German automaker BMW reports record sales, prepares attacks on workers

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30 June 2014

Germany's third largest automaker, BMW, is planning major wage cuts and rationalisation measures. Many of the proposals were initiated directly by the works council, which has been collaborating closely with management for months. Meanwhile, the first results of the discussions between management, the IG Metall trade union and works councils have gradually been released to the public.

At the beginning of the month, it was announced that BMW intends to cut employee costs at its German plants by €100 million. This was reported by *Oberbayrische Volksblatt*, based on unanimous statements from leading IG Metall and works council officials. According to them, rest breaks, known as "sandwich breaks" in the Bavarian plants, will no longer be paid.

Further cuts will affect paid holidays. Since BMW employees work in practical terms four days per week, due to extremely flexible labour patterns, they previously were paid for holidays that fell on days when they were not working. This practice is now to be halted. In addition, premiums for so-called shift variation hours are to go.

All of the proposals by the BMW works council aim to cut wages severely. According to *Oberbayrische Volksblatt*, wages are to be cut by a planned €15 million at the plant in Regensburg, and a double-digit million figure is to be cut from the main plant in Munich. The largest plant in Dingolfing will see annual savings from 2014 of €37 million, IG Metall and works council representatives confirmed to *Manager Magazin*. The restructuring plans are being coordinated by Manfred Schoch, head of the company's works council.

As the *Oberbayrische Volksblatt* wrote, the cost-cutting plans of management were preceded by proposals from the works councils at the Bavarian plants. "We provided almost half of the entire savings," a "leading works council representative" told the newspaper. Which of the works councils made proposals for their own plant or for another in this process is not yet known.

Management set a strict deadline for savings proposals from the works councils, with the threat that production would otherwise be shifted to other plants. A BMW spokesman described the procedure as an "on-going process" aimed at securing the competitiveness of each location.

IG Metall supports management's efforts to play each location off against the others. The *Süddeutsche Zeitung* quoted the regional head of IG Metall in Bavaria, Jürgen Wechsler (Social Democrats), saying it is "totally normal in a large company" when locations are evaluated and compared with each other.

The plans of management and the trade unions go far beyond the savings made so far. Based on a management source, *Manager Magazin* reported last week on a savings programme that would no longer aim at just €100 million this year, but include several billion euros. The aim was to save €3 billion to €4 billion per year until 2020. BMW chief executive Norbert Reithofer had already contracted business consultants McKinsey to draft proposals.

On the same day, a company spokesman contradicted this claim in the online edition of *Handelsblatt*, but confirmed that they would strive "in the coming years also to reduce cost increases by several hundred million annually." Based on this statement and the savings plans already announced, *Handelsblatt* speculated that cuts of €500 million per year, totalling €3 billion by 2020, could be made.

The planned attacks at BMW are part of

comprehensive wage cutting in the auto industry. Competitor Daimler also recently expanded its savings plans. The Stuttgart-based firm intends to save €2 billion by the end of 2014 in their lorry division alone. The company already cut costs by €800 million last year.

The millions in cuts at BMW are aimed exclusively at enriching investors, as the concern is profitable. Simultaneously, with the first reports on the planned cuts, management reported that BMW was predicted to achieve a global sales record for vehicles sold in 2014. Company-wide sales figures increased between May 2013 and May 2014 by 6.8 percent. For the first time in the company's history, the sale of 2 million vehicles in a year is planned.

While the workers are being urged to accept cuts and increased pressure for competitiveness, shareholders are achieving record profits. In 2013, the company made profits of €5.34 billion. Shared between all of the company's approximately 110,000 workers, it amounts to roughly €48,400 of profit per worker.

The greatest beneficiary is the Quandt family, whose wealth was acquired thanks to its support for the Nazis and the exploitation in the concentration camps. Stefan Quandt, son of Johanna and Herbert Quandt, controlled total wealth of an estimated $11.9 billion in 2012. He holds 17.4 percent of BMW's shares. Given a dividend of €2.60 per share, he is likely to have received more than a quarter of a billion euros purely in dividends between May 2013 and May 2014. Stefan Quandt is the sixth richest German and was 81st on the global rich list for 2013.

His mother Johanna Quandt owns 16.7 percent of BMW stock and likely earned more than €250 million in 2013 as a result. She is considered the second richest German woman and allegedly has a fortune of over $10 billion. The final figure to be mentioned is Susana Klatten (born Quandt). With an estimated wealth of €17.4 billion, she is considered Germany's richest woman, and controls 12.6 percent of BMW's shares.

Other BMW shareholders are the global major banks, hedge funds, large investors, and to a lesser extent, small investors. The notorious investment firm Blackrock, the world's largest wealth management fund, holds 3.98 percent of BMW's shares. In recent years, the dividend for shareholders has continuously risen. Between 2009 and 2013 it rose from €0.30 per share to €2.60. The share price rose to €8.10, a 246 percent increase within four years.

This was possible above all by making labour patterns more flexible, combined with speed-up and social attacks on the workers. IG Metall officials on site, on the executive board, or in the trade union centre in Frankfurt have played a central role in the imposition of these measures. Now they are planning further attacks on the workers.