely different light. Twenty years after the end of the Cold War, increasing tensions and conflicts are the order of the day, as underscored by the disputes surrounding auto maker Opel.

While Merkel was being applauded by legislators in Washington, 500 miles away, in Detroit, the directors of General Motors repudiated their previous promises and decided against selling GM's German subsidiary Opel to auto parts supplier Magna, preferring to keep the company under GM's own umbrella.

The German media was virtually unanimous in characterizing GM's about-face as the greatest debacle suffered by Merkel in the course of her political career. Merkel had personally and aggressively promoted the sale of Opel to Magna, making it a central component of her campaign in the recent federal elections.

GM's decision is all the more politically significant since the US government holds a majority stake in the company. The Obama administration appointed the board of directors that authorized the move.

Merkel was informed only after her meeting with President Obama and her appearance before Congress, although the decision had already been made. Afterwards, it was said that Obama had not known of the move. However, in view of its explosive foreign policy implications, this is hardly credible.

German government representatives did little to hide their indignation. While Merkel spoke with customary diplomatic reserve about her "deep regret," Hesse State Premier Roland Koch of Merkel's Christian Democratic Union (CDU) vented his "annoyance." His counterpart in North Rhine Westphalia, Jürgen Rüttgers (also from the CDU), said that GM's behaviour had revealed the "ugly face of turbo-capitalism."

Merkel had portrayed her support for the Opel-Magna project as being motivated by concern for jobs at Germany's Opel plants. But that was largely election propaganda. A Magna takeover would have cost 11,000 of the 50,000 jobs at GM's European

operations.

In reality, the dispute surrounding Opel is driven by a struggle for markets and geopolitical interests. The emergence of an independent New Opel would have resulted in the American automobile industry losing an important outpost in the European market. At the same time, the Magna deal would have given the German automobile industry a bridge to the Russian market.

Magna was seeking to take over Opel in conjunction with Russia's Sberbank, whose boss, German Gref, is a former economics minister and close confidant of Russian Prime Minister Vladimir Putin. The underdeveloped Russian automobile industry would have thus gained access to urgently needed technical knowhow. In return, Opel and its technology center in Rüsselsheim would have gained access to the Russian, and through it, Asian car market. The Russian government had supported the plan and reacted with displeasure to its collapse.

The Russian car market is considered to be one of the most promising in the world. In 2007, before the outbreak of the world economic crisis, approximately 2.5 million cars were sold in Russia, with a total value of \$45 billion. Over half of these vehicles were imported. Another fifth was manufactured in Russia under foreign license.

Experts estimate that sales will double in the near future. Among the imports, American, Japanese and Korean models currently have the edge. GM's Chevrolet, which is partnered with Russia's Avtovaz, occupies first place, with a market share of 8 percent. The strongest German company, Volkswagen, lags far behind in 14th place.

If the Magna deal had come about, Opel would have been Chevrolet's chief competitor in Russia. An Opel model developed for the Russian market was to be built in plants of the Volga auto manufacturer Gaz that are located in Nizhny Novgorod. At present, production is suspended and about half of the 118,000 jobs at Gaz are slated to be cut. In addition, Avtovaz, the crisis-ridden manufacturer of the Lada, employing 102,000 workers, is in urgent need of new technology.

The planned transfer of technology to Russia was one of the major factors in GM's decision to abandon the sale to Magna. Bob Lutz, GM's vice chairman of global product development, prevailed against CEO Fritz Henderson. While Henderson had wanted to save the cost of restructuring Opel by selling off the company, Lutz argued that the sale would create a competitor to GM in Russia and weaken GM's market presence as well as its

technological advantage in Europe.

Behind the arguments about sales, markets and technology stand larger geostrategic questions. Germany has long been trying to reduce its economic and military dependence on the US by developing stronger links with Russia. This has provoked resistance both in Washington and in other European capitals. The eastern European states, in particular, suspect that their interests could be sacrificed to those of a Berlin-Moscow axis. In Paris and London, the fear is that Germany is unilaterally pursuing its great power interests at the expense of the European Union.

