

In the background of the Maruti Suzuki frame-up

# Portrait of the Suzuki corporation, a ruthless transnational employer

Shannon Jones, Saman Gunadasa  
4 April 2017

The brutal life sentences handed down by an Indian court against 13 former workers at Maruti Suzuki's Manesar plant highlight the brutal conditions facing autoworkers in India and throughout the so-called developing world. Another 18 workers were convicted on lesser charges in the frame-up, which was aimed at silencing worker opposition to the sweatshop conditions at Maruti Suzuki and other giant transnational corporations operating in India.

The Indian ruling establishment is offering up workers in the country as a low cost labor force as part of the Prime Minister Narendra Modi's "Make in India" campaign. Government officials, along with Maruti Suzuki management, intend to make a brutal example of these workers to reassure investors of a continuing supply of cheap, highly exploited labor.

Maruti Suzuki India Limited (MSIL) is a subsidiary of global conglomerate Suzuki Motor Corporation (SMC) headquartered and based in Shizuoka Prefecture in Japan on the Pacific Coast of the main island Honshu. It is Japan's fourth largest automaker and is typical of the giant, transnational auto corporations that scour the world in search of the cheapest labor and lowest production costs. Suzuki's main focus is on maintaining a low cost labor force as it competes in the low cost car market. According to the company's website, its story "was about revolutionary cars that delivered great performance, efficiency and environment friendliness with low cost of ownership."

SMC claims close to 50 percent (46.8) share in India's passenger vehicle market. Maruti Suzuki says it exports cars to 125 countries, regularly exporting to countries such as Sri Lanka, Chile, Philippines, Peru and Bolivia. Its net profit in fiscal year 2015-16 was 45.7 billion rupees (US \$700 million). In 2015 aggregate car production at Maruti Suzuki India reached 1.5 million units.

SMC, Maruti Suzuki's parent, is currently headed by Toshihiro Suzuki, son of former Chairman Osamu Suzuki. The older Suzuki stepped down, handing power over to his son in 2016 in the midst of a scandal involving the company's use of fuel economy testing methods that were not compliant with government standards. An internal probe had determined that the company had not been compliant with domestic standards since 2010.

Suzuki currently makes automobiles, motorcycles and outboard motors for boats. According to the company's 2016 annual report SMC sold 2,960,000 vehicles in fiscal 2016, including 650,000 vehicles in Japan, 230,000 in Europe and 1,890,000 in Asia and 190,000 "other." It also sold 1,150,000 motorcycles in Asia.

Number 488 on Forbes' top 2,000 global companies, Suzuki had net sales of \$28.2 billion in fiscal 2016 with total assets of \$24 billion. Its net income was over \$1 billion in 2016, and Suzuki's profit margin of over eight percent surpassed Japanese rivals Toyota and Nissan last year.

Maruti Suzuki India Limited was set up as joint venture between Indian

Government and SMC in 1983, before being privatized in 2002 after the Indian government sold its controlling interests. Suzuki currently owns 54.2 percent of the MSIL's shares. The company's shares, which are traded on the Bombay and New Delhi stock exchanges, have more than tripled in value since 2012.

In keeping with Maruti Suzuki's focus on low production costs, among its 25,000 work force in India there are 13,250 regular employees and 12,000 contractual, temporary employees. It is highly significant that the victimization of the Maruti Suzuki workers followed their rebellion against a company-controlled union and the demands of their new union in 2012 to abolish the hated contract labor system, which pays temporary workers 14,000 rupees (US \$214) a month, or less than half the salary of permanent workers.

Maruti Suzuki has been identified by Japan and India as a very profitable venture for both countries and Maruti Suzuki chairman R C Bhargava has been honored by both the Indian and Japanese governments. In 2011, the Japanese government awarded Bhargava the royal honor of "The Order of the Rising Sun" bestowed by Emperor Akihito. He was also conferred the "Padma Bushan," a top-class honor, by Indian President Shri Pranab Mukherjee in 2015.

Maruti Suzuki has received fulsome praise from the corporate sector of India. *Fortune Magazine* listed Maruti Suzuki as the country's fourth most admired company and India's popular English language TV channel NDTV named Maruti Suzuki "Car Manufacturer of the year" in 2016.

