

# Germany: ThyssenKrupp shareholders receive millions while workers face the sack

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2 May 2009

ThyssenKrupp, Germany's largest steel and armaments enterprise, has recently announced even harsher measures to reduce costs as part of the radical restructuring of the corporation.

This means far more jobs are to be cut than the 3,000 initially announced, with harsher cuts in wages and benefits also being implemented.

Four weeks ago, union officials and works council delegates justified their agreement to the restructuring plans, which are to reduce costs by €500 million a year, saying that they had forced the board of directors to sign a joint "position paper" that was supposed to rule out compulsory redundancies.

Just a few weeks later, management made clear their view of such agreements. On April 23, CEO Ekkehard Schulz and his personnel chief Ralph Labonte met with the works council members at the corporate headquarters in Düsseldorf and told them the March 27 plan was worthless.

The union officials and works council members were suddenly caught out, complaining and loudly lamenting management "breaking their word". Thomas Flick, chairman of the works council, threatened that Schulz was "playing with fire". But his threat amounted simply to a pledge that in future the so-called "workers' delegates" on the company's supervisory board would no longer simply nod things through.

His colleague Markus Bistram of the IG Metall union, who sits alongside him on the supervisory board, said, "The other side has escalated things. We will now say no to all changes."

The IG Metall and works council fear that the real character of Germany's corporatist "workers' participation" (*mitbestimmung*) and social partnership has become so exposed that angry workers, like their counterparts in France, could attack union officials. Some

days ago in Grenoble, Caterpillar workers had prevented CGT union functionaries from continuing to negotiate with management and sign off on the sacking of several hundred workers. When the union officials tried to enter the room where the negotiations were to be held they were pelted with eggs and had to retreat.

At ThyssenKrupp the role played by the unions and the works council has become very clear: they want to prevent all serious resistance by the workforce. Their radical verbal attacks on management only serve to cover over their close collaboration—for example, personnel chief Ralph Labonte, who is playing a key role in the elaborating of the present restructuring plans and the associated attacks on the workforce, is a former trade unionist.

After training as a motor mechanic from 1972 to 1974, Labonte worked for the department store chain Karstadt. He later became a full-time official of the HBV union representing workers in retail, banking and insurance, serving in 1976 as a federal youth secretary and a member of the union's executive committee. From 1979 to 1987, he was a union secretary of IG Metall at its administrative office in Duisburg, and subsequently transferred to the union's branch office in Düsseldorf. In 1994 he was appointed personnel director of Thyssen Casting AG, a position from which he began his ascent into the senior management of ThyssenKrupp.

The close collaboration and integration of the unions and management are aimed directly against the workers. Both claim that in view of the devastating effects of the international steel crisis, drastic measures and the dismantling of jobs and social benefits are unavoidable.

However, the unions and works council are concealing the fact that despite the planned sackings and savings of €500 million, the directors have agreed to pay out a dividend of €669 million to shareholders this year, the same as in the preceding year.

## Radical restructuring

The March 27 restructuring plan envisaged amalgamating several of the group's divisions. This would mean that several layers of senior management in the previously independently-led divisions, and also their associated supervisory boards, would disappear. According to a recent report by *Welt Online*, the restructuring as it originally had been conceived would mean that of the six supervisory boards throughout the group only one would remain. Moreover, this would also mean that 50 "workers' delegates" would lose their well-paid supervisory board positions.

While the original plan agreed with the unions at the end of March had envisaged the dismantling of 3,000 jobs as a result of restructuring the group and the drastic decrease in orders in the steel sector, now there is talk of as many as 7,000 additional jobs being in jeopardy.

Management are justifying this more radical restructuring and savings programme with reference to the escalating crisis in the steel sector and claims that the company "cannot refrain from thinking ahead". Moreover, in the past, company chiefs had only learned about certain developments too late, and were therefore unable to react quickly enough.

Above all, this is an allusion to the explosion in the costs of building new steel plants in Brazil and Alabama. In the case of the plant in Brazil, the original cost estimate of €1.5 billion had mushroomed to €4.5 billion. The decision to build these plants had been taken some years ago, when the worldwide demand for steel could hardly be satisfied. Now, the still unfinished plants have become an incalculable cost burden for the company.

The RWI economic research institute estimates there will be a worldwide decline in steel production of 15 to 20 percent in 2009. In Germany, it is expecting steel production to drop by 30 percent, at a cost of 7,000 jobs.

According to the steel manufacturers' trade association, steelmaking throughout most of the European Union, as well as in the US, Brazil and Japan, sank in the first quarter of 2009 by some 40 to 50 percent, and by almost 40 percent in Germany.

In view of the decrease in steel production in recent months and the job cuts announced by ThyssenKrupp and ArcelorMittal alone, the figures quoted by RWI appear far

too optimistic. German steel production halved in March compared to the previous year. That is the sharpest decline since 1990/91. In the first quarter of 2009 production sank by 40 percent compared to the same period in 2008.

This means that steel plants in Germany are presently running at just 60 percent of their capacity. Five out of fifteen blast furnaces have already been shut down, with the remaining running at reduced capacity. About 45,000 of the 94,000 steelworkers in Germany have already been hit by short-time working and loss of income.

On April 6, some 10,000 workers demonstrated in Duisburg against the planned restructuring by ThyssenKrupp, and on February 26, 10,000 steelworkers took to the streets of Duisburg to demonstrate against the threatened dismissals.

However, it is becoming ever clearer that these protests can only be effective if they do not remain under the control of the works councils and IG Metal functionaries. It is necessary that ThyssenKrupp workers link up with their colleagues at ArcelorMittal, where the company is cutting 1,200 of its 8,000 jobs in Germany, mainly at plants in Bremen and Eisenhüttenstadt.

Moreover, it is necessary to unite with autoworkers internationally and oppose the attacks of management and their lackeys in the union leadership through a common struggle and an international socialist strategy that places the needs of workers and their families above the profits of the corporations and banks.



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