Eight years ago, open conflict raged over these questions. When the German government under Gerhard Schröder of the Social Democratic Party (SPD) expressed opposition to the Iraq war, Washington mobilized—in the words of then-Defense Secretary Donald Rumsfeld—“new Europe” against “old Europe,” causing the process of European integration to falter.

Schröder's foreign policy, which was supported by the leading German energy consortia and rested heavily on Russian President Putin, met with opposition within Germany as well. Leading circles of the German elite judged that a too great dependence on Russia was risky and insisted on the pre-eminence of the alliance with the US. Schröder's increasing isolation on this question contributed to the premature end of his government.

Similarly on the Opel question, the American side has been able to exploit intra-European and German domestic tensions. In Spain, Belgium and Britain, where Opel and GM's British subsidiary Vauxhall have plants, the GM decision against Magna was welcomed. The German government had pushed the Magna deal unilaterally and ruthlessly, giving preference to German production sites, which met with indignation in these countries.

They turned to European Union Competition Commissioner Nellie Kroes, who demanded a guarantee from the German government that 4.5 billion euros in redevelopment aid was not promised to just one investor, Magna. This created expectations in Detroit that GM might be able to gain access to German public funds, contributing to the decision to keep Opel.

In Germany, the decision against Magna was welcomed not only by pro-US political circles, but also by sections of big business, which regard the interference of the German government into Opel's management policy as an offence against the “free market” economy.

Thus the *Frankfurter Allgemeine* commented: “Those German politicians afflicted by helper syndrome have crossed a red line at Opel. They have suspended competition in auto manufacturing and made Germany more open to extortion.” *Die Welt*: “The belly flop in the Opel affair should teach politicians a lesson: in future, leave management decisions to those responsible within the enterprises.” Both newspapers praised US President Obama for supporting ailing banks and companies with hundreds of billions of dollars while taking a hands-off approach to corporate decision-making.

The big business wing of the Christian Democrats and the pro-market Free Democratic Party, which is the junior partner in Merkel's new government, feel strengthened by the GM decision. In her recent government statement, Merkel swung behind them on the most essential questions. She committed the government to tax

reductions, the abandonment of the co-financed social insurance system (where costs are shared by employers and employees), and the development of a two-tier health system.

The conflict with the US will not be diminished by this. On the contrary, German and American economic interests collide not only over Opel, but on many other questions—currency and financial policy, access to energy and raw materials, competition between Airbus and Boeing, etc. The same applies to the relationship between Germany and the other European powers such as France and Britain.

Under conditions of a world-wide economic crisis, the struggle for markets, raw materials and profits leads inevitably to intensifying conflicts between the imperialist powers. Trade and economic conflicts flow into colonial wars and finally into inter-imperialist wars, which are carried out on the backs of working people. The growth of international conflicts and sharpening attacks on the working class are two sides of the same coin.

In this process, the trade unions play a particularly foul role. At Opel, the works council and the IG Metall union beat the drum the loudest for the Magna deal. When GM restructured its American operations and shut 14 plants, cutting 27,000 jobs and reducing wages, not a word about solidarity with American workers emerged from the works council office in Rüsselsheim or the headquarters of IG Metall in Frankfurt. Instead, they stirred up anti-American sentiments, agitated for Opel to separate from GM, and offered Magna wage cuts and the elimination of 11,000 jobs.

After the failure of the Magna deal, it will be only a matter of time before the works council swings behind GM and offers a restructured Opel management its cooperation in the company's “redevelopment.” GM CEO Henderson has already begun a promotional tour through Germany.

Jobs, wages and social rights can be defended only if workers break with the trade unions and the works councils and develop independent defence committees. The defence of wages and jobs is inseparably bound up with the struggle against imperialism and war. Workers must unite across borders and oppose the rival capitalist cliques with a socialist programme.

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