While maintaining a huge pool of underpaid contractual, temporary workers under oppressive conditions, the company boasts on its website, "Marutians across the country all united by a common bond. It's not a work force, but people power at work, an empowerment team that is quite unlike any other."

The Suzuki Group Code of Conduct, dated April 2016, goes on to say "Suzuki group will be aware of international norms pertaining to human rights and respect fundamental human rights with reference to laws in each country or region." Also "we will cooperate with each other as a member of Suzuki Group to create a working environment with no discrimination by personal attributes or harassments."

Of course this rhetoric is only for the consumption of general public and the customers, and has nothing to do with the brutal reality of the Maruti Suzuki regime in the factories.

The company has manufacturing plants in Manesar (600 acres) and Gurgaon (300 acres) in Haryana State, and its newest production facility started operations in Gujarat in 2017. It boasts annual production of 1.5 million cars, or one car every 12 seconds. In 2012, when management was attacking the workers at the Manesar factory, the company was trying to produce a car within 44 seconds. Victimized workers had showed powerful determination to fight against these slave-labour conditions.

With the witch-hunt of leading workers, Maruti Suzuki management has intensified the exploitation in the plants.

While SMC's main subsidiary is Maruti Suzuki in India, it has other manufacturing facilities outside of Japan. For the most part its manufacturing plants are spread among East Asian, South East Asian, and South Asian countries that Japanese imperialism was seeking to dominate before and during the Second World War.

There are three motorcycle and two automobile manufacturing facilities in China, two manufacturing facilities in Thailand, and other automobile plants in Indonesia (PT Suzuki Indomobil Motor), Pakistan (Pak Suzuki Motor Co.), Vietnam (Vietnam Suzuki Corporation), Philippines (Suzuki Philippines, Inc.), Myanmar (Suzuki (Myanmar) Motor Co.), Cambodia and Laos. Suzuki also manufactures in Hungary and Egypt. Seventy percent of the Suzuki sales are outside of Japan.

In Japan itself SMC is known for the manufacture of minicars, tiny automobiles smaller than American subcompact vehicles, popular because of the extremely crowded conditions in major cities. It operates six production plants in Japan and employs about 15,000 workers there. Suzuki stopped selling cars in the United States in 2012 and in Canada in 2013, although it still sells motorcycles, all-terrain vehicles and marine products in those countries.

## Suzuki's history

Suzuki's history dates back to 1909 when it was started by Michio Suzuki as Suzuki Loom Works in Hamamatsu. Originally Suzuki built weaving looms for Japan's silk industry and exported overseas. At the time, textiles were one of Japan's leading industries. The company went public in 1920 and took the name Suzuki Loom Manufacturing Company.

With the explosion of Japanese militarism in the 1930s, the Japanese government requisitioned Suzuki for war-related production. It had started a venture for small cars in 1937 but had to stop due to the Japanese government's decision at the onset of the World War II that civilian passenger cars were a "non-essential commodity." During the war it produced war materiel for the Japanese military.

The company's Hamamatsu plant reportedly escaped major damage during the war, though its supplier network was devastated. At war's end it dismissed 2,900 regular employees, the majority of whom were women, as well as 800 conscripted workers and 110 Korean prisoners of war.

Facing a decline in demand for woven products, the company began in 1947 developing a plan for the production of motorized vehicles. In 1952, Suzuki began production of a motorized bicycle and in 1954 it began passenger car production.

A wave of militant labor struggles swept Japan in the immediate wake of World War II. In 1947, a massive movement built up toward a general strike with revolutionary implications. However, the Japanese Communist Party sabotaged the general strike, calling it off and subordinating the movement to the dictates of the US occupation forces headed by General Douglas MacArthur, which it claimed were "democratizing" Japan.

Workers at Suzuki unionized and engaged in a series of militant struggles, including strikes and occupations, winning a first contract in August 1948. In 1949, Suzuki joined with other employers and the US occupation government to launch a counteroffensive against independent unions based on frenzied anti-communism. With the outbreak of the Korean War in June 1950, alleged communists were purged from government positions, state and national public enterprises as well as private industry.

