Executive pay at German steelmaker ThyssenKrupp swells amid mass layoffs

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The salaries of top executives at major German companies listed on the DAX stock exchange have increased by 17 percent in the last year, according to a report published July 11 in *Schutzvereinigung für Wertpapierbesitz* (DSW), an association of private investors.

CEO salaries have hit an average of €1.5 million, while total pay hit €3.3 million, 53 times as much as a well-paid white-collar worker.

With an average compensation package of €5.1 million in 2013, German CEOs pocketed more than their French counterparts (€3.5 million), but less than their US colleagues, who took in an average of €11.9 million.

While workers confront pension cuts—always with the justification that there is “no money” to pay for retirement benefits—executive board members of DAX corporations can expect an income of 659 thousand Euros per year in retirement pay.

Especially striking was the growth of executive compensation at ThyssenKrupp, a company that has been shaken by crises in the past few years, making headlines mainly on account of its high losses, austerity program and job cuts. Top salaries at the company have grown as much as 69 percent.

Last week the ThyssenKrupp executive board announced a staff reduction of 550 at its AST stainless steel plant in the Italian city of Terni, which currently employs 2,600 workers. By cutting over a fifth of the factory’s workforce, ThyssenKrupp plans to save €100 million each year.

The Italian government and the unions were informed of the planned cuts on July 16. The company intends to shut down an electric furnace by the end of the 2015-16 business year. The goal of these measures is, according to the ThyssenKrupp board, to return AST to long-term profitability despite the difficult market. Should that prove impossible, a shutdown of the entire plant is not ruled out.

The steelworks in Terni was founded in 1884. For fifty years (1937-1988) it belonged to the state-owned Finsider group before being subsequently privatized. Since 1994, it has belonged to the ThyssenKrupp corporation, and was already slated for closure once ten years ago (2004), but popular opposition and state subsidies prevented its closure.

The unions active at the AST factory—FIOM, FIM and UILM—have announced plans for an 8-hour strike. The aim of these actions is to let off steam; the unions have no intention of waging a principled defence of workers’ jobs.

Like the works councils and IG Metall in Germany, the Italian unions collaborate closely with the corporations and the government to impose job, wage, and benefit cuts on workers. All of the unions concerned recently met in Rome at the headquarters of the economics ministry with ThyssenKrupp managers and government politicians, in order to negotiate the job cuts. The measures presented by management—the destruction of hundreds of jobs—are portrayed by the unions as the “balanced and unavoidable” means of “securing the future of AST and its value for shareholders.”

ThyssenKrupp is also under review in Italy because of a terrible fire in one of its steel works in Turin, where seven workers were burned alive on December 6, 2007 because of a lack of investment in safety measures. The fire and an explosion led to a wall of flames from which seven workers could not escape, according to one worker who survived and provided an eyewitness account.

The safety measures were totally inadequate and fire extinguishers were unusable. The company had cut back on safety investments because the factory was slated for closure. Workers Giuseppe Demasi, Rosario Rodino, Bruno Santino, Antonio Chiavone, Rocco Marzo, Angelo Laurino and Rober Scola had to pay for this criminal negligence with their lives.

A court in Turin sentenced the head of the ThyssenKrupp plant at that time, Harald Espenhahn, to 16 years and six months imprisonment for "manslaughter." The judges viewed it as having been proved that Espenhahn had jeopardized the lives of the workers with "conditional intent."

In addition to Espenhahn, Marco Pucci, the head of purchasing and marketing, and Gerald Priegnitz, head of finance for ThyssenKrupp's Italian operations, and other managers had to answer before a court. It was the first time in Italy that company bosses and not just subordinate employees were criminally prosecuted for an industrial accident.

ThyssenKrupp's executives appealed the sentence. In February 2013, an appeals court in Turin watered down the sentence of the lower court. The charges of manslaughter and "conditional intent" were dropped. It was decided that what took place was a "negligent killing." The sentence was correspondingly reduced to ten years.

In April of this year, the case came before Italy's highest court. Contrary to the expectations of the families of the workers who were killed, the supreme court annulled the sentences of the six ThyssenKrupp managers on April 24, 2014 and referred the case back for trial to the appeals court, so that to this day, no one in the leadership of the company has been made to answer for this terrible industrial accident.

In the case of Espenhahn, even if he receives a sentence in a new trial, it is doubtful whether the German government would grant an extradition request to Italy. Espenhahn is currently responsible for implementing the cost-cutting program "BiC – reloaded," with which ThyssenKrupp wants to make the steel business profitable again. In this area alone, the company is seeking to implement 500 million Euros in cost savings by 2014-15. Marco Pucci, who was also charged, remains head of ThyssenKrupp in Terni.