

# Germany: the closure of Nuremberg's AEG works and the role of the unions

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14 January 2006

In the middle of December, the management of the Swedish electrical company Electrolux announced the closure of a factory steeped in history—the AEG works in Nuremberg. Workers responded to the announcement with strikes and protest actions. There are 1,750 jobs directly threatened by the closure of the factory, with many more jobs endangered in ancillary production processes.

The workers' protests included stopping production lines and working to rule. During work time, factory information meetings were held, at which workers demanded more radical measures, such as an unlimited strike, to combat the closure. For their part, representatives of the factory council and the IG Metall trade union loudly denounced management's decision, but at the same time called for talks.

The workers won broad support from the local population. One week after the planned closure was announced, 6,000 people demonstrated to keep the works open and defend jobs. After a demonstration, the participants formed a candlelight chain in the suburb of Muggenhof in Nuremberg. Workers carried banners and placards opposing management's plans and accusing the company of "social indifference" and "abusing corporate power."

Staff protests had initially taken place in July and October of last year following repeated threats by the AEG board to close down the works.

As protests were stepped up in the days leading up to Christmas, the works council tried to forestall a spontaneous occupation of the factory and negotiated a confidential agreement with management up to January 4. Employees were forced to work their accumulated overtime hours or take vacation. While the company suffered hardly any financial damage, the works council and trade union used the time to prepare for negotiations over redundancies. These negotiations are currently taking place in Munich.

The Swedish Electrolux company, which during recent years has emerged as a market leader in the manufacture of household appliances, justified the closure decision by declaring that the production of washing machines,

dishwashers and dryers in the Nuremberg works was no longer competitive on an international scale. Company chairman Johan Bygge bluntly explained that every appliance produced in Nuremberg diminished the company's profits. Every dishwasher and washing machine made in Germany represented a loss for the enterprise of €45 and €60 respectively, he claimed. At the same time, he announced a shift of production—mainly to neighboring Poland.

The transfer of production had been in the planning stages over a long period of time, and is now to be implemented at all costs and against all opposition. For several years, the Swedish company has been establishing production plants in Eastern Europe, which are now to be activated. Already at the beginning of the year, the Electrolux executives announced massive job cuts in "high-wage countries."

AEG had already been dissolved as an independent enterprise 10 years ago, but its name and logo were retained as was production in selected ranges. The closure of the Nuremberg works is regarded by many workers as the end of an electrical company steeped in tradition, and which had played a large role in shaping Germany's industrial development over the last century.

Following his acquisition of the Edison patents, Emil Rathenau created the German Edison company in 1883, which he renamed the General Electricity Company (AEG) in 1897. At the beginning of the twentieth century, AEG developed into one of the largest companies in the world. In 1922, the factory was opened in Nuremberg. At the end of the 1940s, the enterprise employed over 200,000 workers. In the 1950s and 1960s, new plants were set up all over West Germany and, after fusing with Telefunken, the company was the twelfth biggest in the world.

The world economic crisis in the 1970s worsened AEG's situation. For the first time, some parts of the company were subcontracted or sold off. The decline really began following the takeover of a majority of shares by Daimler Benz in 1985. Its strategy of forming a global technology company did not last long. In the following years, the enterprise was

fundamentally restructured. Profitable parts were separated off or sold at a profit. Nevertheless, at the beginning of the 1980s the factory in Nuremberg still had 6,000 workers. In 1994, the Swedish Electrolux concern took over AEG, which had its headquarters in Nuremberg.

Just three years later, the management in Sweden announced dismissals at its German plants. Four hundred jobs went at the Rothenburg ob der Tauber works, and factories in Kassel and Herborn-Burg were closed. According to press reports, the company plans to close 13 of its 20 plants in Western Europe and switch production to Poland.

The situation at AEG is similar to that confronting a number of other companies in the Nuremberg region, which now has one of the highest rates of unemployment in Bavaria. In 1989, a total of 89,000 persons were employed in the state's industries, today this figure stands at 52,000. Well known firms such as Grundig, Phillips and Triumph-Adler, which each employed several thousand workers, have all disappeared. The fate of the rail-mounted vehicle manufacturer Adtranz is typical. The enterprise was systematically cannibalized by AEG, Daimler Benz and MAN, and last year the last of the company's former 1,000-strong workforce joined Germany's unemployment queues.

The decision by Electrolux to close down the AEG works coincides with a host of planned or already executed closures and mass redundancies in Germany. German Telekom plans 32,000 dismissals, and the auto manufacturers Volkswagen and DaimlerChrysler each plan 8,000. A similar number of jobs are due to go at Siemens. The Karstadt-Quelle company has announced 5,700 job losses, and the HypoVereinsbank 2,400. Every week witnesses new announcements of mass redundancies.

The conflict surrounding the AEG works in Nuremberg demonstrates in microcosm the fundamental problems currently confronting workers everywhere.

The same work councils and union officials who currently complain on protest demonstrations about the "contemptuous behavior" of the Swedish management have for years occupied seats on the supervisory boards of the companies they criticize, and have dutifully backed management's policies. AEG works council chairman Harald Dix and his deputy Roland Weiß both sit on the company's board, together with the local IG Metall vice-chairman Jürgen Wechsler, who as the responsible trade union secretary is behind both the official protests and the redundancy plan negotiations.

As unionized co-managers, they responded last autumn to the planned works closure by undertaking their own appraisal of the factory. They called upon the Institute for

Organizational Development and Managerial Policy (INFO), under the direction of Heinz Bierbaum at the University of Saarbrücken, to assess the company's prospects. Bierbaum was formerly a full-time employee of the IG Metall trade union (initially in the economic department of the union's executive committee and afterwards as head of the union's administration office in Frankfurt/Main).

As expected, the appraisal concluded that 70 percent of the appliances manufactured in Nuremberg were made for export and that the losses spoken of by Electrolux from its operations in Germany business were "more than compensated." The enterprise works profitably and the figures specified as grounds for the closure were "not comprehensible."

After the management chose to ignore the trade union assessment, the works council in cooperation with the local IG Metall group submitted its own "future concept" in November. In exchange for keeping the factory open for another four years, the works council and trade union offered extensive concessions. They declared they were ready to agree to the elimination of 700 out of the 1,750 jobs and accept wage cuts of up to 16 percent for the remaining workers.

In an appeal for a protest demonstration before Christmas, the trade union groveled: "The decision by the company was made although the staff were ready to accept substantial losses in income in order to reduce the company's production costs. The workers are well aware of their responsibility. They are ready for far-reaching cuts. Then the works in Nuremberg can very probably exist in competition with other West European production plants. But obviously the managers in Stockholm have not seriously examined such an option."

This cowardly readiness to compromise, which sabotages any serious struggle for the defense of jobs, was met with rejection and anger by the employees themselves. At the same time, the works council and trade union had made clear to the company that they were prepared to cooperate in the destruction of jobs—a move which only served to strengthen and encourage the hardliners in the management—with disastrous consequences for the AEG workforce.



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