A Case Study of the Underlying Causes and Implications of the 2014 Landmark GM-Opel Automobile Plant Closure in Bochum, Germany

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A Case Study of the Underlying Causes and Implications of the 2014 Landmark GM-Opel Automobile Plant Closure in Bochum, Germany

An Honors Thesis submitted in partial fulfillment of the requirements for Honors in German

By

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Under the mentorship of Dr. Horst Kurz

ABSTRACT

In December 2014, General Motors closed its flagship Opel plant in Bochum after 52 years of operation following years of economic struggles in the industrial Ruhr-valley region of northwestern Germany, marking the first closure of a major German automobile plant since 1945. This study examines the primary underlying causes of the landmark closure, such as the insolvency of GM-Opel and tense employer-employee relations compounded by unsatisfactory trade union negotiations between GM-Opel and IG Metall. Subsequent social and economic reactions to the closure are also examined, including the yearlong “This is not Detroit” campaign launched by local Bochum artists to inspire alternative uses for the site of the plant after the closure.

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Table of Contents

Acknowledgements ......................................................... 2

List of Figures ............................................................... 4

1. Introduction .............................................................. 5

2. Background Information ............................................... 6
   2.1 Bochum and the Ruhrgebiet ................................. 6
   2.2 General Motors and Adam Opel AG in Europe ......... 8
   2.3 IG Metall and Trade Unions in Germany .............. 9
   2.4 History of Opel in Bochum ................................. 10

3. Underlying Causes Surrounding the Plant Closure .......... 14
   3.1 GM / Opel Insolvency and Contributing Factors ....... 14
   3.2 Strike in 2004 at Opel-Bochum ......................... 21

4. Reactions to the Closure ............................................. 25
   4.1 Opel Bochum Workers ........................................ 25
   4.2 IG Metall (German Metalworkers’ Union) .............. 28
   4.3 Local Bochum and Ruhr community ..................... 29

5. Implications for the Future of Bochum ......................... 32

6. Conclusion ............................................................. 37

7. References ............................................................. 38
List of Figures

Fig. 1: Vietor, Bierte, et. al. “Siting of the Ruhr Valley region in Germany and administrative divisions”. Map. ................................................. 7

Fig. 2: “Opel in Bochum.” Die Welt. Infographic. ................................. 12

Fig. 3: Tuxyxo, Aerial Shot of Production Location of Adam Opel AG, Site I in Bochum. Photograph ......................................................... 13

Fig. 4: Stern magazine, Methode Wild-West (“Wild West Methods”). Magazine cover ................................................................. 20

Fig. 5: Röttgers, Bernd. Wir Bleiben Bochum (“We’re staying Bochum”). Painting ................................................................. 27

Fig. 6: Wir Waren Opelaner mit Herz und Seele (“We were Opelaners with heart and soul”). Photograph ......................................................... 30

Fig. 7: Schauspielhaus Bochum. Das Festivalprogramm von dem Detroit Projekt. Festival program ......................................................... 31

Fig. 8: Cschirp. Abriss der Lackiererei des Opel Werks I in Bochum, Ende März 2015 von der Wittener Straße aus gesehen. Photograph ........ 35
1. Introduction

In December 2014, General Motors closed its flagship Opel plant in Bochum after 52 years of operation amidst years of a general economic downturn in the industrial Ruhr-valley region of northwestern Germany, marking the first closure of a major German automobile plant since 1945. This study seeks to examine the primary underlying causes of the landmark closure, such as the insolvency of GM-Opel and tense employer-employee relations compounded by unsatisfactory trade union negotiations between GM-Opel, IG Metall (German Metalworkers’ Union), the Bochum works council, and local shop stewards. Subsequent social and economic reactions to the closure are also examined, including the yearlong “This is not Detroit” campaign launched by local Bochum artists to inspire alternative uses for the site of the plant after the closure.

Bochum lies in the economically-depressed Ruhrgebiet (Ruhr valley region), and the Opel plant there was the primary source of employment for 3,500 locals, though it employed up to 22,000 employees at its peak employment. The GM-Opel brand has been steadily declining in European popularity in the past few decades, and as a result they have scaled down their German operations significantly.

The Opel Bochum plant was scheduled to stop vehicle production there in 2016, which would mark the first time that a carmaker closed a plant in Germany in decades. However, due to financial difficulties incurred by General Motors, the timeline was misjudged and the plant was closed swiftly, producing its last Zafira Tourer in late 2014. Only about 300 of the former 3,500 employees are expected to remain employed by Opel in a parts operation; the others face an uncertain future.
During its operation, the Opel plant was the primary source of employment for a large portion of Bochum’s population; this problem was only compounded as another major employer in the area (a Nokia plant) was closed in 2008. The main industrial employers that remain are the Ruhr University Bochum and those businesses that are associated with it. This means that the city now faces significant economic uncertainty, as workers are either struggling to find new employment within a reasonable distance of their homes or relocating to find work while the property of the former Opel Bochum plant waits to be redeveloped by new owners. The original scope of this thesis was to draw parallels between these outcomes and what happened because of the General Motors plant closure in Detroit, which contributed to the formation of the “ghost town” of Detroit and its subsequent financial hardships; however, the scope of the research quickly became too large to manage, and so this thesis was then scaled down to offer an in-depth case study of the historic closure to better understand the various factors surrounding the closure and the implications thereof.

