Major trade unions provide vital backing for German government

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For the first time in many years, Germany's two biggest trade unions—the engineering union IG Metall and the Mines, Chemical and Energy union (IGBCE)—have agreed not to demand a wage increase in 2010. They justify their stance by claiming that due to the economic crisis, the protection of jobs has priority.

The announcement makes clear that after years in which both jobs and wages have been undermined in German industry, the unions will work to ensure that workers bear the full brunt of the current economic crisis. The German government coalition, comprising the conservative "union" parties—Christian Democratic Union (CDU) and Christian Social Union (CSU)—and the free market Free Democratic Party (FDP), is deeply divided and grateful for the all the help it can get.

With a total of 22,000 factories and a workforce of 3.45 million, the engineering and steel industries are key factors in the German economy. At the end of October 2009, IG Metall Chairman Berthold Huber laid down the line for contract negotiations in 2010, telling one newspaper, "At the moment, I see no chance of putting in claims for substantial pay increases."

He went on to say that a crisis is "never the time for the trade unions to achieve successes on the pay front" and added that he would be forced to forego the usual bargaining tactic of demanding pay raises in line with inflation rates and productivity.

This line of argument exposes the real character of the unions. At a time when the defense of workers' interests is most urgent, the head of the IG Metall declares that this is impossible, citing the crisis in the steel and engineering industries. IG Metall Vice Chairman Detlef Wetzel said shortly before Christmas that up to 750,000 jobs are immediately at risk.

The union has further declared that its members in the state of Bavaria, home to many engineering and auto concerns, should be prepared for a "null round" in contract negotiations. According to IG Metall official Werner Neugebauer, in 2009 some 30,000 jobs were lost in Bavarian factories out of a total workforce of 720,000. Further job losses were only avoided by the short-time work measures introduced last year by the German government. Neugebauer announced that he would be satisfied if it proved possible to limit further job cuts in the state to 20,000 in 2010.

In Germany's largest state, North Rhine-Westphalia, IG Metall district organizer Oliver Burkhard declared, "We need to arrive at solutions faster than the pace of the problems we will confront in the factories in 2010."

Although the current contract (a two-year agreement signed in 2008) does not end until April, IG Metall functionaries have already been working closely with the employers' associations to draw up plans to shift the burden of the crisis onto the workers. According to the union, its regional contract commissions have been developing proposals since last autumn.

The negotiations between the unions and employers have concentrated on three issues. First, management is to be empowered to cut work hours even more drastically than they have up to now. Under the current contract, employers can reduce the work week from 35 to 29 hours, with no compensation for lost wages. The IG Metall now suggests reducing the limit to 25 hours on the basis of a "partial wage adjustment."

Second, apprentices threatened with unemployment after they have completed their training should be retained "if necessary with zero short-time work until the situation improves," i.e., on the basis of no work hours and no wages. According to union spokesman Jürgen Kohlinger, "a last resort" would be the inclusion of apprentices in so-called "transfer companies." Such “transfer companies” have proved in the past to be half-way houses to outright unemployment.

Third, workforces are to be cut by the widespread introduction of part-time work for elderly employees.

The IG Metall sums up its policy with the statement that it “wants to prevent companies from using the crisis to reduce permanent staff, who will be replaced by subcontracted workers when the crisis has abated.”

This is a formula for cooperating in layoffs and wage cuts while minimizing the loss of union members and dues income to the union apparatus.

In the Ruhr district, which, like Bavaria, has been hard hit by the collapse in demand for industrial goods, the local IG Metall has agreed an additional measure. Companies will be allowed to redistribute their workforces amongst themselves without the consent of the workers involved.

Those workers consigned to other companies will remain employees of their original company, from which they will continue to receive their wages. The basis for this deal is the so-called “crisis contract” agreed by 350 enterprises within the industrial employers’ federations in the cities of Dortmund, Bochum, Emscher-Lippe, Essen and Ruhr Niederrhein.

The union argues that this unprecedented agreement is a means to prevent the use of subcontract labor, under conditions where layoffs are taking place. In reality, the deal gives the employers another weapon to use against their workforces. Some 70 kilometers separate Duisburg in the west of the Ruhr district and Dortmund in the east. Any transferred worker who refuses to accept the additional commute time will be subject to “legal consequences” arising from breach of contact.

IG Metall argues that its multiple concessions on the jobs front do not involve compromises over pay. This is aimed at duping the workers, but the employers appreciate the real significance of the union’s stance.

The business daily *Handelsblatt* writes, “It would be a really new development: Before the pay round begins, IG Metall and the employers put forward a carefully counterbalanced compromise for job protection—and declare the whole conflict resolved.”

The IGBCE entitles its bargaining policy for this year “Use Opportunities for Jobs.” The recommendations of the IGBCE executive are the basis for contract discussions affecting some 1,900 chemical factories due to begin this spring.

The chemical industry contracts cover around 550,000 employees, although contract expirations vary according to region. The current wage contracts are due to expire between March 31 and May 31.

In March of 2009, a number of unions, including the IG Metall, organized national demonstrations under the slogan “We Will Not Pay for Your Crisis.” These protests were supported by the Left party.

However, the unions are working precisely to make the workers pay for the crisis, in the form of wage and job cuts, while those responsible for the crisis—speculators, bankers, corporate executives—are once again stuffing their pockets at the expense of society.

The government rightly sees the position of the unions as a green light to implement its policy of sweeping social attacks this year, under conditions where the full impact of the jobs crisis will make itself felt. The government and job market experts anticipate that unemployment in Germany will rise to at least 4 million in 2010.

The government is divided on how to proceed, with opposing positions emerging on the issues of tax cuts and other economic measures. The declarations of IG Metall and the IGBCE make clear that the unions will in no way exploit this political crisis and will instead seek to suppress working class opposition to the regime.