

# Job cuts in the automotive supply industry and the role of the IG Metall union

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For months, not a week has gone by without the automotive supply industry announcing hundreds of redundancies and the closure of entire plants. Often structurally weak regions are affected, where it is almost impossible to find a new job.

Here are some of the most recent cases:

**Continental** will close its plant in Gifhorn (Lower Saxony) by the end of 2027. The closure will affect 900 workers.

**ZF Friedrichshafen** is closing its shock absorber factory in Eitorf (North Rhine Westphalia) with 700 employees, and the transmission plant in Brandenburg with 1,500 jobs is acutely threatened. Jobs are also at risk at ZF locations in Saarland, Lower Saxony, and Bavaria.

**Schaeffler** is cutting 100 of 500 jobs at its component plant for combustion engines in Ingolstadt, Bavaria. Schaeffler plans to eliminate 1,300 of around 80,000 jobs worldwide in the next few months.

**Marelli** will close its plant in Brotterode, Thuringia, where 900 employees manufacture car headlights, in March 2024.

**Fehrer** is shutting down its two northern Bavarian plants in Großlangheim and Wiesentheid by the end of 2024, which together employ 370 people and produce components and trim for vehicle interiors.

**Otto Fuchs** plans to cut 500 to 600 of the nearly 3,000 jobs in its automotive division in Sauerland (NRW).

**Magna** wants to gradually close its rear-view mirror production in Dorfprozelten, Bavaria: For the time being, 250 of 450 employees will continue to be employed until 2027. The group had already shut down its plant in Bad Windsheim (also Bavaria) at the end of 2022.

**Lear** is divesting its lighting and audio division and plans to eliminate 380 jobs in Kronach in northern Bavaria. In Baden-Württemberg, Bremen and in Eisenach in Thuringia, hundreds more workers who manufacture car seats fear for their jobs. The Lear plant in Ginsheim-Gustavsburg, Hesse, where 250 workers produced car seats for Opel-Rüsselsheim, is already closed.

Other auto suppliers planning to cut jobs in the coming months are **Stabilus** in Koblenz and **Joyson, Recall** and **Waldaschaff** in the Upper Main region of Bavaria.

This wave of layoffs has been going on for a long time. Between 2018 and 2022, the number of employees in the German automotive supply industry fell from 311,000 to 274,000, a loss of 37,000 jobs.

In many cases, those affected have fought for their jobs. For example, in Karben, Hesse, where Continental closed a plant with over a thousand jobs two years ago, or at Marelli in Brotterode, where they threatened an indefinite strike. But workers always faced not only ruthless managers, but also the IG Metall union and its company officials.

IG Metall (IGM) has enormous power in the car and supplier industries. Many of its 2.17 million members work in this sector. IGM officials and works council representatives sit on the supervisory boards of all large auto and supplier companies and are closely networked throughout Germany and internationally. They use this power not to defend jobs, but to sabotage the defence of jobs.

If there is trouble on the ground, they occasionally organise protests and even threaten to “fight” so as not to lose control of the resistance. But words are never followed by action. They isolate the protest, refuse to mobilise support in other plants of the group or the industry, and eventually sell out the jobs in exchange for a “social collective agreement” or the promise to delay the shutdown for a few months.

Without understanding this role of IG Metall, not a single job can be defended. The struggle against wage, social and job cuts requires a break with the union apparatuses and the building of independent rank-and-file action committees. In this context, it is worth taking a closer look at the auto industry and its suppliers. Hardly anywhere else is the bankruptcy of Germany’s much vaunted “social partnership” and the transformation of the trade unions into corporate co-managers and industrial police force so obvious.

## Global struggle for market share and profits

The automotive sector is the most important industrial sector in Germany. In 2021, it turned over €411 billion and directly employed 786,000 people. Three quarters of the turnover was accounted for by vehicle manufacturers, one fifth (€80 billion) by the supplier industry. If one adds car dealerships, the spare parts trade and other secondary sectors, 2.2 million and thus 7 percent of all jobs subject to social insurance contributions are directly dependent on the auto industry.

However, the car industry is dominated by globally operating corporations to a degree almost without equal. The supply chains extend across numerous national borders. While less complex operations have been outsourced to low-wage countries, in Germany alone 140,000 workers in the car industry are employed in research.

