Germany: total union capitulation at DaimlerChrysler

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In the conflict with the DaimlerChrysler (DC) subsidiary Mercedes, the IG Metall trade union and its factory committee have totally capitulated to company demands. Following protest actions in the middle of the month involving tens of thousands of employees, the trade unions agreed on July 23 to demands by the company executive for cuts in personnel costs amounting to a half-a-billion euros per year.

As a result, DC employees will suffer substantial cuts in wages, and many will be forced to accept considerably worsened working conditions. In return, the trade union and its factory committee declared that the company had agreed to secure employment levels until the year 2012. According to Jürgen Peters, the chairman of the engineering union IG-Metall, this represented "a success that one cannot rate highly enough."

On a closer look, however, the "success" proves to be largely fictitious. The trade union claim that the deal has secured all of the 160,000 company jobs in Germany is merely an attempt to save face and disguise the nature of what amounts to a shameless capitulation.

The company's web site refers merely to the "securing of 6,000 jobs." These jobs are tied up with the decision to build the new C-class model in the Stuttgart factory in Sindelfingen, after the trade union committee had yielded to company blackmail; DC had threatened to switch production to the north German plant in Bremen and South Africa, which would have led to the loss of 6,000 jobs in Sindelfingen.

IG Metall claims that the executive has pledged to refrain from compulsory redundancies for a period of eight years—although the appropriate text has still to be made public. However, even if this is the case, this would not prevent the company from cutting jobs by refusing to replace workers who retire or are currently employed on short-term contracts. The deal made with the trade union committee allows the company to employ workers in future at lower wages and transfer apprentices to various different plants—a measure that also saves on personnel.

In addition, the head of Mercedes, Jürgen Hubbert, has announced that new negotiations must take place should there be any large-scale changes in the economic situation. The *Frankfurter Rundschau* newspaper concluded: "Nobody can really say what it [the guarantee to secure jobs] is worth."

The deal struck at DaimlerChrysler represents a turning point in class relations in Germany. It follows the agreement reached by the Siemens company a few weeks ago, which allowed the company to increase the working week to 40 hours in two of its factories—without extra payment. DaimlerChrysler is now the second flagship of German industry in which the trade unions have agreed to far-reaching concessions.

Up until now, such agreements were restricted to smaller factories confronted with bankruptcy and, having quit the federation of employers, were not tied to the conditions of industry-wide tariff agreements. DaimlerChrysler, however, is a very profitable enterprise. Its Mercedes subsidiary notched up a profit of 3.1 billion euros last year. Income for executive members has nearly trebled over the past five years; they receive on average 3.7 million euros annually. As part of the latest deal, board members agreed to a 10 percent cut in income, but bearing in mind that they had awarded themselves an increase of 130 percent last year such a concession is utterly laughable!

It's clear that with its capitulation at DaimlerChrysler, IG Metall has established a precedent that will have far-reaching consequences. If it is able to capitulate in a highly profitable factory with a well-organised and militant workforce, as was shown during the past week, then it has established conditions in which jobs, wages and social conditions across Germany can be challenged.

Other concerns will inevitably refer to the competitive advantages acquired by DaimlerChrysler as a result of this latest deal and demand similar concessions—and not just from workers in Germany.

The latest developments in Germany have been closely followed by company boards in France, as was reported by the French correspondent of the *Frankfurter Rundschau*: "The bosses and those campaigning for a 'lean' market economy are fascinated by what is taking place on the other side of the Rhine.... First of all, the coup at Siemens—now DaimlerChrysler—a programme of immediate cost-reduction, job guarantees for the future, additional work without pay, idyllic perspectives that one wishes for one's own country."

The German deal will also have consequences for DC workers in South Africa, who already earn far less than their Germen colleagues (850 euros per month). The South African trade union NUMSA is currently involved in a dispute over wages and social conditions in the car industry (including issues such as holidays, sick pay, the availability of antiretroviral AIDS medicines). Factories are being hit by strikes, as was the case at DaimlerChrysler in Germany. However, instead of the unions undertaking a combined struggle, South African workers have now been confronted with the capitulation in Germany and told that their own resistance is pointless.

German business and political circles have already acknowledged the exemplary nature of the deal. DaimlerChrysler chief Jürgen Schrempp stated: "The deal reached has the character of a role model for Germany as an industrial base." A similar comment was made by Germany's minister for labour and the cconomy, Wolfgang Clement (Social Democratic Party—SPD), who spoke of "a good day for Germany as an industrial base." Chancellor Gerhard Schröder (SPD) was also very pleased with the deal, which he declared was a “victory for good sense.” The chairman of the conservative Christian Social Union (CSU), Edmund Stoiber, spoke of a “signal for the future of Germany.”

