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Economy

Cars, the end of a cycle

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In the thirty five years since the first oil crisis world car production has doubled, going from 33 million in 1975 to 73 million in 2007. In most developed capitalist countries, the usual mode of management of this growth has been that of crisis with restructuring among firms, factory closures and suppression of jobs. The car industry in the oldest capitalist economy, Britain, has been profoundly reduced over this period. Detroit and Boulogne-Billancourt in Paris bear the scars of closed factories with industrial wastelands in the heart of the city.

The new crisis of the car industry, which has just exploded in the second half of 2008, is singular in its simultaneous impact on all continents, its breadth, its potential consequences for the labour force mobilised in this industry, its links with the end of oil as an abundant energy and the environmental crisis. In this sense, the crisis of the car industry concentrates all the dimensions of the crisis currently ravaging the planet. Just as the first oil crisis of 1973 initiated a new cycle in the history of the car industry, the events of the last quarter of 2008 mark the end of this cycle and prefigure a new period where, through new crises, it is very much the future of the petrol powered car and the millions of workers making it which is at stake.

The weight of the car industry in the world economy is well known. Around 8 million people are employed around the world in car construction and the manufacture of parts. The turnover of this industry was nearly 2 thousand billion euros in 2007. This industry, internationalised and concentrated in capitalist terms, is organised in factories of several thousand workers. Car factories have often been the crucible of the workers' movement, whether in Western Europe, Detroit in the USA, Latin America with the factories of the industrial belt of SÃ¢o Paulo in Brazil, or more recently the Renault Dacia factory in Romania. As a consumer good whose use fashions and disfigures the urban space of the megalopolises of the entire world, the car has an impact on social relations as a whole.

The crisis of 2009

The fall in car sales has been general in most countries. This exceptional synchronicity is the consequence of the global character of the economic crisis. The rapidity of the development of the crisis has also been exceptional. For a decade up until the autumn of 2008, the level of car sales varied with the conjuncture: stagnation in Western Europe, North America and Japan, growth in the rest of the word. The generalised fall only began in September 2008 and has spread to all continents in less than three months [1]. China has also been affected with a strong slowing up of the growth of previous years.

Country	USA	Germany	France	Italy	Spain	Japan	China
Oct-Dec 2008	-35 %	-10 %	-15 %	-13 %	40 %	-20 %	2 %
Total 2008	-18 %	-7 %	-0.7 %	-13 %	-28 %	-6 %	+6.7 %

The depth of the crisis is not revealed by these results alone because falls of around 20 % of sales have already been observed in the past. If we only take the sales of the last quarter, the crisis would not have the singular traits which distinguish it from the previous ones. The fall in the last quarter of 2008 prefigures a lasting depression from which no possible date of recovery is currently envisaged. This uncertainty is aggravated by the doubts weighing on the future of the car and its engines. What was the field of the prospective hypothetical has become a given which determines the practices of the whole industry.

The current depression: a structural crisis

The social attacks observed in the last quarter of 2008 are all the more violent in that they are not content with responding to the falls observed in recent months, they anticipate a long term crisis.

The car industry is indeed confronted in a structural fashion to a crisis of outlets which has three aspects: a classic crisis of outlets in the sense that the products of this industry are not finding buyers at their sale price because of the pressure on wages in the developed capitalist countries, a crisis linked to the types of cars demanded potentially in the countries which today draw production and world consumption, and finally the environmental crisis which tends to render obsolete the mode of propulsion which ensured the rise of the car industry over a century ago.

This crisis of outlets sharpens the competition between internationalised firms on the “traditional” markets of the developed countries but also in the other countries, starting with the main "new" growing market, that of China. Even before the outbreak of the crisis of autumn 2008, overcapacities of production were obvious. Only 54% of the production capacities of Renault in Western Europe were used in the first half of 2008 [2].

In this pitiless universe each group is playing for its survival. There is no longer a stabilised oligopoly which could control production and markets. The short term threats to the future of General Motors or Chrysler illustrate the fragility of the collapsing world oligopoly.

New firms from China or India will compete with the existing firms, thus increasing surplus production capacities at the world level. A new division of the relation of forces between car constructors and equippers has existed for fifteen years. In the areas of on board electronics or petrol substitution technologies, certain firms will strengthen their positions because of the financial difficulties of the traditional car builders.

