

# Germany: Deutsche Telekom cuts a further 1,200 jobs

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The reorganisation of Deutsche Telekom at the expense of its workforce is continuing. The firm announced a further cut of 1,200 jobs in Germany across the company's administration division.

The destruction of jobs in marketing, management, controlling and administration, or so-called overhead, aims to save €100 million (US\$135 million) annually. Deutsche Telekom described the move euphemistically as a reorganisation rather than downsizing, since in the operations part of the business new jobs will be developed. In fact, very few of those who lose their jobs by the middle of the year will be able to find another position in the company, because technical specialists are being sought for the new jobs.

Deutsche Telekom is Europe's largest telecommunications company, employing 230,000 people globally, including 120,000 in Germany. The German branch of the firm, Telekom Deutschland GMBH, where the 1,200 jobs are to be cut, employs 68,000 workers, 12,000 of whom work in the "overhead" division. This means that one in every ten jobs will be slashed in this business area.

"The board of management has agreed for some time that too many employees work there (in overhead)," the daily *Handelsblatt* reported. They had been looking since last autumn at areas "where workers could be spared," the article continued.

Telekom Deutschland GMBH comprises the previously merged T-Home (Festnetz) and T-Mobile (Mobilefunk) businesses. They were brought together to form the German branch of Deutsche Telekom three years ago. Small and medium-sized businesses were to be maintained by this branch, whilst the T-Systems subsidiary is responsible for large firms globally.

The number of workers employed at Deutsche Telekom was already reduced by 5,000 in the first three quarters of 2012. Last summer, the company announced plans to cut

3,200 staff, including 1,300 positions at its centre in Bonn, where 3,200 employees are based. According to Telekom spokesman Stephan Althoff, a third of the newly announced cuts will take place at the firm's headquarters, meaning that another 400 jobs will go in Bonn.

Deutsche Telekom is attempting to reorganise its operations at the expense of the workforce, in order to expand new operations in expanding markets such as online services and mobile Internet provision. By 2015, these new business areas should make up 58 percent of the firm's revenues.

Deutsche Telekom emerged out of the formerly state-owned Deutsche Post, being the first formerly state-controlled firm to be floated on the stock market in 1996. Since then, the number of employees in Germany alone has dropped from more than 200,000 to 120,000. Job cuts of a similar scale at the ex-state rail and post companies have been implemented through privatisation.

The directors of the privatised companies, the large shareholders, banks, corrupt lobbyists and politicians have earned massive profits as a result of privatisation, while employees of the privatised firms, as well as the population at large dependent on such services, have suffered.

The Verdi trade union has participated for decades in the attacks, imposing job cuts and wage reductions. The last major conflict came more than five years ago, when Telekom chairman René Obermann announced plans to outsource 50,000 employees' contracts to a newly created firm paying low wages.

After a six-week strike, which Verdi did not want and led only half-heartedly, the union voted for an agreement in June 2007 that accepted all the essential points demanded by the company. The agreement included a drastic lowering of wages, longer working hours and a worsening of working conditions.

Once again, Verdi has pledged to do nothing to oppose

the destruction of jobs. A trade union spokesman merely argued that job cuts could not be a permanent solution for a lack of innovation. The works council at Telekom Deutschland has so far said nothing about the company's plans.

It was only shortly before Christmas that the unions claimed to have agreed on "far-reaching agreements on job security, apprenticeships and part-time work for older workers". With these deals, the destruction of jobs at Telekom Deutschland had been "clearly stopped", as Verdi executive member Lothar Schröder asserted.

Part of the agreement was to replace jobs with part-time work. At least 2,000 workers will get the opportunity in the coming two years to make this transition. "With this we are preparing for the reorganisation of Deutsche Festnetz," stated Schröder.

The conversion of Festnetz to Internet technology will endanger several thousand jobs. Schröder declares this will have positive effects, because an accelerated adoption of this technology could secure "around 5,000 jobs." The precondition for this, said Schröder, was that the government regulator allows Deutsch Telekom to invest in these new areas, against the opposition of competitors.

Schröder has proven time and again that he acts as a co-manager with the purpose of reorganising the company. Since 2003, he has been deputy chairman of the board of directors of Deutsch Telekom, and also a member of the board of directors of the Telekom Deutschland GMBH subsidiary. In 2011, he raked in a total of €177,000 for these activities.

Schröder said of the change in the leadership announced this year that he expected Tim Höttges, who will replace Obermann at the head of Deutsch Telekom from the beginning of 2014, would "continue to seek a fair balance" between customers, shareholders and employees. Schröder's "fair balance" will secure investors their dividends, whilst thousands of workers lose their jobs.



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