Brazilian auto workers strike over job cuts

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More than 11,000 workers at the Mercedes-Benz truck factory outside of São Paulo conducted a 24-hour strike Wednesday to protest 1,100 job cuts as opposition to the downsizing of the Brazilian auto industry expands.

The truck workers voted to walk out of the factory in São Bernardo do Campo Wednesday night, the day after 13,000 workers launched an indefinite strike against layoffs at a Volkswagen plant in the same town in São Paulo's ABC industrial belt, which is known as the auto capital of Brazil.

The global economic crisis has hit Latin America's largest economy and the world's fourth largest auto producer hard, with domestic cars sales and demand for exports slumping for the second straight year.

Domestic auto sales in Brazil fell 7 percent in 2014—the sharpest fall in a dozen years—while the auto sector's exports plunged nearly 40 percent, largely because of falling demand from neighboring Argentina, which accounts for nearly 75 percent of Brazil's auto export sales.

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. Now, the global crisis threatens a bloodletting of jobs as the multinational corporations move to sharply reduce "overcapacity."

While they have traditionally relied on buyouts and extended vacation leaves to reduce payroll—last August, 930 employees at General Motors' plant in São José dos Campos were forced to accept a five-month "lay-off" or suspension to avoid outright dismissals—the auto companies are now moving to fire workers outright.

According to industry association Anfavea, auto makers in Brazil ended 2014 with a total of 144,623 employees, down from 156,970 in 2013, as cutbacks hit VW, Mercedes-Benz, Scania, Man, PSA Peugeot, Citroën, General Motors, Ford and other automakers.

The local metalworkers' union—Sindicato dos Metalúrgicos do ABC—said Mercedes-Benz cut 260 workers at the factory and extended paid leave for another 750 workers through April. Of the 260 dismissed workers, 100 reportedly accepted a "voluntary" early retirement package, while 160 were simply fired.

On Tuesday, workers at a Volkswagen AG's Anchieta plant in São Bernardo do Campo walked out after the German multinational cut 800 workers and warned that it would conduct further cuts to improve the "competitiveness" of the factory. The strike affects all three shifts at Anchieta, which produces several different models, including the VW Golf and the Saveiro.

Workers at the plant voted December 2 to reject VW's proposal for early retirement reductions, the Spanish news agency EFE reported. Brazil's auto industry is "going through contraction and from July to November we sought a cost-reduction accord with the union," a VW spokesperson told EFE. The company said previous measures to reduce payroll—including collective vacations and temporary suspensions of employment contracts—were insufficient to deal with market conditions.

As employees returned to work after the holiday break, the targeted workers came in with telegrams instructing them to report to the personnel office before going to the assembly line. "It's really bad. I received the telegram on December 31 and it spoiled my New Year's party," Claudine Vanateli, who worked for 21 years at the company, told *Jornal da Globo*. "It's a shock because you have a family," said another worker, Osair de Almeida Borges.

News broadcasts showed incensed VW workers pouring out of the factory and gathering in front of the gates while Wagner Santana, the secretary-general of Sindicato dos Metalúrgicos do ABC, and other union

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officials tried to contain the anger.

Santana told reporters that VW had violated a 2012 agreement not to cut the workforce without first negotiating with the union. He said the union wanted a reversal of the job cut and protections for VW workers like those that exist in Germany. In fact, VW has just embarked on a savage cost-cutting plan there, too, with the collaboration of the German union, IG Metall, which sits on the company's board of directors.

The Brazilian unions, like their international counterparts, have no intention, let alone capacity, to wage a serious struggle to defend workers' jobs. Instead, Santana proposed that the unions begin a dialogue with the administration of President Dilma Rousseff about creating a system of employment protection to spare workers from having to "pay the price" of market fluctuations, according to EFE.

Rousseff, a leader of the ostensibly left Workers Party (Partido dos Trabalhadores, PT), first 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 VW and Mercedes Benz.

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.

One month after Rousseff narrowly won reelection last year—supported by the metalworkers and other unions—she appointed Joaquim Levy, a University of Chicago-trained banking asset manager, former IMF official and Brazil's leading advocate of neo-liberalism, as her finance minister to prepare a deeply unpopular austerity program to make the working class pay for the economic crisis.

In an effort to reduce government deficits, the Rouseff government reinstated a regressive consumer tax on new vehicles, known as the IPI, that has raised prices between 4.5 and 7.0 percent. In addition, banks are slowing lending, reducing demand for cars even further.

Brazil's economy, which barely clawed out of recession in the third quarter of 2014, is projected to grow by an anemic 0.5 percent this year.

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