Internationalisation of markets and products, globalisation of capital

The globalisation of markets is as yet unfinished in the sense that the same cars are neither produced nor sold in all continents.

The observed duplication of car production over the last thirty years is not homogeneous in terms of time or geographic zone. In the USA, production fell by 15% over the last thirty years and this in a continuous manner throughout the period. Across Europe, production fell by 60 %, but in Western Europe, it has stabilised over the past twenty years, and in central Europe it has grown since 1990. In Japan, the essence of internal growth took place between 1975 and 1990. The most striking phenomenon of the last decade is the emergence of China which should in less than five years produce more cars than Japan or the US and thus become the second biggest world car producer.

The growth of world production is not accompanied by a growth in the proportion of exchanges. The cars are in their majority manufactured to be sold locally, in a specific country or group of countries. The trend is thus towards rapprochement between the big zones of production and big zones of sale. As a consequence, there is no geographic zone towards which the majority of production would be relocated so as then to be resold in the rest of the world. Such was the reality in 2007 on the eve of the eruption of the crisis of 2008.

Year	Europe Import	Europe Export	USA Import	USA Export	Japan Import	Japan Export
1990	12%	20%	29%	3%	1%	55%
2007	14%	20%	30%	13%	2%	55%

source [3]

The share of exports of European car production to the rest of the world has remained astonishingly stable at around 20% of the total product in the continent, while imports have gone from 12% to 14%. Japanese exports to the rest of the world have also remained at the level of 55% of production because it was before 1980 that the growth of exports of Japanese cars took place. So far as the USA is concerned, the share of imports has remained at the level of 20% of the total of production. The emergence of China over the last decade has not until now contradicted this trend in that the big majority of cars produced in China are intended for the internal market.

The globalisation of the car industry has been at the level of the firms who have created subsidiaries and factories outside of their territories of origin and who have launched numerous operations of merger and restructuring. This growing internationalisation of firms renders the crises observed currently still more synchronised. Whereas in the 1990s a presence over several continents was presented as an “insurance” against very strong variations in one of the countries, the simultaneous nature of the crisis combines its effects.

This internationalisation has first affected the most profitable markets, that is the triad constituted by North America, Western Europe and Japan.

US firms only produce half of their production in the USA. In addition to the subsidiaries existing in Europe since 1945 (Ford, Opel and Vauxhall), activities in the South American continent, China and buyouts of companies have developed, General Motors being the US firm the most committed to this strategy of globalised implantation.

Japanese firms practice the same type of deployment. Since 2005, more than half of the cars of Japanese brands are produced outside of Japan in factories situated nearer to their outlets. This is the case in the US and in Europe where the growth of sales of Japanese cars is based on cars produced locally.

The European car industry has internationalised in the same way with new installations in Latin America and China. It has in its neighbourhood a new space for development, that constituted by the former Stalinist countries. The attraction which leads all European manufacturers to build factories there is linked to the immediate interest for the employers of having qualified workers at lower wages than in Western Europe, but also the general policy of seeking to bring production closer to the new markets. It is the combination of these two factors which explains the “rush to the East”. The production of cars in central and Eastern Europe reached the volume of 2,900,000 vehicles in 2007 whereas sales did not exceed 1,300,000 units. Most countries in this zone are seeing new installations: Poland, Czech Republic, Slovakia, Rumania and Slovenia. The gaps in development and car engines between the two parts of the European continent indicate that sales will increase more in central Europe, but this will concern smaller cars that generate less profit than the type of models which ensured the profitability of car firms in previous decades.

Compared to the policy of the European leader Volkswagen VAG, the French car industry has been late in participating in this deployment. But now the two French groups PSA and Renault carry out the majority of their production and sales outside of their national historic base, although the two groups remain still in their majority European. So far as Renault goes, 35% of its sales are outside Europe against 15% in 1990.

Less than 50% of Renault's car production is now based in France, but this phenomenon accompanies the internationalisation of sales to Europe and the rest of the world. All European manufacturers are in the same situation in relation to their historic country, a phenomenon amplified by intra-European transfers caused by the new growth in Eastern Europe.

