

# Berlin: Mass layoffs at energy firm Vattenfall

Ernst Wolff and Johannes Stern  
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The Swedish energy firm Vattenfall has announced the cutting of 2,500 jobs by the end of 2014. Four hundred workers in Sweden, 500 in the Netherlands and 1,500 in Germany will lose their jobs.

The Berlin-Brandenburg region will be affected with particular severity. The company announced last Wednesday that there would also be job cuts in Hamburg and Cottbus. On Friday, it stated that it was considering the sale of a coal-fired power plant in Lippendorf.

The subsidiary Vattenfall Europe provides energy to 2.8 million customers in Germany, accounting for 60 percent of the company's total turnover. With 15,000 employees, it is the fourth largest energy provider after E.on, RWE and ENBW. In 2012, the firm achieved an operating profit of €3.3 billion (US\$4.3 billion).

The management of Vattenfall is implementing a cost-reduction programme totalling €540 million, which includes massive job cuts. This year, €360 million is to be saved, while next year, a further €180 million will be cut. At the same time, the company is planning an investment programme of €14.5 billion, according to financial chief Ingrid Bonde.

The official reason given for the measures is the “challenging situation in the energy market.” Chief executive Øystein Löseth justified the cuts on Tuesday, saying, “The world has changed, and our strategy has taken account of the new reality.”

The announcement of the layoffs in Germany comes in the midst of ongoing conflicts over pay, and is a deliberate provocation by the company management. The measures aim to intimidate the workers, who are demanding a 6.5 percent pay increase, the hiring of all apprentices and a guarantee against layoffs for operational reasons until 2020.

The storm of outrage that the announcement provoked among the workforce compelled the trade unions, including Verdi and IGBCE (the mining,

chemical and energy union), to call several small protests to dissipate the anger. Last Friday, 400 workers blockaded the factory gates in Jenschwalde for an hour.

A token three-hour strike and a demonstration took place last Thursday in Berlin. These measures are not the prelude to a struggle by the trade unions to retain workers' jobs, but are rather part of the cynical cooperation between the unions and the company to impose the planned attacks against the workers.

The procedure is clear. First, Vattenfall responds to the justified demands of the workers with plans for massive job cuts. Then, the trade unions use the threats of the company in order to explain to the workers that the achievement of their demands under current conditions is not possible.

This was made clear at a two-hour rally held by Verdi in front of the company headquarters in Berlin on Thursday. The speeches by union functionaries were a mixture of hypocritical calls for “militancy” and attempts to prepare the workforce for the coming cuts.

Gerd Herzberg, who as Verdi secretary sits on Vattenfall's board, claimed that he had first learned of the planned mass layoffs from the press. In reality, there is good reason to believe that as a member of the board, he was involved in the planned cuts from the beginning.

“The demands of the Swedish management are excessive”, he declared to the few hundred workers who had attended the rally, making clear that the unions do not oppose the layoffs in principle. Then he assured workers that cuts and layoffs were unavoidable, stating, “We have limited opportunities to influence the board, but you can count on us to do everything in our power.”

Löseth spoke far more honestly about the role of the unions on the board when he announced the layoffs. “We will implement the job cuts in a socially acceptable manner, in close dialogue with the co-

management committee”, he explained.

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Hans-Jürgen, who has worked at the company for 40 years, long ago lost all trust in the unions. “All trade unions are run like industrial firms,” he said. They don’t represent the workers, he continued. OTV, the forerunner to Verdi, had already decided that no strikes were allowed in the energy sector, but “one has to strike, in order to achieve something and prevent layoffs and wage cutting.”

Vattenfall are attempting to get rid of older workers, by offering early retirement or part-time contracts, so that they can replace them with new hires on much lower wages. The company has outsourced some operations or closed them down.

Like many of his colleagues, Hans-Jürgen left Verdi. “I left the union about two or three years ago”, he said. “The game is always the same. They begin with wage demands of 6 percent and then come out with 2 or 3 percent over a longer term. My colleague calculated that his electricity costs will rise next year alone by €500. In all it is a real terms pay cut.”

The Verdi and IGBCE unions are not the only allies upon which Vattenfall can rely. The Brandenburg state government of the Social Democrats and Left Party led by Matthias Platzeck, which has imposed austerity measures on working people, has worked hand in glove with the company over recent years. The finance departments in Cottbus, Boxberg and Wießwasser have only received a fraction of anticipated local business taxes due to financial trickery. In emissions trading, Vattenfall has received preferential treatment and was given a large quantity of certificates for free.

These concessions were all backed by the Left Party, including the major cuts made after 2010 when as part of its “move” programme, Vattenfall made personnel savings of €180 million.

A spokesman for Brandenburg’s economic minister, Ralf Christoffes (Left Party), made clear that the party is ready to support the planned cuts at Vattenfall. Steffen Scheu repeated the arguments of the company’s management and added, “We recognise that the energy sector is in turmoil.” The state government, due to the layoffs, was demanding “a statement about the firm’s further plans.”



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