

Germany: Protests against Samsung factory closure

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On November 27, some 800 employees blockaded the factory gates of the Samsung factory in Berlin. According to union representatives, the one-day strike began in the early morning, despite extremely cold weather. Workers from all three production shifts participated.

Since Samsung management announced in September that the Berlin plant was to close at year's end, various protests have taken place. The management of the Korean-based Samsung group has nevertheless maintained its plans to close the factory in Berlin, which makes the cathode-ray tubes (CRTs) used in computers and televisions.

Approximately 750 of the 800 jobs will be lost. The remaining 50 employees work at the company's European research centre or in its service and sales departments.

According to the *Tagesspiegel*, the research facility will concentrate on the development of so-called "Organic LED screens" (OLEDs), which will succeed today's flat-panel displays and could enter large-scale production in approximately eight years' time.

A Samsung company spokesperson justified the closure by saying that it was impossible to continue to produce CRTs economically. This is due to the collapse in the market for classic CRTs, since increasingly "slim" tubes used in flat-screen TVs are replacing the older cathode-ray tubes. Also, imported CRTs from low-wage countries such as China or India have led to overcapacity and falling prices.

Immediately following the announcement of the factory closure, the Betriebsrat (works council) and trade union organised a demonstration by staff outside the Berlin city hall. A week later, more than 100 employees organised a motorcade to the Korean embassy. Two weeks later, a further demonstration was held in Berlin's Potsdamer Platz.

On October 28, staff from the Berlin factory drove in a bus convoy to Schwalbach in Frankfurt am Main to protest against the closure outside Samsung's European head office. On November 14, there was a further demonstration, at which flyers in several different languages were distributed.

On November 21, a one-day strike took place. Two days before the factory blockade last Sunday, a solidarity concert was held with union officials and Berlin city council politicians. On November 30, the workforce lobbied the German parliament, and on December 6, workers plan a further protest action, when they will amass their work shoes in front of the factory gate.

In parallel with these protests, the Betriebsrat, the IG Metall union and a management consultant hired by the union have developed a plan that would preserve production of CRTs and gradually convert to the manufacture of slim-line tubes. This plan, which includes wide-ranging concessions in wages and working conditions, has been rejected by Samsung management.

The Berlin *Senat* (city council), governed by the Social Democratic Party (SPD) and the Party of Democratic Socialism (PDS), as well as some opposition politicians, has intervened to try to convince Samsung not to close the factory. Former federal Economics Minister Wolfgang Clement (SPD), Berlin Mayor Klaus Wowereit (SPD) and the Economics senator, Harald Wolf (PDS), have written personal letters to the company. According to the press, they did not even receive a reply.

In mid-November, production was halted due to the continuous protests and frequent works meetings.

There is a long history of industrial production in the eastern Berlin district where the Samsung factory is situated. In 1887, AEG established its first factory here. Between 1915 and 1917, AEG established further plants. After 1938, Telefunken produced CRTs.

Following the Second World War, an electronics research laboratory operated there, as well as SAG (a Soviet corporation), producing CRTs. In 1952, the Soviet company became part of East Germany's state-owned industry.

In the 1960s, the factory was known in East Germany for its television engineering facilities, and from 1984 it produced colour CRTs. When the Berlin Wall collapsed in 1990, the site also hosted the Upper Spree Cable Works, a transformer factory, a smelter, a semi-finished products factory, and a radio and telecommunications technology plant. In total, these facilities employed 40,000 people.

In 1993, Samsung bought the CRT factory, which faced bankruptcy, for the symbolic amount of 1 deutschemark. Over the years, Samsung has received state funding of approximately €30 million to maintain the industrial site and provide investment in the manufacturing plant. While in the former East Germany, the television engineering factory had employed 9,000, today only 800 jobs remain. The closure of the Samsung plant also threatens a further 250 jobs in the supply chain.

Several times, following pressure from the Betriebsrat and IG Metal, the workforce has accepted wage cuts. In March, the union and works council agreed to a 12 percent wage cut, arguing this

would prevent the loss of jobs.

According to the Betriebsrat, the factory produces some 30 million CRTs a year, making almost €26 million in profits in 2004. The profits from the Berlin factory have enabled Samsung to open a new plant in Hungary, which now manufactures 20 million CRTs annually.

