

German automakers, unions and government collaborate to restart production

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18 April 2020

German automakers and the IG Metall trade union are insistently demanding that production be restarted. Workers' lives are being put at risk to bolster profits as much as possible and ensure that shareholders receive dividends. Nobody knows how many lives such actions will cost. However, the coronavirus pandemic continues to claim thousands of lives every day in Europe and the US.

Auto plants in Germany, among the country's most important economic sectors, have largely been idle since mid-March. This has had an impact far beyond the 800,000 workers directly employed in the industry. Just as many jobs have been affected at chemical, electronics and steel companies.

The shutdown of the auto industry has triggered "a negative chain reaction throughout the entire sector and beyond," asserted Elmar Degenhart, chief executive of Continental AG, the auto parts giant, in an interview with *Der Spiegel*, the weekly news magazine.

Half of Continental's 60,000 German employees are currently on short-time work, with about 40 percent of its 250 plants closed. As head of one of the world's largest auto parts suppliers, Degenhart warned of a rise in insolvencies, especially among parts suppliers, "if the auto industry can't get going again after Easter." Small businesses will be hit first, he said.

As a result of globalisation, production at the auto plants can only recommence if the parts supply industry around the world starts operations almost simultaneously. "Continental alone has more than 2,300 suppliers around the world that we have to coordinate," reported Degenhart.

Some 2,200 suppliers are based in Italy alone, noted *Der Spiegel*. Speaking on behalf of the auto industry, Degenhart therefore demanded "fair bailout programmes" on the part of Germany "for struggling economies like Italy, Greece and Spain." "An isolated national approach won't do any good," added Hildegard Müller, president of the Association of Auto Producers (VDA). Volkswagen CEO Herbert Diess appealed for "more European solidarity," including the adoption of eurobonds.

"Such statements are well-calculated," noted Italy and Spain are not only parts suppliers (VW alone obtains ventilators and injection pumps from hundreds of suppliers in Italy) but also important sales markets. Loans made to southern European countries, which of course have to be repaid, will therefore ultimately end up in the automakers' pockets.

Moreover, there are "geostrategic interests" at stake. "The company heads want to strengthen the European market to act as a counterweight to the economic power of China and the United States," commented the magazine.

Germany's auto industry is once again urging a state-led bailout to encourage demand with tax relief and premiums. In a telephone conference with German Chancellor Angela Merkel last week, Diess and the other auto bosses proposed a repetition of the premiums paid to owners of old petrol and diesel models after the 2008-2009 financial crisis to help with purchases of new cars.

However, due to the coronavirus pandemic, selling cars remains a prohibited activity. Thousands of contractors and dealerships are closed. The auto industry associations and IG Metall therefore authored a joint letter to the government last week calling on it to "allow the...selling of cars as soon as possible."

Alongside IG Metall and the VDA, the letter to Merkel was also signed by the International Association of Vehicle Producers (VDIK) and the Central Association of German Vehicle Businesses (ZDK).

IG Metall leader Jörg Hofmann joined the heads of the business associations in appealing for a relaunching of car sales. "Vehicle sales are at a virtual standstill," noted the letter. Storage facilities are full to capacity. "The factories can't cope with more vehicles. This would result in the supply chain and production coming to a halt or not being able to restart," the letter added. The authors therefore appealed for "the fastest possible allowing of car sales...following the next meeting of the federal government with the Minister Presidents [of Germany's 16 federal states]."

Unsurprisingly, the federal government adopted this “proposal” (i.e., ultimatum) on Wednesday. BMW company spokeswoman Christina Hepe welcomed the decision on Wednesday evening, commenting, “It certainly helps us, without a doubt. Sales is the backbone of our business.”

The automakers calculate that as demand rises, production can begin again. Daimler plans to start the assembly lines at some of its plants as early as Monday.

Last week, VW’s board, in consultation with IG Metall and works council, adopted a “100-point plan to combat the pandemic” for the company’s 630,000 global workforce. This is merely a plan to get production back up and running so the company can make profits.

VW already restarted production on Easter Sunday at its Chattanooga, Tennessee, plant in the US. In Germany, 80,000 out of 120,000 employees are still currently on short-time work. According to *Der Spiegel*, around 1,700 workers will “start producing specific components at a few plants to secure production in China, the only part of the world where assembly lines are operating at anything close to normality.”

Most VW workers will return to their jobs on Monday. Manfred Wulff, VW works council head in Emden, indicated that plants in Wolfsburg, Emden and Hannover would restart production. A few thousand employees will start work on the first day, with the number being gradually increased. At other plants, like Kassel and Salzgitter, production will begin on May 4, which is also the case at BMW and Ford.

At VW, IG Metall agreed last week to abandon any demand for wage increases for the company’s 120,000 workers in Germany. Referring to the impact of the coronavirus, the union said negotiations on wage increases had been postponed until early 2021. The union has also agreed to a series of deals allowing workers to take unpaid “leave” from work.

“We are shouldering our responsibility with this deal,” commented Thorsten Gröger, IG Metall’s regional head in Lower Saxony and Saxony-Anhalt and lead negotiator in the talks. The pandemic has radically changed what needs to be prioritised, he added. The continuation of “normal” contract bargaining would have been inconceivable. Central works council chairman Bernd Osterloh added that the company’s liquidity was a question of survival. “Therefore, we have postponed the contract talks for eight months,” he added.

The liquidity deemed so important by the union representatives is in reality crucial for the payment of dividends to shareholders. While VW receives massive state subsidies for 80,000 workers’ wages under the short-time work programme, the company’s “liquidity” is being reserved for shareholders.

Just last month, sports vehicle producer Porsche paid out

€952 million [US\$1.04 billion] to shareholders in dividends, including almost half a million euros to the Porsche family. The approximately 27,000 employees in Germany received a one-time record premium of €9,700 each.

BMW’s board and supervisory board are planning to shower their shareholders with €1.64 billion in dividend payouts. The majority of this will be paid to the Quandt and Klappen families. The German Protection Association for Stock Ownership complained that due to the coronavirus, the 160 companies listed on the Dax, MDax and SDax stock markets will “pay out (only!) €44 billion to their shareholders.” This would be 14 percent less than last year. “In the current situation, securing liquidity takes priority,” wrote *Handelsblatt*.

Autoworkers must reject the restarting of production. Contrary to the claims of the unions and automakers, cars are not essential items.

The *World Socialist Web Site* wrote in a statement published on March 17, “Two irreconcilable interests of two classes stand opposed to each other. For the capitalists, it is a question of securing their profit interests and ensuring that their property and wealth remain untouched. No measures are to be taken that impinge on their interests. The working class is concerned with the interests of the broad mass of humanity, proceeding not from private profit but from social need.”

The Socialist Equality Party and WSWs firmly advance the demand: no return to work under unsafe conditions!

For the auto industry specifically, that means the suspension of all production. Full wages must be paid to workers affected by the closures.



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