2. Background Information

2.1 Bochum and the Ruhrgebiet

Bochum is a relatively populous city that lies in the economically depressed Ruhrgebiet, or Ruhr valley region, which is located within the state of North-Rhine Westphalia in northwestern Germany. The Ruhr valley region and its administrative divisions is highlighted in Fig. 1 below.
With an approximate population density of 2,800 persons/km² and a total estimated population of 8.5 million people, the Ruhr valley region is currently the largest urban area in Germany, and the third largest in the European Union (*Demographia*).

The Ruhr-valley is historically known for its extensive mining and industrial operations, which is why the region experienced a significant economic downtown in the 1950s when the national German economy strayed from mining coal to focus on oil and natural gas as their primary source of energy. Many cities in the Ruhr experienced a significant economic collapse, and the last mine in Bochum was officially closed in 1972 (Henning, “Germany: GM Opel”). Many former mine workers and other industrial workers found themselves out of work, and many turned to large local manufacturers such as Adam Opel AG for employment in their factories. Thus,
these large manufacturers and their plants quickly became a major source of income for the region, such as Opel and Nokia.

2.2 General Motors and Adam Opel AG in Europe

General Motors Company (GM) is an American multinational corporation with headquarters in Detroit, Michigan. Founded originally in 1908 as the “General Motors Corporation”, GM is typically recognized in the automotive industry for the cars they manufacture, though they have also traded quite heavily in financial services as well. GM was recognized as the largest automotive manufacturer from 1931 until 2005, and again in 2011. GM produces vehicles around the world under twelve brands, one of which is Adam Opel AG, which was under the control of General Motors Europe.

General Motors Europe (known as “GM Europe”, or simply “GME”) was a subsidiary of GM established in 1986 and was responsible for all operations of GM businesses in Europe. The primary GME brands were England-based Vauxhall and Germany-based Opel. GME experienced significant financial difficulties in the European market for many years, and the corporation declared bankruptcy in 2009. GM Europe was officially declared defunct in 2010.

Adam Opel AG (typically known only as “Opel”) is headquartered in Rüsselsheim in Hesse, Germany and was originally acquired by GM in 1929. Opel manufactures mostly passenger and light commercial vehicles, as well as various vehicle components for worldwide distribution within the GM Europe production network. Opel traces its roots to a sewing machine manufacturer founded by Adam Opel in 1862. This manufacturer then produced its first bicycle in 1886 which led to its eventual start in the automobile manufacturing industry in 1899. Prior to World
War II, Adam Opel AG was recognized as the largest motor vehicle manufacturer in Europe. Opel had several of its plants in Germany, and Opel Bochum was one of their most productive plants.

It is also important to note a fundamental difference between Opel and other notable contemporary automobile manufacturers, as this difference affected how business operations were communicated within the company structure. Whereas most of the recognizable auto manufacturers are either fully American (i.e. Ford) or fully German (i.e. Volkswagen or BMW) owned and operated, Opel operates as a German subsidiary, yet is owned by an American company (General Motors). This has created some cultural disconnect in how changes in business operations are communicated within the company structure, as fully American manufacturers typically follow a top-down executive style of decision making, whereas fully German manufacturers typically engage in traditional negotiations with local works councils and trade unions to make decisions that will impact the workforce.

2.3 IG Metall and Trade Unions in Germany

Also known as Industriegewerkschaft Metall (translated: “German Metalworkers’ Union”), IG Metall is the dominant metalworkers’ trade union in Germany and is currently both Germany's and Europe's largest industrial union with approximately 2.27 million members (Sackmann).

IG Metall is a member of the Germany Confederation of Trade Unions (“Deutscher Gewerkschaftsbund” or “DGB”) and experienced high membership among the Opel Bochum plant workers and plant stewards (historically upwards of 80%) (Kirschbaum). Founded in 1949, the union represents workers from various
industries including mining, manufacturing and industrial production, machining, printing, steel production, and modern automobile manufacturing, along with various engineering and IT sectors.

In order to understand the collective political bargaining power that IG Metall holds in Germany, it is important to note significant differences between trade unions in the United States and Germany. Typically, trade unions are much stronger and enjoy greater participation by employees in Germany than in the United States. While American trade unions remain a political factor, union membership peaked in the 1950s in the United States and has been steadily declining as “right to work” laws are being adopted by an increasing number of states. However, a good contemporary American counterpart to IG Metall is the United Automobile Workers (UAW) union, founded in the 1930s as part of the Congress of Industrial Organizations (CIO). It is the most prominent union for automobile workers in the United States and currently has over 400,000 active members in the United States, Canada, and Puerto Rico (“Who We Are”). However, the UAW cannot quite compare to the scale of IG Metall, which represents the interests of 2.27 million members in Germany.

Furthermore, German unions are characterized by a much higher degree of employee participation than those in the United States, up to and including codetermination on a company’s board of directors, where works councils and trade union representatives sometimes receive full voting rights. Local works councils are also established by companies, and members are democratically elected by employees to represent their interests at a company level. These are often integral to the framework for defining working conditions and negotiating collective wage
agreements, and the thoroughly legally-defined and multilayer structure of employee participation in German trade unions has contributed to both their robustness and longevity.

2.4 History of Opel in Bochum

After the mining crisis in the 1950s that shut down most of the Ruhr valley region's mining operations, Adam Opel AG quickly became the largest employer in Bochum after the establishment of the Opel Bochum plant in 1962 (Grebing and Hinse). The local economy restructured itself around Opel and other large industrial employers, making the well-being of the local economy largely dependent on the success of these employers (Badewitz).

