Germany: IG Metall agrees to sell-out contract

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The new contract concluded by the IG Metall union in the engineering and metal working sector represents a cut in real wages for some 3.6 million people in these industries. Opposition among workers grew as soon as the details of the contract became known.

As usual, IG Metall tried to put a positive spin on the sell-out. The union put out the message that the deal represents a two-stage increase worth 4.2 percent overall, plus a one-off payment, with the contract lasting 18 months.

However, an examination of the contract details reveals that these statements are consciously misleading. The new contract will begin this month, but wages and salaries will only be increased by 2.1 percent three months later, starting in February 2009. Three months after that, starting in May 2009, there will be a further increase of 2.1 percent. But “businesses in distress” can withhold this second increase, which will be the case for many workers.

Thus, the only firm agreement is for a single increase of 2.1 percent covering nine months (February 2009 to December 2009), which corresponds to an average annual increase of just 1.6 percent. In September 2009, there is to be a further payment of €122, but this can also be withheld for financial reasons. For the first four months of 2010, “a figure of 1.6 percent was agreed,” but this is exclusively for the financing of part-time work for elderly people.

In an effort to make this miserable contract acceptable, a relatively high one-off payment of €510 was agreed for the first three months. While this “augmented Christmas bonus” will naturally be welcomed by many workers, it cannot hide the fact that the contract overall sets an increase that is far below the 3.2 percent rate of inflation.

The employers have praised the settlement, which by their own calculations amounts to about a quarter less than the last wage increase. “We have taken the economic situation into account and have set an example for employees,” said employers’ representative Martin Kannegiesser. He praised the union, saying, “The negotiating partners have shown that they can reach a deal even in difficult times.”

In light of the fact that thousands had taken part in warning strikes over the past weeks—the first industrial action in this branch of industry for six years—IG Metall leader Berthold Huber tried to counter the anger and indignation of many union members by saying that while the contract was not everything they had hoped for, taking longer strike action would not achieve any more.

In an article headlined “Huber’s fear of the rank and file,” *Spiegel Online* reports the fierce opposition to the deal on the factory floor, where the sellout by IG Metall is clear for all to see.

The article describes the mood among union members as extraordinarily angry. Workers are not prepared to pay for the “billion euro failings of the banks and speculators which will cost taxpayers much money. This was clearly expressed last week in warning strikes in which nearly 600,000 took part. The anger, which was palpable, was stoked by the billion euro bailout awarded to the banks.”

The article quotes the calculations of a negotiator from the employers’ side, according to whom the new contract represents an increase of only 1.24 to 2.85 percent in personnel expenditure in the coming year.

The effects of the international financial crisis and the accompanying economic recession have impinged directly on the wage negotiations in the engineering and metal working industry. IG Metall, which likes to depict itself as the largest industrial trade union in

Europe, reacted to the economic crisis by moving even closer to management.

Although the negotiations took place at the district level, IG Metall leader Huber and employers' representative Kannegiesser travelled to the talks in Sindelfingen. Both had already agreed that their most important goal was to prevent a strike. In the end, Huber signed an agreement that had nothing to do with the original demand for an 8 percent wage increase.

While the financial and economic crisis has revealed the class character of society ever more clearly, and the government is pumping billions into the coffers of the banks to be paid for in the final analysis by working people, the union leadership places itself unreservedly on the side of the bosses and the ruling elite. The union policy of "social partnership" is aimed at preserving capitalism—to which end the union bureaucrats sit on the company supervisory boards and are paid handsomely like top managers.

Just like the social democrats who sit in government, so too the social democratic union bureaucracy is moving sharply to the right. The entire union structures, built and financed by generations of workers, are now being used to suppress any independent movement by the rank and file. Collective agreements serve only to lower real wages and to shift the burden of the economic crisis onto the backs of working people. At the same time, once the contract has been agreed, an "industrial truce" applies, supervised by a whole army of union officials.

The new contract has serious implications for workers in the engineering and metal working industries and for all other workers as well. While anger is understandable, it is necessary to keep a clear head and draw out the political lessons.

In taking the side of big business and the government, the trade unions are encouraging further attacks. Mass redundancies and the closure of entire plants are already under discussion, with devastating consequences for supply industries and the social existence of entire regions.

The new contract has not ended the battle, but heralds a new stage. To prepare for the coming struggles it is necessary for workers to break with the trade unions and organise independently.

The claim that workers have only the unions in their fight against the employers is wrong. The trade unions stand on the other side of the barricades and are political opponents. In view of their rightward turn, any serious struggle to defend wages and conditions requires a break with the unions.

This is primarily a political task. It is necessary to reject the reformist politics of social partnership and to turn to a socialist perspective.

The orgy of speculation that has given rise to the financial crisis—like the reaction of the government, whose rescue package provides unrestricted access to the treasury for the financial aristocracy—shows clearly that capitalism has failed. These problems can only be solved on the basis of a socialist perspective, which gives priority to the needs of working people and demands the democratic control of the banks and corporations.

The fight to defend jobs and wages requires a socialist perspective and an international strategy.