German trade union advises workers to invest redundancy money with Thyssen Krupp

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The ingenuity of the IG Metall trade union and works councils in finding ways to appropriate workers' hard-earned income apparently knows no bounds. The German-based steel giant Thyssen Krupp Europe (TSK) has offered 21 workers permanent contracts at Germany's largest steel producer—if they give the company their redundancy pay.

Those affected lost their jobs at the end of 2013, when Austrian steel concern Voestalpine shut down the TSTG rail manufacturing plant in Duisburg. The plant was built by August Thyssen in 1894 and had belonged to Thyssen Krupp for decades before Voestalpine took it over in 2001. The plant's workshops are located on the grounds of Thyssen Krupp in the north of the city.

Of the 400 who were laid off at the end of the year, only 15, mostly highly qualified engineers, have found new jobs thus far. Around 100 are now in a scheme offering part-time jobs to elderly workers and will take retirement at 63. Another 268 workers, with an average age of 45, are unemployed.

Now, Thyssen Krupp has made the following offer to some former rail manufacturing workers: If their redundancy money is transferred directly to Thyssen Krupp, the steel concern proposes financing some part-time posts for older workers, which rail workers could take up.

Human resources director Thomas Schlenz, who put forward the offer, was chairman of the Thyssen Krupp works council until October 2012. Then he switched to the company executive and now earns an annual salary of more than €1 million. This type of career move—from trade union boss to company executive in charge of hiring and firing—has a history at the steel concern. Schlenz's predecessor, Dieter Kroll, was chairman of the Thyssen Krupp works council before he rose to head the human resources department.

At a workers assembly in December 2013, Wili Segerath—who currently chairs the works council and is next in line to change hats, moving to the company board—called for jobs to be created for the laid-off TSTG workers. Ultimately, many of them had been employed by Thyssen Krupp prior to the sale of the plant, he said. "Most of their years of service were spent at Thyssen Krupp. They have earned it," Segerath said at the time. He appealed to his predecessor Schlenz to meet his "moral obligation." This has now been carried out thanks to the joint efforts of IG Metall, the works council and the human resources director.

An IG Metall representative declared to the *Westdeutsche Allgemeine Zeitung* (*WAZ*) that he saw nothing wrong with this procedure. It was ultimately up to the workers to accept or decline the offer, he said.

The offer was only made to long-term TSTG workers who are over 50. Schlenz justified this by saying that they would find it especially difficult to find new employment on the labour market, and that this "particular social circumstance" had been taken into consideration.

In fact, it was driven by a cynical calculation. Older workers are under considerable pressure to give up their hard-earned cash from their redundancy pay. After a year of jobless benefit, they will face the Hartz IV social welfare benefit if they have not been able to find another job. This is extremely difficult in the Ruhr region, which is characterised by high unemployment, and they will have to use all of their savings before they can claim Hartz IV.

At the same time, the size of the redundancy payment is related to the length of service at the company. It is a much greater sum for older workers than for younger ones. According to *WAZ*, redundancy payments among TSTG workers range from €30,000 to €280,000.

Twenty-one redundancy payments of €200,000 would bring the company more than €4 million. Schlenz expects that the first workers will bow to the blackmail in the coming days and weeks and sign labour contracts.

While IG Metall, the works council and the human resources director are eagerly trying to take the redundancy pay back from the workers, they have not lifted a finger to defend jobs and have collaborated in the dismantling of the plant.

Voestalpine announced the closure of the factory as early as March 2012. The TSTG works council and IG Metall responded by holding back the workforce and urging them to work to previously agreed contracts, including through overtime. IG Metall calmed protesting workers by claiming at regular intervals that potential buyers for the plant had indicated interest.

When Voestalpine repeatedly opposed the sale of the rail plant, the trade union and works council held out the promise of negotiations to the workers and toothless protests, “political religious services,” letters of appeal to the chancellor, and employee delegations to Berlin and Linz, Austria.

IG Metall directed the workers to politicians of every political party in parliament, who sent letters of appeal to the then-head of the chancellor’s office, Roland Pofalla of the Christian Democratic Union (CDU). Gregor Gysi from the Left Party wrote to Pofalla, “I hope very much that with your help it will be possible to offer a perspective for the employees at the company.”

Along with Gysi, there was an endless coming and going of politicians at the TSTG plant as federal election campaign was underway.

In May of last year, the TSTG works council announced they would put some employees in contact with Thyssen Krupp. The current blackmail tactic was obviously long in preparation. Critical questions from the employees were suppressed by the works council.

The comprehensive social agreement, with which IG Metall and Voestalpine finally sealed the closure of the plant, meant large losses for the workers. For the older workers it meant part-time work and early retirement, for younger ones unemployment. For one year, Voestalpine topped up jobless benefit to 85 percent of the previous net wage, after which workers faced the threat of Hartz IV.

As is often the case, the winner of the social plan was the business group PEAG. Founded in 1997 as an employment, qualification and arbitration cooperative (BQV), it is now a profit-driven business. It helps large companies carry out mass layoffs. PEAG received €1 million in connection with the unemployed rail workers.

PEAG emerged as Thyssen merged with the Krupp-Hoesch firm, shutting down the Hoesch steel plant in Dortmund and destroying 6,000 jobs. While acting as a temporary stop on the way to poorly paid jobs or unemployment, the company secures former IG Metall and works council officials well-paid jobs. They sit in leadership positions and on the advisory council, the PEAG’s executive body.

Along with IG Metall and former works councillors, major companies such as ThyssenKrupp, RWE, Evonik, Hüttenwerke Krupp Mannesmann, Mannesmann Röhrenwerke, and Arcelor Mittal Steel are represented, as well as the North Rhine-Westphalian labour ministry, the city of Dortmund and PEAG’s so-called workers’ participation cooperative (MBG).