Transnational Honda shuts down production in Argentina

Andrea Lobo
28 August 2019

Two weeks ago, the Japanese-based Honda Motor Company announced that it will permanently end car production in Argentina by May 2020, resulting in over 500 layoffs.

Honda plans to keep 200 workers on the motorcycle assembly line in its factory located in Campana, Buenos Aires Province. Last week, however, it announced that nine of its dealerships will also be closed, which would axe dozens of other jobs.

The layoffs have clearly exposed the rotten role of the Mechanics and Auto-Transport Union (Smata). The union belongs to a faction of the General Confederation of Workers (CGT) led by Hugo Moyano, a longstanding bureaucrat who began his rise as during the 1970s, when he joined the Argentine Anticommunist Alliance (AAA) death squads that hunted down radicalized workers.

For years, Smata and the CGT have argued that to "save" their jobs workers had to put up with shorter hours, suspensions, lower salaries for new contracts, enormous cuts in real wages, firings and other concessions in order to remain "competitive". Some were forced to transfer from the assembly plant in Florencio Varela, more than 70 miles away, when Honda decided to close it in 2016.

Many have generated profits for the company for nearly two decades, with some reporting on social media about developing tendonitis, arthritis and herniated discs as a result of punishing working conditions. They have never had a say about the concessions accepted behind their backs and enforced by the union.

Smata stated on social media, "The workers at Honda will face this tough situation doing what our union has taught us and what we did for years, TO WORK and remain organic within our organization, being militant and knowing that we and our families are in the hands of comrades who will do what they can to bring us solutions to this crisis."

Joaquín, a worker laid off in 2018, commented on the statement: "Many comrades [in the union] and many superiors said that one day things would get better and that they wouldn't hesitate in giving me a call. Today, we see a future in which that will not happen." Marcos, a worker at Honda, noted, "People are very sad over the announcement… It means 500 co-workers, families without an income."

Honda made its announcement on August 13, a day after the stock market plunged 40 percent and the peso lost one-fourth of its value against the dollar. The financial shock was spurred by the results of Argentina's electoral primaries in which incumbent president Mauricio Macri, a right-wing multi-millionaire, saw his vote plummet.

Despite using this crisis as a cover for breaking the news, Honda explained to Reuters in a statement that the move was "part of a global reorganization of auto production and was unrelated to the results of the primary elections."

Investors are terrified that the impending defeat of Macri signals a shift to the left within the working class and a growing rejection of capitalism. Honda executives, however, said that they had been considering the layoffs for "months."

The official statement explained that Honda would discontinue production of its HR-V model in Argentina, "in the face of abrupt changes occurring to automobile industries around the world," hoping to maximize "automobile allocation and production capacity on a global basis." In a separate statement to *Clarín*, an executive used the term "regional re-configuration."

© World Socialist Web Site

The 9,000 HR-Vs assembled yearly in Campana are sold within Argentina, but the decision corresponds to international considerations. When production of the HR-V began in 2011 in Campana it was chiefly for export, with Honda and other auto firms seeing the country as a component of their global production. The Association of Auto Factories (Adefa) reported that 91 percent of cars produced in Argentina are exported, mostly to other Latin American countries.

The devaluation of the peso has meant a major cheapening of labor costs and a corresponding fall in living standards. The Argentine Center for Political Economy (CEPA) calculates that the cost of the basket of staple goods increased 150 percent since 2016, while the average salary increased 89 percent.

The fact that this was not enough to keep production in Argentina is a stark warning to workers globally about the extent of the job cuts that Honda and other automakers are planning.

So far this year, Honda announced 3,500 layoffs in Swindon, UK, 600 layoffs in Jalisco, Mexico and the elimination of one full shift in Marysville, United States. Honda has also fired about 800 workers from its motorcycle plant in Manesar, India.

In Argentina, autoworkers have rightly indicated online that “we could be next.” Vehicle production in the first half of 2019 fell 35.6 percent compared to the same period in 2018—a 53.3 percent drop, excluding heavy-duty trucks. Fiat, Renault, PSA (Peugeot and Citroen), Honda and GM have all carried out temporary shutdowns this year, which have affected more than 10,000 workers. In February, Metalpar closed its bus assembly plant in Argentina with 600 workers laid off.

Every day sees a new announcement of plant closures, firings and major attacks against autoworkers in the US and Europe as well as Latin America and Asia. The auto companies are responding to demands by the finance houses for greater profits, falling car sales worldwide and competition for investments by slashing hundreds of thousands of jobs and using the threat of layoffs to extract concessions.

This is an international offensive and workers are already fighting back across the globe. More than 155,000 workers at GM, Ford and Fiat-Chrysler in the United States are preparing a major struggle against plant closures and threats of concessions by the companies and the United Auto Workers as their contract expires next month.

The unions and the pseudo-left, however, are doing everything in their power to keep Argentine workers isolated from this international struggle in order to better betray them.

Among the main promoters of this nationalist outlook is the pseudo-left Left Workers Front-Unity (FIT-U), an opportunist electoral bloc that operates as a political firefighter, dousing each potential struggle with nationalist poison and illusions in the trade-union apparatus and bourgeois politics.

After Honda’s announcement, the Socialist Workers Party (PTS), the largest organization in the FIT-U, issued a statement demanding that the CGT and Smata take “urgent measures” and “convoke an active national strike of 36 hours followed by a plan of struggle to face the measures that threaten jobs.”

The fomenting of illusions among workers that the unions will lead a struggle in defense of jobs can only pave the way to defeat. This includes the promotion of useless 36-hour strikes that the CGT has already called and can only serve to demoralize workers. American workers appropriately call these “Hollywood strikes.”

Workers need their own organizations led by workers—rank-and-fileworkplacecommittees—todecide on demands, strategies and tactics, which indeed should include strikes, plant occupations, and to develop the organizational unity of the entire Argentine working class with their class brothers internationally to fight layoffs and austerity and defend democratic rights.

Above all, autoworkers and all sections of the working class confront the reality of the capitalist system, to which workers must respond through the building of an international socialist movement.

The *WSWS Autoworker Newsletter*, published by the International Committee of the Fourth International, is leading the struggle to unite the resistance of autoworkers internationally and calls upon workers in every country to join this fight.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site