The Berlin production will be transferred to Poland or Hungary, where Samsung pays only a quarter of German labour costs—i.e., approximately €400 per month. The lack of further state funding for its Berlin operation meant Samsung was no longer interested in maintaining its factory there.

Since 1989, approximately 300,000 industrial jobs have been slashed in Berlin, while only 70,000 jobs have been created in the service sector in the last 10 years.

In addition to the Samsung factory closure, the Japanese video accessory manufacturer JVC is closing its plant (with a loss of 225 of the 235 jobs), and the construction equipment manufacturer CNH will shut down at year's end. By the end of 2006, Siemens, the railway vehicle manufacturer Bombardier and the stationery producer Herlitz will all have imposed job cuts. The numbers employed at the cigarette manufacturer Reemstma, at DaimlerChrysler and at Telekom are also being slashed. Deutsche Bahn, the state-owned railway company, has announced it will move its headquarters from Berlin to Hamburg, with the loss of more than 1,000 jobs in the capital.

In October, there were officially 304,000 registered unemployed in Berlin, a jobless rate of 18.1 percent, the worst unemployment statistic in Germany after the eastern German states of Saxony Anhalt and Mecklenburg Pomerania. Finance Senator Thilo Sarrazin (SPD) said, "I expect the [unemployment] rate to remain between 15 and 17 percent." He went on to say all that could be done was to try to keep the remaining 97,000 industrial jobs.

In the case of Samsung, Berlin Mayor Wowereit has mooted an extension of financial subsidies to create an incentive for the company to keep its production facilities. He did not say how the highly indebted city government was to find such money. But it is clear that such funds would be marshalled through further cuts in social services.

The SPD and PDS say they are "most indignant" that Samsung has pocketed millions in state funding, only to leave once the subsidies stopped flowing. However, their indignation is not for the fate of those threatened with unemployment. The Berlin Senate is no less indifferent toward their fate than it is toward those employed in the city's own enterprises, who for years have faced increasingly drastic austerity measures and the loss of more than 10,000 jobs.

The nationalist outlook of the unions and their unreserved defence of the profit system long ago rendered them accomplices of the employers and politicians. Together with politicians who argue the need to increase the competitiveness of German industry, the union bureaucrats have become advisors to management rather than defenders of the interests of the workers.

The "survival" concept for Samsung's Berlin factory being touted by Betriebsrat Chairman Wolfgang Kibbel calls for a €5 million investment. And Berlin Mayor Wowereit has not excluded a possible extension of financial support. But the company is

showing little interest in such enticements.

In Samsung Electronics Co. Ltd, the Berlin workforce faces a transnational corporation with a turnover of US\$55.2 billion in 2004 in its computer, telecommunications, digital media and technologies operations, making a net profit of US\$10.3 billion. The company employs 113,600 worldwide in 90 locations in 48 different countries.

In 1997, when Korea was drawn into the vortex of the Asian economic crisis, the company restructured its business. The restructuring and concentration on so-called core areas catapulted Samsung to third place in the market for digital televisions, memory chips, mobile telephones and flat-screen LCD displays. Only nine other companies worldwide achieved a comparable net income (of US\$10 billion or more) in 2004. Samsung wants to expand the number of slim-line CRTs it sells in Europe annually to more than 4 million by 2008. However, production will take place in Asia.

The globalisation of production means international companies can shift their production from one location to another. National boundaries play little role. The choice of location is determined by profit maximisation—however short-term that may be. The lower the wages and taxes, and the fewer the rights that workers enjoy, the more attractive the location.

Like the SPD and the PDS, the trade unions have nothing with which to oppose such internationally operating corporations. Under the pressure of the powerful international concerns, they organise competition to promote their location as the most beneficial (for the company) and seek to implement increasingly harsh attacks on the workers.

In the likely event that the management of the Korean company goes ahead with its plans to close the factory by the end of the year, the Betriebsrat and the union will resign themselves to defeat. Should a temporary solution be found, they will implement all of the company's demands for cuts.

The most important lesson that workers should draw from the struggle with Samsung and at other factories is the necessity for a break with the old workers' organisations and their nationalist perspective. Working people must turn to an international perspective, which unites them with workers worldwide in a struggle for a socialist programme.



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