Germany’s Deutsche Bank slashes 20,000 jobs

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Deutsche Bank, Germany’s largest financial institution, plans to slash up to 20,000 jobs. The onslaught will affect more than a fifth of the bank’s 91,500 employees.

The bank informed its supervisory board and the regulatory authorities about its planned jobs massacre last week. Details were leaked to the media over the weekend. The final decision could be taken on July 7, when the supervisory board is due to meet.

The plans confirm that workers in the service and banking sectors, like their counterparts in industry, are paying with their jobs, wages and working conditions for the preparations for trade war and military conflict.

The details of the planned layoffs are still being finalised, and some of the figures could change. But media reports suggest that the main target will be the loss-making corporate and investment division, where 38,000 workers are currently employed, many of them outside Germany. “The trade in securities—above all with shares and government bonds—is to be reduced significantly outside Europe and closed completely in some areas,” wrote the *Süddeutsche Zeitung*, based on sources in the financial sector.

However, important parts of the bank’s headquarters in Frankfurt will also be affected, as well as the research department, where experts analyse capital markets. The bank has been attempting to reduce personnel in the private and business banking divisions for some time.

Due to financial reasons, the job cuts will take place over several years. Buy-outs, early retirement packages and so-called social plans for laid-off workers are being prepared. In this, the bank’s board of directors can rely on the loyal cooperation of the trade unions and works councillors, especially Verdi. Over the past three years, they have signed off on the destruction of 13,000 jobs, including 7,000 in the past year alone.

It was revealed on Friday that the trade unions have agreed to another 2,000 job cuts at Deutsche Bank’s subsidiary Postbank. Some 1,300 jobs will be cut due to the integration of Postbank into Deutsche Bank, and a further 750 jobs will go in Deutsche Bank’s private and business banking divisions in Frankfurt and Bonn.

“In order to meet our ambitious growth and cost targets, it is crucial that we organise our platform as efficiently and unified as possible,” wrote Frank Strauss, director of private banking, in a letter to employees justifying the job cuts.

This is by no means the last stage of the jobs massacre. “We will continue to lay off over the coming years,” Strauss told the DPA news agency. He can be assured of the trade unions’ support in this initiative. They repeatedly sign on to job-cutting programmes, merely urging that there be no compulsory redundancies.

As always, the announcement of layoffs led to an increase in the bank’s share price, with a three percent rise on Monday. However, Deutsche Bank’s share price is at rock bottom. The bank has faced one crisis after another since the outbreak of the financial crisis 11 years ago. Prior to the financial crisis, Deutsche Bank had a share price of more than €90 [$US102] per share. At the beginning of June, it reached a record low of €5,80. The share price has lost three-quarters of its value over the past five years. It currently stands at €6,77.

The drastic drop on the stock market is not only the result of the financial crisis, Deutsche Bank’s highly speculative business operations and the multi-million bonus payments to top managers. Between 2015 and 2017, most of the bank’s multi-billion losses resulted from fines arising out of criminal speculation conducted in the United States.

In 2016, the US Justice Department imposed a fine of $14 billion on Deutsche Bank. The reason was fraudulent practices on the sub-prime mortgage market prior to 2008. The Obama government deliberately targeted Germany's only major bank of international significance after the European Commission had imposed a fine of €13 billion on Apple.

These fines intensified the German government's drive to establish Europe as a world power independently of the United States. This plan includes the need for a strong international bank. In February 2019, Economy Minister Peter Altmaier presented the national industrial strategy 2030 to the press. It calls for the creation of "national champions," of large and strong actors capable of competing with rivals from the United States and China.

The German government then sought to create such a strong actor in the banking sector by encouraging the merger of Deutsche Bank and Kommerzbank. However, this failed in late April due to high financial risks.

Following the failure, Deutsche Bank chief executive Christian Seving was nonetheless well aware that he had to meet the demands of the government and shareholders. "Deutsche Bank will continue to review all alternatives to increase the profitability and returns for its shareholders over the long-term," he said. He then announced a radical restructuring of the country's largest bank at its shareholder meeting in late May. "We are ready to take tough measures," stated Seving, who has led the bank since last year.

The 20,000 job cuts then followed. The costs of trade war, in which every imperialist power wants to secure an advantage at its rivals' expense, will be borne by the working class. Deutsche Bank is the most spectacular example of this process, but by no means the only one.

Last year alone, 32,000 jobs were lost in Germany's banking sector, more than any other previous year. Whereas some 765,000 people were employed in Germany's banking sector in 1997, the total is now just 565,000. The number of credit institutions has declined from 4,500 in the year of German reunification (1990) to 1,800 today, and the wave of consolidations is continuing unabated. A total of 53 bank mergers occurred in Germany last year alone.

The jobs, wages, and social achievements of bank employees can only be defended if they organise themselves independently of the works councils and trade unions, and make contact with the tens of millions of workers around the world whose wages, jobs, and workplace benefits are being threatened for the very same reasons.