

# Germany's Commerzbank plans to cut 11,000 jobs

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In common with many other businesses, Germany's Commerzbank is using the coronavirus pandemic to implement preexisting plans to restructure and shed jobs. More than 11,000 of the bank's total staff of 40,000, and 400 of its 1,000 branches, are slated to be cut as part of a new round of austerity.

The Commerzbank executive, financial investors, the German government, the European Central Bank (ECB), the works council and the trade union Verdi have all been haggling behind the scenes for months over plans for a massive restructuring of the financial institution.

When Commerzbank CEO Martin Zielke announced in September last year that 4,300 jobs and 200 branches would be cut, Verdi signaled its agreement in principle. Stefan Wittmann, Verdi trade union secretary and member of the supervisory board of Commerzbank, spoke out against a reduction of staff in branches, but was not opposed to job cuts in administration. The issue was not "whether" but "how" to implement these cuts, he explained to the business newspaper *Handelsblatt*.

Approval on the part of the trade union stimulated the bank's shareholders' desires for even bigger returns. They declared that the savings package was far from sufficient, prompting a group of financial institutions led by US financial investor Cerberus—which holds five percent of Commerzbank—to call for a much larger package of cuts. The ECB's banking supervisory authority also pressed for steeper cuts.

The German government, Commerzbank's largest single shareholder since the 2008 financial crisis with a 15.6 percent stake, commissioned an expert opinion from the Boston Consulting Group (BCG). According to reports from Bloomberg, BCG recommended a cost reduction up to three times larger than the target set by

the Commerzbank executive.

Commerzbank CEO Zielke then drew up new savings plans, which according to press reports are expected to eliminate over 11,000 jobs and 400 branches. The proposal was to be presented to the supervisory board last Wednesday. In order to save face, the employees' representatives in the Verdi trade union requested a postponement of the meeting on the grounds that they had not been informed about the details of the cuts package. This is a gross deception on the part of the union.

Verdi occupies several seats on the supervisory board of the bank and is well informed about all developments. In the past, the works council and union have always been involved in job cuts within the bank, repeatedly declaring that such measures must be carried out in a "socially acceptable" manner. This was the case after the takeover of Eurohypo in 2005, the purchase of Dresdner Bank in August 2008, and after the financial crisis of 2008-09.

Once again, they are playing the same game. Uwe Tschäge, chairman of the general and company works council and also deputy chair of the supervisory board, told *Handelsblatt* that he would not stand in the way of job cuts as long as they were "socially acceptable."

"There must be no compulsory layoffs; we will fight for this," Tschäge said. Commerzbank must choose an "appropriate period" and make sufficient money available for part-time work for older employees, and other similar measures. Tschäge said he wanted to be able to understand why and where management was cutting jobs. He expected the federal government, as a major shareholder, to support him in ensuring that employees were "treated decently."

According to Tschäge, it is important "that the bank remains stable and can continue to develop even after

the restructuring,” i.e., that it once again generates more profit!

Verdi functionary Wittmann complained that the trade union was not “on board” when the government—represented by state secretary for finance Jörg Kukies (the former head of the US investment bank Goldman Sachs in Germany)—negotiated with the leadership of Commerzbank and financial investor Cerberus on cost reductions.

The German government, which has been Commerzbank’s largest single shareholder since the 2008 financial crisis, has not the slightest intention of standing up for the interests of the company’s workforce. It is seeking instead to implement drastic measures to support the standing of the bank, which runs the accounts for around 30 percent of German foreign trade and is market leader in German corporate banking.

The aim of the government and financial investors is to secure the bank’s capital, which has shrunk by 30 percent since the beginning of the year due to the fall in share prices caused by the coronavirus pandemic. In so doing, they are not taking the interests of the employees into account. The union’s campaign aimed at raising hopes in the federal government is utterly fraudulent.

Last year, on the initiative of finance minister Olaf Scholz, the government advocated the merger of Deutsche Bank and Commerzbank to create a strong German “financial champion.” At the time, Verdi spoke out against the merger and celebrated its subsequent failure as a “victory” that would secure jobs. Now it is clear that this was only meant to lull the workforce into a false sense of security. Even back then, investors demanded massive job cuts at both institutions, irrespective of the outcome of the merger talks.

Deutsche Bank then commenced slashing a fifth of its workforce. Commerzbank, which still had about 39,800 employees at the end of March, now plans to cut one in four jobs.

Despite this, Verdi is continuing to deceive its members by raising hopes for support from the government and the Social Democratic Party, SPD. Tschäge recently said, “I also expect support here from the federal government as a major shareholder,” while stating that the SPD, in particular, had to work toward this goal as part of ruling government coalition.

Verdi is playing the same game in the aviation industry and in the closure of the Galeria Kaufhof Karstadt stores—it makes futile appeals to the business and political forces with whom it works closely behind the scenes. At the same time, the union strictly rejects the mobilization of the working class and a genuine fight to defend jobs.

The grand coalition government of conservative parties and the SPD is the most right-wing and anti-working-class government since the Federal Republic of Germany came into existence. The last time the SPD filled the post of chancellor, the party, in a coalition with the Greens, created a huge low-wage sector by introducing miserly Hartz IV welfare payments as part of its Agenda 2010. Under CDU chancellor Angela Merkel, the SPD went on to support an increase in retirement age, the ruination of the health care system, the bankrupting of the Greek working class by a strict austerity policy and a massive increase of military spending.

The staff of Commerzbank, which according to trade union figures is still 30 percent organized by Verdi, must draw the consequences from past experiences, break with the union and take action themselves. In order to defend jobs, independent action committees must be set up to join forces with all workers in the finance industry and other sectors across national borders, on the basis of a socialist program.

The secret talks behind the backs of workers must be stopped, the accounts of the banks must be opened up and the institutions expropriated and put under the control of the working class. Such a bank must serve the needs of the people, not profit maximization for financial investors. To implement this strategy, it is necessary to build the Socialist Equality Party as a mass party of the working class.



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