

GM spin-off of Opel-Vauxhall poses need for international fight to defend auto jobs

By Jerry White
9 March 2017

General Motors' sale of its Opel-Vauxhall division to French-based PSA Peugeot-Citroen will end nearly 90 years of GM production in Europe. The move is part of a restructuring of the global auto industry that threatens the jobs and livelihoods of tens of thousands of workers around the world.

The spin-off is a further retrenchment by the once iconic symbol of American capitalism, which has shut down 20 plants in the US and nearly a dozen more in Europe, Latin America and Australia since the 2008 global economic crisis. It takes place under conditions of an international economic slowdown, a rise in protectionist trade policies, and an intensified struggle for markets and profits. These conditions will only be compounded by the entry of Chinese auto makers onto the world market.

GM executives long complained that Opel-Vauxhall was a drain on the firm's profitability because it could not close plants and carry out mass layoffs with impunity at its European subsidiaries as it could in the US. The company, which made \$9.4 billion in 2016 profits, wants to concentrate on its highly lucrative North American operations along with the expansion of its operations in China.

In a conference call with investors Monday morning, GM Chief Executive Mary Barra said that selling off the division would free up \$2.3 billion to accelerate the company's \$14 billion stock buyback program. GM stock fell slightly after the announcement, however, as Wall Street signaled dissatisfaction that the company was spending more on covering its retirement liabilities to Opel's 18,500 workers in Germany than it was allocating to boost the share repurchase program.

The sale, however, has been greeted with general approval by the representatives of finance capital. "We believe a sale of GM Europe would represent the next logical step in GM's strategy to be the best rather than the biggest, properly focused on return on capital and return of capital—on investing in the business where appropriate and not investing where not appropriate. GM is no longer focused on being the world's largest automaker, but on being the best," said Ryan Brinkman, an analyst for JPMorgan.

This sums up the immense decay of American capitalism, concentrated in the gutting of its industrial base and growth of financial parasitism, which is a central feature of GM's

withdrawal from Europe. The jobs and living standards of thousands more workers—in the US, Britain, France and Germany—are to be sacrificed to satisfy the limitless greed of Wall Street speculators, banks and hedge funds.

March 3 was the last day of work for 1,300 hourly employees at the GM Detroit-Hamtramck Assembly Plant after the company cancelled the second shift. On Monday, the same day Barra was promising shareholders a 20 percent return on their investments, GM announced it was phasing out the third shift at its Lansing-Delta Township Assembly Plant, eliminating another 1,100 workers by mid-May. This brings to 4,400 the number of US job cuts announced by GM since December.

These cuts were facilitated by the UAW, which has a 9.4 percent ownership stake in GM and a seat on the board of directors. The union rammed through a national concessions contract in 2015 that doubles the percentage of temporary workers in the factories and allows the company to pressure full-time workers on indefinite layoff to reapply for their jobs as temps, with no transfer rights, profit-sharing or supplemental unemployment pay.

GM Canada has also announced new job cuts. It is eliminating 600 jobs at its CAMI plant in Ingersoll, Ontario in a shot across the bow to 2,800 workers whose labor agreement expires in September.

The takeover of Opel-Vauxhall by the PSA Group is expected to lead to more plant closings and layoffs in France, the United Kingdom and Germany. "It is difficult to see how PSA's takeover of Opel, which would create the second-largest carmaker in Europe after Volkswagen, could succeed without major job cuts and, probably, shutting some factories," the *New York Times* wrote Tuesday. "Opel has not been profitable since the 1990s, and both companies have more factories than they need."

"I would expect job cuts," Professor Christian Stadler of Warwick Business School told the *Telegraph*. "PSA has done it before and there is no other way to realistically achieve the cost savings they have in mind, which might possibly mean plant closures as well."

Analysts say Britain's exit from the European Union and difficulties closing plants in Germany make it likely that the 4,500 workers at the Vauxhall plants in Ellesmere Port, Luton

and Toddington and the thousands more in supplier plants are most in danger.