The Opel Bochum plant was first opened on October 10th, 1962 with more than 9,000 of their planned 14,000 initial employees being guaranteed job security in their plant (Zeitreise Bochum). After a few weeks, the Opel Bochum plant began producing almost 1,000 Kadett automobiles daily from the assembly lines (Praschma). Three “sites” within the plant were subsequently established: one in Bochum-Laer, and two in nearby Bochum-Langendreer. Site I was responsible for the production of Opel's automobile models (including their initial “Kadett” model), and Site II was responsible for producing engines and axles for the production network of GM Europe, whereas Site III was chiefly a support warehouse that distributed parts to Opel dealers worldwide. Opel participated in the local Bochum works council voting for the first time in 1962, when 87.3% of the works council were also members of the
IG Metall trade union. This indicates a longstanding effort by Opel to negotiate with local trade unions to settle worker disputes (Grebing and Hinse).

Over its 52 years of continuous operation from 1962 to 2014, the Opel Bochum plant produced over 14 million cars. At times, over 22,000 workers were employed in the plant, and further tens of thousands of workers were employed in the region through the service or delivery of Opel parts/vehicles. When Opel retired the Kadett model in 1991, they had sold over 11 million Kadetts, 7.5 million of which had been produced at the Bochum plant. The infographic shown below in Fig. 2 was released by Die Welt in 2014 to show the varied lifespan of various Opel models that were produced at the Opel Bochum plant, as well as the approximate number of workers employed during the time of production of those models.

The Opel Bochum plant reached a peak employment of over 20,000 employees when the plant was producing the Ascona and Kadett/Olympia models in the 1970s.

For decades, Opel Bochum was GM Europe’s largest production facility and still employed 19,200 employees both directly and indirectly in 1992, which was reduced drastically to around 3,500 direct workers by the time of the plant closure (Praschma). Over the course of its tenure, the Bochum plant was considered to be the “heart of Opel” as it was the primary manufacturer of the Kadett, Astra, and Zafira models (Einenkel). Their steadfastness led to their moniker of “Opel, der Zuverlässige” or “Opel, the reliable” in Bochum (Praschma). An aerial view of the plant’s property in Bochum-Laer is shown below in Fig. 3.

![Aerial Shot of Production Location of Adam Opel AG, Site I in Bochum. 2014. Bochum. Wikimedia Commons, 2014. Web. 5 Oct. 2015.](image)

After facing threats of closure for over 10 years, the last automobile rolled off the assembly line at the Opel Bochum plant on December 5th, 2014. The Opel Bochum
plant has since been listed in the Route of Industrial Culture (Theme Route: Bochum) since March 2014, when much of the Ruhr valley began to advertise its industrial culture in an effort to attract more tourism. By the end of June 2015, all of the property was closed, and the dismantling of the Lackiererei (paint shop) had already begun. The remaining buildings were symbolically sold to the “Bochum Perspective 2022” society for reuse in the future, although the demolition of most the plant sites is currently on hold, pending the outcome of litigation in the Düsseldorf Higher Regional Court in March 2016. The complete demolition is expected to then take approximately 15 months to complete. The society is currently considering extending permanent monument status to the Opel administrative building, although their decision is not yet final, and they are also considering companies’ proposals to redevelop parts of the 68 hectares (680,000 square meters) that was once the Opel Bochum plant.

3. Underlying Causes Surrounding the Closure

3.1 GM/Opel Insolvency and Contributing Factors

While there were several contributing factors to the closure of the Opel Bochum plant, the primary root of the problems stemmed from the financial difficulties that GM experienced in the European car market, which were only further compounded by the United States’ economic crisis in 2008. GM Europe had been incurring losses since 1999, and GM Europe had made an estimated operating loss of €2 billion between 1997 and 2004 (“Planned Job Cuts”). Unfortunately, General Motors had been stuck for many years in a steady downward trend in Europe, forcing it to find ways to reduce operations in order to avoid going further into debt, and at
the time of the 2004 wildcat strike at the Bochum plant, workers at the Rüsselsheim and Bochum plants had the highest average wages of any Opel plant workers, making both plants prime targets for layoffs or closure (Blazejewski). Wildcat strikes in Germany are relatively rare, as they are unsanctioned strikes that are undertaken by unionized workers without the prior authorization of union leadership, and this particular wildcat strike put the spotlight on the tensions between GM Europe, IG Metall, and Opel Bochum plant workers, although this is discussed in a later section.

Despite promising to keep the production of the Astra and Zafira models exclusively at Bochum until 2014 as stated in Opel’s European “Master Agreement”, Opel moved production of the Astra to Rüsselsheim between 2006 and 2008, and the chairman of the regional works council declared that “two Astra-plants in one country just won't work”. The Bochum works council chairman Rainer Einenkel was also displeased and was quoted as saying, “we're tired of being lied to... those who provide shitty quality are the ones allowed to build the cars”, remarking on how GM had broken its promise to Bochum by relocating the Astra model (Schaumberg). With this new broken promise from GM, the Opel Bochum plant was once again on the list of potential closures (Einenkel).

