

German executives awarded themselves millions in 2009

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The chief executives of the companies and banks listed in the German stock exchange index DAX pocketed millions in 2009 despite the economic crisis and a sharp slump in industrial production.

Leading the list of best paid managers is the CEO of Deutsche Bank AG Josef Ackermann with an annual income of nearly 9.6 million euros (\$13.2 million) in salary and bonuses. This represents a six-fold increase on Ackermann's income of 1.4 million euros in 2008. Germany's biggest bank also announced on Tuesday that it had boosted its salaries for its management team in 2009 by nine times over the previous year.

In a statement, Deutsche Bank announced it paid out just less than 39 million euros to its eight management board members in 2009 compared to 4.5 million euros in 2008—a nearly ten-fold increase. Following a record loss of 3.9 billion euros in 2008 Deutsche Bank was able to bounce back into profit in 2009 (5 billion euros) largely due to investments made possible by the government's billion-euro bailout of the banking system.

According to an income study published recently in the *Handelsblatt* newspaper, Siemens boss Peter Löscher and the head of RWE, Jürgen Grossmann, both took home incomes of more than 7 million euros in 2009, closely followed by Volkswagen chief executive Martin Winterkorn, who pocketed 6.6 million euros. These figures do not include the pension payments put aside for these company heads, which are estimated at an additional two million euros.

The current study analyses the incomes of 18 chief executives from the 30 companies represented on the DAX index. Despite the crisis, their incomes declined on average only slightly in 2009.

One exception to the group is the CEO of Thyssen-

Krupp, Ekkehard Schulz, whose income declined from 4.2 million euros (2008) to 1.9 million euros in 2009. The steel concern was hard hit by the decline in orders following the international economic crisis. In addition, the company was forced to write off millions following problems that emerged in the building of new steel plants in Brazil and the US. Nevertheless, Schulz's current income still amounts to more than the 60 times the average yearly wage of a steel worker employed by Thyssen-Krupp.

There is a direct relationship between these high executive salaries and the attacks made on the working class. In 2009 DAX companies shed huge amounts of jobs—in Germany over 45,000 jobs, and 116,000 worldwide.

"In 2009 the crisis hit Germany full force," *Spiegel-Online* wrote at the end of December. "Sometimes with a great deal of noise—as in the case of Opel, Karstadt and Quelle. Sometimes very quietly. Thousands of jobs were lost this year without being reported."

Amongst those enterprises shedding the most jobs was the Allianz insurance company, which downsized its workforce by 21,000 in 2009. Some of these jobs were lost as a result of the sale of the Dresdner Bank to the Commerzbank. The integration of Dresdner Bank into the Commerzbank and a slump in turnover of nearly 40 percent now threatens thousands of additional jobs.

The second biggest loss of jobs was posted by the Daimler auto concern, which shed 4,200 employees. The business group Metro slashed 3,800 jobs, Thyssen-Krupp axed 3,200, and the electrical engineering company Siemens 3,000. These figures do not include tens of thousands of subcontracted workers, who are always the first to lose their jobs.

German firms exacted even larger cuts to their international operations. Deutsche Post cut 18,000 jobs globally, Daimler axed 16,000, and ThyssenKrupp eliminated 10,000.

The direct link between job cutting and executive pay is most clearly expressed by Siemens. The firm has been especially aggressive, cutting 20,000 jobs globally last year. For this accomplishment CEO Peter Löscher has been made the second highest paid DAX executive.

At the end of January Siemens announced an additional 2,000 job cuts in Germany. Shortly before it announced net profits for 2009 had increased by nearly 25 percent to 1.5 billion euros. For the entire current financial year it anticipates an increase in profits of approximately 20 percent.

The job cuts already announced are just the tip of the iceberg. Around 35,000 jobs in the company's technology subsidiary, SIS, are threatened by Siemens' decision to reorganize and sell the unit.

"There will ... be further job cuts at Siemens," *Süddeutsche Zeitung* concluded in December, "but Löscher would prefer to do it on the quiet. This also applies for job reductions, which will continue particularly in the company's industrial branch. Workers' delegates fear that 10,000 jobs could be cut company-wide.... Amazingly, without making any noise, Siemens has already reduced its world-wide workforce by 23,000 this year."

This silent dismantling of jobs is first and foremost a result of the work of the main trade union active in the company, IG Metall. IGM leader Berthold Huber is the deputy supervisory board chairman of Siemens.

On Wednesday March 17 the Siemens boss Löscher will be one of the honored guests attending Huber's 60th birthday party to be held in the German chancellery in the company of the chancellor herself, Angela Merkel.



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