Internationalisation of capital and stability of exchanges between big geographical zones: the argument according to which the current crisis would be due to the competition of the new emergent countries is then not valid. The roots of the crisis are at the very heart of the functioning of the capitalist economies.

A crisis of outlets for the car industries

Since the 1990s, the big globalised firms have tried to maintain their profits by higher prices in terms of equipment and the cost of each car, since they are unable to increase the volume of sales.

The know-how of most firms is oriented toward the manufacture of increasingly sophisticated and expensive cars. It is against the tide of the trend observed in the rest of manufacturing industry with the prices of final sale incessantly falling. The car has thus become inaccessible to the final consumption of the greater number in Western Europe; a third of new cars produced are sold to long and short term rental companies, and to companies for the needs of their own travel activities as well as for the use of their higher managers [4].

In the urban peripheries, which are increasingly vast geographically, a car is needed to get to work or go shopping, but this is increasingly a second hand car whose average age is ever older, a factor which acts in the direction of a fall in the sales of new cars.

The stagnation of the sales markets observed since the 1990s in western Europe, the USA and Japan has been transformed in recent years into a downwards trend because of the growing exclusion of the majority of insecure employees from the purchase of a new car. New cars as designed and manufactured today find fewer and fewer buyers in the developed capitalist countries. The globalised firms are less and less capable of finding profitable outlets for the types of products emerging from their design offices and their former factories.

Insofar as the consumption of cars in these new emergent countries is dominated by narrow layers on exorbitant incomes, the models produced in the US or European factories could yet find outlets there. The limited example is that provided by the luxurious Mercedes cars sold in the oil monarchies of the Middle East.

The growth in the number of potential buyers of new cars leads to the reorientation of the demand for cars towards new less luxurious models, the types of models progressively abandoned by the big globalised firms. The biggest share of the growth in world car production should be that of consumers in the emergent markets, for whom the price factor is crucial. Vehicles like the Tata Nano manufactured in India or other low cost products should attract millions of consumers to the car market. During the motor show in Shanghai in April 2007, Suzuki boss Hiroshi Tsuda did not hide his interest in the models presented by the Chinese, judging that the latter were now in a position to take shares in foreign markets, notably in the emergent countries, where the main demand remains price [5].

Crisis in the USA

The double whammy of the oil price increase and the financial crisis has impacted on an industry already in crisis. This impact was felt first in the USA. As the US car industry condensed most of the factors of the crisis and was then especially fragile, it has been the most affected with the most immediate and devastating consequences for millions of workers.

The credit crunch and the oil price increase to 150 dollars per barrel in summer 2008 were the combined detonators of the crisis: the detonator, not the cause. The falls in sales observed in the second half of 2008 on the US market were certainly significant, in the area of a fall of 20% in relation to the comparable months for 2007, but this must be located in the tormented history of a cyclical industry. The singular aspect of the situation resides in the fact that this event has put General Motors and Chrysler in a situation of quasi-bankruptcy. Without the support of public funds demanded from Congress and the Bush administration, the former biggest industrial company in the US would have had to file for bankruptcy.

The US car crisis is deep seated. The three big US manufacturers, General Motors, Ford and Chrysler have been losing ground for thirty years. The first warning came in 1975 after the first oil crisis: it was the end of the gleaming chrome models of the 1950s and 1960s. The US manufactures were then forced to produce smaller cars. This was the phenomenon of “downsizing” which did not stop US manufacturers from being subject to new competition from Japanese makes. The profit gained from each car fell in proportion to the average fall in price of the car. In the absence of an enlargement of their internal markets, the rise of the 4x4 and other cars of the same type in the 1980s and 1990s allowed profits to be restored. But this solution did not allow US manufacturers to durably maintain their competitive position: that is plain to see today.

The market in huge, expensive, oil guzzling cars quickly reached its limits in the US as in the other developed countries. The consequences of wage restrictions in the US as in other capitalist countries have reduced their potential number of buyers. Also, the most urbanised areas of the US North-East and California turned away from these costly models and the export of this type of model could not be envisaged on a large scale because of their cost of purchase and use. Producing the same number of cars, but individually more expensive has then not allowed a revival of profits.

