Accelerated job cuts in German auto industry

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Barely a day goes by without a new announcement of cutbacks and job cuts in the auto industry in Germany. The coronavirus pandemic is being deliberately used to slash costs and increase profits.

Last Tuesday, Daimler CEO Ola Källenius announced at a conference with investors that the Mercedes auto division would reduce its fixed costs by more than a fifth by 2025 (compared to 2019) by cutting capacity and personnel costs.

Källenius made no effort to hide the reason behind the decision. The plan was to restore profits to double-digits by 2025. Even under unfavourable conditions, the company was aiming for a profit margin “in the mid to high single-digit percentage range.”

The cuts program, which was already announced in recent months, is expected to result in the loss of around 30,000 jobs worldwide, i.e., almost one in ten. While the company did not confirm this figure, it left no doubt about its intent. At the same time, management declared as it always does, the aim was to find solutions that were “as socially acceptable as possible.'

Some information about the concrete consequences of the planned cutbacks has already been revealed.

According to union sources, about 1,000 of 2,500 jobs are to be cut during the next few years at the company’s engine plant in Berlin, which first opened in 1902. In return, the company declares it will invest more in battery cell research. The works council at Daimler’s main plant in Untertürkheim, Stuttgart, however, is demanding it receive the new investment funds. According to the works council, the company plans to cut around 4,000 from the 19,000-strong workforce at Untertürkheim by 2025.

At a time when workers are being forced into the factories despite the increasing risk of COVID-19 infection—in the auto industry, only about a third of all employees are on the *Kurzarbeit* social insurance program, which partially compensates workers for lost wages due to reduced working hours—Daimler board member Markus Schäfer justified the cuts with the words: “The ultimate criterion is the health of this company.”

Schäfer said that Mercedes had deliberately set up production facilities in Eastern Europe and China in order to secure its competitiveness via a “mixed calculation” of “German high-wage locations” with lower-cost personnel abroad. No plant can therefore guarantee that it can maintain its workforce forever. This applies in particular to engine and component plants specialising in combustion engines, which are being directly affected by the transition to electric cars.

Instead of uniting the company's workers against these attacks, the auto union IG Metall and the union-controlled Daimler general works council (a type of corporatist body common in Germany) are dividing the workforce by denouncing workers in Eastern Europe. If any investment in conventional drive systems is made at all, “it will be in Poland or Romania,” declared works council chairman Michael Brecht and his deputy Ergun Lümali in a leaflet addressed to the more than 170,000 Daimler employees in Germany.

Daimler is just one of several corporations that have announced accelerated cuts to jobs and conditions in recent weeks and months.

In mid-September, Volkswagen announced the elimination of 9,500 jobs at its truck subsidiary MAN in Germany and Austria. Last Tuesday, the new MAN chief executive, Andreas Tostmann, prematurely terminated the existing site and job security agreement. This means that not only are compulsory redundancies possible, but also that benefits exceeding the general pay scale will be eliminated. A letter to employees cited “the planned reorganisation of MAN” as well as “economic reasons” as the basis for the cuts.

Only some details of the reorganisation have been released. For example, the production of heavy trucks and driver cabins is to be relocated from the main plant in Munich, possibly to Kraków in Poland. In addition, axle production in Munich could be outsourced to suppliers. This would threaten 3,000 jobs alone in Munich.

Another 1,300 jobs may be lost at the MAN engine plant in Nuremberg. Tostmann is also seeking to cut 1,500 jobs in the German service and sales network. To this end, component production is to be relocated from Salzgitter and also moved to Krakow. This would affect another 1,400 employees.

The works council at MAN is working hand in glove with management. The company's jobs protection scheme, which was extended in 2018, was due to last until 2030. The truck manufacturer has linked its termination of the scheme to an ultimatum: if a deal is reached with IG Metall and the works council by the end of the year, the contracts could come into force again “in whole or in part.” Should talks not succeed, “the agreements will expire at the end of the year or in 2021.”

It is already clear how this farce will proceed. The works council and IG Metall will approve the savings program and job cuts and then present them as a success on the basis that layoffs have been averted.

MAN works council chairman Saki Stimoniaris, who raked in 482,040 euros last year for his activities on the company supervisory board, declared: “We have no interest in any escalation.” The chairman of the VW Group works council, Bernd Osterloh, stated in the course of negotiations that the works council would “ensure that extensive job security measures come into force again.”

The job cuts at MAN are a prelude to attacks on all the 670,000 employees of the Volkswagen Group. The cancellation of guarantees against site and job cuts was backed up by VW boss Herbert Diess, who defended MAN's policy at the company’s online annual general meeting last week.

Even before the pandemic, Diess said that MAN's economic situation left it unable to fund important investments. MAN needed “restructuring with plant closures and staff reductions of around 9,500 in order to restore competitiveness,” Diess said.

The Munich-based auto manufacturer BMW announced in June plans to cut 16,000 jobs. The company is also increasing pressure on its suppliers to cut costs. Some suppliers are being asked to reduce their prices for current orders by an average of five percent by year’s end, reports the German business newspaper *Wirtschaftswoche.* A BMW spokeswoman argued cynically that the company could not cope with the consequences of the pandemic on its own.

Other major suppliers are also cutting tens of thousands of jobs. Last week the supervisory board of Continental decided to close its tire plant in Aachen by the end of 2021 and its auto electronics plant in Karben near Frankfurt by the end of 2024. The Continental factory in Regensburg will also be closed for re-tooling. This will affect around 4,800 jobs at the three sites. Worldwide, 30,000 jobs will be affected by the announced cutbacks at Continental, with 13,000 of them in Germany.

Two weeks ago, the auto supplier Mahle announced the closure of two of its factories in Germany. The closure of the production facility in Gaildorf in Baden-Württemberg is due to be completed in the course of 2023. At the plant, 290 workers manufacture camshafts and steel components. A second site in Freiberg, Saxony, with 85 employees, is scheduled for closure in 2022.

Mahle manufactures components for internal combustion engines, mainly pistons, but also filters and pumps. The company has cut 6,700 jobs since 2018. In mid-September, the company announced that it intended to cut a further 7,600 jobs worldwide, including 2,000 in Germany. Mahle currently still has 72,000 employees worldwide, including almost 12,000 in Germany.

Mahle's top management announced that it will start talks with the works council, once again to plan a “socially acceptable implementation” of the layoffs.

The situation is similar in company after company: workforce reduction, cuts and savings, developed and implemented by the various unions and the works councils. If they organise protests at all, they are toothless events that serve merely as an outlet to let off steam, while the unions help the big corporations to carry out the anti-worker offensive.

One example was an outdoor meeting held by the works council at the Daimler plant in Berlin on September 24. At the meeting, a leading representative of IG Metall Berlin, Jan Otto, appealed to management “to continue acting fairly and in the spirit of social partnership.”

Otto also agitated against Eastern European workers: “We will not allow management to secretly move combustion engine production lines to Romania or Poland.” Otto called on management to develop “future perspectives” for the Mercedes-Benz plant in Berlin in collaboration with the works council and the IG Metall: “We are prepared to do this and have plenty of ideas.”

Daimler workers in Berlin should take this as a warning. The union and works council will carry out the attacks the company demands. The main aim is to secure benefits for the union functionaries.

The Sozialistische Gleichheitspartei (the Socialist Equality Party in Germany) and the *World Socialist Web Site* call for the setting up of rank-and-file action committees that are independent of the unions and the works councils. Workers must take the struggle to defend jobs and wages into their own hands.

To do so, they must make contact with their colleagues in other factories at home and abroad. The nationalist agitation against Polish, Romanian or Chinese workers must be countered by unifying across borders. Priority must be given to lives, health and jobs of the workers, rather than profit maximisation and inflated dividends. There is enough money there in the hands of the company investors and owners.