

# German firm WMF plans elimination of 700 jobs

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The German firm Württembergische Metallwarenfabrik (WMF) announced the elimination of 700 jobs at the beginning of the year. The firm, founded in 1853 and specialising in household accessories and commercial food processors, is based in the southwest German town of Geislingen. The company employs 6,100 people in production, administration and logistics across several locations in southern Germany.

The main shareholder in the WMF group is the New York-based investment firm KKR (Kohlberg, Kravis, Roberts), which purchased 72 percent of WMF's shares in July 2012 and plans to buy the rest soon. KKR is known worldwide for buying up firms, restructuring them at the expense of the workforce, and selling them on for a large profit. Details of the scale of job cuts and restructuring measures are not yet known.

In September 2013, Peter Feld was appointed chief executive to implement the restructuring of WMF. The *Stuttgarter Zeitung* newspaper praised him as an expert in profit maximisation and international business. Before moving to WMF, he was responsible for international projects in the top management at Beyersdorf, Johnson & Johnson and Procter & Gamble.

In 2012, WMF achieved annual sales of €1 billion for the first time. Net profit stood at €45 million. In his first appearance in January this year, Feld said there is "still a lot of room for improvement" for increasing profits.

Feld commented at the time that WMF had to focus on international expansion, which had been totally ignored over the past five years. He said that there would be changes and did not rule out job cuts.

A few weeks later the company announced that €30 million was to be saved annually through cost reductions, the elimination of 700 jobs (including 500 in Geislingen), the merging of logistics centres and the

closure of stores.

Last week, the IG Metall trade union organised a demonstration in Geislingen under the slogan "hand in hand in solidarity". Participants surrounded the factory grounds in a human chain, 1,500 red balloons were released into the air, representatives from the Christian Democratic Union (CDU), Social Democrats, Greens and Left Party offered supportive greetings, a Catholic priest reminded the crowd that people should come before capital, an evangelical preacher sang the hymn "At the Lamb's feast we sing", and a leading IG Metall representative, Bernd Rattay, railed against "turbo capitalism" and "corporate raiders."

All of this was merely a cover for IG Metall's close cooperation with management to impose job cuts onto workers.

At the beginning of June, Rattay gave *Geislinger Zeitung*, the local newspaper, a long interview, in which he left no doubt about his support in principle for the company's strategy, which he described as "internationalisation and concentration on growth markets, in particular Asia and China." But chief executive Feld could only be successful "if he carries out the strategy with, and not against the people, at WMF's traditional locations."

In other words, Rattay, who sits on WMF's supervisory board as deputy chairman, is offering to collaborate with Feld. Despite paying lip service to "secure jobs and union-agreed pay," he made clear that the trade union has no intention of defending jobs. It merely intends to make sure that the job cuts are implemented with as little opposition as possible, or in trade union jargon, in a way that is "socially acceptable."

"Necessary restructuring must be carried out in such a way as to avoid redundancies," said Rattay. "Socially

acceptable means for us that all employees who do not want to voluntarily leave through part-time working for elderly workers, early retirement or a severance agreement still have a perspective for employment after the restructuring.”

How such a “perspective for employment” will look is clear from a number of other companies where the IG Metall has been involved in shutdowns. So-called “job creation companies” and similar measures are just another route into unemployment.

In the interview, Rattay noted that the works council had no right to co-determination in business affairs, and legally it could not prevent business decisions taken by the company. It could merely compel the creation of a social plan, meaning pay-off agreements for those affected.

Representatives of the political parties in the region also support the company’s layoff plans. Federal parliamentary deputy Hermann Färber and state parliamentary deputy Nicole Razavi (both CDU), met with works council members and reported to the *Südwest Presse* that they were not calling into question the necessity of restructuring measures.

The WSWs spoke to workers affected by the restructuring at the demonstration.

Cariati G. has worked for 24 years at WMF, and his parents had previously been employed there. In the past, he thought that his children would be able to continue this tradition. He knew of other families who had worked at WMF for generations. He has been an IG Metall member since his father secured him a job at WMF. He believes that workers need organisations to represent their interests but that these never achieve what is required.

IG Metall was pursuing a policy of give and take, although they give up more than the workers receive, said Cariati. In Italy and France, workers in similar situations would go on strike and shut everything down. “I’m not saying that this alone would solve all the problems, but we have never once been allowed to take such action. Each time we’re reminded of agreements and laws. The situation in this country is getting worse every day. I think half of the employees will lose their job.”

Erdal said that since the beginning of the year there had been protests and negotiations, but nothing had been achieved. A strike had been discussed in April,

“but we were told a strike is only possible with certain preconditions and conditions, and we had to follow the rules or the strike would be illegal. We would not get any money if we launched a wildcat strike. By contrast, the company can do whatever it likes.”

Katrin and Svenia, came to the demonstration to show solidarity. Their friends and family worked in the factory and their future was at risk. “WMF has not only been an important employer for generations, but also a significant economic factor in the region,” they explained. “A lot of small businesses are dependent on the company. We fear the worst, a complete shutdown. But we doubt that a solidarity rally by itself will change anything.”



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