German multinational BMW to slash 16,000 jobs

Dietmar Gaisenkersting
11 July 2020

Germany's big corporations and companies are using the coronavirus crisis to implement cuts in jobs, wages and working conditions planned long in advance. The German auto industry, which has been able to rely for decades on the services of the IG Metall union, is at the forefront of this offensive.

In the wake of the recent announcement by many of Germany's largest manufacturers that they would destroy tens of thousands of jobs, BMW disclosed its own concrete plans and figures. In mid-June, the works council and BMW company management reported the decision to cut 6,000 jobs. In addition, about 10,000 temporary and contract workers will lose their jobs.

On June 19, works council chairman Manfred Schoch and head of human resources Ilka Horstmeier made public the plan under which the job cuts specified by BMW finance chief Nicolas Peter are to be implemented.

The first to lose their jobs will be BMW's temporary and contract workers. The slashing of 6,000 jobs in the core workforce is to take place "without compulsory redundancies" so that the IG Metall works council can present the cuts as a "success."

Vacant posts will not be filled. Around 2,500 BMW employees retire annually while the same number quit the company seeking other work. This number is likely to be significantly lower in the current situation with mass unemployment. In order to cut 6,000 full-time jobs, so-called "nearing old age retirements" are to be implemented, along with severance payments. Forty-hour contracts will be reduced to 38 and some employees will be encouraged to waive a collectively agreed additional allowance in favour of eight extra days of vacation.

The cost and job cuts are repeatedly justified as being key to the company's accelerated transition to electro-mobility. BMW intends to bring a total of 25 electric models onto the market by 2023.

Only recently, Schoch, the chairman of the works council, suggested an offensive against BMW's international competitors by developing a technological platform dedicated solely to electric cars. Currently, autos are being built on platforms compatible with both electric and combustion engines.

According to Schoch, the e-platform he proposed is necessary if BMW is not to be overtaken by its competitors from California, i.e., Tesla, or China. Reuters reported that Schoch is not alone in making this proposal. Internally, some BMW executives have been discussing such a strategy for some time.

The real driving force behind the cuts is not simply the coronavirus-related slump in sales or the conversion of factories to produce electric cars, as the works councils, trade unions and board of directors claim. The main driving force behind the attacks on workers are the profit drive and demands of company shareholders. From the shareholders' point of view, the decline in sales must not lead to a reduction in their dividends and BMW workers must pay the price for the insatiable lust for profits on the part of the company's owners.

At BMW, the main shareholders are the siblings Susanne Klatten and Stephan Quandt. They are heirs of the Quandt family, which acquired its enormous wealth through close cooperation with the Nazis. Stephan Quandt is the tenth richest person in Germany. Forbes magazine estimates his fortune at $12.3 billion this year, compared to $17.5 billion last year. His sister is the richest woman in Germany, "but her assets have shrunk in recent years," writes *Capital* magazine, "from 25 billion dollars (2018) to 16.8 billion dollars (2020).

When BMW shareholders decided at their annual general meeting in mid-May to award themselves over €1.6 billion [US$1.8 billion] in dividends, 34,000 BMW workers were forced to accept short-time working with corresponding wage losses. The two Quandt siblings, as main shareholders, took home an extra €800 million.

The money the two heirs have collected in dividends this year is sufficient to employ the 16,000 about to lose their jobs, calculating pay for temporary and contract workers on an equal basis with their full-time colleagues.

The main instruments for the enforcing of this policy of richly rewarding shareholders are the works council and the IG Metall union, which runs the council. Schoch is the longest-serving chair of a works council in the German auto industry, having served as chairman of the council at BMW since 1987. In this position he has also sat on the company's board of directors for decades, raking in hundreds of thousands of euros annually.

Schoch and his fellow bureaucrats have dedicated themselves to ruthlessly defending the competitiveness of "their" company. When increasing profits and thus dividends is on the agenda, they respond by arguing for unavoidable adjustment measures. They are currently justifying company reorganisation by pointing to the economic crisis caused by the pandemic and the resulting decline in sales.

However, the works council and company executives announced cuts at BMW at the end of November last year, which were mainly to affect temporary workers and supply-industry employees. BMW CEO Oliver Zipse declared in September 2019 that he would reduce the number of temporary workers at BMW to almost zero, shortly after he took over as CEO. At that time, of course, there was no talk of a coronavirus crisis and decline in sales.

Since then, there have been successive reductions in administrative staff, either through not renewing contracts or not filling vacant positions. This is now to be extended to the production lines.

Announcing the cuts last November, Schoch's deputy Stefan Schmid, chairman of the works council for the BMW plant in Dingolfing, Bavaria, said cuts were unavoidable. "BMW may sell a lot of cars, but profit margins are falling," he told the *Landauer Neue Presse*. "This means: We may have an increase in sales, but we are currently not earning as much money. Company employees must also experience and understand this fact."

Schmid, like Schoch, is a deputy chairman on the BMW supervisory board. The two of them receive €430,000 annually for their supervisory board activities alone—in addition to the hundreds of thousands they receive each year for their participation on the works council.

The two works council millionaires are socially and politically firmly on the side of management and shareholders. They are the key players when it comes to elevating profit margins from the current 5 percent to the targeted 8 percent return on sales.

In a July 2 ceremony, Schoch, Schmid and Zipse opened a new production line for electric motors in Dingolfing. "By 2022, we will be producing electric motors for over half a million electric vehicles per year in Dingolfing alone," Zipse declared enthusiastically.

A total of 18,000 workers are employed in Dingolfing. In the medium term, the number of workers employed in the electric drive unit is to be increased from the current 600 to up to 2,000. At the same time a far greater number of employees will lose their jobs in the production of combustion engines.

The agreements reached on factories and job security, so highly praised by Schoch, Schmid and co., are not worth the paper they are written on. The current contract at BMW, which supposedly guarantees the jobs of every employee, is only valid as long as the BMW group makes an annual profit. In other words: employment is secured if BMW makes sufficient profit and the return on investment satisfies investors. However, as soon as economic problems arise and workers require job security, the contract no longer applies.

It is urgent to confront the management lackeys in the works council and break free from the stranglehold of the IG Metall. BMW workers can only defend their jobs, wages and living conditions by breaking with the unions and rejecting their divisive nationalist orientation and by building independent action committees, joining forces internationally and fighting for a socialist programme.