Mass layoffs at major German bakery

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Last week the large Bavarian bakery company Müller Brot sacked 845 of its 1,280 workers and closed or sold off 82 of its 230 bakeries. The opening of insolvency proceedings on April 1 has been accompanied by the biggest wave of redundancies in the company's history.

Also affected are the leasers of 151 sales outlets, who in recent weeks have suffered losses in sales of up to 80 percent. Many of them have little chance of repaying their large deposits paid to Müller Brot, in some cases amounting to tens of thousands of euros. In addition, the company's main transport company, HDM logistics, has filed for bankruptcy. The company's main customer was the bakery chain and its 168 employees will also lose their jobs.

As in the case of a number of other German companies—e.g., printing press manufacturer Manroland and the Schlecker drug store chain—the insolvency of Müller Brot is the culmination of a long-planned attack on the company workforce. And in common with Manroland and Schlecker, the trade union—in this case, the Food and Catering Union (NGG)—has played a key role in these attacks against its own members.

At the start of this century Müller Brot was the fourth-largest bakery chain in Europe. The company employed 3,000 people and had a turnover of €425 million (US$560 million) and a sales network of 387 branches. However, the sale of bakery products has declined continuously since 2004 and the company began to shed large numbers of jobs, closing down production plants and attacking working conditions.

The aim of the current insolvency proceedings is to massively restructure the company and restore it to profitability at the expense of employees. Earlier this year Müller Brot was changed into a limited company, thereby making a bankruptcy much easier for shareholders who are only liable for a maximum stake of €25,000. On February 16 the company executive announced bankruptcy after sales collapsed in the wake of an ongoing scandal over hygiene.

The appointed liquidator, Hubert Ampferl, immediately began negotiations with potential buyers and made clear from the outset that he was committed to shedding unprofitable production units. The plants had been previously rated for an annual turnover of €120-150 million, but the current turnover rates were far lower. "One would only be able to continue in the future based on a plant turnover of about €40 million", Ampferl declared. To this end the hygiene scandal came at a very convenient time.

On January 30 the Bavarian Agency for Health and Food Safety had imposed a halt to production at Müller Brot based on glaring deficiencies in its control of plant sanitation. Although such deficiencies had been detected back in 2009, the inspectors had not previously demanded any serious measures be taken. This time, against the background of the planned mass layoffs, the Health Agency refused to re-permit production even though the company had undertaken measures to deal with the hygiene problems.

This decision to stop production was used by both the liquidator and the union to depict a very grim scenario for the future of the company. This scenario was then used to portray the selling off of the most profitable parts of the business as a success for the workforce.

Ten days after the announcement to maintain the ban on production, the former managing director and majority shareholder, Klaus Ostendorf, was brought into play as a potential buyer. Ostendorf, allegedly one of the richest men in Germany, joined Müller Brot in 2003.

The creditors' committee, in which the union also participates, subsequently agreed to Ostendorf as a potential buyer, with the chairman of the company works council voting in favour. However, the signing of a definitive sales contract failed due to the lack of a proper funding strategy and public criticism.

Instead, the profitable parts of the company have been sold off to Evi Müller, the daughter of the former owner, in alliance with the Munich bakery Höflinger. The successful bid involved taking over just 148 branches and 435 employees.

During this entire process, the NGG union did not lift a finger to organise any struggle against the attacks on jobs and workers' rights. Instead the union undertook to work together with company management as closely as possible to prepare workers for the loss of their jobs.

In mid-February, even before the company filed for bankruptcy, a union article declared: "The management of Müller Brot has apparently made serious mistakes for years. The victims are and probably will be its employees. Unfortunately it is hard to avoid the conclusion that this serious crisis cannot be overcome without a (further) reduction of jobs.... We must hope that Müller Brot is able to regain the trust of its customers. Failing that, the main victims are the employees—not the (inadequate) management."

A week later, the deputy chairman of NGG, Claus-Harald Custer, declared, "What applies to Schlecker must also apply to Müller Brot. When it goes down to the wire the employees must not be left alone. We demand a temporary transfer company and government support." This hopeless plea to the Bavarian state government was then echoed by the head of the German trade union federation (DGB) in Bavaria, Mathias Jena.

The only action undertaken by the union was a humiliating spectacle in front of the Bavarian Economics Ministry and State Chancellery on March 29. Union officials presented the state Economics Minister an artificial tree adorned with notes from employees listing their demands. The minister duly expressed his sympathy for the group of assembled workers but made clear that the state treasury could not be expected to bail out companies with poor management.

The union has refrained from calling for the opening of the books by Müller Brot, or raised any demand that the company's previous owners, creditors and manager, who had made huge profits from the enterprise, be made liable for the current situation.

Instead last Thursday the NGG expressly welcomed the decision of the creditors' committee to sell off 148 branches with its 435 employees to new owners. "We are pleased that they are taking over", was the comment by the chair of the Munich-NGG, Freddy Adjan. At last there was clarity for the employees. "We will be in contact with Ms. Müller and Mr. Höflinger in the next few days and offer our cooperation because we are convinced that a successful new start will only succeed when we all pull together."

The remaining workers at Müller Brot should regard this statement by the union as a direct threat to their own jobs and livelihoods. As was the case in the recent sackings at Manroland and Schlecker, the collaboration between German trade unions and management in the destruction of jobs is taking unprecedented forms.