

# Germany: IG Metall union capitulates to Electrolux

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Last week, the German engineering union IG Metall came to an agreement with Electrolux over a dispute at the company's AEG subsidiary in Nuremberg. The agreement, which affects all of the 1,750 workers at the plant, was arrived at during an evening meeting under conditions of almost complete secrecy.

For the last five weeks, workers have been on strike against the planned closure of the factory. Workers in the logistical department, which had previously been sold off, and workers at other Electrolux factories also joined in the strike action. Parallel to the plant closure at Nuremberg, Electrolux planned to change wage structures at its other German subsidiaries, which would have meant significant wage reductions.

Under the agreement, the factory is to be shut down by the end of 2007 and production moved to Italy and Poland. Five hundred workers are to lose their jobs in the middle of this year, with further retrenchments to occur in succeeding quarters. The agreement is to be put to union members this week. If it is accepted, work will resume at the plant, according to the union.

At the centre of the agreement is a redundancy payment of 1.8 months' wages for every year of employment, plus the transfer of employees to a job-creation scheme for one year. In addition, workers older than 53 will be offered an improved early-retirement plan.

Special wages and conditions are to apply to the job-creation schemes. Although the details have not been made public, it has been announced that the workweek will be increased from 35 to 38.5 hours.

The agreement, which cements the closure of the Nuremberg factory, is a blow to the entire AEG workforce, which fought against the sacrifice of their jobs to the profit interests of the company. The strike gained widespread sympathy and support from workers

at other companies and from working people in general.

The agreement that the union leaders and works committee have made with management is a capitulation. Even the initial demands for three months' redundancy pay per year of employment and the continuation of a job-creation scheme until 2010 were not achieved.

The agreement offers only a fraction more than the initial offer made by Electrolux. The company had offered 0.7 months' redundancy pay per year of service and employment in a job-creation scheme for one year.

The total value of the package is 153 million euros. The original sum demanded by the union was 350 million, while Electrolux's offer was valued at 105 million. The European chief of Electrolux, John Bygge, said he was pleased with the "very good package."

Union representatives talked up the agreement after it was reached. IG Metall Vice President Berthold Huber and negotiator Jürgen Wechsler, who only the previous week had insisted their aim was the retention of the factory, called the agreement "a good result." Works committee representative Harald Dix and the head of IG Metall in Bavaria also praised the deal.

Approval for an end to the strike also came from political circles. Bavarian Minister President Edmund Stoiber (Christian Social Union—CSU) declared he was pleased by the resolution of the conflict. The mayor of Nuremberg, Ulrich Maly (Social Democratic Party—SPD), who demonstrated in December with over 6,000 workers and supporters against the closure of the factory, characterised the result as a "success." SPD economics expert Rainer Wend called the compromise a "relatively good result."

From the beginning of the strike, the union and works committee were intent on reaching an agreement with management as early as possible. This meant accepting,

in contrast to the workers, the closure of the factory.

Their main efforts were directed at confining the protests against the closure. When spontaneous demonstrations by AEG workers broke out in mid-December after the company announced it was going to shut down the factory, the union and works committee, together with management, agreed to send the workers on vacation in order to buy time.

The fact that IG Metall called the strike in the first place and widened it to include other workplaces was due to pressure from the workforce and the intransigence of management. The union and works committee had previously offered wage- and job-cuts in return for keeping the plant open.

Behind the scenes, the union and works committee made arrangements to limit the negative effects of the strike on the company. For example, an “emergency service” for shipments from the Nuremberg plant was organised to keep up deliveries of household appliances to retail stores. The union even agreed to bring in temporary workers—i.e., strikebreakers.

IG Metall refused to call its members out at AEG replacement parts supplier Distriparts in Rothenburg. A strike there would have severely disrupted the distribution of parts for AEG appliances across the European continent and placed Electrolux under significant pressure. In spite of massive intimidation from management, the majority of workers at the Rothenburg factory had spoke out in favour of striking.

In mid-February, IG Metall had proposed the former economics minister for Bavaria and current member of the board of directors at Deutsche Bahn, Otto Wiesheu, as a negotiator, after Electrolux refused to give ground. Last year, Wiesheu mediated between the union and management at the computer chip manufacturer Infineon. The result of those negotiations was an agreement to close the factory in Munich.

Between 1993 and 2005, Wiesheu was a member of the Bavarian state government that eliminated thousands of public service jobs. Wiesheu, a member of the CSU, is, according to IG Metall chief Werner Neugebauer, “a man who can build bridges.”

The agreement between Electrolux and the union and works committee evoked disgust and anger from AEG workers. When strike leader Jürgen Wechsler announced the deal, he was met with catcalls. One Turkish worker, who was quoted by the *Süddeutsche*

*Zeitung*, said, “They are working hand in glove.”

Works committee representative Harald Dix promptly demanded the workers agree to the compromise, because in his view nothing further could be gained. Only 25 percent of workers have to agree for the deal to be ratified.

Last Wednesday, the day after Dix attempted to sell the agreement to the workers, he travelled as part of a delegation to the bag manufacturer CNH in Berlin to “support” the workforce there, which is resisting attempts by management to relocate the company to Italy. “One needs a long breath during strikes,” advised Dix. “But be careful, you can’t hold your breath forever.”

The rotten compromise that the union and works committee have made with AEG management affects not only the 1,700 workers employed at the Nuremberg factory. For the company, the deal sets a precedent. In coming years, Electrolux plans to shut down additional factories in “high-wage countries.” Their workers will be placed under pressure and pitted against each other. The cowardice of the unions strengthens the hand of the employers.

In Nuremberg, the unions have once again shown that they are neither willing nor able to take up a serious struggle to defend jobs. They have demonstrated the opposite: they work to isolate struggles and wear them down. The unions fear that protests against mass sackings at AEG and other employers, as well as strikes like the current one in the public service, could lead to a broad mobilisation of the working class.



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