Germany: Resignation of ThyssenKrupp boss heralds new attacks on workforce

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On March 8, Gerhard Cromme announced his resignation as chair of the supervisory board of ThyssenKrupp AG and from the board of trustees of the Krupp Foundation, which holds a 25.3 percent share in the company, giving it a majority stake.

Cromme has stood at the helm of the Krupp group since 1986. In 2001, he moved to the head of the supervisory board. The hostile takeover of rival Hoesch, and the subsequent merger with Thyssen to become Germany's largest steel and technology company with 150,000 employees worldwide, was largely his initiative.

Cromme's resignation came into effect on March 19. A special meeting of the supervisory board is to appoint Ulrich Lehner, former chair of the Henkel Group, as his successor. Cromme justified his action saying that it would also allow a new beginning for the supervisory board.

The steel company is in a serious crisis. The construction of steel plants in Brazil and the US allegedly lost the company billions. As a result of the international economic crisis, demand for steel has slumped, especially in Europe, and ThysssenKrupp faces penalties and damages running to millions because of numerous corruption scandals and cartels in elevators, rail manufacturing and steel.

Cromme's resignation marks a new stage in the attacks on the workforce. According to media reports, his resignation was not voluntary. The 99-year-old Berthold Beitz, who was appointed by Alfred Krupp in 1967 as lifetime chair of the trustees of the Krupp Foundation, and who still determines the fate of the group, had dropped Cromme under pressure from shareholders. The resignation was celebrated accordingly on the stock exchange. On the day of the announcement, ThyssenKrupp stock was up 6.4 percent.

Cromme's resignation has strong parallels to that of Heinrich von Pierer from the Siemens group six years ago—although at that time is was not Beitz but Cromme who pulled the strings in the background. Pierer had ruled the electrics company like a patriarch for many years in close cooperation with the trade union IG Metall, until he had to take his leave in a whirlwind of reports of losses and corruption scandals. He thus cleared a path for a thoroughgoing restructuring, which cost staff the loss of thousands of jobs and massive pay cuts.

Cromme came into the public eye for the first time in 1987 with the closure of the steelworks in Duisburg Rheinhausen, with the loss of over 6,000 jobs. The then 44-year-old manager sat out mass protests for weeks and pushed through the closure with the help of the SPD state government and IG Metall.

While the workers hated him for this, his harsh actions earned him the respect of not only Beitz and the other shareholders, but also of the works council and IG Metall. They worked closely with him on the Supervisory Board together with Beitz, and made sure that he remained unassailable, remaining faithful to him until the last. In return, they were treated to luxury trips and other gifts.

Thanks to his close relationship with IG Metall, Cromme was able to push through the merger with Hoesch and Thyssen, cutting tens of thousands of jobs relatively quietly.

Much like six years ago at Siemens, the relations firmly established over years have since become an obstacle to a fundamental restructuring of the ThyssenKrupp group. On March 11, under the headline "The last court household in Germany", the *Süddeutsche Zeitung* commented on the real reasons for

Cromme's resignation.

"ThyssenKrupp is something like the last relic of Germany Inc., [part of] a milieu in which banks, insurance companies and industrial enterprises were closely intertwined, in which the real power was concentrated in a few hands, in which management and employee representatives were often on the same page. It was an environment where transparency was rarely a concern, after all it just disturbs everything. This is largely history, but at ThyssenKrupp in Essen this world lives on—until today."

Cromme's resignation was largely welcomed by the media. Some called on Beitz to resign along with him. The praise was also unanimous for Heinrich Hiesinger, who Cromme had brought in from Siemens as the new chair of ThyssenKrupp two years ago. He sought to establish a new corporate culture, and to ensure greater transparency, and was free from the burdens of the past.

As an example of the new "corporate culture" it is often cited how Hiesinger had abolished the exclusive use of certain elevators by board members, and reduced the amount of luxury travel for executives and board members. But this is just a façade. Hiesinger's main task is making the company profitable again, cost what it may. To this end, he sought to implement corporate selloffs and the destruction of thousands of jobs.

Behind all the talk of a fight "against corruption and the old boys' network" and "for more transparency", the real issue is the restructuring of the company in the course of which the cuts will be enforced even more ruthlessly than before, and jobs will disappear even faster. Everything is to be put to the test, without any taboos, it is often said.

What this means is that everything is to be subordinated to the shareholders' demands for profits. Workers should be "hired and fired" more quickly. Social gains such as employment protection, sickness insurance, old-age provisions and halfway decent wages, fought for by generations of workers, are to be abolished at a stroke.

Like Cromme himself, his successor can rely on the support of IG Metall and the works council. In December last year, when the new CEO Heinrich Hiesinger introduced a massive cuts programme at ThyssenKrupp with Cromme's support, the union gave their support as well.

Now they are rushing to support Cromme's designated successor Ulrich Lehner. Lehner has been a member of the ThyssenKrupp supervisory board since 2008. He also sits on the boards of Eon, Henkel, Deutsche Telekom (as chair), Novartis (as interim president) and August Oetker.

In Switzerland, he faces a criminal investigation because he had approved a severance payment of €60 million (US$77 million) for outgoing Novartis CEO Daniel Vasella, who then had to forgo it following a storm of public outrage.