

Germany: Unions support dismantling of over 10,000 jobs at Opel

What lies behind the “workers equity investment scheme”?

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The IG Metall union and the Opel works council are working feverishly on the formation of a new Opel company to be led by the Canadian-Austrian automotive supplier Magna. Magna is to take 20 percent of the shares in New Opel, while the previous parent company, General Motors (GM), and Russia's Sberbank will each hold 35 percent.

IG Metall and the works council want to take the remaining ten percent by forming their own joint stock company. This venture would be financed through imposing drastic cuts on the workforce and would be established as a “workers equity investment company” (MKBG), in which only the works council members and some union officials would have any say.

Klaus Franz, who leads the central Opel works council and has also functioned as deputy chair of the Adam Opel GmbH supervisory board, continuously stresses his support for Magna. Under his leadership, the European works council wrote a letter to Magna, declaring its support for cost-cutting measures worth some 265 million euros per year in wages and social benefits. These cuts do not include the destruction of some 12,000 jobs, which has already been announced.

Last week, when questioned by *Motor-Presse* magazine about media reports detailing European-wide plant closures and up to 12,000 job cuts, Franz answered with the words: “I have no comment about the numbers quoted in the media. Naturally, the cuts will be painful for the staff.”

The European works council has done nothing to defend jobs across the board, quite the reverse. The European Employees Forum (EEF)—which is what the European works council calls itself—has systematically prevented the development of any joint action by all GM workers. In the discussions and negotiations with Magna, the German works council members have striven to achieve a “German solution”, shifting the burden of the “Opel rescue package” onto those employed in Britain, Belgium, Spain and Poland.

The fixation of Klaus Franz and the other works council

members on collaboration with Magna is directly linked to the creation of a workers share scheme and the plans of local union officials to rise from being co-managers to becoming outright owners of capital.

The plan for a workers equity investment company comes from the IG Metall and was prepared in consultation with attorneys. The MKBG is a means of ensuring that the Opel workforce accepts substantial cuts in wages and benefits. Opel workers are to be forced to relinquish their holiday pay, their Christmas bonus, and previously agreed wage increases and to accept further cuts to benefit a so-called “Supply Company 4” which is administered by IG Metall functionaries and the works council chairman.

The central works council has already accepted the non-payment of holiday pay and Christmas bonuses, as well as the withholding of negotiated wage increases, in this way presenting the workforce with a *faits accomplis*. Over the heads of Opel workers, the IG Metall district leader Armin Schild unilaterally announced that the employees were ready to contribute “up to 1.2 billion euros”.

From every angle, the workers equity investment scheme is a trap. Firstly, it is completely uncertain whether the wages held back by the new Opel company will ever be used to benefit the work force. Workers will receive neither shares nor any documented right to an equivalent reimbursement.

Secondly: The new Opel, whether under the control of Magna or another investor, will immediately destroy thousands of jobs and will probably close several plants. All potential buyers have announced they would immediately reduce the workforce by 10,000 to 15,000. There will be no job guarantees at the new Opel. In view of the crisis in the automobile industry, even the survival of an independent Opel company is uncertain. One only needs to see what previous wage and job cuts have yielded at Opel. Each new round of cuts and concessions has been justified by the works council with an argument that resembles blackmail:

there is no other alternative; this is the only way to avoid an even worse outcome.

Thirdly: Contrary to what is claimed by IG Metall and the works council, there will not be any form of co-determination or joint decision-making for Opel workers, even with an MKBG. IG Metall claims that an MKBG means that workers would have “more influence inside the company”. The opposite is the case. The various bodies and the executive committee of the “Supply Company 4” would be exclusively occupied by works council chairs and IG Metall functionaries.

IG Metall has left nothing to chance. It has charged Frankfurt attorney Wolfgang Apitzsch with designing a model for the workers equity investment company which ensures that only works council members and IG Metall will have any say in the “Supply Company 4”. The executive committee of this corporation will be filled with high-ranking bureaucrats.

Naturally, Klaus Franz will have a place, and beside him will be the lawyer Apitzsch and the mergers & acquisition expert Michael Witzel. The supervisory board will consist of a representative of the IG Metall bureaucracy, four Opel works council members and a “renowned tax expert”. The shareholders will be the works council chairmen of the four Opel plants; what salaries they will grant themselves is not yet known.

What is clear is that Opel workers will have to foot the bill in the form of cuts in wages and social benefits, but will not be the legal owners. All decision-making powers will rest with the works councils and their “Supply Company 4”.

In an IG Metall circular from July 3, 2009, the Opel works council members tried to dispel workers’ reservations over the MKBG, praising the scheme and saying that “although employees will again have to make contributions, the works council is this time demanding that the forced savings be used so that in the future they will have an option that some of this will flow back to them and they can influence business decisions. The only possibility of realizing these goals is through the establishment of a workers equity investment company. That means: The participation in the MKBG is an investment by employees in their future.” The document then holds out the prospect of a dividend “at a future time”, however, only when “the new Opel/Vauxhall is successful”.

As “founders” of the new company, employees of the new enterprise will also have “a say regarding business decisions concerning them,” the circular claims. But in order to avoid any misunderstandings, the works council adds, “for example, in cases of planned transfer of production plants or works closures or reductions in personnel.” In other words, the works council is already preparing for exactly these

“business decisions” and wants to tie workers even more tightly to their “own enterprise”. In this way, they are trying to pit workers at one location against those at others even more than was previously the case.

In somewhat flowery language, a further paragraph reveals what financial participation in a workers equity investment company really means for the workforce: “Employees will have a virtual participation in the MKBG. Individual participation under company law by employees is not practicable for organizational reasons and according to tax law due to the large numbers.”

To talk of workers “participating” in the MKBG is thus pure deceit. Apart from providing capital—in the form of lost income—Opel workers are participating in nothing. The old ownership structures will remain untouched. The Opel staff will not only have no decision-making powers, they will be gagged all the more effectively by the new powers of the IG Metall functionaries over the MKBG.

The Socialist Equality Party, which is standing its own candidates in the upcoming Bundestag (federal parliament) election and which fights for the unity of all European workers on a socialist basis, rejects the concept of a workers equity investment company. There is nothing progressive about it. The MKBG serves exclusively to divide workers and make them pay, while the new owners of the Opel company, i.e., the Opel works council members and IG Metall representatives, enrich themselves.

The transformation of works council members from co-managers into the owners of capital will lead them to view workers with ever greater enmity. In order to oppose these attacks, workers need a new strategy. They must break with the IG Metall functionaries and create independent factory committees and prepare a common struggle by all Opel/GM workers internationally on the basis of a socialist perspective.



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