In the 2000s, the trend already observable for two decades was amplified with the continuing decline of Ford, GM and Chrysler. In 2007 GM was overtaken by Toyota as the world's biggest car manufacturer.

To stem this decline, the Detroit bosses tried to increase the intensification of work and reduce the wage costs of manufacturing. The members of the UAW covered by the collective agreements of the car branch fell from 1,500,000 in 1979 to 500,000 in 2007. The number of workers at GM fell from 110,000 in 2006 to only 55,000 at the end of 2008.

It is too often forgotten that the US car industry cannot be reduced to the three big firms in Detroit. Inside the US alone, in 2007, Japanese companies produced nearly a quarter of the total vehicles manufactured. Toyota has 13 installations in North America in states far from the historic base of Detroit, the most significant factories being in Indiana, Kentucky, Texas and Virginia. Inside the NAFTA area including Canada and Mexico, the three big US firms only produced half of the total manufactured in 2007. The decline of the US car empire began well before the last half of 2008.

The bankruptcy of a company as big as GM or Chrysler is certainly a decision of a political character mobilising the state apparatus of the bourgeoisie, arbitrating between contradictory interests. The social cost of bankruptcy would be considerable in terms of liquidation of a number of agreements negotiated between the single majority trade union, the UAW, and an enterprise no longer able to meet its undertakings. It would also penalise all the small, medium and large companies dependent on the manufacturers. But the advantages would be also significant for other fractions of capital. Legal bankruptcy would be a means of definitively breaking with the agreements made during the golden age of the car industry. It would also present a way out to capital seeking to invest in more profitable enterprises or branches.

The subsidies paid by the Bush administration have a counterpart, requested not from the shareholders or top ranking directors but the employees. The advantages they still enjoy, although conscientiously rolled back for two decades, are presented as the source of current difficulties. The example on US soil itself of the new Japanese factories is brandished to suggest that more profitable car producing organisations are possible.

The factories built by Toyota, Honda and Nissan employ workers who are outside the collective agreements signed by the UAW. Today the average gross hourly wage paid by GM is equal to that paid by Toyota, namely 30 dollars. But the total wage cost for a GM worker is estimated at 69 dollars including total pension expenses (pensions paid to 432,000 retired persons and their spouses), and health expenses. The same expenses at Toyota are estimated at 48 dollars. These "official" data indicate clearly the meaning of the measures in preparation: under the cover of bankruptcy or in return for the billions of dollars granted by the Bush administration, taking out what remains of the social advantages of the employees of the US car industry.

As in other countries, US workers count for nothing in choices completely oriented towards the short term profit of shareholders and towards the production of increasingly unsellable cars. While the shareholders and the employers responsible are bankrupt in every sense of the term, the employees must pay the bill for the failure. The Bush administration has finally granted twenty billion dollars to General Motors and Chrysler. But nothing is settled. The three Detroit manufacturers are indeed, as counterpart for the billions of dollars of public funds received, obliged to show that they are capable of becoming profitable before March 31, 2009. That means that they must propose measures of restructuring before this date. More than two million jobs are threatened among the three big firms and their subcontractors. Bankrupt or not, the dismantling of entire layers of this branch of industry is inscribed in the projects of capital.

The rise of the Chinese car industry

With the crisis of the US car empire and the emergence over the last decade of China, the "classic" US–Europe–Japan triad has lost its hegemony. With the Chinese car industry arrive new capitalist competitors who will feed the crisis of overcapacity of production and block the development of the Chinese market as an El Dorado offered to all the predators of the formerly dominant triad.

The Chinese car industry is developing through capitalist enterprises in specific practices. The Chinese situation is different from that observed during the phases of conquests of new car markets in the preceding decades. In Latin America, notably in Argentina and Brazil, and in the different territories of conquest in Europe (the Iberian Peninsula then central Europe) the big internationalised firms created subsidiary companies with complete freedom of installation. Activities of production and sale locally generated their own profit then consolidated at the world level in the results of the firms. Local production was not completely integrated, generating thus a new field of activity and profit through the manufacture of parts in the metropolitan countries which were then sent for assembly in the new installations. This is not reproduced in exactly the same way in China.

