

At Germany's "Auto Summit," IG Metall backs major corporations in international trade war

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The IG Metall trade union is playing the key role on behalf of German auto companies in the international trade war. A week ago, at their so-called "Auto Summit," the German government—a coalition of the Christian Democratic Union (CDU), Christian Social Union (CSU) and Social Democratic Party (SPD)—agreed with the auto companies and the union on additional billions of euros to support the auto industry. Now the union is pushing for quick implementation of the funding.

On Nov. 17, a number of federal ministers, state premiers, union representatives and the leaders of the governing parties, the CDU/CSU and SPD, took part in a virtual auto summit alongside leading car industry representatives. In June, the German government had already allocated almost €50 billion from its €130 billion economic stimulus package to the auto industry. Now it is providing an additional €3 billion to the auto and auto supplier industries.

"IG Metall welcomes the resolutions at today's auto summit," declared IG Metall Chairman Jörg Hofmann. The resolution includes important demands raised by the union, he continued. The issue now was implementing the decisions without delay.

In particular, the union leader was pleased with the government's support for the "Best Owner Group" investment fund initiated by IG Metall. This private equity fund was set up by the union in the summer and aims to buy up and restructure auto and supplier companies threatened by insolvency. In this way, the fund aims to secure the supply chains for the auto companies while at the same time slashing "overcapacities" or closing down companies completely. IG Metall is using its own financial resources for this purpose and is demanding taxpayers' money from the government to finance and accelerate the restructuring of the German auto industry.

The German government supports this initiative. It will devote €1 billion for a "Future Fund for the Automotive Industry" so that the industry, the unions and science can work together to develop "medium and long-term transformation strategies for the auto industry," explained government spokesman Thorsten Seibert.

"But also the other decisions," according to IG Metall, "such as the acceleration of the expansion of charging infrastructure and the promotion of battery cell production are important impulses." In addition, the purchase premium of up to €9,000 for purely electric vehicles and plug-in hybrids will be extended until 2025, a

measure which corresponds to about another €1 billion in aid for the industry. The government had already extended this so-called "innovation premium" this summer until the end of 2021.

A further billion euros is available for the replacement of older trucks. Half of this money is to go to the federal Ministry of Transport to purchase new trucks, and half to companies to renew their own fleets.

Predictably the heads of the German auto industry also welcomed the new billion-euro funding commitments of the government. Volkswagen boss Herbert Diess said he was delighted that Germany would become the "leading market" for electric mobility following the auto summit.

IG Metall claims that the state funding will be used to make the restructuring of the auto industry to produce electric vehicles "socially acceptable" and that this will benefit employees. This is simply a lie.

First, the greed of the auto company executives, owners, shareholders and investment funds that dictate all the important decisions of the auto concerns is boundless. Every aspect of production is aimed at increasing returns, profits, share prices, dividends and personal enrichment. While the corporations collect vast sums of government money, the billions are passed on to shareholders—not only indirectly via rising share prices, but also directly.

Hardly had the first round of the €50 billion aid been paid out in the spring, at a time when all the major auto and supplier plants financed their workforces via state-financed short-time working allowances, than the sports auto manufacturer Porsche announced it would be distributing €952 million in dividends to shareholders. Around half of this, almost half a billion euros, went directly to the Porsche family itself.

Shortly afterwards, BMW shareholders received dividends of over €1.6 billion. A large proportion flowed into the bank accounts of the main owner families Quandt and Klatten. Susanne Klatten is the richest woman in Germany, with assets of €21 billion. Together with her brother Stefan Quandt (assets of €15 billion), she owns just under 50 percent of BMW shares.

When this "dividend payment at state expense" became known in May, the news triggered fierce protest. As a result, further information about the distribution of profits was kept under wraps. When Volkswagen decided to pay a dividend of around €2.4

billion at the end of September, the media remained silent.

Secondly, the state money is being used to prepare the auto companies for a global economic war, to be fought out at the expense of the workforce. The measures divide workers along national boundaries and thereby prevent a common struggle against the internationally operating auto companies. This division of workers is in turn exploited to depress wages and working conditions even further. And finally, based on experience, trade war is only the prelude to military war. Both the First and Second World Wars had their origins in the irreconcilable economic and strategic clash of interests between the major capitalist powers.

