

# At Daimler, German trade union leader calls for job cuts and increased profits

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The head of the Daimler works council and IG Metall union leader Michael Brecht gave a lengthy interview to Germany's monthly business journal *Manager Magazin* last week, in which he levelled major criticisms at the company's management.

Rather than direct his opposition to impending plant closures, job cuts and austerity measures, Brecht insisted that the attacks by the Daimler executive on its 300,000 employees were insufficient to “beat Tesla,” one of its main competitors. At the same time and echoing the far-right Alternative for Germany (AfD) party, the top union official called for Daimler to be protected against foreign investors.

In a vein similar to the comments by Volkswagen (VW) works council head Bernd Osterloh, who claimed VW CEO Herbert Diess lacked political foresight, Brecht accused the Daimler executive of failing to “protect” the company against its Chinese competitors.

IG Metall and its works councils are the driving force for “transformation” in the auto industry—that is, securing company profits at the expense of the workforce. In so doing, they are propagating extreme economic nationalism.

In fact, it is rare for auto industry management to speak out so openly in favour of “Germany First” as Brecht did in his interview. *Manager Magazin* was so struck by the union leader's nationalist offensive that it began the interview in the following distinctive manner: “Daimler works council chairman Michael Brecht sees the strengthening of Chinese investors as a threat to Germany as a business location. Key sectors like the auto industry must be ‘politically protected.’”

In their interview with Brecht, the magazine's journalists point out that Daimler has two major Chinese shareholders—i.e., billionaire Li Shufu, the chairman of Geely, the Chinese car manufacturer, as well as the Beijing Automotive Industry Holding Co. (BAIC)—and that China has for some time been Daimler's largest single market. “What conclusions do you draw from that?” they ask. Brecht answers: “That we should politically protect key sectors like the auto industry, as China and the US already do. The German economics minister Peter Altmaier sees things the same way as we do.”

At the beginning of 2019, Altmaier (the right-wing Christian Democratic Union, CDU) outlined a plan for a “National

Industrial Strategy 2030.” The document asserted that “in many parts of the world...there are very obvious strategies for rapid expansion with the clear aim of conquering new markets for one's own national economy and—wherever possible—monopolising them.” Defending Germany as a business location is therefore the task of both companies and politicians.

IG Metall sees things in precisely the same way. It criticises German auto management from the nationalist right and demands they step up the fight against their international rivals—above all, the US and China.

In the interview, Brecht summed up the nationalist and pro-capitalist policies with which the works council leaders and unions defend “their” corporations against rival companies. In doing so, they not only accept the destruction of tens of thousands of auto workers' jobs, they go so far as to present themselves as the better managers, prepared to wipe out the jobs in the face of all resistance.

Brecht's answers to additional questions posed by *Manager Magazin*, which involve the employment and livelihoods of thousands of workers and their families, make this abundantly clear.

In order to reassure the workforces at the Daimler factories in Stuttgart-Untertürkheim and Berlin-Marienfelde, IG Metall and the works councils have announced their opposition to company plans to cut thousands of jobs. *Manager Magazin* asks, “Aren't you fighting against a development that can no longer be stopped?”

Brecht replies that he is not concerned with defending jobs, but rather with defending competitiveness: “No, we want to introduce the technology of the future into these factories. Just look at Tesla, that should be both an example and a warning to the executive.” Tesla builds and develops much more on its own “than we do,” the union official said. “If we just buy our technology from others, we shouldn't be surprised if, in the end, Mercedes can't beat Tesla.”

In other words, productivity at Daimler is to be stepped up and wages reduced to an extent that enables the company to do without external suppliers, especially if they are based in China or the United States. This means in turn the elimination of tens of thousands of jobs and a massive increase of stress on the

production lines. It serves to divide workers in different factories and countries, who all confront the same corporations and shareholders and can only defend their interests together. Moreover, economic nationalism and trade war are only the precursor to “shooting war,” as history has proven time and again.