It was in 1981 that Beijing authorised the foreign car manufacturers to set up in China, but only through joint-ventures. The Chinese directors at the central and regional level dispose thanks to these associations of means of control over their partners and over the formation of profits. On the other hand heavy customs duties affect the import of spare parts and encourage the joint-ventures to manufacture the parts locally. That leads to the establishment of a car industry network involving factories for assembly and manufacture of spare parts.

The most notable actors in the rise of Chinese production through these joint-ventures were General Motors and Volkswagen VAG., with Toyota increasingly present for some years. The relations between joint-ventures can be interlinked: the same Chinese enterprise can contract with different foreign firms through structures created for each partnership; the same foreign enterprise can contract several joint-ventures with several Chinese companies.

On June 8, 1982 Volkswagen and the government signed a partnership agreement for a vehicle assembly factory. VAG is now involved in two joint-ventures, SAIC Volkswagen and FAW Volkswagen. The first association has three production sites and the second two assembly sites and motor and gearbox factories. VAG has thus become one of the two biggest constructors with a total of 855,000 cars produced in 2007. That represents 14% of the total production of the German firm. In 2008 VAG was the biggest manufacturer operating in China with nearly a million cars divided equally between its two joint-ventures.

General Motors has been involved in another joint-venture created in 1998, SAIC-GM, which produces Buicks and Chevrolets. In 2007, the latter sold 500,000 vehicles. In addition GM imports directly vehicles manufactured elsewhere and has sold through these two channels 989,000 vehicles in 2007.

In China as on the world terrain GM was undertaken in 2008 by Toyota which has two relays: FAW Toyota and GAC Toyota. Its objective is to reach a million cars in 2010.

These types of association are very profitable for foreign firms. On May 30, 2005, the Chinese ambassador in Paris stated: "three quarters of US installations in China showed a positive balance sheet in 2004, of which 42% realised a rate of profitability higher to that of the world level. The German Volkswagen realised a quarter of its operational profit in China through its joint-venture.” [6]

But this type of agreement is no longer the only means of developing the Chinese car industry. Chinese manufactures are beginning to emerge and prepare to play a role in globalised capitalist competition. Geely and Chery are among them. With 180,000 cars, the volume of their production is still very weak compared to that of the joint-ventures. The four Chinese state owned manufacturers (BAW/BAIC, DongFeng, FAW and SAIC) could also soon develop without joint-ventures. Possible associations with western capitalist firms could be in an inverse relationship of dependence with the buyout of foreign companies in difficulty who cannot find buyers in their territories of origin. The competition will only be strengthened, first on the Chinese market, then on the world market.

This competition will sharpen first in China. The type of development chosen by the Chinese leaders privileges competition as a stimulant to increased productivity. The joint-ventures are places for sharing technical knowhow but also experiences in the area of the exploitation of workers.

The Chinese manufacturers benefit from low wage costs. For example: 3.50 dollars per hour at Geely. There is a ferocious outbidding of wage policies from one province to another. Less developed, the interior provinces offer very low costs. Such is the case of the province of Jianxi where new car factories are being established.

There is then no natural or spontaneous tendency to an increase of wages in the context of an increase in production. But demands for wage increases and the improvement of working conditions are expressed in a more collective and organised fashion in the big workers’ concentrations in the car factories : this observation, valid on all continents for a century, also applies in China.

The factors explaining the development of the crisis in cars will also act in China, even if in a deformed fashion, starting from the time when this country is plunged into the contradictions and exploitation specific to capitalist economies. The rapidity with which China has begun to be affected by the world cars crisis shows that this country is immersed in capitalist competition and its crises.

Cars and the environmental crisis

The car industry is not only confronted with a crisis of profitable outlets and the sharpening of competition among firms, it is also directly involved in the threats to the climate and the scheduled end of growth of the extraction of the oil used by the combustion engines of cars.

The billion cars today in circulation on the planet are the biggest consumers of oil. The transport sector represents around half of all world oil consumption, road transport alone accounting for 80% of this half. It only represented a third of total consumption of oil in 1971, which shows that the transport sector has been the least effective sector in using oil substitutes.

Because of the damage caused by the pollution generated by the combustion of oil fuel, and the end of oil as abundant energy, the car as it has existed for a century sees its future jeopardized.