When Suzuki imposed a wage cut and workers went on strike in response, management used the police and occupation forces to attack the

workers. Management went on to form what amounted to a company union and carried out a purge of left-wing and militant workers. Suzuki eventually succeeded in defeating the strike and imposing its own "union" on the workforce. The union acceded to demands for wage cuts and production increases and generally supported management.

Meanwhile, the company introduced performance-based pay and instituted wage discrimination against female employees. This was combined with the erasure of job descriptions and job classifications. Until 1958 the standard workweek was 48 hours. Semi-annual bonuses constituted a large portion of worker compensation.

This so-called enterprise union model later became a central pillar in the introduction of "lean production" pioneered by Suzuki and other Japanese automakers such as Toyota and Nissan. This went along with the formation of so-called employer-worker committees, such as "quality circles," aimed at driving up production and profits.

Lean production became a model implemented by auto producers all over the world. In the United States, the Big Three automakers in Detroit began an assault on workers' jobs, wages and benefits beginning in the 1980s, securing the support of the United Auto Workers for the implementation of corporatist union-management programs based on the Japanese precedent.

While brutally exploiting its workforce in Japan, Suzuki looked overseas for sources of even cheaper labor and potentially greater profits.

As early as 1958, Suzuki began to harness cheap labor from Indonesia by establishing auto parts supply in that country. By 1978, it began its first overseas car assembly operation in Pakistan.

## Expanding global operations

With the expansion of globalized production in the 1980s, SMC vastly increased its overseas operations.

In the early 1980s, Suzuki had a breakthrough in India as Indira Gandhi's Congress government showed interest in welcoming Suzuki into the vast Indian market. In April 1982 Suzuki signed a basic agreement with the Congress government for joint production of Suzuki cars. Maruti Udyog Ltd., a joint venture between SMC and the Indian government began its production in December 1983, with the Indian government initially owning a controlling share in the renamed Maruti Suzuki.

Also in 1982, Suzuki signed an agreement with Pakistan's military ruler General Muhammad Zia ul-Haq's to manufacture cars. At the signing Suzuki owned only 25 percent in the venture but later increased its holding to 73 percent. Pak Suzuki now claims 60 percent of the Pakistani automobile market.

Suzuki also established joint ventures and manufacturing facilities in Hungary, China and Egypt. Subsidiaries and joint ventures were established by SMC for sales and technology transfer in Spain, New Zealand, France, Germany, the US and Canada. In 1996, Suzuki began its production of motorcycles in Vietnam and signed an agreement for car production in 1998 in Myanmar. In 1999 Suzuki also opened manufacturing facilities in Thailand, and in Argentina in the following year. In 2006, a new manufacturing facility was set up in Vietnam for motorcycles.

Suzuki also entered into various production related agreements with General Motors (GM) in the United States, South Korea's Daewoo Group and Mazda Motor Corporation in the 1980s. In 1989 it established a joint venture with GM and ran a huge factory southwest of Toronto, under the name of Canadian Automotive Manufacturing, Inc. (CAMI). GM, which also produced cars with Suzuki in Colombia, bought 20 percent of SMC's shares before divesting in 2008, on the eve of GM's bankruptcy.

In 2009-10, Volkswagen bought a \$2.5 billion (or 20 percent) stake in SMC and entered a “strategic global partnership” with the company but the German auto giant ended the deal shortly afterwards.

This is the historical background to the corporate-government vendetta against the heroic Maruti Suzuki autoworkers. Globally organized transnational corporations, with the full backing of India’s major capitalist parties—the Congress Party and Bharatiya Janata Party (BJP)—want to make India the sweatshop of the world and the benchmark for a brutal assault against wages, benefits and working conditions for autoworkers all over the world.

This underscores the importance for all workers of the international campaign initiated by the International Committee of the Fourth International for the release of the framed-up Maruti Suzuki workers. Only by mobilizing the strength of the international working class can this frame-up be defeated as part of a counteroffensive by workers against global capitalism. We urge workers to make this campaign known as widely as possible and to support the demand for the immediate freedom of these class-war prisoners.

The ICFI has launched an online petition demanding the release of the Maruti Suzuki workers. We call on all our readers to sign this petition and to join a Facebook page set up to organize and mobilize support.



To contact the WSWWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**