

Layoffs mount as slump in world auto industry deepens

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The global downturn in the auto industry is continuing with warnings of further massive job losses ahead as sales continue to slump in key markets and companies are seeking to put aside cash to carry out research and development of electric and self-driving vehicles. The escalating trade tensions between the US and China are putting additional pressure on automakers.

The global character of the attack on jobs exposes the reactionary nationalism promoted by the unions and big business politicians around the world, including the AFL-CIO and the Trump administration in the US. The threat to jobs is not a product of the trade policies of this or that country, but the failure of the capitalist system itself, which is hurtling toward another major economic downturn.

This week, a leading industry figure in India warned that the continuing sales slump in that country could lead to a cut of as many as one million jobs in the auto components sector out of total employment of around 5 million in India.

According to Ram Venkataramani, president of the Automotive Components Manufacturers Association of India, passenger car sales in India fell 18.4 percent in the first quarter of 2019 and sales in June were at the lowest level in 18 years. The auto sector accounts for almost half of all manufacturing in India, and the downturn in auto is a major reason for slowing growth in that country. About 35 million jobs are dependent directly or indirectly on auto production.

China, the world's largest auto market, is continuing to see a sales decline, with new vehicle sales down 14 percent year over year in the first half of 2019. General Motors' first-quarter sales fell 10 percent and Volkswagen's by six percent. Since July 2018, the slump has erased 220,000 jobs, about five percent of the total, in the Chinese auto industry.

The decline is having a serious impact on many automakers, with some expected to pull out of China altogether in the not-too-distant future. Ford auto plants in China, for example, were running at only 11 percent of capacity the first six months of 2019. Profits from sales in China account for a significant percentage of the pre-tax

income for many major global car companies, including Audi (over 40 percent), Volkswagen (38 percent) and General Motors (23 percent).

Last week, Japanese-based Nissan announced the elimination of 12,500 jobs worldwide, including 6,400 in Japan, the US, Britain, Mexico, Spain, India and Indonesia by March 2020. Another 6,100 will be cut in fiscal 2021 and 2022.

The slump in Asia parallels a downturn in auto sales in North America, with a Bank of America/Merrill Lynch analyst warning that sales could fall 30 percent by 2022. Ford, General Motors and Fiat Chrysler have all announced layoffs in the United States and Canada in 2019. In addition, about 2,420 of the Nissan cuts will hit plants in the US and Mexico. Earlier this year, Nissan cut 381 jobs at its Canton, Mississippi factory when it eliminated a production shift.

This week GM closed its 78-year-old transmission plant in Warren, Michigan, with the loss of 200 jobs. The plant, which as recently as 2006 employed 1,200, is one of five in North America the company has slated for closure by early 2020, at a total cost of 14,000 production and white-collar jobs. GM previously shuttered its Lordstown, Ohio assembly plant and is threatening to close two other assembly plants, one in Detroit-Hamtramck and the other in Oshawa, Ontario.

Fiat Chrysler eliminated a shift earlier this year at its Belvidere, Illinois assembly plant and has scheduled the layoff of the third shift at its Windsor, Ontario assembly plant, with the loss of 1,500 jobs.

Earlier this month, Ford in Canada announced that it will lay off 200 workers at its Oakville, Ontario plant in September, with the threat of further job reductions to come. The announcement follows a jobs bloodbath by Ford, including the elimination of 12,000 production jobs across Europe and 7,000 white-collar jobs in North America, 10 percent of its global salaried workforce.

Opel last week announced another 1,100 job cuts in Rüsselsheim, Eisenach and Kaiserslautern. In June, Ford effectively ended production in Russia, finalizing the closure of three factories.

The attack on jobs is being fueled by the incessant demands of investors for ever-higher rates of return in the midst of tightening market conditions. This requires squeezing more production out of the workers through rationalization and the destruction of labor protections won over decades of bitter struggle.

A malignant feature of this process is the exponential growth of contract and casual labor--workers who are little more than pariahs, paid lower wages with few if any rights. Nowhere is this more evident than India, where contract workers comprise 70-80 percent of the automotive workforce, according to industry spokesman MS Unnikrishnan. The fight against contract labor was the major issue in the struggle of Maruti Suzuki workers at the Manesar plant, which led to the frame-up on bogus murder charges of the 13 leaders of the newly organized Maruti Suzuki Workers Union.

Terrified by the growing militancy of autoworkers, in June the Tamil Nadu state government invoked India's "essential services" legislation to effectively ban strikes in the auto parts sector.

In the US, the use of part-time and contract workers has emerged as a major issue in the ongoing contract talks between the United Auto Workers and the Detroit-based automakers. There is powerful sentiment among rank-and-file autoworkers to convert part-time and contract workers into full-time employees, with full pay and benefits. GM wants half of its workforce to be temps.

A further assault on jobs and working conditions is anticipated with the increasing use of electric and driverless vehicles, which require fewer mechanical parts than gas or diesel trucks and cars. As one market analyst told the investor website S&P Global: "(A)s demand for components related to internal combustion engines decrease, legacy suppliers will be forced to compete on a cost basis in a market of decreasing size to an increasing degree (even more than now) and this will drive benefits to scale players, which will force suppliers to merge over time."

He noted that in his process "significant financial resources will be required and large and well-capitalized suppliers will have an inherent competitive advantage, again, likely forcing mergers and consolidation over time." This has been reflected in a series of mergers and partnerships, including the recent alliance between Ford and Volkswagen on the development of autonomous vehicles and electric cars.

The assault on the conditions of the working class, which is not confined to auto, is meeting growing resistance. This was expressed by the recent strike of Faurecia auto parts workers in Saline, Michigan and growing struggles internationally, including a general strike earlier this month

in Ecuador and mass protests in Algeria, Hong Kong and the US territory of Puerto Rico. Earlier this year a rebellion by 70,000 auto parts workers in Matamoros, Mexico cut off the supply of critical parts to US and Canadian auto factories.

Autoworkers around the world confront the same attack on their jobs, living standards and working conditions. That is why they need a global strategy to unite and coordinate the struggles of autoworkers across national boundaries.

The United Auto Workers, Unifor in Canada, IG Metall in Germany and all other unions are based on the reactionary and outmoded program of nationalism. Far from resisting the attacks on jobs and living standards, the UAW and the other unions are demanding further concessions from workers based on the bogus claim that if workers submit to the demands of their "own" capitalist exploiters they will save jobs by undercutting workers in other countries.

Job cuts are not the result of unfair trade or foreign competition, but of capitalism. As Karl Marx said, in the "industrial war of capitalists among themselves" the "battles in it are won less by recruiting than by discharging the army of workers." He continued: "The generals (the capitalists) vie with one another as to who can discharge the greatest number of industrial soldiers."

In place of the corrupt, bureaucratic unions, workers need to organize democratically elected and democratically controlled factory and workplace committees to mobilize a fight-back against the auto bosses. These committees will base themselves not on the profit demands of corporate management, but the needs of the workers to secure jobs, decent wages and a safe and healthful workplace.

The fight to defend jobs poses the necessity of the reorganization of society. Against the right of corporations to close factories and devastate communities, workers must advance the social right to a job and a decent standard of living. This is a political struggle, posing the need for the development of a political movement of the working class to unite workers globally in the fight for international socialism.



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