In the balance sheet of world emissions of CO2, the transport sector is the second most responsible sector with 21% of total emissions. Its emissions are the most difficult to combat. Transport is by its nature a mobile source and disperses greenhouse gas emissions and pollutants.

But beyond this technical diagnosis, what was accepted or tolerated in previous decades has become socially unacceptable. The use of the car is confronted with a set of new constraints caused by this growing social rejection of car pollution. It is true that each new car produced is less polluting than in the past. But the car industry is still lagging behind and is only following the standards laid down by the different public authorities. The application of these standards makes new cars still dearer in price whereas one of the determinant causes of the crisis is the inability of the car industry to find outlets for its production of cars which are too dear. The contradiction between the individual mode of appropriation of cars and the growing cost of social use becomes ever deeper.

The increase in oil prices is another factor of crisis. Beyond the fluctuations which now characterise the evolution of the price of crude oil, and consequently that of the world financial crisis, a new period opens. The peak of world production is already on the horizon of prediction, even if the date cannot be fixed with certainty.

What is important is not the exact date but the fact that the date of the peak of production is already on the horizon of prediction. Calendars are very diverse in the car industry: the time from the design of a motor and its industrialisation can be up to a decade. In the previous period the Renault “Cléon Fonte” motor was manufactured for forty years from 1962 to 2004, equipping notably the R4, R6, Twingo and Clio. The motors designed and manufactured today by the car industry will be still in circulation when the peak of oil production has been reached and passed.

Of course, there will still be production and consumption of oil for decades. But the threshold reached in the coming years of the maximum peak of oil production will lead to a change in behaviour and price levels. Those who do not take account of this reality are myopic and irresponsible.

The false response of the electric vehicle

In these conditions, can an industry in crisis be revived by the development of the electric car as substitute for the combustion engine? All the big car firms will now explore this new road.

If cars with modes of propulsion other than the combustion engine are not today sold in significant numbers, it is because the car industry was not concerned with investing in this area when it was timely and possible. The gains of the previous periods have been redistributed in dividends to shareholders and invested in other areas. Investment has been concentrated on enrichment on an unchanged technological basis of ever more sophisticated products. When little has been done during periods of growth, who could believe that an industry would do more in the midst of a crisis and in a situation of ever exacerbated competition?

The electric cars which will be sold in the five coming years will be heavy, dear, not very autonomous and very demanding in electricity. Renault talks about a "rapid break" in the deployment of electric vehicles with a fleet of 100,000 vehicles of this type in France in 2015 [7]. To give a sense of the proportions, this objective means less than 20,000 electric cars sold per year in France or less than 1% of the total of cars sold: there have been more rapid breaks! Other predictions rest on a real start from 2015, a hypothesis which is still debatable when basic givens like the speed of recharging of batteries between two and eight hours have still not been mastered.

The figures which circulate around a possibility of production of 300,000 vehicles in 2020 have a motive which has little to do with the preservation of the environment. The French electro-nuclear lobby is beginning to act and in the case of a fleet of a million electric vehicles, estimates the annual need in energy at nearly 12 terawatt hours, or the equivalent of an EPR.

The individual electric car is a false response to the environmental crisis. It is to exchange the dependence on oil for a new dependence on nuclear energy when electricity is produced by this path. And the estimates advanced today are colossal: an EPR for the circulation of 3% of the car fleet! The coverage of only half of the car fleet would suppose the investment of around fifteen EPRs: it is obviously out of the field of the possible. The solutions found today in terms of petrol substitutes for individual cars cannot yet be generalised.

Cars using electrical energy or hybrid motors (combination of oil engine and electric) will be produced in the coming years at some hundreds of thousands of units. This would amount only to a green coloured patch rather than a response to the structural crisis from the ecological and economic viewpoints. An electric car is today still expensive to manufacture. Some months ago the Prius model from Toyota using a hybrid motor was presented as the champion of non polluting innovation… the crisis of autumn 2008 led Toyota to suspend its project of installation of an assembly factory in Mississippi in the United States. The sales of this model fell by half in November-December 2008.

Limited development of electric vehicles, extension of models at low cost like the Logan of Renault: these technical solutions would perhaps allow some of the globalised firms to succeed better than others and would probably create new opportunities for new capitalist actors from China or India.

