Mass layoffs provoke strikes by Brazilian autoworkers

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8 September 2015

Amid a mass wave of layoffs in Brazil’s auto industry, Brazilian autoworkers have been pushed into a struggle to maintain their livelihoods and work standards as both international capital and its partner in the Workers Party (Partido dos Trabalhadores—PT) government of President Dilma Rousseff make their jobs redundant to sustain corporate profits.

Brazil’s economy has been the most affected of the “emerging markets” by the end of the so-called “commodity boom” due to the slowdown in the economy of China, which displaced the US as Brazil’s major trading partner over the last decade. The auto sector has borne the full force of the economic crisis that has plunged Latin America’s biggest economy into recession this year.

So far this year, 38,700 jobs have been slashed in the Brazilian auto industry, which is dominated by multinational giants GM, Mercedes-Benz and Volkswagen, among others. All of them are citing the 20 percent fall in consumer sales—itself a reflection of the rise of the unemployment rate last quarter to 8.3 percent—and the plunge in exports to Argentina, which is in economic crisis as well.

The 38,700 jobs destroyed in the auto industry represent 11 percent of all layoffs recorded so far this year, according to *Folha de S. Paulo* .

During the past decade, the country was seen as a rising star for auto manufacturing, with global auto giants investing in Brazil not least of all because of its “political stability,” guaranteed by the consecutive Workers Party governments under the previous president, former metalworkers union leader Luiz Inacio Lula da Silva (2003-2011), and the current one, Dilma Rousseff.

Now with the PT government thoroughly discredited by the bribery scandal at Petrobras and the economy plunging into recession, the multinationals are starting to look to other markets. Mexico has recently surpassed Brazil as the biggest auto producer in Latin America.

On August 7, Mercedes-Benz became the latest company to slash jobs, announcing 1,500 layoffs at its Sao Bernando do Campo truck and bus factory (part of the industrial area known as the “ABC” in São Paulo).

In a communiqué, the company requested workers accept “shared sacrifices” for the maintenance of all 10,000 jobs at the factory. According to metalurgicos.org.br, the company took this decision after the union rejected its demand to once again submit to a vote of the membership its proposal for “saving jobs” by agreeing to a 10 percent wage cut, the halving of a wage readjustment scheduled for next year and other givebacks. The union maintained that these proposals had already been rejected by 74 percent of the workforce last month.

José Djalma de Souza, 41, one of the Mercedes Benz workers who was fired after 12 years of working at the factory, told *Brasil de F ato* that the company could have kept these jobs given the big profits it had made recently and the productivity effort of the workers. “You feel totally without anything, without your feet on the ground,” he added, saying that he hopes he can get his job back because of his newborn son. Around 2,000 families are affected by the mass firings, the biggest since VW fired 4,000 workers in 1998.

Some 7,000 Mercedes Benz workers went on strike on August 24, with almost all of the 10,000-strong workforce taking part in the following days’ demonstrations and highway blockades, showing solidarity between those who were fired and those who were not. Meanwhile, more workers were getting layoff telegrams, as the company had insisted that 500 additional workers were already “redundant”.

The strike ended on August 31 when the striking workers accepted the union's proposal of readmitting the fired workers with job stability for 12 months but with a 20 percent wage reduction for all factory workers, with half of that reduction subsidized by the government's Employment Protection Program (Programa de Proteção ao Emprego, PPE).

The union, backed by the corporatist workers council in Germany, presented the outcome of its negotiations as the only "possible result". "Always in a crisis you try to do the best possible to not fire workers, but it's not always possible", said Michael Brecht, the German union bureaucrat who heads up the General Workers Council of Daimler AG, the parent company of Mercedes Benz.

On August 8, General Motors announced 500 firings at its Sao Jose dos Campos factory, after announcing the previous month another 500 layoffs at its Sao Caetano do Sul plant.

The fired GM workers received their notification on the eve of Father's Day in Brazil, leading to 250 workers angrily occupying the local union hall demanding an explanation. Two days later, 5,200 workers initiated an indefinite strike whose aim was the restoration of the jobs. During the first four days of the walkout, some workers entered the plant and staged a sit-down action.

The Sao Jose dos Campos factory produces the S10 and Trailblazer models, as well as engines, transmissions and kits for export.

GM claimed it had made "all efforts" to avoid the firings, including "collective holidays, layoffs and voluntary shutdown". These measures were not enough, however, given the reduction in Brazilian demand (almost 30 percent compared to last year). The firings are intended to "bring the company's staff to the current market reality, in order to retrieve the competitiveness and viability of the business," the company claimed in a statement.

Over the following days still more workers were being notified of their firings through telephone calls and even Whatsapp messages. The number of firings reached over 700. In a meeting with union members, company officials tried to fool employees, stating that "there won't be further dismissals (after these)" and denouncing workers who were picketing at the plant and blocking the entrance of scabs.

Workers also took to blocking major highways with burning tires and received the support of Volkswagen workers, who were also on strike because of layoffs, as well as university students.

The outcome of the negotiations between the union and the company left workers bitterly disappointed.

Workers who were dismissed are included on temporary layoff (temporary suspension of employment contracts) for five months. If the worker is dismissed at the end of the layoff, he or she will receive four months of base wages as a severance payment, but neither future employment stability nor a return to work for those laid off are guaranteed.

With no end in sight to the fall in auto sales and the economic crisis as a whole, it's likely that GM will decide not only to fire these workers again, but many more as well. The agreement establishes that GM will also open a "Voluntary Dismissal Program" for workers that the company considers in "excess".

The union's attempts to exert pressure on the PT government to sign legislation ensuring employment stability have reached a dead end, serving primarily as a means of promoting illusions in the discredited Rousseff government.

This nationalist strategy likewise is designed to distract Brazilian autoworkers from the fact that autoworkers internationally face a common enemy in the global companies and investors that plan to make workers pay for a crisis that they did not create. Aiding this enemy are its partners in the governments and unions that relentlessly defend the system that sustains profit at the expense of the impoverishment of working people.