

Deutsche Bank: Union trades jobs for speculation

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Deutsche Bank, Germany's largest financial institution, announced a fundamental shift in its strategic orientation on Friday. Deutsche Bank is now concentrating on international speculation—or investment banking—and substantially diminishing its business with smaller customers.

Postbank, with 14 million customers and 15,000 employees, which was taken over by Deutsche Bank between 2008 and 2010, will now be sold once again. Of the 750 subsidiaries of Deutsche Bank, a third will be shut down, costing between 5,000 and 7,000 jobs. The bank is aiming for an increase in the after-tax return on investments from 3 to 10 percent.

All 10 employee representatives on the supervisory board of Deutsche Bank AG, above all Verdi union leader, Frank Bsirske, agreed to the decision. They therefore take on direct responsibility for the destruction of thousands of positions, including jobs outside of the Deutsche Bank itself.

Once Postbank is sold, the job cuts will start there as well. Stefan Krause, the executive board member responsible for the reorganization, emphasized that both a public offering and the sale of the bank to a competitor are possibilities. The remaining small shareholders, who still own 3.2 percent of Postbank stocks, will be “squeezed out” with a forced settlement.

Commerzbank, the Spanish Santander Bank and the Dutch ING Group are currently among the interested buyers, all of whom have access to their own distribution networks in Germany. If they purchase Postbank, this will lead to a further consolidation of local branch offices with corresponding layoffs. The business at branch offices is in any case viewed as less profitable due to online banking and the low interest rates of savings accounts and other services.

Verdi did not stop at giving its blessing to the job

cuts. The union also organized a cynical farce in order to sabotage any opposition.

In the first half of April, Verdi organized a strike vote of the concerned Postbank employees. The union arranged a vote on the demand for a contractually-guaranteed protection against dismissal until 2020, as well as a wage increase of 5 percent. Ninety-five percent of the membership voted to strike. On April 20, Verdi called an indefinite strike, but only at selected locations.

On Monday, three days after their vote to destroy thousands of jobs, Verdi made the surprising announcement that it had reached an agreement with Postbank. It was evidently part of the deal that included the agreement to the mass layoffs. Postbank agreed to the protection against dismissal, but just until June 30, 2017, not 2020.

Postbank negotiations chief Ralf Stemmer praised the agreement, saying, “In this way, the Postbank employees will get the needed stability for the upcoming process of change.” In reality, it is not the employees who are getting “the necessary stability,” but Deutsche Bank and its shareholders.

Postbank will be sold by the end of 2016, long before June 30, 2017. The agreement is meant to ensure that the sale negotiations go forward undisturbed. Once Postbank has a new owner the agreement will no longer be binding.

In addition, the agreement is supposed to keep the employees quiet while their coworkers at Deutsche Bank are being laid off. Verdi is quite consciously playing the employees of the two banks against one another in order to prevent the emergence of any opposition to the layoffs.

Moreover, the protections against dismissal will not prevent Postbank from cutting jobs. The agreement

only forbids layoffs for operational reasons. It will still be possible for the bank to leave vacated positions unoccupied and pressure employees into “voluntary” layoffs.

The agreed wage increase also benefits the bank. Instead of 5 percent for 12 months, Postbank employees will only receive a 2.1 percent increase starting in April and an additional 2 percent in one year, for a period totaling 27 months. Union secretary Christina Förster called this an “acceptable compromise.”

To call this a “betrayal” by the union would be an understatement. Verdi is an integral component of company management that has taken on the task of duping employees, playing them off against one another, and intimidating them.

One reason for this is all-pervasive corruption. The union and supervisory board functionaries receive salaries, attendance fees and various other forms of compensation that is many times greater than the pay of a typical bank employee. This is, however, not the only reason. Verdi’s behavior demonstrates above all the bankruptcy of the nationalist perspective on which all unions are based.

For the German ruling elite, which is once again striving for a leading role in Europe and the world, Deutsche Bank plays an important strategic role. It is the only German bank with international standing.

The *Frankfurter Allgemeine Zeitung*, the flagship newspaper of the German financial sector, stated it clearly: “For political and strategic reasons, the German companies that play a leading role in the world need a partner bank that can accompany them everywhere. Therefore, one should not leave business in the capital markets to the American banks alone.”

When the current top management of Deutsche Bank—president of the supervisory board, Paul Achleitner, and both presidents of the executive board, Anshu Jain and Jürgen Fitschen—assumed their posts three years ago, they announced their goal of transforming the institution into a leading global universal bank and one of the biggest banks in the world. They have failed at this. While Deutsche Bank is one of the leading banks worldwide involved in speculative investment in loans, currencies and derivatives, measured in terms of market value, it barely makes 50th place.

One reason for this is its small equity share. With its ratio of equity to balance sum of 3.4 percent, Deutsche Bank does not achieve the ratio of 5 percent that the big American banks, and soon European banks, demand. For this reason it is trying to sell off its private customer branch.

Because of the low share prices it is also difficult for the bank to get its hands on new capital. The €12 billion that it raised in two capital increases have been completely absorbed as a consequence of the criminal activities that led to the global financial crisis in 2008 in which Deutsche Bank was heavily involved. The bank has had to pay out in legal disputes, accept losses from toxic assets and pay fines for fraud or manipulation all over the world.

Last week, Deutsche Bank was told by American and British authorities that it would also have to pay out \$2.5 billion because of its role in the manipulation of the Libor interest rates. Anshu Jain, who is now head of the executive board and was at that time responsible for the investment branch, openly admits to his role. “The behavior of these people was reprehensible and I was their leader. One cannot make excuses for that,” he said at a press conference.

Now bank employees have to pay the price for the criminal activities of the bank while Verdi stifles any resistance. Verdi and all other unions view the world completely from the perspective of the German corporations and banks. In the struggle for profits, export markets and influence, the unions stand firmly on the side of management.



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