There is an unavoidable period of some years between the implementation of these possible solutions and the crisis of today: it is now that the factory closures and suppression of jobs have taken place.

The more the environment is uncertain, the more human labour remains the variable over which the employers wish to dispose of a power of action

European industry has been faced with restructurings for several decades and the restructurings have had as their objective the preservation of the profits of this industry. They have led to an increase in productivity and the intensification of labour, the tendency to disintegration of the car manufacturing process through new forms of relation-dependency with component manufacturers and subcontractors.

Most of the enterprises which are still designated as “car manufacturers” produce less than half of the value â€” material and human labour incorporatedâ€” of the complete car which is finally sold.

The share of wages in the turnover of car construction in France fell from 24% in 1980 to 10% in 2000 and 2007 [8] This considerable reduction over 25 years is attenuated for the component manufacturers whose share of wages went from 31% to 18% over the same period. Car manufacturers integrate directly less and less human labour with known consequences for the level of employment.

The recourse to component manufacturers and subcontractors is growing. The same constraints of reduction of stocks and flexibility apply to these enterprises functionally independent of the big manufacturing groups. Whereas previously the demands of capitalist profitability applied globally to an enterprise which integrated within itself the major part of the process of production, the growing delinking between manufacturers, component manufacturers and subcontractors obliges each of the parties thus broken up to be profitable and satisfy the demands of the shareholders in profits and dividends. The “tolerable” intermediary stocks in integrated factories of the 1960s and 1970s are reduced to the minimum by this quest for profits in ever smaller and more atomised entities. Flexibility pushed to the extremes is the watchword of the current organisation of labour and it leads to a much greater vulnerability of production to external variables. And the most affected by this vulnerability are the employees. There is a real spin off of the consequences of the crisis in cars in every country.

The crisis is all the more violent in that these enterprises are located at the periphery of the big industrial areas. And the area of manufacture of parts is more open to international exchanges than that of complete cars. That is why relocations in the conjuncture of the crisis of late 2008 particularly affect small and medium enterprises manufacturing parts and equipment.

The employers' responses to the current crisis are classically banal. The priority targets are temporary and precarious employees. Renault has for example just announced for January 1, 2009 the suppression of the contracts of a thousand service providers in the “technocentre de Guyancourt" design office, representing nearly 10% of staff on the site. Temporary closures of car factories have been generalised in Europe at the end of 2008. Peugeot has just announced on its historic site at Sochaux the ending of the night team from February 1, 2009 and the immediate dismissal of 600 temporary workers. The definitive closures of subcontracting factories is spreading across Europe.

As factories and machines are not transportable from month to month, the sole completely flexible “factor of production” is human labour. Whereas variations in demand and economic environment are the common lot of industrial activity, there is no longer any filter between variations in demand for new cars and the workload at the level of the assembly line and the workshop. To ensure minimum stocks, the guarantee of a profitability acceptable to the shareholders, the only variable of adjustment becomes the quantity of labour usable at a given moment. At Renault, the planning of the activity of the factories was programmed monthly. This time period was already short when it guided the “flexible” variation of the duration of work and the possible recourse to measures of technical unemployment or the use of temporary workers. Since the eruption of the crisis, this time period has again shortened: the programming of the activity of the factories, when they are not closed as during December 2008, is decided on a weekly basis. It is at this rhythm that the workload plans of all Renault factories in Europe are decided and implemented from a single centre. The variable of adjustment of the use of human labour on a weekly basis is thus completely explicitly recognised.

Beyond the annualisation of working time comes, little by little, the pluri-annualisation of working time with the appropriation by the workplace directorates of holidays which are not yet acquired or the invention of “negative time capital” through which the employees of Renault Douai can owe up to 87 days of work to their employer.

This crisis has ravaging effects in Europe. The threats of factory closures or of the bankruptcy of entire firms are increasingly precise. In the mass of threats weighing on the main car firms in the US, the future of their European subsidiary car companies is today uncertain.

