IG Metall and Thyssenkrupp collaborate in handing over company to finance sharks

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Last Friday, the CEO of Thyssenkrupp, Guido Kerkhoff, announced a major transformation of company strategy following the collapse of a merger planned between Thyssenkrupp's steel division and the Indian Tata Group. The merger had been planned over the past three years and involved the division of Thyssenkrupp into two different companies, specialising in industrial goods and materials, respectively.

Instead, the company, with160,000 employees worldwide and 70,000 in Germany, is to be transformed into a holding company and broken up. Kerkhoff plans to immediately outsource Thyssenkrupp's most profitable segment, its elevator division with around 50,000 employees, and list it on the stock market.

The new strategy involves a massive loss of jobs. During the next three years, Kerkhoff plans to slash 6,000 jobs, three times the number calculated in the company's previous plan, with 4,000 jobs to go in Germany—and that's just the beginning. The plan is to halve administrative costs in the company's Essen headquarters. Total costs currently stand at €380 million per annum.

As soon as the less-profitable parts of the company are outsourced, they can be carved up and shut down. Company sectors such as plant construction and auto supplies are already in trouble, and the prospects for its naval shipbuilding division, which depends on military orders, are difficult to calculate. Kerkhoff's plan envisages that these sectors will also be sold off.

There are also in future no firm guarantees for the company's steel sector with its 27,000 employees. "Kerkhoff's U-turn is ... a threat to the entire 160,000-strong workforce. The first to be hit will be the steel furnaces," the *Frankfurter Allgemeine Zeitung* (*FAZ*) wrote. "Further cuts and savings are on the cards for the blast furnaces."

The finance vultures, who have been circling the company for the past few years, were jubilant about the new corporate strategy. The stock market price of Thyssenkrupp soared by 28 percent Friday evening. The "hedge funds and investment companies shopping at Thyssen-Krupp" have speculated "for a long time on a breakup of the group," the *FAZ* commented. "Their hour has come."

The finance houses are rejoicing first and foremost because they know they enjoy the complete backing of the company trade union, IG Metall, and its works councils. They are relying on the union to do everything in its power to suppress all resistance by workers to the impending carve-up.

Plans for the merger with Tata and the division into the two companies had already been worked out by IG Metall and its works council together with investors. A key role was played by IG Metall Secretary Markus Grolms, who is deputy chairman of Thyssenkrupp's supervisory board. Grolms works closely with the former North Rhine-Westphalia regional manager of IG Metall, Oliver Burkhard, who switched from the union's executive to the board of directors at Thyssenkrupp in 2013. He earned €4.2 million in 2017 in his new post.

Thyssenkrupp's latest strategy also bears the hallmark of IG Metall, which publicly addressed the new strategy just one day after it was announced by company management. In order to retain some sort of standing in the workforce, Grolms and Burkhard organised a piece of theatre aimed at enabling IG Metall to sell its approval of the deal as a "success."

On Friday, Burkhard announced that a programme of this magnitude could unfortunately not be carried out without compulsory redundancies. IG Metall then protested it would never accept such redundancies. The following day, the company board, IG Metall and the works council then announced that they had reached agreement that redundancies would only take place "in exceptional cases."

IG Metall Secretary Grolms then celebrated the result as a victory. "The agreement reached today determines the rules of the game for the corporate restructuring," he told Reuters. The reality is that such agreements are meaningless. The company has myriad other ways to shed jobs.

On Saturday, Kerkhoff and Grolms jointly presented the new concept to the premier of the state of North Rhine-

Westphalia, Armin Laschet (Christian Democratic Union, CDU), who is a member of the board of trustees of a major shareholder of Thyssenkrupp. the Krupp Foundation. Laschet welcomed the plans, noting that they had been presented to him by “executive and union together.”

On Sunday, Grolms declared his full support for the company’s plans. “The rebuilding of ThyssenKrupp is unfortunately unavoidable,” he said. This would be “a difficult but unfortunately necessary path for the company and its employees.” The workforce was “ready to endure pain.”

Joint works council Chairman Tekin Nasikkol also held out his hand in friendship to the company executive. “Let us work together on a strategy for the future of steel,” he said. The works council rejects, he continued, any discussion “about restructuring and downsizing, without including a future strategy for steel.” The key issue “for us” (the works council) is “to hold on to Thyssenkrupp based on powerful co-determination in the steel industry.” In other words, this means that the works council is ready to support “restructuring and staff cuts,” as long as can hold on to its seats on the company’s leading bodies.

On Saturday, both the presidium and the Strategy, Finance and Investment Committee of the Supervisory Board unanimously approved the executive strategy. IG Metall Secretary Grolms is a member of both committees. This removes any remaining obstacles to the approval of the new strategy by the Supervisory Board on May 21.

In February, the former manager of the Bosch company, Martina Merz, was elected as the favoured candidate of financial investors. At the end of last year, she joined the Supervisory Board at the behest of Thyssenkrupp’s second largest shareholder, Cevian, which holds 18 percent of shares. Germany’s *Manager Magazine* describes her as the “darling of financial investors who are increasing their influence.”

Sitting alongside representatives of the Cevian investment group on the Thyssenkrupp Supervisory Board is the former Evonik CFO, Wolfgang Colberg, now active for the CVC investor group—Singapore’s sovereign wealth fund, which has held 3 percent of Thyssenkrupp shares since last November, and the US fund Harris Associates, which holds 5 percent of voting rights. One year ago, the Elliott hedge fund also took out shares in Thyssenkrupp.

Following the announcement of the new strategy, investors smelled blood. Cevian co-founder Lars Förberg threatened: “There can be no historical or political taboos if Thyssenkrupp seriously seeks to tackle its long-standing underperformance and bring the business back on track for growth.”

The jobs and social conditions of the Thyssenkrupp workforce (including pension claims amounting to billions of euros) can only be defended in a revolt against IG Metall and its works councils, which are firmly on the side of the executive and shareholders.

The attacks on Thyssenkrupp’s workforce are part of an international offensive against the working class. The drive for profits by the banks and hedge funds, which have amassed billions through speculation, together with the costs of trade war and rearmament are all being shifted onto the shoulders of the working class.

Capitalism is staggering into a new crisis worldwide. Hundreds of thousands of jobs are threatened at VW, Siemens, Deutsche Bank and other major German companies. “The good years are over” was the headline of the latest issue of *Der Spiegel*. The message is directed at workers who have never gained from the “good years” as opposed to the billionaires who have been able to massively boost their portfolios.

To combat this development, workers must organise independently of the unions and unite between factories and across borders. They need to build action committees to take the defence of jobs and the task of international coordination into their own hands.

Above all, they require a socialist programme aimed at expropriating the major corporations and banks and organising production democratically, according to social needs, rather than the profit interests of the financial vultures. The Socialist Equality Party, SGP, and its sister parties in the International Committee of Fourth International are fighting for such a programme.

As an SGP candidate for the European elections, I appeal to all Thyssenkrupp employees to vote for the SGP on May 26. Contact us and join the SGP.