The effects of the United States automobile industry and economic crises of 2008 only compounded the financial difficulties that GM had been experiencing in Europe. The collapse of the “too big to fail” banks in the United States included the financial collapse of the financing company run by General Motors (formerly GMAC, now known as “Ally Financial”) (Amadeo). Furthermore, GM had already experienced a significant drop in sales in their most popular and profitable models (SUVs and
pickup trucks) due to the rising fuel prices from the earlier global energy crisis of 2003-2008, as these models typically suffer from poor fuel economy and were subsequently hit the hardest in sales during the resulting automobile industry crisis. Although the 2008 financial crisis originated in the United States, it quickly developed into a global financial crisis because of the widespread effects of the collapse of several international financial institutions and led to what came to be known as the global “Great Recession” in the years that followed. While the GM headquarters focused on trying to manage and recover from the financial crisis in the United States, GM Europe felt particular pressure in trying to minimize losses in Europe so as not to intensify the financial pressures GM was already facing.

However, GM Europe declared bankruptcy in 2009, and German regional and state governments rallied together to give Opel a bailout credit of €1.5 billion. Shortly thereafter on June 1st, 2009, the GM headquarters declared insolvency, whereupon the United States government effectively nationalized GM through a bailout of $51 billion to GM and an additional $17.2 billion to GMAC to avoid the total collapse of GM and the loss of millions of U.S. jobs (Amadeo). To combat their bankruptcy and to accelerate their return to profitability, GM eliminated over 35,000 jobs worldwide and closed 17 plants in the US alone. Initially, GM sought to sell off Opel, but retracted this strategy in November and proceeded to pay back all loans to the German government (Einenkel). Despite these changes, GM and other multinational companies across the globe were still struggling to recover from the global economic downturn that occurred as a result of the 2008 financial crisis. The global economic downturn made it much more difficult for GM to bounce back, as it further hurt GM
sales and operations across the globe. Additionally, the European debt crisis that began to develop in 2009 and 2010 also fueled the economic instability of Europe, which also intensified general economic problems in the European market.

Between 2007 and 2011, the Opel plants in Portugal, Belgium, England, and Sweden were closed or sold. In 2011 and 2012, General Motors was still in debt, and so the European Works Council decided to make political maneuvers in order to save other plant locations at the expense of closing the Bochum plant (Einenkel).

These financial difficulties are partly a result of GM’s falling popularity with the European market, as their brand image had already been damaged over the years due to a variety of influences, including plant closures across Europe as well as a cultural disconnect in how the firm dealt with local trade unions and works councils. Another popular claim is that the model selection offered by GM Europe followed American tastes and thus did not sell as well in Europe. In a case study conducted about how GM and the other “Big 3” U.S. carmakers (Ford and Chrysler) lost their hold on the American car market, the author mentioned that one of GM’s fundamental problems in their global marketing strategy is that it prioritized industrial size in seeking to create “a car for every purse and purpose” and to be “all things to all people” instead of specializing in a single type of automobile as other car manufacturers often do (Maynard). The GM headquarters in Detroit and GM Europe were constantly struggling to determine the “right” branding strategy for the European market, and the failure of GM to tailor its product exclusively for the European market only contributed to the downward spiral of their sales in Europe.
Another popular claim is that the GM headquarters and GM Europe were constantly arguing over the proper calculation of profits and losses in the European branch. Some claimed that the reported losses of the GM Europe operations are mostly due to an inherently unfair accounting system and GM’s internal transfer pricing policy, although that is a separate discussion. Regardless, this long-standing quarrel combined with the untailored branding strategy greatly affected how the brand was perceived in Europe. In a 2004 article, analysts said that GM had “no choice but to reduce its head count in Europe sharply, because... their image is so bad that they can’t sell their cars” (Landler, “Resentment Towards GM Grows”). Arndt Ellinhorst, an analyst at Dresdner Kleinwort Wasserstein in Frankfurt summed up the problem by stating, “[GM] really misread the market” (Landler, “Resentment Towards GM Grows”).

There was also significant censure of the GM management style, as there was a distinct cultural disconnect when and how GM chose to announce the downsizing measures and eventual closure of the Bochum plant to the community and to its employees. Most significantly, the executives of General Motors chose to bypass and completely disregard the traditional German custom of initially negotiating downsizing measures with the local trade union (here, IG Metall) behind closed doors. Instead, General Motors relied on its American-style of management, which effectively announced cutbacks directly to the media and its employees without first negotiating measures with the workers’ trade union in the interest of promoting “transparency” in its decision-making process. In regard to this, Tony Cervone, a spokesman for GM Europe, stated “We pledge to speak to our employees first” and
that their handling of this situation was “based on a corporate culture that transcends national boundaries” (Landler, “Resentment Towards GM Grows”). The lack of regard for this time-honored German custom of trade union negotiations resulted in a large-scale strike of workers who walked out of Bochum’s Opel plant for nearly a week in 2004. They barricaded access to the plant, and the strike ultimately brought Opel operations in Europe to a halt, as the Bochum Opel plant was the supplier of many parts used at other European Opel plants. The political backlash against General Motors for their American-style labor-management relations further sent the demand for their vehicles into decline in an already shrinking European car market. The company’s failure to tailor its product and its management to European styles is part of the reason that the GM brands are continuing to decline in prominence in Western Europe.

