Germany's IG Metall agrees to job and wage cuts at Siemens Power & Gas

Elisabeth Zimmermann
24 October 2015

The significance of the contract (euphemistically named "balance of interests") signed by the works council at Siemens in late September is now becoming clear. The cost-cutting programme "Power & Gas 2020" includes the axing of 1,100 jobs at several locations, a considerable reduction in wages as well as a wide-ranging increase in labour flexibility.

IG Metall and the works council claim that through long and hard negotiations, they were able to prevent close to half of the job cuts planned at Power & Gas, which they count as a great success. This is utter nonsense and part of a pre-planned ritual. First, the company announces a large number of job losses after talks with the works council, followed by a few token trade union protests, and finally the works council accedes to a reduced number of job losses and celebrates it as a great victory.

This was the pattern once again. In May, Siemens' chief executive announced an additional 4,500 job cuts in the energy division, 2,200 of them in Germany; 1,700 of the 2,200 jobs in the energy division were to be eliminated in the Power & Gas subsidiary and in business services. Prior to this, the chief executive announced the loss of 7,800 jobs worldwide, including 3,300 in Germany, mostly in administration, and 1,200 in the power production division.

In a September 29 press release, the central works council announced that in the negotiations on the balance of interests, they had manage to save 600 of the 1,700 job cuts announced in Power & Gas and business services. However, for this it had been necessary to make concessions on issues relating to income and working time.

The truth is that IG Metall and the works council have agreed to over a thousand job cuts and a further deterioration in working conditions. The nationwide day of action held in June under the slogan "Strengthen our location in Germany" was aimed at suppressing an international struggle by Siemens employees, even though the company acts globally and is enforcing its cost-cutting programme internationally.

It is revealing that IG Metall and the works council are celebrating the contract, which not only involves 1,100 job cuts at Power & Gas, but also the elimination of all non-wage benefits for all employees in the subsidiary.

Depending on their composition, non-wage benefits can equate to a significant portion (several hundred euros per month) of a worker's income. This major concession to company management creates a dangerous precedent for future cost-cutting programmes and wage cuts in other parts of the company.

The chairperson of the central works council, Birgit Steinborn—who at the same time is deputy chair on the company's supervisory board—justified the attack on benefits with the comment, "Without these compromises, a reduction of the large number of layoffs planned by the company side and the drastic outsourcing measures presented to us in the business committee would not have been negotiable." Her arguments are no different from those of company chief Joe Kaeser and other members of the board.

Steinborn's signature on the balance of interests will have dire consequences for many workers.

At Siemens' steam turbine and power generator factory in Mülheim, which currently employs over 4,800 workers, 720 jobs are to be cut. Here, the works council chairman has also sought to cover it up. He explained that of the originally planned 575 job cuts in the power production subsidiary, "only" 343 would now be cut. The future of the 377 remaining jobs was still being negotiated.

The Mülheim location is to be strengthened with the building of a service centre for North Rhine-Westphalia. But the burden of this will be borne by the 350 personnel in Essen in the same division. So much for solidarity of the trade union and works council functionaries for neighbouring locations, which are only a few kilometres apart.

At the Power & Gas factory in Duisburg (only a few kilometres from Mülheim) 355 jobs from a total of 2,600 will be cut. Instead of calling for the joint struggle of all Siemens workers, the works council in Duisburg has concentrated its criticism on the takeover of the US energy and technology firm Dresser-Rand, which has 7,900 workers, an annual turnover of $2.8 billion and a product portfolio that overlaps considerably with that of the Power & Gas factory in Duisburg. Both produce gas turbines.

Siemens purchased Dresser-Rand for $7.8 billion because it wanted to profit from the fracking boom in the United States. The takeover of Dresser-Rand was sealed last year, shortly before hopes for profits in this sector were called into question by the international economic crisis and the global oil price slide.

Now, workers at Dresser-Rand in the US as well as at Siemens in Germany are to pay for this with the loss of their jobs or wage cuts. Dresser-Rand is also implementing a cost-cutting programme, involving the loss of hundreds of jobs.

The trade unions and works councils on both sides of the Atlantic are functioning as tools of Siemens management by imposing the attacks on the workforce, dividing workers, playing them off against each other and blocking a united struggle to defend jobs and working conditions.

At the Siemens factory in Frankenthal, Rhineland-Palatinate, at least 200 of 600 jobs will be cut. The production of steam turbines will be outsourced from this location to the Czech Republic. The balance of the production, the manufacture of compressors for industry and sewage facilities, will be reduced to a “profitable” scale and sold off. It is feared that this will result in the closure of the entire plant.

A further 70 jobs are at risk at the Siemens subsidiary Siemens Fuel Gasification Technology in Freiberg, Saxony. Siemens intends to get rid of the facility and exit carburetor technology. It is no longer part of its core business, the company claims.

While IG Metall and the works councils present the balance of interests as a success, they are already preparing the next sell-out. In its information leaflet Profil, which is published by the Siemens team on the IG Metall executive for union representatives and works councillors, it states: “The compromise includes the expansion of the abandonment of non-wage benefits and increased labour flexibility in the future. It is also conceivable that a further 350 jobs could be at risk: this could happen if the expected productivity increases cannot be balanced with a higher volume of orders.”

It would be hard to formulate the role of IG Metall and the works council more clearly. They regard themselves as co-managers, and enforcers to implement higher labour productivity and reduced costs for Siemens.