

Saab nears bankruptcy as restructuring plan collapses

Jordan Shilton
26 October 2011

Saab faces the prospect of bankruptcy after its plans to restructure fell apart last week.

The company's owner, Swedish Automobile, had claimed that investment would be forthcoming from Chinese funders to allow production to resume. But it emerged on Friday that Pang Da and Youngman would only put money into Saab if full control of the automaker were given to them.

Swedish daily *Svenska Dagbladet* reported Monday that the Chinese firms were willing to offer only \$30 million for the purchase of Saab, an indication of the disastrous position in which the firm finds itself.

The outcome confirms the inability of Swedish Automobile to rescue Saab. Ever since it took over ownership from General Motors in early 2010, it has lurched from one crisis to another. Workers have been denied any job security, and wages have frequently gone unpaid.

It has led the workforce into this dead end with the full support of the trade unions, which have done all they can to keep workers tied to the company even as Saab moved steadily towards collapse. Just last month, as the company was granted three months bankruptcy protection to allow it to “restructure”, the unions reaffirmed their support for Swedish Automobile and Saab CEO Victor Muller.

With the plan now in tatters, Muller has launched an angry attack on Saab's administrator, who he claims has been pursuing another “agenda” to sell Saab off to the Chinese firms Muller had made contact with. He is calling for Guy Lofalk, Saab's court-appointed administrator, to be replaced.

Muller's main concern is that the state-backed scheme for paying wages is due to expire, meaning that the removal of Saab's protection from bankruptcy would reactivate workers' claims for unpaid wages

from the firm.

Lofalk announced Friday that he had applied to the district court to lift the bankruptcy protection, a move that would reactivate the claims to have Saab declared bankrupt by thousands of employees and other creditors including suppliers. “It is my duty as administrator to apply for the reorganisation to cease,” said Lofalk. “There is no time to find other solutions due to [Saab's] financial situation. [It] is not in the current situation in a position suitable for continued reorganisation.”

The insistence by the Chinese firms that full control of Saab is a condition for their investment confirms that the only way in which the company can continue in business is through slashing labour costs. A Chinese takeover would result in the elimination of all production jobs in Sweden, with jobs being shifted to China, where workers do similar jobs for a fraction of the price. This outcome would have been no different under the Swedish Automobile plan, which intended to hand over at least a 53 percent stake in Saab to the Chinese firms.

Responding to the Chinese announcement, Swedish Automobile has turned to a US venture capital firm to secure a short-term loan of around €50 million. The move will do nothing to resolve the funding crisis, with total debt at Saab standing at €150 million last month when it applied for bankruptcy protection—a figure that will have increased.

It is likely that the loan is being sought in order for the current owners to prepare for the automaker to be wound down. A number of short-term deals have been struck with obscure financial firms over recent months to inject short-term capital into Saab. A Reuters report on the latest arrangement stated that unspecified “collateral” had been offered to the hedge fund in

return for its cash injection.

Talks have also been ongoing to allow Muller's associate, Russian businessman Vladimir Antonov, to assume a stake in the company and purchase Saab's facilities in Trollhättan. Antonov was kept out of the initial deal to buy Saab at the request of GM.

Financial advisers are calling for Saab to be quickly closed up. Bloomberg cited one who commented, "If the Chinese are not prepared to pay a reasonable value for it, the shareholders and creditors are better to let it wind up. So much damage has been made to the brand anyway these last six months, and it wasn't doing well before it imploded. The end is now definitely nigh."

Preventing this outcome depends on the independent intervention of Saab workers with their own solution to the crisis. Such a movement will find no support from the trade union bureaucracy, which has maintained a stubborn silence since news of the collapse of the Chinese deal was announced last week.

The nationalist perspective of the unions led workers into the current disaster. By refusing to call for any action by the workforce as GM prepared for the shutdown of Saab at the end of 2009, the unions left the fate of close to 4,000 employees in the hands of a financial speculator like Muller, whose company clearly lacked the resources to maintain an operation of Saab's size.

As this became increasingly clear, and with wages going unpaid, the unions continued to refuse to advance any course of action other than statements expressing the hope that Swedish Automobile could raise capital from new funders. There were no calls for demonstrations, marches or protests of any kind, let alone a broader industrial and political struggle to rally support in the working class against the employers and the government.

The urgent task before Saab workers is the building of an independent action committee in opposition to the unions. It must be directed to advancing an internationalist and socialist programme to defend the interests of workers in the auto industry from downsizing and job cuts. This should include plans to occupy Saab facilities in the event of the firm being declared bankrupt, in order to prevent the sale of its remaining assets.

Critical to this struggle will be a turn to auto workers internationally and workers in other industries who

confront similar dangers to their livelihoods as the world capitalist crisis deepens. The last three years have provided a powerful lesson in the inability of Saab to survive as an independent company. The only alternative for the workforce is the fight for a publicly owned auto industry as part of the reorganisation of economic life on the basis of social need and not private profit. This means the fight for socialism.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact