Germany: ThyssenKrupp announces more job cuts

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The management of the German corporation ThyssenKrupp recently announced a new round of cuts amounting to 500 million euros. Additional consolidations and outsourcing measures are planned primarily in the purchasing department. The company's so-called “Shared Services” will also be massively affected.

ThyssenKrupp will realize additional savings and income through the sale of corporate assets, including its remaining shipyards and the high-grade-steel plant in the Italian city of Terni, as well as VDM in Germany. At both plants, ThyssenKrupp has already begun to carry out painful cuts.

In the middle of July, ThyssenKrupp management announced it would cut 550 of the remaining 2,600 positions at the Terni plant. The news arrived at almost the same time it became known that executive compensation at ThyssenKrupp had risen by 67 percent in the last year, more than at any other corporation on the DAX stock market index.

The bearer of the announcement of the latest cuts was none other than the personnel chief (or labor director as this position is known in the engineering industry) Oliver Burkard. In February 2013, he transferred from his position as district manager of the IG Metall union in North Rhine-Westphalia to join the company management at ThyssenKrupp as its acting labor director.

Burkard justified the savings at the cost of the workers and employees in an interview with the newspaper *Rheinischen Post* on August 23. “Only what has already been earned can be given out,” he said. “Therefore I have always [meaning when he was still a functionary at IG Metall!] supported business-friendly solutions and been against across-the-board demands in wage contracts.”

This is a reference to the countless supplementary contracts and special agreements that IG Metall has negotiated with corporations and concerns in the past years, all of which have resulted in lower wages, worsened working conditions and job losses.

He then explained that ThyssenKrupp has achieved a “small quarterly profit” in the last two quarters after seven periods of losses. But this was not enough for Burkard. He complained that the company lacks sufficient will and orientation to performance to outdo its competitors.

In the interview, Burkard spoke about the new measures, saying “we want to get a half billion euros from the bundling of purchases.” Another initiative is the consolidation, with corresponding job cuts, of the company's so-called “Shared Services,” which include the preparation of payrolls and the management of real estate. He named future targets for cuts in Essen (580 employees), a new location in Bochum (up to 250 employees), Danzig (up to 700 employees) as well as two locations in Asia and Brazil.

As the newspaper *Handelsblatt* recently reported, Heinrich Hiesinger, chief executive of ThyssenKrupp, had already announced that he wished to integrate the different branches of the corporation more closely in order to obtain pricing benefits for corporate purchases at the expense of suppliers.

ThyssenKrupp employs approximately 150,000 workers worldwide, including more than 50,000 in Germany. The steel branch ThyssenKrupp-Steel (TKS) makes up approximately 30 percent of the company and is the largest German steel corporation. As a consequence of the program of cuts in the past few years, 2,000 jobs were cut in the steel branch alone. An additional 3,000 jobs were cut from affiliated companies.

After three years of billion-euro losses, resulting from problems with the building of steel plants in Brazil and the USA as well as with the impact of the international financial and economic crisis, above all in the steel branch in Europe, a balanced or positive result is expected once again at the end of the 2013-14 financial year.

The operating profit—before taxes and interest from continuing operations and adjusted for non-recurring costs—already stood at 586 million euros last year and is expected to increase to twice that amount this year. This result has been achieved on the basis of the cutting of thousands of jobs, wage cuts and increased pressure on the remaining workers and employees.

But this is not nearly enough for the management and shareholders, who have had to do without dividend payments on two occasions. In the medium term, as *Handelsblatt* reported on August 19, the corporation wants to double the operating profit once again. To bring this about, costs will have to be reduced permanently by 2.3 billion euros by the end of the coming financial year.

The fact that personnel head Oliver Burkard, the former IG Metall functionary, presented and explained the new program of cuts to the press underscores what the *World Socialist Web Site* has exposed and proven in countless articles: the enormous attacks on the workers are only possible on the basis of the close collaboration of the works councils and unions with the corporate boards.

As in the case of ThyssenKrupp, it is the union functionaries who work out the cuts according to the targets of the executive boards. They justify them with the same arguments used by management, that is, with the necessity of an “orientation to performance,” “competitive pressure” and “increasing efficiency.”

Oliver Burkard personifies this role of the unions, first as a social partner and co-manager and now as a member of the ThyssenKrupp executive, where he is lavishly compensated for his services. His yearly income including royalties and bonuses amounted to 1.6 million euros in 2013.