

# Jobs bloodbath in the global auto industry

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Volkswagen Group, the world's second largest automaker, is eliminating up to 7,000 jobs as part of a brutal cost-cutting drive to boost profit margins and appease investors who have driven down the German automaker's stock price 54 percent over the last half-year.

Nearly three years ago, VW set out to slash 30,000 jobs around the world, including 23,000 in Germany, under Future Pact 2016, a plan drawn up by the IG Metall union officials who sit on its corporate board under the country's "co-determination" scheme.

The VW cuts are part of an ongoing jobs bloodbath in the global auto industry. With trade war tensions growing, signs of a new economic recession and falling sales, the global auto giants are engaged in a brutal competition to slash labor costs and beat out their rivals in the costly but still tenuous market for electric and self-driving cars.

On Wednesday, US-based Ford Motor Co. confirmed that it is continuing its worldwide restructuring to save \$25.5 billion over the next few years and, according to Ford CEO Jim Hackett, double its profit margin from 2018. Analysts say the number of job cuts could be as high as 25,000, mostly in Europe.

The carmaker is closing its plant in São Paulo, Brazil, ending South American truck production, shutting a transmission factory in Bordeaux, France, cutting output in Saarlouis, Germany, consolidating its UK operations, preparing to exit Russia and slashing jobs in China.

Korean automakers Hyundai and Kia are downsizing in China, along with other foreign-based transnationals who flooded into the country to exploit cheap labor and the world's largest car market. Kia is considering closing a plant in Yancheng, following the ending of production at Hyundai's oldest plant in Beijing.

Last week, production ended at the General Motors Lordstown, Ohio, assembly plant, which once

employed 13,000 workers and was the site of militant autoworker struggles in the early 1970s. Last November, GM announced plans to close five plants in the US and Canada and slash more than 14,000 jobs. The company, which made \$11.8 billion in 2018 profits, intends to save \$4.5 billion through the job cuts, less than half the \$10 billion it has squandered on stock buybacks for its richest investors over the last four years.

On Wednesday, Schaeffler Group, a German producer of engine and transmission components, announced it will slash 900 jobs, after missing profit targets and seeing investors drive down its stock value by 44 percent. Mass layoffs have also occurred in Matamoros, Mexico, largely in retribution for the courageous strikes by maquiladora workers, which led to a shortage of parts for US and Canadian auto plants. At least 4,000 workers have been fired and another 50,000 layoffs have been threatened by Mexico's main business organization.

The principal mechanism for carrying out this coordinated global assault on autoworkers has been the financial markets. By driving down share prices, powerful hedge funds and wealthy shareholders give their marching orders to corporations to escalate the attack on workers' jobs, wages and conditions. This increases the returns on their investments, thereby funneling even more money to the financial oligarchy.

"Low industry [share] valuations show investors want more changes with spending at a record, profits falling and new competitors vying to jump onto the autos bandwagon," *Bloomberg News* wrote in a March 6 article. "The great auto-industry shakeout has started to arrive in force," the article continued, noting that "Consolidation, while no silver bullet, would help eliminate the duplicate outlays on everything from expensive software ventures to battery technology."

Several major automakers are considering potential

tie-ups, including VW and Ford, Daimler and BMW, and French automaker PSA with Fiat Chrysler or GM. Such a consolidation would be carried out at the expense of the jobs of hundreds of thousands of white-collar and production workers.

In his mid-19th century work, *Wage Labor and Capital*, Karl Marx identified the consequences of the “industrial war of capitalists among themselves” over markets and profits. “This war has the peculiarity that the battles in it are won less by recruiting than by discharging the army of workers. The generals (the capitalists) vie with one another as to who can discharge the greatest number of industrial soldiers.”

Workers are beginning to fight back. After decades in which the class struggle was suppressed by the unions, there has been a resurgence of strike activity among workers around the world. In the first ten weeks of 2019, strikes by auto and auto parts workers have taken place in Hungary, Canada, Mexico, Brazil, China and other countries. The growth of resistance poses fundamental questions of perspective and strategy.

First, the global assault on jobs must be met with a global response by autoworkers. It is impossible for workers to fight transnational corporations on a nationalist basis. The answer to the fratricidal race to the bottom between workers is forging the closest links between workers in the Americas, Europe, Asia and Africa in a common fight to defend the jobs and living standards of all workers.

Second, the unions long ago abandoned any defense of workers and have been transformed into direct tools of corporate management and the state. This was the result not simply of the cowardice and corruption of the union bureaucrats, but the inability of these nationalist and pro-capitalist organizations to respond in any progressive way to the globalization of production.

The United Auto Workers and the Unifor union in Canada have responded to GM’s plant closings by launching an anti-Mexican campaign, even as Mexican workers revolt against slave labor wages and sweatshop conditions. At its just concluded bargaining convention, the UAW made clear that it plans to impose even deeper concessions on 150,000 GM, Ford and Fiat Chrysler workers, whose contracts expire this summer, by using the same lie it has for four decades: that concessions “save jobs.”

The same is true everywhere. The long-time IG

Metall leader and chairman of the joint works council of the Volkswagen Group, Bernd Osterloh, who makes \$848,000 (€750,000) a year, has already signaled his support for VW’s new cost-cutting plan.

In order to fight, autoworkers need new organizations: rank-and-file factory and workplace committees that are independent of the unions. These committees must oppose the corporate dictatorship in the factories and mobilize the broadest sections of the working class in mass protests, plant occupations and national and cross-border strikes to defend jobs and living standards.

Finally, the growing industrial movement of the working class must be developed into a powerful political movement against capitalism and the economic and political domination of the corporate and financial elite. The new wave of layoffs demonstrates that under capitalism, revolutionary advances in technology such as artificial intelligence, 3-D printing, machine-to-machine communication and self-driving cars are used not to improve life for the broad masses of the population, but to drive more workers into destitution.

The only answer to this is the fight for socialism. The vast fortunes of the super-rich must be expropriated and the giant banks and corporations converted into public enterprises democratically controlled by the working class, as part of the scientifically planned reorganization of the world economy.

This requires that the working class take political power on a world scale, reorganizing society to meet social needs. Only in this way can the immense potential of globally integrated production and labor-saving technologies be used for the common good of all of mankind.



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