GM Brazil strike

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Thousands of auto workers in Brazil carried out a 24-hour strike Tuesday at General Motors' São José dos Campos plant, 50 miles northeast of Sao Paulo. The workers oppose plans by the Detroit-based automaker to eliminate 1,598 of the 7,500 jobs at the giant manufacturing complex.

According to the metalworkers union—the Sindicato dos Metalúrgicos de São José dos Campos—all 7,500 workers participated in Tuesday's walkout at the eight-plant facility, cancelling production of 480 light trucks and 2,400 motors and transmissions. The action followed a two-hour strike last Friday.

Workers reportedly blocked traffic on a road outside the plant with burning tires and held a demonstration against the layoffs, which are expected to take effect this Saturday. The total loss of jobs at GM and related industries in São José dos Campos could be as many as 15,000.

The world's largest carmaker, which made a record profit of $7.6 billion in 2011 and $4 billion in the first three quarters of 2012, is determined to slash production capacity in Brazil, where sales and demand for exports have been hard hit by the world economic crisis. At the end of November, economists and government cut their predictions for economic growth in 2012 to just 1 percent.

The job cuts at General Motors do Brasil, the company's largest subsidiary in South America and one of its largest operations outside the US, is part of a global restructuring by GM and other automakers modeled on the sweeping job and wage cuts imposed on US workers in 2009.

On the same day as the strike in Brazil, GM Vice Chairman Stephen Girsky announced the company would move up by nearly two years the closing of its Opel plant in Bochum, Germany, which will wipe out 3,000 jobs. GM is also demanding a wage freeze of its 20,000 German workers until European operations become profitable again.

In addition to the job cuts at São José dos Campos, GM is delaying a 710 million reais ($348 million) investment in a transmission plant in the southern state of Santa Catarina, originally slated to start production with 350 workers in 2014.

After a 24-hour strike, which shut the São José dos Campos complex in July, GM and the metalworkers' union reached a deal to delay the layoffs until January 26. Since then, GM has insisted it has no new model to replace the passenger car taken out of production at the plant last year and the job cuts will go ahead.

Luiz Moan, GM's head of institutional relations in Brazil, said the company was seeking "greater competitiveness" but he believed a deal could be reached if the union "presents concrete measures" showing more willingness to cut costs. The union and the company are set to meet a final time Wednesday.

The metalworkers union has limited actions to 24-hour strikes and blocked any serious mobilization of workers throughout the industry, instead seeking to convince GM that it can profitably produce passenger cars at the plant.

According to the Dow Jones web site, "The union said Tuesday it is seeking to restart production of the Classic model at São José dos Campos, as well as bring in production there of vehicles that GM currently imports from neighboring countries such as Argentina."

The nationalist program of the Metalworkers' union—which pits Brazilian workers against workers in Argentina—makes a mockery of the supposed "global day of action" against GM the union says is being coordinated for Wednesday. Rather than a real fight, unions in six countries, including Argentina, Brazil, Colombia, Spain, Germany and the US, are organizing impotent protests to cover up their own complicity in job and wage cutting.

The metalworkers' union is seeking to divert the anger of GM workers through appeals to President Dilma Rousseff to intervene and outlaw the layoffs. Rousseff, a leader of the ostensibly left-wing Workers Party (PT), took office in January 2011 after serving as the chief of staff for President Luiz Inácio Lula da Silva for years. Like Lula—a former leader of the metalworkers' union—Rousseff has sought to make Brazilian capitalism as attractive as possible for global corporations like GM.

In an October 2012 article, entitled, "Why the world's automakers love Brazil," *Forbes* wrote that Rousseff, "a onetime Marxist and late convert to capitalism" responded to the sharp falloff in domestic auto production last year by handing the auto companies huge tax cuts and other incentives.

The union claims GM's layoffs are in violation of the tax cut agreement, which required the maintenance of current employment levels. GM has said it has more than made up for the cuts with openings at other plants.

"We want President Dilma to meet with GM workers next week. The president must bar GM, which receives public money, from carrying out mass layoffs," union president Antonio Ferreira de Barros said in a statement.

Over the last decade, global auto giants flooded into Brazil, which analysts predicted by 2015 could overtake Japan to become the world's third-largest car market after China and the US. While Volkswagen, Fiat, GM and Ford have long dominated Brazil, they have faced increasing pressure from global rivals like Kia, Hyundai, Honda, Nissan and BMW, as well as new players like China's Chery, Geely, JAC and Hafei, and India's Tata and Mahindra.

With some $22 billion being spent on new plants over the next few years, GM and others are complaining of too much production. "Excess capacity is something that worries us," Jaime Ardila, head of GM Latin America, told the *Wall Street Journal*. "The market isn't growing enough to match the increase in capacity."

One consolation is that "many of the plans that were announced won't become reality," Ardila predicted, without specifying which companies aren't likely to follow through. If new capacity does come online, however, "that will create pressure on margins for sure," he said.

Mark Fields, who leads Ford's North and South America business, said the news plants built in Brazil can produce 20 percent more vehicles now than the market can handle, which "is going to put more pressure on pricing."

The global auto companies are determined to use the threat of retrenchment to drive down labor costs in the Brazilian auto industry, which have risen 125 percent over the last decade, according to the *Wall Street Journal*.

As in Europe and the United States, the working class in Latin America is being made to pay for the anarchy of the capitalist market and the inevitable shrinking of demand that results from austerity, growing unemployment and falling wages. This underscores the need for a strategy to unite auto workers internationally in order to fight for the reorganization of the global auto industry on the basis of a rational, ie., socialist, plan.