Germany: IG Metall prepares further job cuts at GM-Opel

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The German trade union IG Metall and its works councils are currently carrying out negotiations with the management of General Motors aimed at “strengthening the Opel brand”. These plans are expected to involve more layoffs, wage cuts and plant closures throughout Europe.

The fears on the part of workers of a new round of plant closures and job losses were reinforced on Thursday when the chairman of Opel, Karl-Friedrich Stracke, suddenly announced his resignation. Stracke had been appointed by GM to head its European operations at the start of this year and was appointed head of Opel only in April. Stracke’s temporary replacement is GM Vice President Stephen Girsky, a former banker.

Girsky is a key figure in the collusion of management and the unions. He was an analyst at Morgan Stanley and worked for GM before the UAW hired him as a consultant. It was through his role in connection to the billion-dollar pension fund run by the UAW that he made his way back to GM.

For its part, IG Metall has already made it clear it is prepared to collaborate in a comprehensive attack on the Opel workforce. On the basis of preserving the company’s German sites it has already agreed to substantial wage cuts and job losses. The fresh round of cuts are meant to ensure that the German plants can produce models currently manufactured in other countries.

In order to win production of the small Mocha model from South Korea, the German union is seeking to push down wages and working conditions in Germany to the averages prevailing in Asia. The logic of this type of nationalist policy inevitably leads to Chinese conditions all over the world. At the same time, in the medium-and long-term, it provides no guarantee that jobs will be preserved.

In June, IG Metall submitted a so-called “Germany Plan”, the union’s own plan for Opel, involving rationalization measures including job cuts, welfare cuts and wage reductions. As a first step, the union has withdrawn a proposed wage increase of 4.3 percent for workers, saving the company at least €19 million.

On June 28, the company supervisory board gave its official seal of approval to the restructuring plan put forward by Stracke. The decision was unanimous, which means that that union representatives on the board, including Bochum factory works council leaders Rainer Einenkel and Dirk Bresser, voted in favour.

There was no mention of guarantees for German plants after 2016 in Stracke’s plan—the date given for the phasing out of production at the Bochum plant. The fact that Stracke has now resigned immediately endangers the future of the Bochum site.

Opel’s supervisory board vice-chairman and head of the joint works councils, Wolfgang Schäfer-Klug, praised Stracke’s “Business Plan 2012-2016” and declared: “The support from GM shows how important European engineering and the European operations are for Opel/Vauxhall.”

But at the same time, Schäfer-Klug maintains close relations with Girsky, Stracke’s replacement. In a joint press statement in January, Girsky and Schäfer-Klug agreed “that Opel has to be profitable—even in times of deteriorating economic conditions.”

The announcement of a change of management at Opel comes hard on the heels of the decision by PSA Peugeot-Citroen to close one of its works in France with the loss of 8,000 jobs.

GM began its collaboration with the leading French car manufacturer PSA Peugeot-Citroen a few months ago and announced it was taking over 7 percent of PSA Peugeot-

Citroen. Just last week, GM revealed it planned to shift almost its entire logistics operations in Europe to the PSA Group. The works councils in the departments affected are already negotiating on the redundancies that will soon follow.

"This is the first step to take advantage of the comprehensive alliance with PSA Peugeot Citroen," Girsky declared. The next steps in the "synergy", i.e., job losses, will result from collective purchasing and vehicle development.

The plant closure and job cuts following the alliance between PSA and GM are, however, only the beginning. Although Opel workers have once again been left in the dark concerning the consequences of the latest restructuring plan, it is clear that both companies are preparing massive job cuts, including plant closures.

As a result of the decline in car sales in Europe and especially in their core southern European market, demand for autos from PSA and Opel has slumped. The European industry association ACEA announced in mid-June a decline in sales in the European car market by 7.7 percent for the first five months of 2012. In Greece auto sales have plummeted by almost half, while the French car market declined by 16.2 percent. Even sales in the German car market, by far the largest in the EU, fell by 4.8 percent.

The main casualties are PSA-Peugeot-Citroen and Opel/Vauxhall. The French auto manufacturer registered a decrease in sales of 19.5 percent during this period, while GM's European subsidiary Opel suffered a 12.3 percent fall in sales.

In the past weeks and months, both Opel and PSA have commenced short-time working in selected plants. Experts believe that PSA and GM Europe currently have an "excess capacity" of nearly 30 percent. This means that the two groups must drive down production capacity and close plants in order to reduce costs by at least a third.

The PSA management headed by Philippe Varin has increased the number of jobs to be eliminated at the company from the original target of 6,000 to up to 10,000. This would eliminate one in ten jobs at the company. The factory in Aulnay-sous-Bois, northeast of Paris, is to be shut down.

Other plant closures can be anticipated in addition to the Opel plant in Bochum. GM has announced plans to dramatically increase production at its plants in Russia. Production at the GM plant in St. Petersburg and at the GM venture with AvtoVAZ in Togliatti is to be more than tripled, to 350,000 cars per year. Opel, by comparison, plans to build a million cars by the end of the year.

Russia will also undertake construction of the Astra model, which is currently built mainly in Ellesmere Port, Britain and Gliwice, Poland. In May the unions in Ellesmere Port had agreed wage cuts and a deterioration in working conditions, supposedly to secure the site and its jobs.

The union policy of negotiating wage cuts and worsened working conditions will not secure jobs. Rather it sets in motion a downward spiral of wages around the world and provides the basis for the company to make fantastic profits. In the US, GM has slashed wages by up to 50 percent for some workers.

The unions and works councils have taken over the task of organizing this process and enforcing attacks against the workers. They are rewarded handsomely in return.

The defence of jobs at Opel/Vauxhall, PSA-Peugeot-Citroen and the entire auto industry requires a complete break with the unions and their affiliated works councils. Auto workers must break free from the stranglehold of the unions and deny them the right to carry out new attacks "in the name of the workforce". This offensive must be the starting point for a joint campaign by auto workers internationally to defend jobs and social gains.