GM and Peugeot Citroën conspire to sack thousands of auto workers

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A report posted by the French business news web site *La Tribune* about an imminent alliance between General Motors and France's PSA Peugeot Citroën points to plant closures, mass layoffs and pay cuts in Europe's car industry.

According to *La Tribune*, PSA board chairman Philippe Varin met with GM bosses during the Detroit auto show in January. An unnamed source reported that negotiations were already at an "advanced stage". The meeting was said to be about an "alliance, not a temporary collaboration" between the world's largest car company, GM Europe, and the second largest, PSA Peugeot Citroën.

The Brunswick consulting firm, currently engaged by Peugeot but also serving Opel, said the details of the future cooperation were not yet clear. Brunswick suggested, "It is likely that consideration will be given to, among other things, jointly developing automotive platforms".

According to media reports, successful negotiations will lead to declaration of an agreement between GM and PSA at the Geneva Motor Show in early March.

Peugeot is already working closely with competitors, including Fiat, BMW, Mitsubishi and Toyota. But cooperation is there restricted to only certain sections of production, such as motors or particular models. The alliance now envisaged with GM is intended to go far beyond this.

La Tribune warns that this alliance will not be "without pain". It could "cause widespread social havoc on the European continent".

General Motors drastically undermined working conditions in the US in recent years by enforcing brutal wage cuts of up to 50 percent. Now European car plants are to be Americanised. Collaboration between Fiat and Chrysler already resulted in savage wage and welfare cuts last year.

Now the losses at PSA and Opel-Vauxhall are to be passed on to their employees. Last week, PSA boss Varin announced a loss of €92 million (US$124 million) on the part of the concern's automotive division in 2011. The largest French carmaker could only sell about 3.6 million vehicles. Profits were still as much as €621 million ($836 million) in the previous year.

The PSA concern has already responded to the losses by instituting more stressful working conditions and mass layoffs. Last week, auto workers at the Aulnay-sous-Bois plant to the east of Paris demonstrated against the closure of their factory, planned for 2014. Well over 3,000 workers are engaged there on the production of the Citroën C3.

The management's strategy, known as "compactage" (compression/concentration), also provides for the closure of the plant in Madrid (2,200 employees) and the Sevelnord plant in Valenciennes in northern France, where PSA cooperates with Fiat and employs over 2,700 people.

The planned alliance between PSA and Opel-Vauxhall brings together two European auto companies that have both made huge losses because their cars are sold almost exclusively in Europe. Because the cost of the financial and economic crisis is being forced onto the shoulders of the working class in Europe—and especially in southern European countries—and because the economic recession is worsening there, fewer and fewer people are able to buy themselves a new car.

Opel-Vauxhall sells about 1.2 million cars a year, and the loss amounted to $747 million (€537 million) last year. GM's leading plant in Detroit has therefore announced a new cost-saving program that will be implemented at the expense of Europe's workers. Two weeks ago, the *Wall Street Journal* quoted an unnamed GM representative as saying: “If Opel is to be brought back on track, it must happen now, and the cuts will go deep”.

These cuts will include the closure of plants in Ellesmere Port near Liverpool (UK) and Bochum in North Rhine-Westphalia (Germany). European works councils have been talking to Opel’s top management about further cuts behind the backs of the workforce for months, while continually drawing attention to an agreement with GM that supposedly rules out plant closures and layoffs until late 2014.

In reality, this is a ploy designed to calm the workforce while gradual job cuts continue and the works councils accept all kinds of deteriorating conditions. Opel’s Bochum plant proves the point. The works council there signed an internal agreement in late January, stipulating among other things that 90 workers from the Opel’s Gliwice plant in Poland will be temporarily employed for three months in Bochum. They are to be paid at the same rate as their Polish wages, thus receiving only about €770 monthly, plus a €42 away-from-home allowance per day.

In two years at the latest, more than 5,000 Opel and Vauxhall workers and tens of thousands of workers in the supply industry will then lose their jobs.

This is also confirmed by the visit of North Rhine-Westphalian Economics Minister Harry Voigtsberger (SPD) to the Opel boss, Karl-Friedrich Stracke. A closure of the plant in Bochum, including its suppliers, could cost nearly 20,000 jobs. The minister in the Social Democratic Party-Green Party state government said he would therefore like to hear something about a possible continuance of the Bochum plant beyond 2014, because he was worried about social unrest in the region. That Stracke deliberately refrained from making him any such concessions, not even hinting at the possibility, suggests that the decision about Bochum has already been made.

The stock market and much of the media responded positively to the impending alliance between GM and PSA Peugeot Citroën, despite what *La Tribune* referred to as the concomitant “social devastation”. The *Süddeutsche Zeitung* newspaper wrote on Thursday: “Unlike US manufacturers, many of those in Europe have avoided using the crisis to make a new beginning”. They were said to be too big and inflexible.

The paper thus takes the perspective of the US auto bosses and concurs with the arguments of the US president. When GM announced its highest ever profit of $7.6 billion for 2011, Barack Obama immediately claimed credit for the new record. He said his intervention had saved the US auto industry—and especially GM. What he, like the German media, remains silent about is that the administration’s “rescue” of the auto industry was based on a 50 percent wage cut for newly employed workers at Chrysler and General Motors, as well as a reduction in health benefits for all GM employees and retirees. In addition, a number auto factories have been shut down.

This kind of “new beginning” is now to be enforced in Europe as well. The proposed alliance between GM and Peugeot Citroën will inevitably spark violent class struggles, in which cooperation between European and US auto workers will be crucially important.