Germany: Siemens to cut 15,000 jobs

By our correspondent
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Just days after the federal election, major German corporations have announced a wave of mass layoffs. Siemens plans to reduce 15,000 jobs worldwide with 5,000 positions going in Germany. The construction group Bilfinger Berger plans 1,250 redundancies and energy company RWE will cut 3,000 jobs. The chemical companies Lanxess and Evonik are slashing 1,000 jobs each and Bayer another 700.

During the election campaign the companies kept their job-cutting plans secret with the blessing of the trade unions and all of the main political parties. All agreed that the impending layoffs—along with the new wave of budget cuts and other attacks on the working class planned in the European Union—would be concealed from the population. Now that the election is over the cat is being let out of the bag.

Siemens plans to cut the 15,000 jobs within a year. Currently, the global manufacturing and electronics giant employs 370,000 people worldwide. Representatives of the trade union works council declared that they were "surprised and hugely annoyed" by the announcement from new Siemens CEO Joe Kaeser. The union's outrage, however, was completely phony and solely aimed at deceiving the workforce.

The IG Metall engineering union and its affiliated works councils not only supported Kaeser when he replaced the company's previous CEO—Peter Löscher—they also paved the way for the current redundancies. The plans for job cuts have been discussed internally for a long time and negotiated with employee representatives," writes the *Süddeutsche Zeitung*, which like Siemens is based in Munich and is very familiar with the firm's relations with IG Metall.

The union functionaries' anger is directed solely at the loss of their own privileges. Apparently, the workers' representatives fear losing their influence, wrote the *Süddeutsche* noting that, "Little can be accomplished in the complicated relations of the company without the works council and IG Metall."

Siemens is said to have assured the works council that the 5,000 job cuts in Germany will not be "compulsory redundancies". Instead workers will be lured into giving up their jobs with severance payments or pressured to leave "voluntarily". The works council will play a major role in applying such pressure.

The jobs to be shed at Siemens by autumn 2014 are expected to be just the beginning. The company faces grave problems due to the European and international economic crisis and shareholders are pushing for higher returns.

The construction company Bilfinger Berger, which is headed by the former conservative prime minister of Hesse, Roland Koch, plans to axe about 1,250 of its 9,000 jobs administrative posts over the next two years. Citing the need for cost reductions, the company, which currently employs 70,000 workers, says it intends to save €80-90 million in annual personnel costs starting in 2015.

According to the *Handelsblatt* business paper, RWE Generation, a subsidiary of the RWE Group, also wants to save money by laying off 3,000 of its 18,000 staff members. The company says it has been hit by the decline in electricity prices, which have fallen from €60 to around €40 per megawatt hour.

RWE CEO Peter Terium announced a cost-cutting program last spring intended to save RWE Neo €500 million a year. The figure has now been increased to €750 million.

The German chemical industry is in crisis because it supplies many other industries, which are cutting back production themselves due to the ongoing recession in Europe. The demand for rubber for automobile tires, for example, has declined sharply due to plummeting car sales.

After Lanxess made a reduced profit of €9 million in the second quarter of 2013, its forecast of €1.4 billion in earnings in 2014 appears doubtful. CEO Axel Heitmann aims to save €100 million annually from 2015, in part by eliminating 1,000 jobs.

Bayer is also affected by the crisis in the auto industry and plans to cut 700 jobs in its plastics division, MaterialScience, over the next four years.

Evonik, the tenth largest chemical company in Germany, wants to save €250 million in 2017. To this end it plans to shed 1,000 jobs.

Loewe AG, the producer of entertainment and communication technology and one of the last television manufacturers based in Europe, filed for bankruptcy on Tuesday and is desperately looking for an investor. Eight hundred jobs are at risk.

The destruction of tens of thousands of jobs in Germany is part of a systematic offensive against the working class. The corporate and financial elite is using mass unemployment to drive down wages and close the gap between the conditions of European workers and their brutally exploited counterparts in China. Many of the redundant workers will end up in the low-wage sector or as temporary workers if they find work at all.

The excess capacity, repeatedly cited as a reason for the dismissals, is a direct result of the social devastation that has assumed disastrous proportions on the continent, especially in southern Europe.