Mass dismissals in the global printing press industry

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In October 2009, IG Metall, the German trade union, and its affiliated work councils agreed to massive job cuts at the Heidelberg printing press company (HDM). The company announced plans to shed 4,000 jobs worldwide by March 2010, with 1,500 to go in Germany.

Barely had these 4,000 dismissals been carried out when company management announced on March 30 a further 850 dismissals as part of restructuring measures. The management's action made a mockery of the union's claim that its agreement to 4,000 sackings last year would be the end of the story and no more workers would lose their jobs.

At a workplace meeting held in mid-April at the company's main factory in Heidelberg, the union leadership and works council representatives had a hard time convincing workers to accept more redundancies.

For some year the world's major printing press companies have been engaged in a fierce competition for markets, under conditions where the industry faces a shrinking sales market and the consequences of radical new technological developments. The conflicts in the industry were further sharply exacerbated by the crisis of the financial system in 2008-2009.

In order to remain solvent in 2009, HDM required bank loans backed by state guarantees. For the banks, the deal was lucrative business: they were able to use the ailing condition of the company to extract interest rates of up to 10 percent, all backed by national government guaranties.

This meant that the indebtedness of HDM in the past financial year rose to approximately €800 million and interest payments to €85 million. These figures were announced by the company's finance committee at a press conference on June 15, 2010. As is the case in other branches of industry, the 850 additional dismissals resulted directly from the need to pay back the banks.

The Heidelberg management is already planning its next move: the development of manufacturing plants in China on the basis of cheap wages, further dismissals at the company's facility in Wiesloch, Germany, and a recapitalisation. This is to be carried out by the Deutsche Bank and the Commerzbank, raising again speculation of a merger between HDM and its competitor, Manroland, organized by Alliance Capital Partners—with inevitably negative consequences for jobs and working conditions for both firm's workforces.

The situation is similar for Goss International, the manufacturer of web offset presses. The majority owner of the company, which has manufacturing plants in the US, Europe, China and Japan, is the US private equity firm MatlinPatterson Global Advisers, with a 40 percent holding by Chinese energy group Shanghai Electric.

At the IPEX fair in Birmingham, England, on May 23, the chairman of the board of Shanghai Electrics, Xu Jianguo, declared his company's intention to buy up the remaining Goss shares from MatlinPatterson by the end of June 2010 and thereby become sole owner. Just three weeks later a factory meeting at the company's plant in Montataire, France, announced the dismissal of nearly 40 percent of the workforce (240 of 630 workers). At the trade fair in Birmingham Mr. Xu had declared, “We value people”. Just three weeks later it became clear that the “value” referred to by Xu was purely and simply the “cost factor”.

Shanghai Electric is controlled via various intermediaries by an economic department of the Chinese government. The Stalinist apparatus in alliance with the increasingly influential Chinese bourgeoisie is intensifying its efforts to compete in the world market for presses and has repeatedly shown it has not the least concern for the interests of the workers employed by their companies.

In March 2009, the closure of the Goss factory in Nantes, France, was confirmed with the loss of around 120 jobs. Workers at the manufacturing plant in Montataire responded June 16 by occupying and barricading their factory, without consulting their union, the CGT. Management now fears that the CGT cannot control the workers any longer. There are obvious parallels to the recent strikes in China, where workers at Honda and other factories have staged revolts against the state-controlled union leadership.