130,000 jobs at risk in the German auto industry

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Although German auto companies have received a lion's share of the government's 130 billion euro [$US146 billion] stimulus package and are collecting billions more through the state's short-time working scheme, industry bosses are preparing to cut well over 100,000 jobs.

According to Christian Malorny, head of the automotive unit at the Kearney global management consulting firm, "Around 15 percent of jobs in the German auto industry are at risk in the next 18 months," or about 130,000 jobs. Short-time working benefits, the extension of which is to be decided this autumn, provide no long-term protection for workers.

Auto industry expert Ferdinand Dudenhöffer believes that the German auto industry will "steer short-time working into a wave of layoffs." According to Dudenhöffer, "The crisis in Germany will cost at least 100,000 jobs in its auto and supply industries."

The IG Metall union is also proceeding from the likelihood of the destruction of tens of thousands of jobs, plus numerous bankruptcies in the supply industry. "Our latest survey shows that over 80,000 employees in 270 companies are at high or acute risk of insolvency. And these numbers are increasing," IG Metall Chairman Jörg Hofmann told the *Tagesspiegel* newspaper last week.

Car sales have plummeted due to the coronavirus crisis. According to Dudenhöffer, just under 1.2 million cars were built in German plants in the first five months of 2020, a staggering 44 percent less than last year. Due to continuing weak demand in Europe, Africa and South America, he expects production to decline by 26 percent to 3.4 million cars over the full year. This represents the lowest level of production since 1974.

Auto companies are using the crisis to implement restructuring measures planned long in advance. Even before the coronavirus pandemic, experts anticipated the loss of hundreds of thousands of jobs in the auto industry. In the autumn of 2018, a study by the Friedrich-Ebert Institute (FES) concluded that a rapid switch to the production of electric autos would endanger 600,000 jobs and bankrupt the majority of suppliers in the German auto industry. At the same time, any "postponement of system innovations" would have equally catastrophic consequences.

At the end of last year, the Munich-based Ifo Institute for Economic Research announced that 137,000 jobs were in danger in the Bavarian auto industry alone.

The government and big corporations are now working closely together to implement these plans. The German government has decided to subsidize those purchasing electric cars and plug-in hybrids with a premium of up to 9,000 euros, while excluding any subsidy for those purchasing petrol and diesel vehicles, apart from the already announced three percent reduction in VAT, the general consumer purchase tax.

The Social Democratic Party (SPD) was the prime mover behind this decision and is trying to present it as a contribution to environmental protection. But this is nonsense. Going back at least 20 years to the time of the "auto chancellor" Gerhard Schröder, the SPD has carried out the auto companies' every demand. The party's arrogant adherence to internal combustion engines and a business model based on manipulated exhaust gases created considerable difficulties for the German auto industry. That is why the government is now pressing to speed up the conversion to electric autos.

Its main concern is to strengthen German companies in the bitter struggle against its international rivals to dominate the world market. Other governments are also investing billions to support their auto industry. For example, President Emmanuel Macron is funding French car companies to the tune of eight billion euros. The European Union Commission is also investing 100 billion euros to strengthen the European auto industry against its Asian and American competitors.

The restructuring and struggle for a dominant position in the global market will be carried out on the backs of the industrial workforce. Despite the ongoing coronavirus pandemic, auto workers are being forced to return to the factories and risk their lives and must fear for their jobs, wages and social rights. Agency and temporarily employed workers in particular are being used by the corporations in hire-and-fire manner; but the companies' core workforces are also affected.

In this conflict, the unions and their affiliated works councils are firmly on the side of the corporations and the government. They are expanding the corporatist policies of the "German system of social partnership" that they have pursued for decades. Their antiworking class character is becoming increasingly evident.

As has been the case repeatedly in the past, when IG Metall and its works councils supported plans to cut tens of thousands of jobs at VW and Opel, including the closure of factories in Antwerp and Bochum, they are now taking responsibility for enforcing new job cuts. They work out the appropriate plans, implement them and divide autoworkers against one another along nationalist and local lines. A united struggle of workers from all countries and all factories is the only way to combat the offensive by the corporations.

At the same time, the unions act as aggressive lobbyists for the multibillion dollar corporations to squeeze billions more in public funds out of the government. This is the reason why IG Metall has responded angrily to the government's refusal of a purchase premium for vehicles with internal combustion engines.

On June 5, the union announced, "This is bad news for the approximately 2.2 million employees who work in the auto industry and the industries that depend on it." In order to secure employment with a purchase bonus, "it is necessary to support not only electric autos but also the purchase of low-emission, modern internal combustion engines."

Daimler general works council chief Michael Brecht grumbled that he and his counterparts in the auto and supplier industry were "pissed off." The industry had invested in growth, and now there was the risk of overcapacity that could not be bridged for the next three or four years. Some 95 percent of workers in the German auto industry were employed in the production of vehicles with conventional motors, Brecht said.

The works council chairman for the MAN concern, Saki Stimoniaris, commented, "The SPD leadership should ask itself: Does it actually represent the interests of workers?"

Former SPD Chairman Sigmar Gabriel, who has since been appointed to the supervisory board of Deutsche Bank, also weighed in. On Facebook, Gabriel complained that the industry "appears to Germans to be more of an environmental problem than a central factor for prosperity." This attitude is now also reflected in the SPD. "Climate policy has become more important to them than representing workers' interests."

In fact, the IG Metall and its works council advocates are just as far removed from the "interests of workers," which the SPD ditched a long time ago. The chief concern of the union and SPD bureaucrats is guaranteeing the profits of the auto companies and the billion-dollar dividends that most car companies continue to pay to shareholders despite the fact they are raking in government aid. The bureaucrats are also determined to see that millions of euros come their way.

The 30 supervisory board members of IG Metall and the works councils at Volkswagen, BMW and Daimler received over six million euros last year for their participation on supervisory boards. At VW, MAN works council head Stimoniaris takes home 482,040 euros for his services, IGM chief Hofmann receives 289,000 euros, group works council chief Bernd Osterloh takes in 387,000 euros, and Audi general works council chief Peter Mosch makes 579,800 euros, all for supervisory board activities.

At Daimler, works council chief Brecht pocketed 499,129 euros and IGM district manager Roman Zitzelsberger 236,253 euros. BMW paid out 430,000 euros to both general works council head Manfred Schoch and chairman of the works council at the Dingolfing plant, Stefan Schmid.

The claim that the government's purchase premium for autos will be used to save jobs is absurd. Above all, such a move benefits those who can afford luxury cars and big firms that purchase company cars. In reality, IG Metall is campaigning for billions of euros of tax payers' money to feather its own nest and the dividends of shareholders while preparing German corporations for a destructive international trade war, taking place under conditions of a virtual massacre of auto jobs.

To defend jobs, autoworkers must break with the unions and their highly paid works councils, form independent action committees, join forces internationally and fight for a socialist program. It is necessary to convert the entire auto industry, manufacturers and suppliers, into democratically controlled, socially owned property in order to redirect the billions paid out to shareholders to secure jobs and, in the medium- and long-term, to develop the industry within the framework of comprehensive, rational social planning.