Similar carmakers such as Volkswagen have avoided this fate by addressing concerns directly through the local trade unions. In 2004, Volkswagen averted a full-scale strike by offering factory workers a seven-year job guarantee in return for a 28-month freeze in wages (Landler, “Volkswagen Averts Strike”). This deal was reached after a typical German bargaining marathon between company executives and the trade union; the goal was to reduce labor costs of the plant while maintaining labor harmony. The failure to maintain this harmony between the plant workers and GM management stoked the flames of dissent and was ultimately the death knell of the Bochum branch of Opel operations. Immediately following the end of the 2004 wildcat strike on October 20th, 2004, Stern magazine published the following magazine cover, shown below in Fig. 4.
Stern magazine is a weekly German news magazine that traditionally has published a leftist stance. In the accompanying article with this cover, Stern describes GM as the “brand killer from Detroit” that used “wild west” methods, suggesting that the anger at the newly announced GM cutbacks in Europe had taken on a distinctly anti-American flavor (Landler, “Resentment Towards GM Grows”). Many of those affected felt that the GM management was extorting its European workforce by threatening to move production to cheaper countries, and this perception further hurt GM’s brand image in the European market (Henning, “Germany: GM Opel”).

Additionally, overcapacity at European plants has become a common issue for many automobile manufacturers, as demand has fallen sharply in past years, although high volume automobile manufacturers such as Opel and Peugeot have suffered the
backlash the most (Ewing). Other car manufacturers such as DaimlerChrysler and Volkswagen have dealt with falling profits by negotiating with the trade unions to provide smaller wage increases and other concessions while avoiding the relocation of production to cheaper countries. They made these concessions to avoid causing massive layoffs of European workers, which historically damage the brand image of companies within the European market (Landler, “Resentment Towards GM Grows”).

Despite these setbacks, GM was able to recover enough financially through nationalization to be able to deploy large sums of money to implement “socially peaceful” downsizing in Europe in order to pursue more lucrative global markets outside of Europe (Schaumberg). These “socially peaceful” measures included large compensation packages to workers in exchange for voluntary layoffs at many plants, although these packages were not necessarily greeted with enthusiasm at most plants that faced closure.

3.2 Strike in 2004 at Opel-Bochum Plant

On October 14th, 2004, GM Europe announced a corporate restructuring plan with extensive job cuts, to the tune of 12,000 jobs in Europe, without prior consultation with union representatives. The GM chairman, Rick Wagoner, purposely did not exclude the possibility of a complete shutdown of a major European plant as part of this corporate restructuring plan (Blazejewski). As the Bochum plant employed approximately 10,000 workers at the time, Bochum workers were especially worried about layoffs and a factory closure, as GM had previously announced its intentions to move vehicle production to lower-cost sites in Eastern
Europe (Landler, “Impact of Opel Strike”). Like other cities in the Ruhr, Bochum had already experienced a heavy loss of industry, and the Opel plant was one of the few major employers left besides the Nokia plant and the Ruhr University Bochum. Although the Rüsselsheim plant chose to initiate negotiations between work councils and the GM management, the Bochum workers staged an illegal wildcat strike out of desperation to preserve their jobs. This is significant, as both German plants were under scrutiny for having the highest average wages at the time (Blazejewski), and thus were a source of potential cost savings for GM Europe.

The Bochum plant’s radical approach to labor-management relations was likely inspired by a previous strike in Rheinhausen in 1987, when workers staged a 160-day wildcat strike that involved over 100,000 people to protest the closure of a Krupp steel production plant. Although their actions only delayed the closure of the plant until 1993, the Rheinhausen strike became a symbol of solidarity and worker democracy in the region, and many former steelworkers from this plant later joined the Bochum Opel plant workforce (Blazejewski).

However, the choice to strike appeared to lead to a bigger controversy over the “preferred” conflict strategy of negotiations, rather than ignite discussion on the original issue of corporate restructuring. Traditionally, companies open negotiations with the local works council and IG Metall representatives to reconcile differences; however, shop stewards at the Bochum plant sought open confrontation to induce radical change. This approach probably stemmed in part from frustrations over past negotiations that had failed, as Bochum had lost 10,000 jobs in negotiations between 1992 and 2004, despite substantial worker concessions (Blazejewski).
The vast disconnect between the motives of local shop stewards and the official IG Metall functionaries also partially led to this controversial wildcat strike. Shop stewards are unique in that their role in German labor law is not fully defined, and they are therefore “unrestrained” by traditional labor law as the local works council and union representatives are. Although the shop stewards at the Bochum plant were necessarily members of IG Metall, their motive in continuing the wildcat strike was primarily to protect the jobs and income of their colleagues and the local plant, whereas IG Metall union officers at the time sought to preserve their own personal power and the union’s already tenuous role as a central player in the German industrial bargaining system, often at the expense of individual plants (Blazejewski).

Thus, IG Metall and the local works council for Bochum both opposed the walkout, and on October 17th, 2004, the vice-chairman of IG Metall, Bertold Huber, publicly denounced the walkout as illegal. By speaking out against their own constituents in the Bochum plant, IG Metall sought to preserve their legitimacy as a labor union, as wildcat strikes are considered illegal under trade union law in Europe. A GM spokesperson downplayed the significance of the strike, saying that “with a couple more days of perspective, I think they’ll approach [the situation] differently”, whereas the head of the Bochum chapter of IG Metall said it wasn’t “a matter of time, but a matter of what’s the offer [from the company]” with regards to the duration of the strike, although they did not endorse their local workers’ actions (Landler, “Impact of Opel Strike”).
The wildcat strike in Bochum lasted for a total of six days. Four days into the strike, operations in three other key Opel plants in Europe were forced to halt after a parts shortage that resulted from this wildcat strike. This parts shortage was due to the Bochum plant’s central position in GM Europe’s production network, and as such, the three sites of the Bochum Opel plant had varying levels of involvement in the wildcat strike. Site I, which produced the Zafira and Astra models at the time, was located 5km away from the other two sites and was somewhat disconnected from the strike. Site II, which produced axles and gearboxes for the GM Europe production network, was primarily responsible for the production halt at Opel plants in Germany, Belgium, and the UK during the strike. Site III mainly acted as a support unit which supplied parts to Opel dealers worldwide. Workers from Site II and Site III were the primary instigators of the strike as they felt they had the “least to lose” (Blazejewski).

