

Volkswagen to slash 35 percent of Brazilian workforce as jobs bloodbath hits auto industry

Miguel Andrade
29 August 2020

On August 19, Volkswagen confirmed it had met the four unions at its Brazilian plants and informed them the company had an “excess” workforce, and plans were being drafted for a “restructuring” of Brazilian operations in line with “a 45 percent fall in vehicle production” in relation to 2019 levels and an expected five-year-long recovery of auto sales.

The unions involved had previously declared that the “excess” workforce consisted of a third of the total of 15,000 workers, but declined to offer workers any other details. They aped the company’s line that “layoffs are the last option,” returning the favor of Volkswagen’s South American president, Pablo Di Si, who had declared in July that the companies and the unions “should be together at this moment” and that they should use “all tools at hand to buy time” and “reduce costs.”

The firings at the Volkswagen plants are part of a wave of “restructuring” that is set to hit the whole of the Brazilian auto industry. This month alone, the Nissan-Renault group slashed 1,145 of 10,000 jobs at its operations in two plants, and General Motors also announced it would fire an undisclosed number of its 15,000 workers in Brazil.

At the Renault plant, located in the industrial city of São José dos Pinhais, in the southern state of Paraná, 747 firings will be concluded through buyouts, known in Brazil by the acronym PDV. They were imposed by the company and the unions after a militant 21-day strike that was brutally repressed by the state’s military police. The local SMC union didn’t oppose the firings at any point, feigning support for the strike only until the local Labor Court ruled that Renault had to first give the union a chance to ram through the buyouts. At the Nissan plant, employing 2,500 workers, the company dispensed with formalities with the local SindimetalSF union and announced 398 firings.

The deliberate ambiguity of both Volkswagen and the unions as to the real content of their first meeting should be taken by workers as a warning that a blackmailing operation is underway, based on the threat of unemployment and further losses of income amid the social and economic disaster caused by the neglect of the COVID-19 pandemic by the ruling class.

Workers fired from the auto industry will be thrown into the abyss of a spiraling social crisis.

Brazil has already recorded more than 3.8 million COVID-19 cases and 120,000 deaths. More than 40,000 new cases are being recorded every day, and the country has an average of more than a thousand daily deaths.

With federal and local governments sponsoring a dismal testing rate focused on severe cases, both the official case and death figures are considered by experts as wild underestimations. Without ever coming close to controlling the pandemic, local governments are moving to reopen schools, the last major activity still facing restrictions.

Where data is available, research shows that young workers, between 18 and 34, are 2.6 times more likely to contract COVID-19 than their elders, due to the need to work under unsafe conditions in low-paying jobs. The first immediate impact for those fired will be losing their health plans and being thrown into the overloaded national health system, the SUS, where at least 4,132 people have already died of COVID-19 without even being assisted, according to recent data compiled by *El País*.

They will join a massive army of unemployed consisting of a full 25 percent of the workforce, hidden behind an official 13 percent unemployment rate that the Economy Ministry itself recognizes is not real, and which is set to increase.

On August 6, the country’s statistics bureau, the IBGE, revealed that 8.9 million workers had dropped out of the workforce in the second quarter, and that for the first time Brazil had the majority of its working-age population out of the workforce. The IBGE has also reported a record 15.7 percent jump in the number of part-time workers, to over 25 million.

Even so, Brazil currently has 16 million workers with suspended or reduced-hour contracts, with wages being partially paid by government loans and relief schemes to companies. These are set to expire in the fourth quarter along with the so-called emergency relief of R\$600 (US\$100) being paid monthly to 42 million workers. The relief is the only thing standing in the way of a massive rise in poverty, engulfing 25 percent of the population.

As the government moves to end the payment of the emergency relief for unemployed and informal workers and wage supplements in companies with suspended or reduced-hour contracts, the sudden return of tens of millions of workers to the search for jobs will be used by companies to impose a massive reduction of wages across the board.

