

Mass layoffs in Germany as companies restructure in the midst of the coronavirus pandemic

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On Monday, the official COVID-19 death toll in Germany rose to 61,675 and the DAX share index hit a new record of 14,169 points. The parallel rise in death tolls and share prices shows that the pandemic is good for the big banks, hedge funds and corporations.

On the one hand, this is because federal and state governments are subordinating the health and lives of working people to the profit drive of corporations and their shareholders, pumping hundreds of billions of Euros into the economy to the benefit of the financial markets and the biggest corporations.

On the other hand, large companies are using the pandemic to implement long-planned rationalisation measures and destroy hundreds of thousands of jobs, while smaller companies receive no government support. Not a day goes by without a corporation or business announcing job cuts and the closure of plants and branches.

Workers not only confront the corporations, but the trade unions and their workplace representatives. The unions maintain a huge apparatus whose sole focus is to guarantee the highest possible return on investment to corporate owners, no matter the cost to workers' jobs and wages.

This is exemplified by IG Metall, which likes to call itself the largest single trade union in the world. While it still has about 2.2 million members, that is a fifth less than 20 years ago. This huge loss of membership under conditions of ever-greater attacks on workers speaks volumes about the character of the union—which functions as an arm of management, not a representative of workers.

Of the €591 million in membership fees that IG Metall collected last year, it spent just €25 million on things such as strike pay and legal protections, that is about four percent of total income. The largest part of the membership fee income, €216 million, went to pay the apparatus and the branch offices. The union has set aside another €89 million for “bad times”; this money “works” for the IGM in secret. It has spent €31 million on training sessions for its workplace

representatives and functionaries.

While betraying workers the IG Metall will occasionally stage toothless noisy protests, signature campaigns and other appeals to those in power to cover up its sellouts. While it simulates a “struggle,” behind the scenes it is working out plans with the corporate tops on how to implement the attacks as smoothly as possible. So-called “social” plans destroy jobs through staff turnover, early retirement and partial retirement, forced severance pay and “transfer companies,” which just delay the inevitable trip to the dole office.

Hundreds of thousands of relatively well-paid jobs have been destroyed in this way over the last two decades. Those jobs that have been created are generally low-paid and offer little security of employment.

Now, taking advantage of the coronavirus pandemic, the corporations are ringing the bell for the next round of cutbacks. This is hardly reported at all in the media. One must search the business press and local papers to get an—albeit incomplete—overview. We have compiled some of the latest reports here.

? About 10,000 jobs are at risk among **aviation industry suppliers**, about 6,300 of them in northern Germany. This is the result of a survey conducted by IG Metall among works councils in mid-December. The companies report a pandemic-related drop in turnover of 45 percent in 2020 and see no improvement this year either. According to IG Metall, small and medium-sized companies often have less strength to survive the crisis.

? The IT company **IBM** is planning almost 1,000 redundancies in Germany. The reason cited is “maintaining competitiveness and a realignment of the organisation and skills.” In October last year, business daily *Handelsblatt* had reported that 2,300 jobs were to be cut in Germany. A month later, it said that in Europe, a total of 8,000 to 10,000 redundancies were planned. IBM is in negotiations with the trade union Verdi about “social plans,” that is the best way

to impose the cuts.

? **Deutsche Edelstahlwerke (DEW)**, which belongs to the Swiss Steel Group with sites in Witten, Krefeld, Siegen, Hagen and Hattingen, is threatening to close plants if workers do not agree to pay cuts. IG Metall has agreed on a “reconstruction collective agreement” to “save the crisis-stricken company,” which provides for 400 job cuts by 2024 and the elimination of holiday pay and half of the Christmas bonus this year and next. The steelworkers had already given up 40 percent of their Christmas bonus in 2020.

? The chemicals company **BASF** wants to cut about 2,000 jobs in its “Global Business Services” by 2022 to reduce costs. At the headquarters in Ludwigshafen, almost 600 workers are to lose their jobs. The cutbacks will begin next month. The IGBCE union supports this with the usual proviso that the cuts take place without “compulsory redundancies.”

? The industrial and automotive supplier **Schaeffler** announced last September that it would cut 4,400 jobs at 17 locations, mainly in Germany. Six plants are to be closed, many jobs relocated and parts of the company sold. The company wants to save 250 to 300 million euros annually from 2023. Last week, IG Metall and the works council presented management in Schweinfurt with a trade union “alternative concept” for the restructuring.

? According to IG Metall, the Bavarian company **Lingl**, which, among other things, equips brickworks, will lay off a third of its current 400 employees. This was agreed by the union after weeks of talks with the insolvency administrator and the works council. The dismissed workers will be moved to a “transfer company.” Forty of the affected workers will retire early.

? The Austrian **Mayr-Melnhof** Corporation, headquartered in Vienna, plans to close its small German site of R+S Stanzformen GmbH in Niederdorfelden, Hesse, with 80 workers losing their jobs at the end of March. On 31 January, about 90 workers at crane manufacturer Tadano in Zweibrücken were also given notice.

? **Deutsche Bank** wants to close one in five branches—100 of its 500 branches in Germany—this year. How many jobs this will cost has not yet been negotiated with service sector union **Verdi**.

? The perfumery chain **Douglas** is closing 500 of its 2,400 shops across Europe. About 2,500 will lose their jobs. Most of the affected shops are in Italy and Spain. In Germany, the country’s largest perfumery chain wants to close almost one in seven shops, which would mean about 60 of the more than 430 branches. About 600 of the 5,200 employees in the German shops will lose their jobs. Douglas boss Tina Müller blamed the shift to online retailing, from which, however, the chain is earning well. Despite the closed shops, sales

only fell by 6.4 per cent to €3.2 billion. But profits plummeted, so now employees are paying for it with their jobs.

? The Swedish fashion chain **Hennes & Mauritz (H & M)** also wants to cut about 800 jobs in Germany alone. The priority is to lay off young mothers in the shops because the walk-in customers and main sales quotas are in the evenings and on Saturdays, when young mothers are less likely to be available. Also, more and more customers are switching to online retail.

? **Siemens Energy** only recently announced the reduction of 7,800 jobs. IG Metall supports the plans in the name of cost reduction and together with the board of directors and the works council has presented the “Future Agreement 2030” to ensure a smooth reduction of jobs. It has since become known that 700 of 3,700 jobs are to be lost in its Berlin gas turbine plant alone. The IGM had made numerous concessions in the years before, supposedly to secure the jobs at the location.

The WSWS had reported previously the loss of tens of thousands of jobs at Ford, Daimler, at the engineering company Heller, at Airbus, Commerzbank, MAN Truck & Bus and Adler fashion stores.

Workers must oppose the drive by the corporations, backed by the unions, to use the pandemic to rip up jobs and living standards in the interest of billionaire owners. To successfully fend off these attacks and defend wages as well as jobs, action committees must be built that organise independently of the trade unions and the official parties. We call on all those who are not prepared to accept the attacks being negotiated by the trade unions to take the first step and join the “Network of Action Committees for Secure Jobs” on Facebook.



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