A large proportion of the cars produced in Germany are exported. Luxury models from Porsche, BMW, Mercedes, and Audi play a particularly important role. In 2021, German car companies generated two-thirds of their turnover abroad. They also maintain numerous plants in other European countries, in China and in North and South America. In 2022, 3.5 million passenger cars were produced in Germany itself and 9.6 million passenger cars of German group brands were produced abroad.

This international integration is even more pronounced in the supplier industry. Companies, some highly specialised, maintain plants at hundreds of locations in several dozen countries. Until now, Germany, followed by Japan, had been the world market leader in this sector.

The number one supplier, Bosch, has 400,000 employees in 60 countries and an annual turnover of €45 billion. 140,000 of them work at 85 German locations. Continental (number three in the world ranking) employs 241,000 people at 540 locations in 60 countries, and ZF Friedrichshafen (number four) 150,000 at 230 locations in 40 countries.

Schaeffler is represented at 170 locations in 50 countries, employs 92,000 people and is also a major shareholder of Continental.

In addition, there are numerous internationally active German suppliers whose names are hardly known to the wider public: Brose (Coburg) with 26,000 employees at 63 locations in 23 countries; Fritz Dräxlmaier (Vilsbiburg) with 75,000 employees at 60 locations in 20 countries; LEONI (Nuremberg) with 95,000 employees in 32 countries; HELLA with 39,000 employees at 125 locations in 35 countries, and many more.

These suppliers are constantly shedding plants and whole divisions and buying new ones in order to optimise their results and squeeze every last cent of profit out of the working class. Some of them are also active in other sectors, like Bosch, which also produces household appliances, power tools and more.

Like the car industry as a whole, the supplier industry is increasingly coming under pressure from international competition. In 2002, only one Asian company was among the ten largest suppliers in the world. In 2012, there were already five from Japan and South Korea. In the meantime, the Chinese battery manufacturer CATL is in second place behind Bosch.

The global battle for market share and profits has been further exacerbated by the consequences of the coronavirus pandemic and the Ukraine war, which have led to supply chain bottlenecks, rising energy prices, chip shortages and severe sales losses. Added to this is the switch to electric vehicles, which requires high investment costs and devalues many elaborate technologies in which German companies were leaders.

Meanwhile, German companies are sounding the alarm. Last Thursday, the consulting firm PwC published a study according to which German automotive suppliers have lost a global market share of 2.7 percentage points since 2019—“as much as they were previously able to gain with difficulty in 20 years”—and are also in last place in terms of profit margin. “Competitiveness is in acute danger—and things are already slipping.”

The battle for global market share and profits is being ruthlessly fought on the backs of the working class. Wages are being lowered, the levels of exploitation are being increased and factory sections and entire plants that do not generate top returns are being shut down. In the process, corporations, governments, and unions are merging into a unified whole. They are increasingly openly resorting to trade war measures and naked violence to gain access to raw materials, market share and cheap labour, and to bring rivals to their knees.

For example, the Inflation Reduction Act, which President Biden is using to subsidise US corporations to the tune of \$430 billion under the pretext of climate protection and energy security, is seen in Europe as a protectionist measure that puts European companies at a disadvantage.

The European Union and the German government are fighting back with the same weapon. For example, the electronics giant Intel alone is receiving government subsidies of €10 billion to build a chip factory in Magdeburg. Another €10 billion are earmarked for two chip factories in Dresden. And all this under conditions where the federal government has been arguing for weeks, because allegedly a few billion euros to reduce child poverty cannot be found!

The US has imposed aggressive sanctions against China, which are intended to cut off the country from pioneering technologies and thus slow down its economic rise. For example, Washington has ruled that the latest generation of microchips and machines for their production may no longer be delivered to China. Europe has also joined in this campaign.

The struggle for raw materials, markets and profit is not only fought out with economic weapons, but also with military ones. While the wars of the US and its European allies in the Middle East during the last three decades were mainly about oil, strategic raw materials such as lithium and rare earths are now at the centre of imperialist conflicts.