This is certainly a major concern in the moves by the auto companies and their loyal servants in the unions, and a major reason for the secretive nature of their talks and the ambiguous character of their statements to the press.

The bitter experiences of August have already shown that the unions at Volkswagen will do nothing to stop the new jobs bloodbath. Of the four plants, three are located in cities where local unions have already accepted the most recent buyouts: São José dos Pinhais, where the bitter Renault strike was betrayed, and Taubaté and São Bernardo do Campo—both in the state of São Paulo—where unions have acted in conjunction with GM to impose buyouts.

The fourth union, in São Carlos, also in the state of São Paulo, is affiliated to the Workers Party (PT)-controlled CUT union federation, which uses the São Bernardo do Campo's ABC Metalworkers Union as its laboratory for betrayals. The prominent ABC union was the birthplace of the PT in 1980, and has for 40 years set the standard for union-management collaboration in defense of capitalist profits.

For the whole of the capitalist class, the COVID-19 pandemic has been turned into an invaluable opportunity to implement long-term plans to reduce costs. Repeated contract suspensions implemented in the auto industry since the beginning of the Brazilian economic crisis in 2013, spearheaded by the unions and the then-ruling PT, did nothing to stop 28,000 jobs being wiped out across the 65 Brazilian auto plants in the last seven years, despite the increase in production from 2016 on.

The wiping out of jobs has been a direct result of the bailout policies promoted by unions in Brazil and internationally. The bailouts invariably fuel money to long-term cost-cutting schemes, either indirectly, as paybacks for bank loans financed by central banks, or directly, through agreements with the government to keep companies afloat.

At Renault, 15,000 jobs were slashed after the company secured a €5 billion bailout from the French government. In Germany, Volkswagen benefited from similar schemes. French and German unions are supporting the bailouts in order to boost “national competitiveness.” Following the same logic, the only reaction of Brazilian unions to the COVID-19 crisis has been to complain that the Brazilian government didn't funnel enough money to the corporations, as compared to Europe or the United States.

At the beginning of the pandemic, the Congressional opposition, led by the PT and other parties controlling the unions, such as the Socialism and Liberty Party (PSOL), complained that Bolsonaro was not spending enough during the crisis, citing Donald Trump's unprecedented Wall Street

bailout as an example. The opposition later voted for a government injection of the equivalent of 17 percent of Brazilian GDP into the financial markets, arguing cynically that capitalist deficit spending policies should be supported because they were “breaking the parameters of neoliberalism.” Meanwhile former PT president Luiz Inácio Lula da Silva—also a former ABC Metalworkers Union president—called for Bolsonaro to “print money” in order to finance the bailouts and spend more than allowed under budget restrictions.

Now, as companies and US and European governments move to impose further cost-cutting schemes, Brazilian unions are again complaining that Bolsonaro is not following them with sufficient speed. In reacting to the Volkswagen announcement, the ABC Metalworkers Union president simply complained: “In situations such as these, there has always been government, companies and workers negotiation round-tables.”

Brazilian workers are nonetheless showing growing signs of a class reaction to the crisis. The militant Renault strike has been followed by an ongoing 11-day strike by Correios (the Brazilian Post Office) workers, which yesterday forced the union to support an occupation at a distribution center in the industrial city of Indaiatuba, where a number of major companies such as Toyota, John Deere and BASF have plants.

Workers can only mount a genuine struggle against the destruction of jobs through a conscious break with the unions and their nationalist “competitiveness” policies and appeals for capital bailouts. To succeed with such a break, workers must form rank-and-file committees that will coordinate actions with workers across different plants, companies and national borders, reaching out to workers in Germany, France, the United States and elsewhere facing the same attacks by the same transnational corporations, as well as similar betrayals at the hands of the unions.



To contact the WSWs and the Socialist Equality Party visit:

[wsws.org/contact](https://www.wsws.org/contact)