In Germany BMW and then Mercedes have successively rejected the takeover of the Swedish company Volvo put on sale by its owner Ford. After the refusal of Daimler,”Ford can now only hope that a Chinese manufacturer like Changan takes over the Swedish subsidiary" according to “Der Spiegel” [9]. The SAAB company has also been put on sale by General Motors. These auctions on a world cars market in crisis only have the goal of gaining cash for companies on the brink of bankruptcy. There is little concern for the future of the employees or the know- how accumulated over a century of industrial activity.

The other European subsidiaries of GM and Ford are also in the front line of threats. These two companies have asked the German government for aid. Opel would like the German government to help it find more than a billion Euros which would prevent it from obtaining funds from its US parent company, The Ford gearbox company in Bordeaux is also in great danger.

All for jobs â€” No sacred alliance to defend cars

The champions of free enterprise will not hesitate to demand aid from their respective national governments. Their argument is that if Detroit is benefiting from tens of billions of dollars in subsidies, the restoration of equitable competition demands that symmetrical aid is allocated to them.

Social democracy and numerous union leaderships can be tempted by this type of compromise seeking to create a new “sacred union” in defence of a threatened industry. The defence of the national industry of each country is back on the agenda, as if that could constitute a response to the crisis.

Opposition to the employers’ offensive is the prior condition to any response based on the interests of the workers. That means the rejection of factory closures, dismissals and restructurings carried out under the authority of capital. It means the denunciation of and opposition to the payment of dividends which companies demanding public aid continue to pay to shareholders. The amount of dividends paid to the shareholders of Renault and PSA in 2008 was higher than the aid given by the Sarkozy government. If protests are not loud enough, the same operation will take place in 2009.

The necessary response cannot be limited to a factory by factory, company by company or country by country response. A complete branch of industry which is affected by the attacks underway. It involves some big globalised firms but also component manufacturers and subcontractors. The more car manufacture is broken down into increasingly complex networks of client and supplier enterprises, the more the response of the employees must be “reintegrated” in the same collective action of all workers in car branches whatever the disparity in their professional and employment status.

The rejection of any sacred alliance with the capitalist defenders of the car industry demands that other solutions be sketched. If there are not today “actually existing solutions” guaranteeing the universal deployment of a non polluting and energy efficient car, it is not up to green or red experts to elaborate counter-plans detailing the necessary priority to public transport. It is up to the social movement, to the employees of this branch and the whole population weary of tiring and ineffective transport conditions to define its priorities.

We are currently at the end of a cycle of production and dominant use of the car as deployed since the 1950s. But the end of a cycle does not mean the end of the capitalist car industry. Even in decline, it will continue to employ on all continents several million workers through restructurings and crises. Can we leave to the bosses and the governments in their service the “freedom” to manage this decline? Such are the stakes of the period opening up. Faced with bosses who are bankrupt in the strict sense of the term, incursions into the private ownership of their enterprises can become common sense demands. Opening of the books of the transnationals, repayment of the subsidies which have been used to suppress jobs, nationalisation under workers’ control are objectives which the social movement can seize on as objectives of struggle.

That is why the two ends of the chain must be taken: on the one hand the rejection without compromise of dismissals and attacks on workers and on the other the clear affirmation that there are other solutions to transport than the individual car. As long as the constraints imposed by the capitalist economy remain, there is a contradiction against these imperatives. Ecologists can formulate critiques based on the use of the car, but if they are situated outside of social relations, they are powerless to offer solutions to millions of car workers.

A suitable response to the crisis requires an anti-capitalist logic where the immediate interests of all the workers come before profitability and where the preservation of the environment becomes a social imperative.

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[1] http://www.acea.be/index.php/collection/statistics

[2] Quarterly results Renault 2008 http://www.renault.com/fr/Lists/ArchivesDocuments

[3] www.ccfa.fr/statistiques/faits-et-chiffres/dans-le-monde/la-production/

[4] Estimate on the basis of various data. In France, in 2008, purchases outside “individuals” represented 40% of sales. Source: www.autoactu.com

[5] “Le Monde Diplomatique” October 2008

[6] 6. http://www.amb-chine.fr/fra/zfzj/t198104.htm

[7] “Les Echos" December 26, 2008

[8] Comité des constructeurs français de l’automobile CCFA www.ccfa.fr/statistiques/faits-et-chiffres/en-france/impact-economique/

[9] “Der Spiegel“January 4, 2009