On October 19th, a European “day of action” was organized to legitimize the unofficial strike as well as to allow IG Metall and the local works council to re-channel the strike activities and regain control of the strike narrative. The rally in Bochum was dominated by IG Metall banners, and none of the speakers at the rally were the local shop stewards (Blazejewski). On October 20th, the wildcat strike in Bochum ended after the results of a ballot were released, which indicated workers’ desires to end the strike. However, it is important to note that much speculation surrounds the legitimacy of this ballot, as the original question on the ballot was re-formulated from a simple question of whether or not the strike should continue to a two-part question that allowed only one answer. The re-formulated question read “Should the works council continue negotiations with management and should work be resumed? Yes
or no”, which excluded a crucial alternative of both continuing negotiations with management and continuing the strike. This manipulation of the ballot forced workers into an either/or situation, to which only 70% of workers replied “yes”. The questionable legitimacy of this ballot further strained relations between the local works council, shop stewards, and local workers, although the identity of the entity who changed the wording of the ballot remains unknown (Blazejewski).

Overall, GM was wholly unprepared to deal with this grass-root action in Bochum and was ultimately forced to compromise to the tune of €1 billion in compensation to the Bochum plant, further straining relations between the Bochum plant and GME (Blazejewski). Lingering frustrations and resentments on both sides of this conflict could very likely have been a contributing factor to GM Europe’s choice of closing the more lucrative Bochum plant as opposed to other European Opel plants.

4. Reactions to Closure

On December 5th, 2014, the last Zafira rolled off Opel’s production line in Bochum (The Associated Press and “In Bochum Rollt”), officially making Opel the first automobile maker to shutter a German plant in decades (Hetzner). The Opel Bochum plant workers, IG Metall, and the local Bochum and Ruhr communities all reacted to the closure in various ways.

4.1 Opel Bochum Workers

The initial reaction to the closure was a sense of betrayal. Two years before the closure, in December 2012, the Opel board of directors’ director, Sedran, was
criticized for arriving with over 70 guards in Bochum to announce that the “closure of Opel [in Bochum] is necessary for the rescue of Opel”, after which he promptly disappeared 7 minutes later. Local newspapers described his actions as “poor” and “cowardly” (Einenkel). Even Knut Giesler, who served on the regional IG Metall chapter, said that “an executive who tells workers that manufacturing will come to an end, only to then avoid a discussion by leaving through the emergency exit leaves a devastating impression behind him” (Hetzner).

In the same month, workers were disgruntled when the 50th anniversary celebration of the Opel Bochum plant was cancelled by the same board of directors, as they decided that “Für Bochum geben wir kein Geld mehr aus!”, or simply “We are not spending any more money on Bochum!” (Einenkel). In January 2013, the IG Metall committee confirmed the end of car production at Bochum. At this time, approximately 87% of Opel Bochum plant workers were members of IG Metall, and survey results from the time showed they were incredibly disappointed and shocked by the decision from the other Opel locations to essentially abandon the Opel Bochum plant. Two months later, March 3rd was declared the “Day of Solidarity”, and Bochum experienced over 20,000 visitors. It was the biggest solidarity event up until that point in history in the Ruhr valley region (Einenkel). Many local artists participated and created art that represented the solidarity action they meant to support, such as the painting by local Bochum artist Bernd Röttgers in Fig. 5 below.
In his artwork, Röttgers captured both old and new Opel models and showed the integration of various Bochum landmarks alongside the Opel Bochum plant. He also used the Opel logo in the word “Bochum” to show the cultural significance of Opel in Bochum.

In September 2013, workers at the Opel Bochum plant arranged a 17-hour long employee meeting, which turned out to be the longest meeting in the history of Opel. They discussed many topics, one of which was the possibility of striking, although this did not occur. On December 5th, 2014, car production in Bochum ended abruptly, and 3,500 people immediately lost their jobs. Approximately 2,700 employees were sent to a “transfer company”, which is essentially a realm of waiting for further employment while collecting unemployment benefits (Einenkel).

On December 15th, 2014, the last employee meeting was held at the Opel Bochum plant, with around 2,700 employees attending. Not a single member of the
board of directors or IG Metall union representatives were present, much to the
workers’ disappointment. For their absence, Opel Bochum workforce and local media
condemned Opel and IG Metall as “erbärmlich, unwürdig, und feige” (“envious,
unworthy, and cowardly”) (Einenkel). The remaining employees in the transfer
company continue to wait on future employment as promised by IG Metall and Opel
as part of the plant closure.

4.2 IG Metall (German Metalworkers’ Union)

After the closure of the Bochum plant was announced in 2012, the head of IG
Metall’s regional NRW chapter said he would continue to fight for manufacturing jobs
in Bochum after 2016 —the original proposed date of the Opel Bochum closure—
because “[IG Metall’s] goal is clear – no one should see the unemployment agency
from the inside” (Hetzner).

