German share prices soar, while incomes and jobs plummet

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The social gulf in Germany, as elsewhere, is widening.

Since the beginning of the year, stock prices have been climbing while thousands of jobs are cut and real wages fall. The workload for staff in the public sector is being doubled and tripled because money is going into rearmament.

The more the German political establishment shifts to a war economy, the more pressure is put on the working class.

The willingness to resist is growing, as shown by the recent airport strikes in Berlin and Düsseldorf. Warning strikes, protest actions and even indefinite strikes are becoming more frequent.

In Göppingen, 230 metalworkers have been on strike for a week. They went on strike January 22 at two plants belonging to the Kern-Liebers Group, Saxonia Umformtechnik and Saxonia Textile Parts. Both plants produce metal parts: one for the automotive industry, the other for knitting machines and textile operations.

"Participation in the industrial action is overwhelming," writes the local press. The strike had been approved by 96 percent in a strike ballot. The employees have been working overtime for years, but the Saxonia board refuses to pay the agreed-to wages. The same situation could arise at other plants in the Kern-Liebers company, where management is also complaining about "supply chain problems, the Ukraine war and the energy crisis."

The top management of German companies warns of "the advantage of German locations being lost," according to a letter from the country's Chamber of Industry and Commerce (DIHK). In an interview with *Welt am Sonntag*, employers' president Rainer Dulger said he expected the number of people in work to shrink by 5 million by 2030. Since the government would receive less tax and contributions revenue, he said, it would have to "adjust the social welfare systems" (and raise the retirement age, for example). "We will not be able to maintain the prosperity to which we have become accustomed in Germany," Dulger asserted.

When Dulger says "we" will have to do with less, the multimillionaire and president of the Confederation of German Employers' Associations (BDA), is clearly not talking about himself and his peers. Nor is he considering higher tax rates for board members and shareholders of corporations like Porsche, Daimler, Siemens and Rheinmetall, for whom things are going really well right now. Share prices on the Frankfurt Stock Exchange have been rising since the beginning of the year.

The DAX index, which tracks the share prices of Germany's 40 strongest companies, gained almost 9 percent in the first two weeks of 2023. According to an analysis by savings bank subsidiary Deka, DAX companies are expecting record-breaking dividends in spring 2023. A total amount of almost €55 billion ($US60 billion) in dividends is predicted. More than a third of this will go to the auto companies Mercedes, Porsche, BMW, Audi and VW, which achieved record profits last year.

However, the same corporations are demanding concessions from the working class because of the "difficult situation." To push this through, they are relying on the collaboration of the German Union Confederation (DGB) unions. The latter, including IG Metall, Verdi and the rest, have already proven to be important pillars of German corporate interests, prior to and during the coronavirus pandemic.

Shortly after the start of the Ukraine war, the unions joined forces with the government and business leaders in the "Concerted Action." Their goal is to pass on the enormous costs of military rearmament and the consequences of sanctions against Russia to working people while blocking resistance to the war. Since then, "restructuring" has involved more and more layoffs and the biggest wage losses since the 1930s.

A few days ago, Ford announced mass layoffs in Cologne and Aachen. The closure of the Ford Saarlouis plant by 2025 is a done deal. Previously, the Ford works council had secretly agreed to an 18 percent wages cut at all plants. Other European auto plants, such as Volvo in Ghent, Belgium and Stellantis at the Atessa plant in Italy, are putting further pressure on their workforces this week, bringing in short-time working.

The supplier companies are particularly affected by the transformation underway in the auto industry. "The supplier industry is dying a slow death," writes *Der Spiegel*, in regard to small and medium-sized businesses. The authors point out the situation of many small foundries and steel producers that depend on coke, coal or gas, which have been hit hard by the energy crisis.

One example is the Vulcast iron foundry in the Eifel region, which has been in existence for over 330 years. Despite well-filled order books, it filed for bankruptcy and laid off 119 employees in January, citing the enormous rise in electricity and raw material prices.

The larger automotive supplier groups—Conti, Hella, ZF, Bosch and Mahle—have been cutting jobs for years in close collaboration with the IG Metall. At Bosch, thousands of jobs are again at risk. Since car production is being increasingly converted to e-mobility, Bosch has announced further drastic job cuts at plants that manufacture parts and components for combustion engines. At Mahle, the automotive parts manufacturer based in Stuttgart, entire factories are being shut down. Mahle in Gailsdorf (300 employees) is to close by the end of 2023. The Mahle filter plant in Öhringen (170 employees) was already shut down at the end of last year.

Almost every day, a new automotive supplier is affected. Here is a short list of announcements in the last few days:

• Auto supplier GKN Driveline is closing its plant in Zwickau, which previously employed 800. The production of drive shafts and other parts for VW, Audi, BMW and Mercedes will be relocated to Eastern Europe.

• Canadian-Austrian automotive supplier Magna plans to close a total of three plants, two of them in Baden-Württemberg (Bopfingen with 170 and Dürbheim/Tuttlingen with 110 employees). A third Magna plant in Bad Windsheim, Bavaria, is also to be closed.

• In Radolfzell on Lake Constance, auto parts manufacturer BCS, which employs more than 600, will close by the end of 2024.