The funding of this economic war is to be squeezed out of the workforce. The works council had long fought for the one-billion-euro (US\$1.2 billion) “Transformation Fund” that Daimler CEO Ola Källenius has just approved, Brecht reports.

As early as last June, Brecht and his deputy Ergun Lümalı sent a circular to all Daimler employees urging management to act and calling for the elimination of tens of thousands of jobs. “We have to urgently press ahead with the transformation process in which we find ourselves,” they wrote. “To do this, we need billions in investment. This money must be earned—despite the crisis.”

This explicitly applies not only to the Mercedes auto division, but also to its truck sector. The new boss there, John O’Leary, was “specially brought into central management by the US subsidiary Freightliner as a reorganiser,” writes *Manager Magazin*, and then asks: “What does he have to take on?”

Brecht is blunt: “A lot has to happen in the truck business, especially in Europe. We’ve earned only 6 to 7 percent profits here, even in exceptional years.” That’s not enough to finance the necessary investment for the future, he went on. “We have clearly lost market share in Europe; and costs have also risen massively. We as a works council cannot simply ignore such weaknesses.”

Clearly perplexed, *Manager Magazin* inquired, “Are you inviting executives to cut jobs?” Brecht answers in the affirmative: “We urgently need a solution to the problems, and we won’t like some parts of it; like the Stream 2 cost-cutting programme.”

When the heads of corporations and the works councils talk about “cost-cutting programmes,” they invariably mean job cuts, despite all the talk about “innovation,” “looking to the future” and “securing the plant.” “Stream 1” had a cost-cutting volume of €400 million and involved the elimination of 2,000 jobs. The new “Stream 2” programme, which the central works council has agreed on with Daimler management, involves savings of another €300 million and will also mean significant job cuts.

Works council leader Brecht describes how he intends to implement this: “If personnel adjustments become necessary, we will ensure that no one has to fear for their job. We can handle everything through fluctuation.”

Alongside VW general works council chairman Osterloh, Daimler works council chairman Brecht is one of the most powerful of Germany’s so-called “employee representatives,” which the media invariably refer to as “workers’ leaders.” The latter designation is sheer nonsense. These men do not represent the interests of workers, they defend the interests of

large investors. Under conditions of growing global competition between the biggest industrial and trading nations, the unions have mutated into vehement representatives of “German interests”—i.e., the interests of the German finance and economic elite.

The transformation of the unions into the tools of those corporations into which they are deeply integrated is taking place all over the world. It results from their defence of capitalism and is particularly pronounced in Germany.

Works council dignitaries such as Brecht do not derive their power in the factories from the fact that workers regard them as their representatives. Their power is anchored in the corporatist “co-determination” system, which allows unions and local factory officials to jointly determine company policy. Auto companies like Daimler and Volkswagen maintain hundreds of highly paid works councils and IG Metall officials whose salaries, stemming from well-paid posts on supervisory boards and other privileges, exceed an ordinary worker’s wage many times over.

Last year, for example, in addition to his salary, which amounts to at least €200,000 a year, Brecht received half-a-million euros from his posts as deputy chairman of the supervisory board of Daimler AG and Daimler Trucks AG, and as a member of the supervisory board of Mercedes Benz AG.

This integration of the unions into company structures, a development that has taken place over decades, cannot be overcome by merely chasing the corrupt IG Metall works councils out of the factories. Rather, new forms of organisation are needed that defend workers’ jobs and social gains completely independently of the unions and state structures.

This can only be done through a united, independent and international movement of the working class directed against the capitalist system. Daimler is not an isolated case. All the big corporations in the auto, supply, steel, engineering, chemical and other industries are using the coronavirus crisis to shed workers, intensify exploitation and prepare for trade war and all-out war.

The Socialist Equality Party (SGP in Germany) therefore advocates building independent action committees in the factories and corporations to take up the defence of jobs based on new nationwide and international networks. We call on all workers who are not prepared to accept the attacks by Daimler and other corporations to build a new, international socialist party and join the SEP.



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