However, after the disappointing outcomes of the 2000 and 2004 strikes in
Bochum, there was little faith by the workers that IG Metall would mount a tough
opposition to GM in response to the closure. No attempts were made to support a
“national boycott action against Opel” or to host solidarity strikes in all factories,
despite the demands from the disgruntled workforce. IG Metall and local works
councils chose instead to focus on making sure Opel would “regain growth and
profitability” (Schaumberg). Essentially, IG Metall sought to preserve their own
regional bargaining power, even at the expense of renouncing actions of their own
constituents in the Opel Bochum plant and eventually offering up the Opel Bochum
plant for closure to appease GM management.
Longstanding criticism of their methods remain strong, with some socialist opponents labelling IG Metall as a “relic of the past”, insinuating that the trade unions “have become corporate co-managers, which organize job destruction and wage cuts and ensure that all opposition to these processes is suppressed in the factories” (Henning, “Germany: GM Opel”). However, sacrificing one location to preserve others is not unheard of in German trade union negotiations, especially when politics become involved, and IG Metall continues to bargain on the behalf of the remaining 20,800 Opel Germany employees (Hetzner).

### 4.3 Local Bochum and Ruhr community

For many Bochum locals, the loss of the Opel Bochum plant marked the loss of their identity, as Opel was integral to the cultural history of Bochum. The popular singer Herbert Grönemeyer aptly expressed this sentiment by stating that “Bochum is Opel and Opel is Bochum!” (“Das Detroit-Projekt”). Many locals even identified themselves as “Opelaners”, as supported by this photograph taken in 2014 in Bochum, shown below in Fig. 6.
Local newspapers lamented that “Opel hat sein Herz und seine Seele verloren” (“Opel has lost its heart and soul”) with the closure of the Opel Bochum plant (Einenkel). Over 20,000 people were directly and indirectly affected by the closure, which plunged Bochum into further deindustrialization (Praschma).

To combat the loss of identity that many Bochum locals felt as a result of the closure, local Bochum artists and artists from three other Opel plants in Poland, Great Britain, and Spain came together to create a yearlong art project “We are not Detroit” with the Bochum Schauspielhaus and Urban Art Ruhr group. This initiative began on October 10th, 2013 —symbolic of the day that the Opel Bochum plant was founded—and continued until October 2014. The cover of the official festival program released for the main festival that took place from April 26th to July 5th, 2014, is shown below in Fig. 7.
The primary focus of ‘The Detroit Project’ was aimed at encouraging locals to become “actors instead of victims of industrial change”, and thereby focused the project on regaining the lost identity of Bochum locals (“Das Detroit-Projekt”).

Thus, the project did not aim to support Opel workers who were losing their jobs or “involve itself in a discussion intrinsically about Opel”, but rather to ask the question “What alternatives exist for the company’s sites, moving forward?” (Fuchs). When faced with the same deindustrialization that bankrupted the city of Detroit — the home of GM’s international headquarters — these Bochum artists used this art project to inspire alternative uses for the abandoned Opel Bochum plant sites. Meanwhile, the local city council of Bochum worked with Opel to transfer ownership
of the Opel property to the “Bochum Perspective 2022” society in July 2015. This society was tasked with determining the fate of the 68 hectares of the former Opel Bochum plant property (Einenkel).

5. Implications for the Future of Bochum

One year after the closure, the Opel Bochum plant is in ruins, and there are no new Opel jobs in sight as had been previously promised by IG Metall and GM Opel during the closure negotiations (Henning, “Opel Bochum”). In December 2015, approximately 2,700 of the remaining 3,500 workers from the Opel Bochum plant were placed temporarily in a transfer company. Trade unions have historically used these transfer companies to promise alternative jobs to prevent widespread resistance to mass layoffs in the industry. These transfer companies then try to retrain employees and place them back into the workforce at other plants, although the success has been limited in the case of the Opel Bochum plant. The majority of the remaining Opel Bochum workers were moved into the TÜV Nord Bildung [Education] GmbH, a two-year transfer company. However, 750 of them are over 55 years old and are part of an early retirement program. This means that most of the workers will take early retirement, the cost of which is a pension reduction of approximately 3.6% for every year they retire in advance of their normal pension age (Henning, “Opel Bochum”). Of the 2,700 employees moved into this transfer company, it is estimated that only 100 of those had found new employment as of December 2015 (Henning, “Opel Bochum”).
It is important to note some key differences in the generosity of unemployment benefits in the US as opposed to Germany. Although it still depends on a variety of factors such as length of previous employment and age, German unemployment benefits include 60-67% of their previous net earnings for up to the first year of unemployment. When this runs out, the unemployed workers may then be eligible to claim an ongoing subsistence allowance through the “Hartz IV” reforms program if they are still fit to work and ready to step into any available job offered to them by the local employment office, or “Arbeitsamt”, although eligibility is limited by a number of factors (Bundesagentur für Arbeit, Henkel). Comparatively, companies in the United States typically compensate unemployed workers for 40-50% of the worker’s previous earnings for up to 26 weeks (one half-year), although this varies greatly by state (Dishman). Thus, while short-term unemployment for German workers is not ideal, workers can adjust to a reduced unemployment income temporarily as long as new employment can be found within that first year. The troubling trend in this situation is that many former Opel Bochum workers are still unable to find employment after an entire year with the TÜV Nord Bildung [Education] GmbH transfer company, sparking concerns about long-term unemployment in the absence of new industrial jobs.