PSA Chairman Carlos Tavares is known as a brutal downsizer. After a state-backed bailout and Chinese investment kept PSA out of bankruptcy in 2013-14, he oversaw a cost-cutting plan that included a pay freeze, the shutdown of a plant in the Paris suburb of Aulnay-sous-Bois, and the wiping out of nearly 10 percent of the company's workforce in France.

Tavares' assurances that the PSA has no plans to close plants or tear up current labor agreements, which have been dutifully repeated by union officials, are worthless. In a thinly veiled threat Monday, he said workers had the power "in their own hands" to determine whether the Opel and Vauxhall plants would operate profitably within the next two years. The best way to turn the company into a "European car champion," Tavares once said, was "to have the unions and governments on your side."

Like the UAW in the United States, IG Metall in Germany, the General Confederation of Labour (CGT) in France and Unite in the UK have collaborated with the transnational corporations to force workers in different countries and in different factories within the same country into a fratricidal struggle to "save" their jobs by accepting one concession after another.

At the same time, the unions have demanded that their respective governments outdo their foreign counterparts in offering tax cuts and other subsidies to lure investment. "It cannot be that the future of UK car workers' jobs now lies in the hands of the French government and their backing for Peugeot," Unite chief Len McCluskey declared last month. "The UK government has to offer at least equal but actually better backing for UK workers."

After a meeting between Tavares and 100 Unite shop stewards, McCluskey claimed, "He [Tavares] talked in terms of not being here to shut plants. That's not his nature." The union leader said there were still a lot of issues to discuss, however, including pension cuts.

In Germany, the chair of the Opel Central Works Council, Wolfgang Schäfer-Klug, and IG Metall union leader Jörg Hofmann praised the new management, stating, "We were able to ensure that the existing comprehensive corporate co-determination remains fully intact after the sale." While "co-determination" guarantees the income of union executives, what it means for workers has been aptly demonstrated by IG Metall's collaboration in the shutdown of Opel plants in Antwerp, Belgium and Bochum, Germany, and its decades-long collusion with VW.

The outcome of the pro-capitalist and nationalist program of the unions will be new and more devastating wage and benefit cuts and job losses. But it goes beyond that. The unions are marching lock-step with their "own" ruling class in advocating the most reactionary forms of economic nationalism, trade war and preparation for world war.

Only days before GM announced the sale of its European subsidiaries, AFL-CIO President Richard Trumka declared his enthusiastic support for the "America First" trade war policy of the Trump administration, whose slogan is "buy American, hire American." He was preceded in welcoming Trump's xenophobic policy of pitting US workers against their class brothers and sisters in other countries by UAW President Dennis Williams, who offered to collaborate with Trump and declared that the UAW was reviving its "buy American" campaign.

The only viable response to the globally coordinated attack on autoworkers is the forging of a united struggle of autoworkers internationally in defense of jobs and living standards. This means a rejection of all forms of nationalism, whether in the form of "America First," "Britain First" or "Germany First." Time and time again, economic nationalism has proven to be the snake oil used by corporations, governments and unions to demand ever greater sacrifices from workers and prepare for trade war and shooting war.

Autoworkers everywhere, whether in the US, Canada, Mexico, South America, Europe, Asia or Africa, must unite their struggles. New organizations, independent of the corporate-controlled unions and democratically controlled by the rank-and-file workers themselves, must be built to wage an industrial counter-offensive by the working class.

The coming struggles must be guided by a new political strategy based on the fight for international socialism. The enormous advances in technology, from robotics to 3-D printing, and the world division of labor must be marshaled in a rational and planned manner, and on an international scale, to provide affordable and safe transportation for all and a secure livelihood for workers. This means transforming the global auto industry into a publicly owned enterprise so that society, not a parasitic financial aristocracy, benefits from the wealth created by the collective labor of the working class.

To contact the WSWS and the
Socialist Equality Party visit:

<http://www.wsws.org>