This is why NATO is ruthlessly fueling the Ukraine war and investing tens of billions to defeat Russia militarily. Both Russia and Ukraine itself have large quantities of these strategic raw materials. In addition, the

nuclear power Russia is to be eliminated as a potential ally of China, which has been officially declared a “strategic rival” by both the US and the EU.

The developments in the car and supplier industries show, as if under a microscope, the whole irrationality of the capitalist system, which Marx had already exposed in his main work *Das Kapital*.

The huge technological progress in the fields of information technology and renewable energies, which play an important role in the auto industry, does not serve to make work easier and solve social problems like the climate crisis, but to increase the profits of corporations worth billions and to make the life of the working class unbearable. Instead of social progress, technological innovations lead to social regression and war, which threatens the continued existence of humanity.

## The transformation of the trade unions

The trade unions do not oppose this development, but are among its driving forces. Their transformation from reformist workers’ organisations into co-managers and corporate stooges began four decades ago with the globalisation of production.

During the economic boom of the post-war period, when the production process was even more concentrated on a national scale, they had pursued the strategy of extracting a “fair” share of growth for their members. They often spoke of a “cake” that was to be shared and sometimes even organised strikes, under pressure from their members, to get a bigger slice of the cake.

The globalisation of production that began in the 1980s knocked this possibility out of their hands. The liberalisation of trade and financial markets were implemented under the governments of Ronald Reagan, Margaret Thatcher and Helmut Kohl. Lower costs of transport and the improvement of global communications enabled corporations to move production to countries where wages were cheap, taxes low and infrastructure optimal.

The unions responded by turning into corporate lackeys. Although the “pie” is distributed much more unfairly today than it was 40 years ago—a manager in one of Germany’s top firms listed on the Dax earns 70 instead of 15 times as much as an average worker and large corporations make quarterly profits in the tens of billions—the unions deny any clash of interests between workers and capital.

They have subscribed to the neoliberal theory that the more profits flow, the better off workers are. Instead of fighting for the division of the national “pie” between labour and capital, they are now fighting for a larger share of German corporations in the world market. They are fighting for the competitiveness of “Germany as an industrial location”—even if this means layoffs, lower wages and increased exploitation for their members.

They do this because they themselves profit handsomely from it. A trade union official or a works council representative (who is relieved from working on the production line) earns much more than an assembly line worker. In the metal and steel industries in particular, union secretaries and works council chairmen are not infrequently rewarded at the end of their careers with company board positions that earn them a salary of a million euros along with a fat pension.

This transformation of the trade unions is not limited to Germany, but has taken place all over the world. But in Germany, with its legally enshrined “co-determination” (supposedly meaning employee representation in the factory and on the company board), it takes on particularly pronounced forms. The trade unions have an army of shop stewards in the factories and thousands of works council representatives

paid by the companies. They sit on the supervisory boards of large companies and, with the Hans Böckler Foundation, have an institution which, with 220 full-time employees and an annual budget of €80 million, conducts economic research and trains works council reps and trade union officials.

IG Metall, with more than two million members, not only describes itself as the largest trade union in the world, but its president Jörg Hofmann is also deputy chairman of the supervisory board of Volkswagen, the world's largest auto company, and a member of the supervisory board of Bosch, the world's largest supplier. He also goes in and out of the Chancellor's Office and plays a leading role in regular meetings between the government, trade unions and employers' associations.

### **The IG Metall "Suppliers' Conference"**

IG Metall, in cooperation with the Hans Böckler Foundation, holds an annual "suppliers' conference" at which works council reps and union officials are sworn into their roles as co-managers. Alarmed by the wave of redundancies in the supplier industry, this year's conference, which took place on March 29 at the Maritim Airport Hotel in Hanover with the participation of Jörg Hofmann, adopted a "Hanover Declaration."

It was symptomatic of the transformation of the trade unions into corporate organizations. IG Metall did not declare war on the insatiable corporate bosses and financial sharks who are driving the worldwide attacks on auto workers, but begs them to use their help in the "transformation process." For long passages, the statement reads like the paper from a management consultancy, providing advice to corporations on how to optimise their profits.