The initial closure of the plant caused a spike in unemployment in Bochum, and many locals who were indirectly affected by the closure (typically those who worked in associated industries that serviced or delivered Opel automobiles and parts) had to seek other jobs in surrounding cities, which increased worker commutes and forced some to relocate altogether. The relatively recent closure of the
Nokia plant in Bochum in 2008 only compounded the effect of the Opel Bochum closure, as approximately 2,300 Nokia workers had already been placed in a temporary transfer company by IG Metall as part of the closure settlement of the Nokia plant (Henning, “Opel Bochum”). However, whereas the Nokia plant only employed approximately 4,000 workers at their height of their production, the Opel Bochum plant had operated for much longer and had employed over 20,000 workers at their height of their production (Ewing). Thus, the loss of the plant was felt both economically and culturally by Bochum locals.

Meanwhile, the production of the Zafira model was moved to Opel’s headquarters in Rüsselsheim, and the demolition has begun on the sprawling plant buildings on the former Opel Bochum plant’s premises. Opel has kept a residual staff in Bochum to conduct administrative business, and Opel plans to keep its distribution center in Bochum-Langendreer, which currently employs around 700 locals. Opel hopes to invest €60 million in a new warehouse at this location in the future (Henning, “Opel Bochum”).

Following the closure, the land was symbolically sold to the “Bochum Perspective 2022” society, with the city council and Opel having 51% and 49% shareholding rights, respectively. This society is working to negotiate with companies to bring some business back to the region by redeveloping the land, although thus far, they have offered no substitutes for the well-paying industrial jobs lost in the plant closure (Henning, “Opel Bochum”). Furthermore, before the land is redeveloped for use by other companies, the city has to locate and fill old mine shafts and remedy mining damage that is present on the property, as they mined coal in the area as early
as 1742 (Toben). Some of the demolition work on the sites is also currently halted pending the outcome of a court case in the Düsseldorf Higher Regional Court that is scheduled to end in March 2016. An estimated 15 months of demolition is expected to follow before the land is safe to redevelop for alternative uses (Henning, “Opel Bochum”). The demolition of the paint shop at the Opel Bochum Site I began shortly after the plant closed, although progress is slow, as shown in this photograph taken from Wittener Straße at the end of March in 2015.

![Fig. 8: Cschirp. Abriss der Lackiererei des Opel Werks I in Bochum, Ende März 2015 von der Wittener Straße aus gesehen. 2015. Bochum. Photograph. Wikimedia Commons. Web. 17 Mar. 2016.](image)

Currently, approximately 14 hectares of the property have been sold to Deutsche Post DHL Group. DHL is currently the world’s largest courier company and plans to build a massive package distribution center on the premises (Toben). Construction is expected to officially start in the summer of 2017, and the finished
distribution center hopes to employ approximately 600 people at full working capacity. The final sorting capacity of the constructed plant is expected to reach somewhere in the range of 50,000 packages per hour, which would make it one of the most powerful courier distribution centers in Germany (Weeke). Unfortunately, although the redevelopment of a portion of the 68 hectares of the Opel Bochum plant property will bring jobs back to the area, jobs in the logistics sector tend to be much lower-paying and less secure than jobs in the production and processing sector (Henning, “Opel Bochum”). Thus, these logistics jobs cannot be expected to fully replace the income of those who lost their production jobs at the Opel Bochum plant.

In December 2015, Bochum had an unemployment rate of 9.5%, although many locals hope that this statistic will decrease with the redevelopment of the plant property. Although future GM-closures in Europe are still expected to happen if the downward trend in demand for GM vehicles continues, GM faces further damage to their brand image in the European market if they choose to outsource production for cost savings or political gain. In 2015 General Motors has pledged that workers at three other German Opel plants would not face any layoffs through 2018 (The Associated Press). This was a positive outlook; however, General Motors recently announced the sale of Opel and Vauxhall to Groupe PSA on March 6, 2017 for €2.2 billion. Groupe PSA is a French automobile manufacturer that currently owns the brands Peugeot and Citroën, and spokesmen for the company say they are confident that they can engineer a positive turnaround to Opel's past performance in the marketplace (DeBord).
6. Conclusion

Throughout its 52 years of operation, the GM-Opel Bochum plant experienced remarkable successes and hardships. After the economic crisis over the transition from coal mining to oil and natural gas in the Ruhr valley region in the 1950s, the establishment of the GM-Opel Bochum plant gave former mineworkers new, secure jobs in the production and processing of automobiles and automobile parts. Beyond the plant itself, thousands of locals were also employed indirectly with the service and distribution of these automobiles and parts, and thus the GM-Opel plant in Bochum represented a substantial economic force in the region. For decades, the Opel Bochum plant was one of the most productive and lucrative plants in Opel’s portfolio but was constantly under pressure by GM to reduce labor and operating costs.

In the years that followed the largely unsuccessful wildcat strike at the plant in 2004, the Opel Bochum plant was constantly threatened with closure, as the damaged GM brand image contributed to GM’s growing losses in the European car market. After several broken promises, GM closed the Bochum plant rather abruptly in December 2014, leavings thousands of workers unemployed without offers of actual alternative jobs. The land on which the plant ruins now sit is currently owned by the “Bochum Perspective 2022” society, which will work with the city council and Opel representatives to seek out new companies to redevelop the land and bring industrial employment back to the region. The future of Opel in Germany overall is currently uncertain, as General Motors recently announced the sale of Opel to Groupe PSA, which currently owns the Peugeot and Citroën brands, but industry experts remain optimistic that Groupe PSA can turnaround some of Opel’s past losses.
7. References


5 Oct. 2015.