Deutsche Bank to cut up to 35,000 jobs

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Over the next two years, Deutsche Bank plans to cut 9,000 staff positions, as well as another 6,000 jobs at its external service providers. The move was announced by John Cryan, the new co-CEO, in Frankfurt last Thursday.

In addition to these job cuts, another 20,000 positions are threatened due to the planned sale of Postbank and other subsidiaries. The number of acutely vulnerable jobs could even exceed these 35,000, because the figures are based on full-time positions and do not account for the bank's many part-time employees. This represents the biggest round of cutbacks ever announced by a single bank.

As many as 4,000 of the 9,000 planned job cuts will take place in Germany, where some 200 branches, mainly in major cities, will be closed. About 50 of the 750 branches were closed down in the past year.

The bank intends to withdraw entirely from ten countries, mainly from Latin America and Scandinavia, and shed its shares at the Chinese Hua Xia Bank. The job cuts are expected to bring Deutsche Bank savings of approximately €3.8 billion (US$4.2 billion) by 2018.

The bank's record loss of €6.2 billion (US$6.8 billion) in the last financial quarter is cited as justification for the widespread sacking of its staff. It was the greatest loss in the bank's 145-year history and notably greater than in the financial crisis of 2008. The supervisory board approved the new austerity measures last Wednesday—with the full support of votes from the ten workers' representatives!

Although the bank made significant losses, they were deliberately exploited to enforce a major reorganisation that entailed the massive loss of jobs. The losses stem mainly from write-downs on shares that were overvalued on the stock market. The shares in subsidiary banks like Postbank and other financial institutions are so overvalued that Deutsche Bank now faces additional losses of about €5 billion (US$5.5 billion).

The business desk of the *ARD* evening news reported that Postbank had been acquired at the height of the financial crisis in 2008 "to finance the wild speculation of investment bankers with the savings of Postbank depositors." The sale of Postbank has been on the cards since April.

Deutsche Bank also needs reserves of €1.2 billion (US$1.3 billion) to meet the costs of penalties for criminal practices. It is involved in several expensive court cases relating to fraud scandals. The most notorious is the Libor scandal, in which Deutsche Bank participated in the systematic falsification of the Libor benchmark interest rate. These financial manipulations brought the banks enormous profits and defrauded small investors, homeowners and retirees of millions of dollars.

In addition to the Libor and Euribor manipulations, there are other on-going lawsuits involving the Kirch media group. Former Deutsche Bank CEO Josef Ackermann is accused of complicity in the bankruptcy of the group. Also underway are proceedings relating to tax evasion in connection with the trading of CO2 pollution quotas. Another suit is being pursued in the US, where Deutsche Bank is accused of engaging in questionable mortgage transactions.

The many lawsuits and vast penalties have led to bitter clashes with the shareholders. During a "shareholder revolt" at the annual meeting in June 2015, former CEO Anju Jain was dismissed and replaced by John Cryan.

During the financial crisis of 2008-2011, Jain was chief financial officer of the Swiss UBS bank and subsequently worked as a hedge fund consultant. He took over as head of the Deutsche Bank executive board together with Jürgen Fitschen, although Fitschen was himself involved in the manoeuvres and illegal machinations of his former boss, Anshu Jain.

Last Thursday, *ARD* news compared the situation at Deutsche Bank with the Volkswagen scandal, raising the question: “Can you compare Deutsche Bank’s loss of billions with the decline of VW?” *ARD* compared the value of a Deutsche Bank share in 2007 (€120, US$132) to their present value of €25 (US$27.52), suggesting that in this respect “the decline of Deutsche Bank is even more severe than that of Volkswagen.”

The main reason for the radical reorganization of Germany’s largest bank is intensified competition on the world market.

Despite the worsening of the crisis in the real economy, stock markets continue to soar. Huge profits acquired from precarious financial products cause more and more capital to flow out of the real economy, as long as the financial casino is in full swing.

The transfer of investments from the productive sector to financial speculation exacerbates the global economic crisis and leads to mounting conflicts among the major powers. Deutsche Bank, the largest financial institution in Germany and its most important “global player,” is embarking its restructuring measures and job cutting programme in order to prepare for these conflicts.

These moves are supported by the trade unions, which assist the bolstering of the bank in the guise of promoting German interests. Ver.di boss Frank Bsirske, himself a member of Deutsche Bank’s supervisory board, declared on the union website last Thursday that he would welcome as a “necessary and correct procedure,” if Deutsche Bank were to simplify its structures, invest in the IT sector and effect a “retreat from high-risk areas.”

The company’s works council boss, Alfred Herling, also announced in a statement: “Securing the bank’s future viability is of key importance to us workers’ representatives, too.”

The disastrous predicament confronting workers has been consciously prepared by trade union leaders for months. In the Postbank employees’ labour dispute in April, Ver.di suddenly reached agreement with the supervisory board and strangled their recently begun strike.

At a press conference on Thursday, Deutsche Bank CEO Cryan revealed just how close cooperation with the Ver.di union has become, when he gave assurances that the job cuts would be made “in consultation with the works councils.”