

# German corporations seize on pandemic to implement mass layoffs and welfare cuts

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In May, the number of unemployed in Germany increased by 170,000 to 2.8 million. An additional 7.3 million workers have been placed on short-time working, involving wage losses of up to 40 percent. This latter total is four times as many short-time workers as was the case following the financial crisis of 2008–2009. The figures were announced by the Federal Employment Agency last week.

The actual number of unemployed is significantly higher. Those over 58 years of age, people with short-term illnesses, carers for small children and those assigned by job centres for further training or other measures are not included in the statistics. The number of Hartz IV welfare recipients has increased since March by 300,000 to just under 6 million. This figure includes almost 2 million children.

The coronavirus crisis has starkly revealed the class character of politics and society as a whole. From the very beginning, the policies of the German government were determined by the interests of the big corporations and banks. An aid package for the economy was put together at rapid pace and has now ballooned to €1.2 trillion (a figure four times the size of the annual federal budget) to be financed by tax revenues in the form of state loans and funds taken from social security reserves.

On Thursday, the ruling German grand coalition agreed on another stimulus package of €130 billion, which is also geared to the interests of German business associations.

This torrent of money will further strengthen the power of the financial oligarchy, which dominates political life and the economy with increasing aggressiveness. Germany's DAX index, which fell below 8,500 points in mid-March, has since risen by more than 40 percent.

In close cooperation with the German government, major concerns are using the coronavirus crisis and state funding to prepare the economy for global trade war and carry out attacks on the working class that were planned and prepared long ago.

There has been no let-up in recent weeks to announcements of mass layoffs and cuts to social conditions.

At Volkswagen, the company and its works council had already agreed at the beginning of the year to eliminate one-fifth of the concern's 100,000-strong workforce in Germany. Opel —part of the French PSA group for almost three years—plans to cut a further 2,100 posts in Germany by the end of next year.

At Daimler, the slashing of 10,000 jobs announced months ago is to be expanded to 15,000. BMW has announced that it will cut

6,000 from its 130,000 job total.

The automotive supplier ZF Friedrichshafen plans to cut up to 15,000 jobs. The supplier Schaeffler announced that the company now wants to cut 1,900 jobs in Europe. The subsidiary of the world's largest automotive supplier Bosch, Bosch AS GmbH (steering technology), plans to cut at least 2,100 jobs.

The industrial group Thyssenkrupp is in a process of liquidation. How many of the company's 160,000 jobs will survive is questionable; thousands if not tens of thousands of jobs are at risk.

Aircraft manufacturer Airbus recently announced that 10,000 jobs will be cut. Lufthansa had already announced at the beginning of April the wiping out of 18,000 jobs. The largest German department store group, Galeria Kaufhof Karstadt, is closing almost half of its approximately 170 branches. This endangers the jobs of more than half the company's remaining 25,000-strong workforce.

Germany's biggest bank, Deutsche Bank, has announced it will cut the number of its full-time staff by around 18,000 by the end of 2022. The bank employs a total of 74,000 worldwide. TUI, Germany's largest holiday booking firm, plans to cut 8,000 jobs.

The Frankfurt airport operator Fraport plans to downsize its workforce of around 22,000. German Rail has announced that it will probably cut "only" 10,000 of its current total workforce of 213,000—on condition that the rest of the workforce accept wage cuts.

The list could go on and on and is not limited to big corporations. For example, the automotive supplier Eberspächer is shifting its production of heating equipment to Poland. Three hundred employees at the company headquarters in Esslingen will lose their jobs. The decision was planned some time ago, but the pandemic has accelerated the move, the company said last week. "These are the harbingers of a major clear out," wrote the German business newspaper *Handelsblatt*.

The workplace massacre is directly related to the increasingly unrestrained enrichment of shareholders and board members. They are filling their pockets as companies receive hundreds of billions in taxpayer money and plunge thousands of workers into poverty and desperation.

The German Association for the Protection of Securities (DSW) announced that the 160 companies listed on DAX, MDax and Sdax will distribute €44 billion to their shareholders this year—despite the coronavirus crisis. This figure, however, is 14 percent less than in 2019.

