

Germany's Dax 40 companies enjoy record profits, while workers face record inflation

Ela Maartens
23 May 2022

Despite the pandemic and the war in Ukraine, Germany's largest companies listed on the Dax 40 share index enjoyed massive growth in the first quarter of 2022 alone, raking in whopping record profits. Both turnover and profits were higher than ever before, according to the auditing and consulting firm Ernst & Young (EY).

Overall, the turnover of the DAX companies rose by 14 percent to €444.7 billion compared to the same period last year. Operating profits also improved by 21 percent and totalled €52.4 billion. This is the highest profit level ever measured within a first quarter.

Compared to 2019, before the start of the coronavirus pandemic, there was a 27 percent increase in sales and profits were up 85 percent so far this year.

The "winners" are first and foremost the German auto manufacturers: with €8.3 billion, Volkswagen was able to generate the largest profit of all listed companies, about 73 percent more than in the same period the previous year. This is followed by Mercedes-Benz with €5.2 billion (in third place) and BMW with around €3.4 billion. Due to the microchip and parts shortages, many car manufacturers concentrated on the luxury segment, which is most lucrative for them, and were able to sell their cars at significantly higher prices.

With a profit of €6.3 billion, Deutsche Telekom landed in second place in the ranking behind Volkswagen. The pharmaceutical giant Bayer was also able to bring in a gain of €4.2 billion, putting it in fourth place. Airbus achieved the best result in percentage terms: the aerospace company tripled its profits compared to the same period last year to €1.4 billion.

The *Frankfurter Allgemeine Zeitung* (FAZ) commented: "Losses due to the pandemic and Ukraine war? Not for large German companies." Whether the

author is aware of the cynicism of his statement or not, he nevertheless gets to the heart of the contradictory developments.

While massively rich shareholders are raking in profits at dizzying levels, the pandemic has been raging worldwide for almost three years. In Germany alone, the virus will have claimed some 138,000 victims by the middle of this week. This is the result of the unscrupulous profits-before-lives policy of all the bourgeois parties, from the Social Democrats (SPD) to the Christian Democrats (CDU/CSU), Greens, Liberal Democrats (FDP), the Left Party and the far-right Alternative for Germany (AfD).

The new Infection Protection Act, passed in mid-March, reduced public health protection to a minimum. The 7-day incidence rate is still over 350 per 100,000 inhabitants, but this is deceptive since testing capacities have been systematically reduced and compulsory testing largely abolished. Now, the same politicians responsible for the deaths of countless people are demanding society prepare for another coronavirus wave in the autumn.

At the end of February, Russian President Vladimir Putin responded to the provocations of NATO, led by the US, with a reactionary invasion of Ukraine. The Ukrainian working class has become a pawn of the imperialists' geostrategic interests, with Germany playing a central role in the NATO offensive against Russia. Berlin is now also supplying heavy weapons to Kiev. The war in Ukraine looks to escalate further and threatens a world war. Even the use of nuclear weapons is not ruled out by Germany's ruling class.

Chancellor Scholz (SPD) held out the prospect of a gigantic increase in the German military budget and announced a "special fund for the Bundeswehr" amounting to €100 billion at the end of February. If the

government has its way, the working class will pay for the biggest rearmament programme since Hitler with mass poverty and the loss of hundreds of thousands of jobs.

Here, too, shareholders are cashing in. The share price of Rheinmetall, Germany's biggest arms manufacturer after Airbus, has risen from €83 to €200 since the beginning of the year. Workers in Germany and around the world, on the other hand, are feeling the dramatic effects of the growing global crisis more and more directly.

Germany's annual inflation rate rose to 7.4 percent in April. Georg Thiel, president of the Federal Statistical Office, said in a press release, "The inflation rate thus reached a new high in united Germany for the second month in a row." Compared to the previous month, inflation increased by 0.8 percent.

According to the Federal Statistical Office, the "above-average price increases for food" are particularly striking. In April they were 8.6 higher than a year ago. Price increases run through all food groups: edible fats and oils are 27.3 percent more expensive, prices for meat and fish products have risen by 11.8 percent. Dairy products and eggs are up by 9.4 percent and fresh vegetables by 9.3 percent.

The drastic nature of the situation is also expressed by the enormous demands that charity organisations are currently experiencing throughout Germany. In particular, "people who previously just managed to make ends meet now can no longer afford the high prices for food, fuel and energy," according to tafel.de, and refugees from Ukraine are increasingly turning to these non-profit organisations for the first time.

Energy prices have also increased enormously: Within one year, there was a 35.3 percent increase with a 39.5 percent increase in March 2022 alone. Prices for heating oil almost doubled in April 2022 with a 98.6 percent increase, motor fuels saw a 38.5 percent increase and natural gas a 47.5 percent rise, making them barely affordable for many. Electricity saw a 19.3 percent price hike.

Many workers, especially those with families, can no longer cope with the supermarket price increases or those for energy and must choose between eating, heating or travelling to work.

At the same time, Henrik Ahlers, managing director of EY Germany, declares, "So far, Germany's top

corporations have been remarkably good at cushioning the impact of these various crises." But, Ahlers continues, the general conditions remain extraordinarily difficult.

"Germany as an industrial location is faced with the major challenge of avoiding any serious consequences for industry when gas and oil supplies are restructured," he continued. In addition to the effects of the war in Ukraine on the German economy, Ahlers particularly highlighted the coronavirus measures in China, which had "significantly dampened" economic expectations.

The experiences in China and other Asia-Pacific countries have shown that millions of lives could have been saved worldwide through a consistent zero-COVID strategy. Now, representatives of international corporations and their mouthpieces in the media are placing enormous pressure on China to lift its safeguards—at the cost of millions of lives.

Undoubtedly it will be the working class, not German industry, that will be the first to feel the effects of energy shortages: if not through cold apartments, then through being put on short-time working or job cuts.

Auditor Mathieu Meyer, a partner at EY, added this in the FAZ: "It is quite possible that things will get even more difficult for Germany's top companies in the coming months." More difficult? While workers are being forced to subsist, shareholders' only concern is that their profits in the coming months and years might be smaller than they have been so far.

The record profits of the Dax 40 companies in Germany reveal what has become apparent, especially since the beginning of the pandemic in 2020, and have gained further momentum through the war in Ukraine. The financial oligarchy will continue to revel in its increasing wealth regardless of losses and will not shy away from imposing further suffering or death to ensure profits rise.



To contact the WSW and the Socialist Equality Party visit:

wsws.org/contact