In early 2019 the German minister of economics, Peter Altmaier (CDU), had already presented his concept for a “National Industrial Strategy 2030.” It stated: “Industrial policy strategies are experiencing a renaissance in many parts of the world; there is hardly a successful country that relies exclusively and without exception on market forces to accomplish its tasks.” And further: “There are obviously strategies of rapid expansion with the clear aim of conquering new markets for one’s own economy and—wherever possible—monopolizing them. Altmaier stressed the role of state financing to develop “completely new mobility concepts” in the auto industry.

IG Metall expressly supports this national government strategy and its associated trade war offensive. A new start in industrial policy is overdue, explained Wolfgang Lemb, managing member of the IGM executive, in response to Altmaier’s paper. But “promotion based on an indiscriminate watering-can principle” would not be target-oriented. The state had to take on more responsibility; the market alone could not fix the problems. It was important to expand “national industrial policy leeway in competition and public procurement law.” Key industries must be identified and supported “with industrial and policy instruments such as structural funds or a European Investment Bank.”

The trade union is well aware this will involve further attacks on workers’ wages and working conditions. The Altmaier paper already stated that the “considerable lead of German industry in terms of technology and quality,” which has offset the “advantage of much lower wage and manufacturing costs in important emerging markets,” is “slowly but surely” melting away. As a result, “competitive pressure is also increasing in areas where German companies have been unrivaled to date.”

In response, IG Metall is drawing up its own plans for rationalization and restructuring, dressed up as usual with flowery titles such as “Pact for the Future 2030,” but which in fact are intended to cut jobs and workers’ social standards. The union criticizes the auto companies from the right and demands they step up the fight against their international rivals—above all the US and China.

IG Metall complains that Tesla owner Elon Musk, who is building a mammoth factory for electric vehicles in Grünheide near Berlin, as well as the world’s largest auto battery factory, was able to rely on the policies of former US President Barack Obama, who had favored the US auto industry. At the same time, the government of China under Xi Jinping is massively supporting its domestic auto companies and pushing ahead with the expansion of electric vehicles. IG Metall warns the German auto companies

against regarding China only as a large sales market, while ignoring the fact that the country is at the same time a powerful and dynamic competitor.

The union agrees with the German government that in view of intensified global competition, the German auto industry must be rationalized and “global champions” developed—with comprehensive state support.

The fact that this “auto pact” is directed against autoworkers is also evident in the current COVID-19 pandemic. The virus is spreading rapidly, with between 120,000 and 150,000 people dying of the coronavirus every month in Europe. Safety measures in many companies are completely inadequate, and many staff are confined to overcrowded buses and trains on the way to and from work, but the union is doing nothing to increase the safety of workers.

On the contrary. In early summer, the IG Metall union called for the accelerated resumption of industrial production and demanded the rapid restoration of supply chains. It opposes any demand to stop production in non-essential operations. Along with the government and corporate management, it puts the profit system above the life and health of the workers.

Union safety representatives on works councils are instructed to keep quiet about company coronavirus infections and deny employees important information about the number of people infected, their immediate contacts and necessary quarantine measures. As was the case at VW at the end of April, the works councils and shop stewards on site glorify the alleged safety at factories, although they know much better.

Under these conditions, it is becoming increasingly urgent for workers to free themselves from the straitjacket of the trade unions and organize and control themselves independently. That is why the WSWs and the Socialist Equality Party (SGP) are calling for the creation of independent action committees to discuss and organize immediate measures not only to improve work safety, but also defend all jobs, wages and benefits.

This requires a political break with the reactionary concepts of Germany’s so-called “social partnership” and co-determination policy. For decades IG Metall and other trade unions spread the lie that the interests of capital and labor could be negotiated and balanced in partnership. Now it is becoming apparent on a daily basis that this propaganda serves only to mask the role of the trade unions as the handmaiden of the corporate bosses. The unions declare that workers must accept mass layoffs, social cuts and COVID-19 deaths in the workplace in order to save capitalism.

The WSWs and SGP resolutely oppose this reactionary demagoguery. We support all initiatives to build independent action committees and to fight for an international socialist program that unites workers across all company and national barriers and prepares a general strike.



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