The automakers VW, Porsche, Daimler and BMW are planning to hand out €6.8 billion in dividends to their shareholders. The main beneficiaries of this orgy of enrichment are major shareholders. VW alone plans to distribute €3.3 billion to shareholders. Dividends at VW have increased continuously over the past four years.

At VW and BMW, the families owning the companies are the main beneficiaries. The Piëch and Porsche families have already received around half a billion euros, and the Quandt and Klatten families are raking in €1.64 billion at BMW.

Even the auto supplier Continental, which was in trouble before the pandemic hit, plans to hand out a total of €600 million to shareholders, including the largest sum to the Schaeffler family. This is despite the company's current negative balance sheet.

Mass layoffs, social cuts and wage cuts are part of a strategy of the ruling class and German government to prepare for global trade war. The German bourgeoisie is using the coronavirus crisis to reposition itself in the global battle for markets and profits, especially with its rivals, the United States and China. To this end, broad swathes of industry are being rationalised to facilitate the creation of “global champions.”

At the start of last year, German Economics Minister Peter Altmaier (Christian Democratic Union, CDU) presented his concept for a “National Industrial Strategy 2030.” It reads: “Industrial policy strategies are experiencing a renaissance in many parts of the world, there is hardly a successful country that relies exclusively and without exception on the forces of the market to accomplish its goals.” And further: “There are clearly strategies for rapid expansion with the clear goal of conquering new markets for one's own economy and, wherever possible, achieve a monopoly position.”

Mehring Books, the publishing arm of the Socialist Equality Party (US), is proud to announce the publication in epub format of Volume 1 of *COVID, Capitalism, and Class War: A Social and Political Chronology of the Pandemic*, a compilation of the *World Socialist Web Site's* coverage of this global crisis.

Initial criticisms from Germany's business lobby that excessive government intervention was an obstacle to economic development has ceased since the coronavirus crisis. Billions drawn from tax revenues are now being used to finance mass layoffs, structural programs and key technologies.

A year ago, Altmaier referred to “Internet companies in the platform economy,” the “sphere of artificial intelligence (AI),” “new biotechnologies,” the “innovation of autonomous driving” and “the emergence of completely new mobility concepts” in the auto industry. This agenda is now being implemented at the expense of workers.

An important partner in this alliance between corporations and government is the trade unions, which have no rival—not even the far-right Alternative for Germany—when it comes to fuelling nationalism.

For a long time, the unions have been demanding protective tariffs, protectionist measures and more initiative from the government to support national economic interests. Their “defence of individual sites” policy is aimed directly against the working class, which is bound together in global corporations and everyday

face the same problems.

The unions are closely linked to corporate management through the German system of co-determination, which permits union representatives to sit on the supervisory boards of companies. From their seats on the executives, the unions directly organise social welfare and job cuts—from the planning stage to implementation—including ritual and harmless protests.

A study by the Institute for Co-Determination and Corporate Management (I.M.U.) organised by the trade union Hans Böckler Foundation (end of April 2020), recorded that the number of companies in which 10 union representatives sit on supervisory boards totals 650. In other words, there are up to 6,500 works councillors and union bureaucrats sitting on supervisory boards, all of whom receive lavish salaries. Union supervisory board members transfer in turn a part of their income to the Böckler Foundation, which means that the unions are financed directly by the corporations to the tune of hundreds of millions of euros.

The German engineering union IG Metall alone has 50,000 works council members and 80,000 shop stewards, whose main task is to suppress any independent movement of workers and any struggle to defend every job.

IG Metall had already agreed in March to a wage freeze for 4 million employees in the metal and electrical industry until the end of the year. Now the union is working intensively to ensure the resumption of production, although many companies lack the necessary safety measures to protect against further infections from the COVID-19 virus.

Workers can only defend their jobs, wages and living conditions by resolutely opposing the nationalist policies of the unions, breaking with their bureaucratic straitjacket in the factories, and joining forces internationally to work for a socialist reorganization of society.

A few days ago, the Socialist Equality Party (SGP) called for the establishment of action committees to protect workers' safety at work. In addition to reviewing and implementing health protection against the risk of corona infection, the task of these committees is to organise the fight to defend jobs and to prevent any deterioration in working conditions. This requires an anti-capitalist, i.e., socialist program and an international strategy.



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