Opel unions and works councils collaborate in job losses

By Dietmar Henning
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Last week, leaders of the metalworking unions from Austria, Belgium, Germany, the Netherlands, Spain and Britain, as well as works council representatives from the General Motors plants in these countries, met in Brussels. The meeting was held under the auspices of the European Metalworkers Federation (EMF) and, as officially stated, was supposed "to decide on pan-European measures and actions" against the restructuring plan of Opel/Vauxhall.

However, the assembled officials did not decide upon a single joint measure or action. Instead, they sent a begging letter to GM Europe boss Nick Reilly offering him their cooperation. They made it clear that they will endorse the elimination of jobs as long as the company makes use of their help and does not encroach on their privileges.

Clearly, the unions and works council representatives were in no hurry with their joint meeting. After all, Reilly had publicly presented his so-called recovery plan for GM Europe two weeks ago, a plan that means the gradual scrapping of Opel and Vauxhall factories in Europe.

Some 10,000 of the company's 48,000 jobs in Europe are to be destroyed. The plant in Antwerp, Belgium, will be closed mid-year, with a loss of 2,500 jobs. At the Bochum plant in Germany, 1,800 of the almost 5,000 current jobs will go, making it the next candidate for closure.

The bureaucrats and works council bigwigs gathered in Brussels complained that GM was attacking the "basic rules of the European social model." They complained the company was a bad example of how a multinational company "played off employees and unions across national borders" against each other, and arrogantly proclaimed that they would respond with the "unity of the unions and workers across borders."

These complaints and threats were intended to reassure the workforce in the factories. On the periphery of the meeting, however, several participants made clear that they were prepared to support job losses and wage cuts, on condition that Reilly did not enforce these measures without them. The "rules of the European social model" that they intoned are in reality the means by which the corporate management, unions and works councils jointly elaborate the cuts.

The letter to Reilly, produced at the end of the meeting and signed by all parties, states: "Any future negotiations about employee contributions to cost savings [must] be conducted by the EMF and the EDF." The EDF (European Employee Forum) is GM's European-wide Works Council, chaired by Klaus Franz.

In return for these "employee contributions"—that is, job losses and wage cuts—the trade unions and works council representatives expect to be rewarded. For example, the Magna restructuring plan that they had supported would have included the creation of an employee equity fund. Within the framework of this fund, the unions would have received part of the capital shares, from which they would then have benefited.

IG Metall leader Berthold Huber, who was present in Brussels, had made his intentions clear before the meeting in an interview with *Deutschland Funk* radio. Huber did not want to completely rule out the closure of the plant in Antwerp. "I would put it like this," he said. "We are ready to seek new solutions, i.e., by means of an investor, through commitments on production volumes and through holding a minority stake in GM."

The closure of a plant was "possibly the last exit." But this could only happen with the trade unions and works councils, not against them. "It is already clear that at the end of the day, not all jobs will remain. We have always said that," Huber emphasised. Employees were "willing to make sacrifices," which "obviously" means wage cuts, he said. This remains true, "but only if we have safeguards."

The Antwerp works council chair, Rudi Kennes, who is also deputy to the European works council leader Klaus Franz, declared himself ready to eliminate more jobs. "If 750 to 800 people had to go in Antwerp, then that would be tolerable," he said. "That could be cushioned through severance deals and early retirement."

In Kennes's view, Antwerp could be well utilised if Opel were to build a convertible. In addition, the Belgian plant was ideally suited to produce the Astra for eastern Europe, with the cars being shipped through the port of Antwerp.

Then, from 2013, the new Mini, a model beneath the Corsa subcompact car, could be built in Antwerp. In this way, Opel could earn more than half a billion euros in Antwerp over the next years. “We are offering Opel profits,” Kennes stressed.

Closure of the Antwerp plant, on the other hand, would cost millions: “Money that is then missing for investment in the future.” Kennes also dismissed Reilly’s argument that the closure of the Antwerp plant meant the removal of “excess capacity,” saying, “Production will be shifted from Antwerp to cheaper Korea, but would not be terminated.”

This policy of co-management, which couples supposedly better business policies with the narrow-minded nationalism of the works council representatives, has meant the permanent reduction of jobs for years.

The unions and works councils throughout Europe function according to the same divisive principle, pitting one location against another. While IG Metall leader Huber lamented that there were no negotiations at a European level concerning “employee contributions,” he confirmed to *Deutschland Funk*: “That only happens informally at the level of the individual works councils.”

For example, nearly three years ago, when GM promised that the new Astra would be built starting in 2010 in Bochum (Germany), Gliwice (Poland), and Ellesmere Port (England), and in the Saab plant in Trollhättan (Sweden), Kennes said he was satisfied with the promise that Antwerp would produce other models. At that time, about 4,500 people worked in Antwerp. Since then, 2,000 jobs have been cut at the factory, to make it more “fit” for GM’s intra-European competitiveness. Now, the plant is finally threatened with closure.

Works council chair of the Swedish GM subsidiary Saab, Paul Akelund, also said he was satisfied in 2007: “We have shown GM that we can offer quality and high productivity.” One could be optimistic about the period up to 2010. Saab has since been sold to the Dutch medium-sized sports carmaker Spyker.

Meanwhile, the governments of countries with GM plants, the European Commission, and GM are arguing about the billions of euros requested in state aid.

GM has called on the EU member states concerned for a total of €2.7 billion. Of this, €1.5 billion would come from Germany—divided between the federal and state governments in regions where there are Opel plants. The remaining €1.2 billion would be contributed by Britain, Poland, Spain and Austria.

In Germany last week, the committee of federal and state representatives overseeing these guarantees was assembled. The permanent secretary in the Hesse Ministry of Finance, Thomas Schäfer (Christian Democratic Union, CDU), told the financial daily *Handelsblatt* that GM’s own contribution was far too low and must be substantially increased. A key point would also be how GM could make sure that funds derived through European credit support did not leave the continent.

Handelsblatt also reported that government sources in Berlin had demanded GM should take over at least half of the estimated €3.3 billion restructuring costs itself, instead of the €600 million it had offered. The parliamentary Standing Committee on Industry and Trade has complained, amongst other things, that GM’s €600 million contribution had already been used to repay a German bridging loan and was therefore not available for investment. Commitments from the works councils and trade unions to wage cuts amounting to €265 million a year had also not materialised. Even bankruptcy could not reasonably be excluded.

Accounting firm PricewaterhouseCoopers is to review GM’s plans on behalf of the German government. Berlin is also calling on the EU Commission to investigate the GM restructuring plan. However, Joaquin Almunia, vice president of the EU Commission, rejects this. The plan was the same as that presented in 2009 and had already been tested, he said, and this would not be done a second time.

Thus all the participants are playing for time: the works councils and trade unions in order to hold back Opel workers and then present them with a fait accompli, the governments and the EU in order to prevent the payment of state aid wherever possible. Thus, the continued stalling of the works councils and trade unions could still lead to the insolvency of Opel, which is supposed to run out of cash no later than mid-year.