

CPE à la Merkel: Job protection laws to be gutted in Germany

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With millions of people in France taking to the streets against attacks on the job security of young people, the Grand Coalition government in Germany is quietly attempting to push through parliament its own version of the CPE (First Job Contract), with provisions that go far beyond those in France.

The coalition pact which the government parties—the Christian Democratic Union (CDU), its sister organisation the Christian Social Union (CSU), and the Social Democratic Party (SPD)—signed last year when they took office specified the extension of the current probationary period for new employees from six months to two years.

During the probationary period, employers can dismiss workers with two weeks' notice, without cause. The right to compensation or redundancy payments is more or less excluded. If the employment contract does not specify a probationary period, the general dismissal period (i.e., four weeks) applies.

At the heart of the French CPE is the establishment of a two-year probationary period during which employees 26 years of age and younger can be terminated without cause. The regulation specified in the German coalition pact is essentially the same, except that it would apply not only to young workers, but to all new hires, regardless of age.

The fact that no protests have occurred against this measure, and that most people are not even aware of its existence, is to be attributed to the German trade unions. They tacitly supported the creation of the Grand Coalition and are doing everything they can to prevent a mobilisation against it.

At the same time, the events in France are leaving their mark on Germany. On the one hand, the tough stance taken by the French government has encouraged the German employer associations and elements within

the CDU and CSU to push for a more rapid dismantling of the social security system and the implementation of “reforms” outlined in the coalition pact. The SPD, on the other hand, is growing nervous over the prospect of mass resistance developing in Germany.

On March 28, the same day that nearly three million demonstrated on the streets of France against the CPE, German Employment and Social Security Minister Franz Müntefering (SPD) halted the bill's advance in the German parliament. In an article in the financial newspaper *Handelsblatt*, Müntefering argued that the CDU/CSU had, with its far-reaching policy proposals, departed “step by step” from the coalition pact.

Ever since the coalition pact was made, corporate spokesmen have criticised it for not going far enough. The president of the Employers' Association, Dieter Hundt, said at the end of 2005 that the extension of the probationary period did not mean a reduction in protection against dismissal, and demanded that it be introduced for all firms with more than 20 employees.

Stephan Pfisterer, an industrial relations expert at the Federal Association for Information Technology, Telecommunications and New Media (BITCOM), called for the probationary period to be extended further to between three and five years.

Many in the CDU/CSU agree with these demands. The parliamentary leader for the CDU/CSU, Volker Kauder, has called for a review of the coalition pact. “The work of the government cannot simply be about implementing the coalition pact,” he said.

Economics Minister Michael Glos (CSU) has likewise announced his dissatisfaction with the pact and demanded that “restraints on employment,” by which he means the dismissal period, be further relaxed.

At a March 17 meeting between business leaders and German Chancellor Angela Merkel (CDU) at the

International Trade Fair in Munich, the corporate representatives reiterated their appeals for an easing of the dismissal protection rules. Merkel has demanded the passage of the law establishing a two-year probationary period.

The president of the Federal Association of German Industry (BDI), Jürgen Thumann, said an intensive discussion was underway concerning “what needs to be done about company agreements and a further relaxation and simplification of the dismissal protection rules. We have to ensure that we make progress here and that these rules are deregulated.”

The head of the German Industry and Chamber of Commerce (DIHK), Martin Wansleben, also stated that the coalition pact did not go far enough in weakening job security rules.

The chancellor herself has already broached increased flexibility regarding dismissal rules. According to her, the coalition pact is simply the starting point for the government’s work.

Müntefering’s halt of the bill’s advance is nothing more than a manoeuvre. After increasing the retirement age to 67 only a few weeks ago and introducing more regulations targeting the long-term unemployed, he is attempting to present himself as an opponent of the employers’ demands. Nevertheless, he still upholds the content of the coalition pact, which means the introduction of a two-year probationary period for all workers.



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