• Ditter Plastic in Haslach in the Black Forest (Baden-Württemberg) has filed for insolvency. The company, which specialises in the precision development of technical plastic parts for the automotive industry, still has 400 employees.

• Mechatronics manufacturer Marquardt is cutting 87 jobs in Baden-Württemberg. Here, too, part of the production will be continued in Eastern Europe.

Other sectors are also affected by mass layoffs. These include Galeria Karstadt Kaufhof department stores, owned by multimillionaire speculator René Benko. Of the 131 stores still in operation, two-thirds will be closed or massively downsized, threatening several thousand jobs. In Switzerland, health food chain Müller closed all 37 stores in 17 cities on January 3; almost 300 sales assistants lost their jobs.

The list of mass layoffs and closures is lengthy. For example, printing company Prinovis in Ahrensburg (Schleswig-Holstein), which belongs to Bertelsmann, is also to cease operations at the end of January, affecting the jobs of 545. In the technology sector, Google with 12,000 layoffs is now being followed by SAP with 3,000 job cuts, 200 of them in Germany.

The number of bankruptcies had already risen by the end of last year, according to the Federal Statistical Office. Insolvencies rose in November by 1.2 percent and in December by 3.1 percent compared to the respective previous months. Year-on-year, almost 18 percent more insolvencies were reported in 2022 than in the previous year. Siemens Supervisory Board Chairman Joe Kaeser warned, “If the broad industrial base crumbles, it endangers prosperity and social peace in Germany.”

Top managers fear that resistance is stirring in the factories. It has been simmering for a long time because wages are also lagging far behind inflation. According to figures from the Hans Böckler Foundation, although collectively agreed wages have recently risen by an average of 2.7 percent, there has been an average loss in real wages of 4.7 percent in the face of persistent inflation.

More and more workers are no longer prepared to accept this. In strike ballots, overwhelming majorities are voting in favour of industrial action. It is only with increasing difficulty that the unions are able to isolate struggles and keep them under control.

In the aviation sector, Wednesday’s all-day strike at Berlin’s BER airport was followed Friday by another strike of 700 baggage handlers at Düsseldorf airport. The airport workers are defending themselves against mass layoffs associated with the takeover by new service providers, including the notorious WISAG Aviation. At the same time, air traffic controllers in Fuerteventura, pilots in Portugal and Ryanair flight attendants in Charleroi, Belgium are on strike.

At wind turbine manufacturer Vestas, technicians throughout Germany are on strike. Since November, they have been fighting for better pay, including regular pay increases, special payments and part-time work for older workers.

In the energy sector, French refinery workers also continued their strikes last week against the Macron government’s pension “reforms.” On Thursday, French port workers joined the strike. For the past week, dockworkers in Mulhouse, Alsace, a major crossroads in the Franco-German-Swiss triangle, have been on strike.

Industrial action is threatened on many fronts—at airports, among nursing staff, on the rail, at the post office, at Berlin’s city cleansing service and now throughout the public sector. This is not just about better wages and working conditions, but also about the increasing threat of war.

“We are fighting not only against the war, but also against the fact that workers have to foot the bill for it,” Endrik Bastian, a nurse and candidate of the Sozialistische Gleichheitspartei (Socialist Equality Party, SGP) for the Berlin state election, said recently in a video. Commenting on the health care catastrophe, Bastian said, “Germany alone is short 200,000 nurses—200,000! And of those who are there, another 10 percent are missing because of illness and overwork ... To finance war and rearmament, there are mass cuts—in health care, and also in education.”

Labour disputes are also on the rise again in the nursing sector. At the Göttingen University Hospital, about 200 cleaning staff went on strike for three days on Wednesday, because the service and cleaning staff of the UMG (Unimedizin Göttingen) are paid significantly below the agreed rates. In Austrian private hospitals, about 10,000 employees are threatening a wage strike.

All these struggles need a perspective! They must no longer be left to the control of the trade unions, which are subordinated to the “social partnership”—in other words: to big business and the government’s war policies. The unions work closely with the coalition government and the top management of the DAX corporations.

They make a very good living from this, as the example of the VW works council Bernd Osterloh leaders shows. A criminal trial in Braunschweig brought to light the lavish salaries and bonuses collected by Osterloh, a former works council head, which in some years came to more than €700,000. The current head of the corporate works council, Daniela Cavallo, says she collects around €100,000 a year as a fixed salary, to which bonuses in the five-digit range are added.

No wonder high-ranking union officials and works council members also defend the bonuses and dividends paid to managers and shareholders. As DGB leader Yasmin Fahimi said at the end of December, “These are the normal mechanisms of the market economy. You may not like them. But now is not the time for fundamental debates critical of capitalism.” Wonderful comment!

The unions are doing everything they can to prevent an effective, broad strike movement. The “warning strikes” they organise serve primarily to relieve pressure and keep anger under control, like a safety valve—in order to fob off workers with a pittance in the end, as has happened so often before.

Defending and improving wages, jobs and conditions is a class issue. Workers in industry, logistics, rail, postal services and in the public sector must unite nationally and internationally. They must free themselves from the unions and build independent rank-and-file action committees in all workplaces. What is needed is a socialist programme that places the needs of working people above the profit interests of the corporations and puts an end to rearmament and war.