"We observe with concern," it says, "that companies are not facing up to their responsibility to shape the future together with us as equals: Such elementary change processes only succeed together." And: "Developing the industry for the future and shaping the transformation socially and ecologically are central tasks of politics, companies and trade unions alike."

The declaration calls on the companies to "work together with the works councils on new business models with future-proof products" when redesigning the product portfolio in the course of the transformation. Workshops were held at the conference in which trade union secretary Dr. Raphael Menez, together with works council reps, worked to determine the "future viability of their location." Menez, who heads the "Transformation Team" in the IGM Stuttgart district, commented: "No strategy, no future. That's why works councils also have to name strategic goals."

The "Hanover Declaration" is imbued with a nationalism behind which even the far-right Alternative for Germany (AfD) pales. Although most workers in the affected corporations are employed outside Germany, and there are international works councils dominated by IG Metall in many of these corporations, there is not a single word about the fate of these workers. International solidarity, to which IG Metall sometimes paid lip service in the past, has been replaced by the Saint Florian principle: "Please spare my house, set fire to another one!"

"The aim must be to maintain industrial value creation in Germany," the statement reads. "Structural change in the automotive and supplier industries must not be at the expense of workers in Germany."

And what about the workers in other locations? If IG Metall has its way, the "structural change" should be at their expense.

IG Metall is also offering its services to companies in order to pressure the German government to take tougher trade war measures and to loosen

up further billions in subsidies. "Germany and Europe must also pursue active and strategic industrial policies so that Europe can become the lead market for a successful energy and mobility turnaround," the "Hanover Declaration" says, referring to Biden's Inflation Reduction Act.

IG Metall also demands support from the federal government in cutting more jobs: "Labour market policy instruments must also be made available to facilitate transfers to other companies if continued employment in the company is no longer possible."

### **A socialist strategy**

It is obvious that jobs and social gains cannot be defended with a trade union that pushes the "transformation process" in close cooperation with the corporate boards.

The job cuts in the German auto and supplier industries are part of a comprehensive attack on the international working class, which is further aggravated by the growing expenditure on armaments and war. Worldwide, arms spending is exploding. Gigantic sums are being poured into the renewal of nuclear arsenals, the expansion of armed forces and the financing of the Ukraine war.

This money is to be squeezed out of the working class. The "new era" announced by Chancellor Scholz can only be financed by cutting social spending and wages. It should not be forgotten that Hitler was brought to power in 1933 by the bourgeois parties and authorised to establish a dictatorship in order to crush the workers' movement and convert the economy to war production.

No one should believe that such a thing could not happen again. Many large car and supplier companies are still owned by families like the Porsches, Piëchs, Quandts, Klattens, Schaefflers, etc., who had become rich under Hitler through "Aryanisation" and forced labour.

Resistance to these attacks is developing everywhere. In the US, for example, only last week the 150,000 workers of the "Big Three"—Ford, General Motors and Stellantis—voted by 97 percent to strike for better wages. If this resistance remains under union control, it is doomed to failure. Defending basic rights, incomes and jobs requires a strategy that is irreconcilably opposed to the "social partnership" of the unions:

- Action committees must be built that are completely independent of the unions and answerable solely to the rank-and-file. They can be joined by all workers who want to fight, but not by trade union bureaucrats and other corporate stooges.

- The division between full-time and temporary workers, between sites and countries must be overcome. The defence of jobs requires the international unity of all workers, not the closing of ranks with the corporations in the name of "defending the industrial location." The action committees must network internationally. For this purpose, the International Workers Alliance of Rank-and-File Committees (IWA-RFC) was founded, which many action committees have already joined.

- The interests of the working class are not compatible with capitalism, which subordinates all social interests to profit. The struggle against wage cuts, social and job cuts, against war and fascism requires a socialist perspective. Without breaking the power of the financial aristocracy, expropriating the big corporations and fortunes and reorganising the economy under democratic control, not a single social problem can be solved.

- This does not mean that nothing can be achieved until capitalism is overthrown. On the contrary, the intervention of the working class in political events, its struggles for its rights and achievements create the basis for eliminating capitalism.

- For these struggles to succeed, one thing above all is necessary: the

building of the Fourth International and its sections, the Socialist Equality Parties, as the socialist leadership of the international working class.



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