With its capitulation, IG Metall has set in motion a downward process, the end of which is unpredictable. While the SPD and the Greens have taken over responsibility for the dismantling of the German welfare state with their so-called Agenda 2010 programme, social democratic trade union functionaries in the factories are active in destroying past achievements.

Under these conditions, all that remains for Germany’s conservative opposition and the liberal Free Democratic Party (FDP) is to add their applause and attempt to go one step further. Barely had the ink dried on the Daimler deal, when the parliamentary chairman of the conservative union, Friedrich Merz, publicly raised the demand for the abolition of existing redundancy protection legislation. Small and middle-sized business organisations and the FDP are also demanding further attacks on workers’ conditions.

One argument used by the IG Metall to justify its capitulation was that the deal prevented any weakening of industry-wide tariff agreements. In fact, this claim recalls the well-known statement by an American general in the middle of the Vietnam War that sometimes to save a village it was necessary to destroy it.

The original purpose of industry-wide tariff agreements was to prevent one plant being played off against another at the cost of the workforce. By dictating common wages and working conditions for entire branches of industry, these agreements prevented workers, particularly in smaller factories, from being put under excessive pressure by their employers. Such an arrangement was also advantageous for employers because such industry-wide tariff deals also largely prevented workers from taking industrial action in individual plants.

However, since their introduction, such industry-wide agreements have been so thoroughly undermined by individual clauses and exceptional arrangements that they now have the opposite effect. They have become the source of widely varying wages and working conditions between different plants and even inside individual companies. Their most important function now consists of ensuring that the trade unions at a national and local level are actively involved in attacks on the workforce. In this way, the bureaucrats are able to secure their privileges while keeping the working class in check.

This has been demonstrated in exemplary fashion at DaimlerChrysler. The head of personnel at Mercedes, Günther Fleig, has pointed out that the latest deal was able to exploit “possibilities that had been built into the tariff agreement of February this year.”

One significant reason for the speed with which a deal was made at DaimlerChrysler was the fear by local trade unions that they would lose control of the protests undertaken by workers. Trade unionists opposed to the official union functionaries had been able to increase their influence amongst workers and organised activities in defiance of the bureaucracy, such as the mass blockade of a highway in Stuttgart on July 15.

Now the deal has served to head off any further radicalisation. As one local newspaper, *Stuttgarter Zeitung*, commented: “The relief is very evident. Finally the employers’ leaders and workers’ representatives have come to an agreement at DaimlerChrysler. This is good because any collapse of the talks would have had unforeseen consequences: further mass protests and even greater and unrealisable expectations on both sides of the negotiating table.”

However, while the trade union, company, political circles and the media declare their relief, employees feel betrayed and sold out. The *Stuttgarter Zeitung* on June 24 wrote that many workers regarded the entire dispute as “rigged in advance.” The same paper reported angry scenes at the factory meeting held at the Schleyer-Halle in Stuttgart: “In the hall, the heads of the local trade union committee, Helmut Lense and Wolfgang Nieke, took the stage. Nieke sought to speak but was unable to in the face of a deafening chorus of whistles.”

Not only has the trade union imposed massive cuts in wages at DaimlerChrysler, they have also established the conditions for dividing the workforce and undermining workplace solidarity—between existing and new employees, between workers involved directly in production and those in service jobs and development. According to reports in the press, the trade unions have agreed to the following concessions:

Wages: The biggest savings will be made in the sphere of wages. According to the new contract (ERA), which levels the wages of blue- and white-collar workers, wages will be reduced from 2006 by 2.79 percent. In the first year, the losses will be recompensed by a one-time pay-out. Newly employed workers will be employed immediately at the new lower rate of pay.

Additional payments: Existing shift payments (20 percent after 12 noon) in Sindelfingen will only be paid out to the current workforce. New employees will no longer receive such payments.

Longer working hours: 20,000 employees involved in service jobs (canteen, plant security, print room, cleaning) are to receive substantially lower wages based on local tariff agreements, while at the same time working longer hours. From 2007, the average working week will be expanded from 35 hours to 39 hours. In the departments of research and development (also with a total of 20,000 employees), a 40-hour week with no corresponding pay is to be introduced “on a voluntary basis.” This demand had already been raised by management in the spring of this year but was not introduced at that time following employee protests.

Apprenticeships: After three years’ training, apprentices will be absorbed into a personnel agency (more correctly, an agency for subcontract labour) run by the company that can shift them across the country. The demand for such an agency was first raised by the company in October 2003 and is now to be implemented.

Breaks: Existing breaks for production workers will be retained but partly deducted from training periods, which are also to be cut back.