New round of job cuts at German-based Siemens

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According to reports published in the German media last weekend, the restructuring of the German-based multinational Siemens involves a fresh round of massive job cuts. Siemens chief executive Peter Löscher is seeking savings of €1.2 billion in the company's sales and administration departments. In line with the savings programme, the company plans to slash 17,200 jobs worldwide and 6,400 in Germany.

The latest cuts are only the latest in a series of extensive economy measures implemented by Siemens in recent years. Currently, the concern has a total workforce of 435,000 (130,000 in Germany), and since 2003, around 40,000 jobs have been cut in Germany alone.

According to business circles cited in a number of newspapers, details of the latest job-cutting plan are "strictly confidential" and involve one of the most radical savings programmes to be introduced in the company's 160-year history. According to information gleaned from consultations held by different management and employee committees, 12,500 jobs are to be shed in ad ministration worldwide.

Those affected include thousands of senior personnel in upper and middle management as well as numerous other jobs in sales and administration. A total of 2,000 jobs are to be cut in the company's 18,900-employee transport engineering section, which produces trains and track but has consistently failed to meet the profit targets laid down by the executive committee. The shutdown of entire company sections is also quite possible.

According to a June 27 report in the *Süddeutsche Zeitung*, Siemens is considering reducing its total of 1,800 affiliated companies to fewer than 1,000, thus enabling substantial cost-savings in the company's accounting system and legal departments. A further saving of €300 million is anticipated through halving the number of external adviser contracts. An additional €300 million is to be saved in the company's internal information technology sector, which has already been hit by a series of cuts and restructuring programmes. In addition, 70 different national companies have so far been compressed into 20 "regional clusters."

The "slimming down" of administration includes 900 proposed job cuts in Munich, 1,330 in Erlangen, 540 in Nuremberg and 340 in Berlin. Six hundred jobs are due to go in North Rhine-Westphalia. Regional administrations are also due for downsizing in accordance to their size.

Representatives of the main trade union active in the company, the engineering union IG Metall, reacted with indignation to the news—in particular to the fact that the cuts were made public by the media before the union had been informed and had a chance to approve the measures.

Thus, the IG Metall district head in Bavaria, Werner Neugebauer, told the dpa news agency that the way in which the plans had been made public was "utterly unacceptable." At the same time, he refused to comment on the proposed numbers of job cuts. He claimed that both he and IG Metall Chairman Berthold Huber, who sits on the Siemens supervisory board, had not been informed about the extent of the job cuts.

This statement is barely credible when one examines the record of the union in past years. IG Metall has repeatedly agreed to all of the previous restructuring plans involving massive job cuts, worsened working conditions, the hiving off of jobs to undermine wage levels, etc.

The plans for a radical restructuring of the company submitted by the executive committee to the supervisory board last November, which served as the background to the latest round of massive job-cutting, were also agreed by all the union representatives sitting on the company's supervisory board and factory councils.

If it is correct that the company leaked its plans for job cuts without informing the union then this only confirms that the Siemens management was confident that the IG Metall would not put up any resistance to its proposals.

In a letter made available to the press, Siemens boss Löscher calls on the company's workforce to support the "most comprehensive restructuring programme of the past 20 years." It is so important, Löscher argues, because "the risks to the world economy due to high raw material and energy prices and the finance crisis in the US have clearly increased and we must assume that we will also increasingly feel the affects in the coming months."

Löscher defended his plans in an interview with the *Bild* newspaper: "We first presented our plans to committees at the end of last week. Some of the data contained has obviously found its way directly to the public." While not directly confirming the announced number of job cuts, he went on to defend his plans, commenting: "Our business is growing. But our administrations must be slimmed down. We demand of all those at leadership level and in the administration the same criteria we expect from our workers in the factories: Productivity and efficiency." This means "less administration, less office jobs."

He did not rule out compulsory redundancies in principle and said that he now planned brisk negotiations with the factory councils in order to draw up concrete proposals for the dismantling of jobs.

Based on all previous experience with restructuring and cost-cutting measures that have all been carried out on the backs of the workforce and sanctioned by IG Metall bureaucrats, the union and its representatives in the factory councils can be expected to loyally carry out their role as co-managers and agree this latest package of attacks. It is only necessary to cite the fate of the thousands of former Siemens employees at BenQ, in the former data communication section, or with Siemens VDO, who lost their jobs in the process of previous restructuring schemes. In every case, the job losses were facilitated by the trade union.

The planned savings in the company's Mobility sector are yet another example of the catastrophic consequences of the policy pursued by the trade unions. According to a report in the newspaper *Die Welt*, half of the 2,000 jobs under threat are to be axed in the administration department, the other half in the factories of European "high-wage countries." Within the context of the restructuring scheme, it is entirely possible that entire factories could close.

According to the same report, the factory councils basically support the restructuring scheme. Their arguments are no different from those used by management. Profitability can only be secured by economy measures, and if profits fail to meet the required targets, then either the sale or closure of entire plants has to be contemplated. According to recent information, the subsidiary company Siemens Industry Montage Services (SIMS), which employs 1,300, is due to be sold off. On the basis of past experience, such sales are invariably bound up with job losses and reduced wages for those retaining their jobs.

While the factory councils and union officials are currently complaining about their lack of information on the company executive's plans, there should be no confusion over the role of the unions, which have played a key role in the implementation of worsened working conditions and job cuts. All of the 10 workers' delegates who sit on the company's supervisory board have agreed on previous cuts packages. Indeed, the union is proud of its role in securing the interests of the company.

At a conference of Siemens factory councils last year, IG Metall head Berthold Huber described the factory councils as "important, if not the most important stabilising factor in the well-known turbulences which are being navigated by Siemens."

The advantages of close cooperation with the union side have also been publicly acknowledged by Siemens management. At the recent "German Corporate Governance conference" in Berlin, Löscher praised the German system of union-management participation as an "essential competitive advantage."