

The real face of EU expansion to the east

German-based Siemens imposes drastic wage cuts

Elisabeth Zimmermann
2 July 2004

On Thursday of last week, the management of the German-based Siemens concern and the trade union IG Metall finalised a supplementary contract agreement for the company's 4,000 employees in its factories in Bocholt and Kamp-Lintfort.

The contract stipulates that from July 1, 2004, workers at these two factories, which produce mobile telephones, will be required to work 40 hours instead of the current 35-hour week. No extra payment will be made for the additional 5 hours' work. Other payments, which were previously guaranteed for every worker, such as extra payments for Christmas and holidays, are to be axed and will be replaced by an annual payment based on performance. A promise by the management that such conditions could guarantee for two years the future of the two factories is nothing more than a declaration of intent.

This latest contract deal will not only lead to a drastic worsening of wages and conditions for Siemens workers but also represents the beginning of a general onslaught against the wages and conditions of all workers.

With considerable pomp, the eastward expansion of the European Union was celebrated just two months ago, on May 1. This latest deal demonstrates, however, the real face of such expansion. For months, Siemens management has been threatening to shift at least 2,000 jobs from factories in North Rhine Westphalia to Hungary, where substantially lower wages and poor working conditions mean that production costs are one third cheaper than in Germany.

According to one member of the Siemens executive board, the reintroduction of the 40-hour week and the curtailing of Christmas and holiday pay in the two

works will result in a reduction in production costs by one third. It will now be possible to produce mobile telephones for 5 euros less per unit, rivalling production costs in Hungary. Up until now, the company had obtained a profit of 1 euro per unit—the new deal will effectively lead to a sixfold increase in unit profits.

The contract agreed on for Bocholt and Kamp-Lintfort is also to serve as a role model for contract discussions with four other Siemens works threatened by closure or the shifting of jobs, including works in Bruchsal, Kirchheim/Teck, Karlsruhe und Nuremberg.

In addition, the Siemens executive is seeking, within the framework of a large-scale reorganisation of around 19,000 jobs in sales and service departments, to secure an initial increase in the working week from 35 to 38.5 hours. Here also, the management is demanding the axing of Christmas and holiday pay. In this connection, it was revealed that six years ago the IG Metall engineering union and its factory committees had already agreed to a similar worsening of conditions for 12,000 workers in subsidiary companies.

The consequences of this contract agreement will be disastrous for workers and has already prompted a widespread call, embracing every section of the German business community—service industries, craft industries, German post and railways and political circles—demanding the reintroduction of the 40-hour week or other forms of extended working hours without pay.

Representatives of German industry and business interests praised the deal struck between Siemens and IG Metall as a role model that serves to increase the competitiveness of German companies abroad. The deputy chairman of the SPD parliamentary fraction,

Ludwig Stiegler, expressed his own satisfaction and in the *Süddeutsche Zeitung* praised “the readiness of IG Metall to reach flexible solutions,” declaring: “In practice, the trade unions are demanding more from people than we are with our Agenda 2010.”

Discussions similar to those at Siemens are currently being held between trade unions and management at the giant auto company DaimlerChrysler. According to company shop stewards and IG Metall representatives, a total of 10,000 jobs are threatened. When making threats to their employees, both Siemens and DaimlerChrysler have been able to rely on a clause in a tariff deal agreed to by IG Metall in the spring of this year. It allows the captains of Germany’s engineering industry to extend the working week from 35 to 40 hours in particular cases, when the factory union committee agrees.

However, other employers who have nothing to do with the engineering industries have declared that in future they are no longer prepared to discuss wage increases—only the extension of the working week without compensation together with other measures aimed at cutting costs.

Employers in the tourism industry, which employs around 70,000 in Germany, are planning to impose unparalleled conditions aimed at worsening working conditions and pay. For example, flight personnel of some travel companies are being called upon to carry out 30 percent more work for 15 percent less pay. The management of the tourist and travel companies Condor and Thomas Cook are seeking to cut staff costs by a total of 80 million euros by the end of 2005.

Before this latest deal, thousands of workers and clerical employees at Bocholt, Kamp-Lintfort and many other branches had demonstrated to defend their jobs and protest against threats and unreasonable demands made by Siemens management. On June 18, for example, 10,000 took part in protest actions. For IG Metall, however, these protests represented no more than a backdrop for their discussions with the Siemens board.

The role of the trade union functionaries consisted of responding to management blackmail by transferring all the burden of reducing costs onto the shoulders of the workforce. At no point did the trade unions undertake any efforts to organise a common struggle embracing workers from Hungary and other east

European countries. Instead, IG Metall in Bocholt commissioned its own management consultant firm to analyse what forms of rationalisation and flexibility were necessary to enable German employees to compete with their Hungarian counterparts.

According to this study, additional work on its own was not sufficient to reduce costs, further concessions were necessary on the part of the workforce. This result was then used by IG Metall and local union representatives to force workers to accept increased working times and lower wages. At the same time, the IG Metall bureaucrats proclaimed as a great success the declaration made by Siemens (which is entirely noncommittal) to the effect that it would now keep the factories open for at least two years.

With a sweep of the hand and in the absence of any serious struggle, the trade unions have ditched the demand for a shorter working week, which had been a central plank of their policy for decades. The fight for, and eventual introduction of, the 35-hour week, which was presented above all as a measure to combat unemployment, was carried out over a period of many years and involved a series of major workers’ struggles. During the winter of 1978-1979, steelworkers went on strike for seven weeks to secure a shorter working week. Five years later, additional weeklong strikes by engineering workers in Baden-Württemberg were necessary before employers conceded and shorter working hours were agreed upon.

This latest development at Siemens and the close collaboration by the trade unions demonstrates the extent of the transformation in social relations. To push back the offensive being carried out by the employers, workers require a new party that fights for the international unity of the working class and a socialist programme, and that prioritises the interests of working people above the profits of big business.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact