

# IG Metall deal paves way for austerity campaign against German workers

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23 February 2010

Last week, Germany's biggest union—IG Metall—signed a new contract covering 700,000 employees in the metal-working and electrical industries in North Rhine Westphalia. The deal is considered precedent-setting for the whole of German labour relations. At a time of growing social tensions, the contract provides the government with vitally needed support.

IG Metall entered the negotiations with the employers without tabling any wage demand, something that is quite extraordinary. Now it has signed a contract that not only includes cuts in real wages but also gives employers the ability to arbitrarily shorten work hours with corresponding lower pay. Workers thus become on-call pawns of the company who can be sent home or be brought into the factory depending on the level of orders.

Covering a period of 23 months, the first year of the contract provides for just a one-off payment of €320—i.e. employees will receive an additional monthly allowance of €27. From April 1, 2011, wages will increase by 2.7 percent. This represents just a 1.4 percent increase as an annual average, which is significantly less than the current rise in prices. The previous contract agreed by IG Metall represented a two-stage pay increase totalling 4.2 percent over 18 months.

The kernel of the new contract, however, is what IG Metall has hypocritically called “employment security.” Under the pretentious name of “future in work,” it has signed a contract that enables the employers to cut the working week to 28 hours for minimal wages. Workers would be paid for only 29.5 hours, which for many means a loss of income that will be impossible to live with.

These regulations would then come into force after

the expiry of any short-time working being funded through the Employment Department. In return, employers are supposed to avoid layoffs for six months, which is not much longer than the statutory period of notice in any case.

The union and employers are also demanding a federal subsidy to the agreed state-funded short-time working payments. This would come into force only if the government agrees to a reduction in social insurance contributions for the period of short-time working. The already-strapped social insurance funds are to be further cleared out, which ultimately falls back onto employees and benefit recipients in the form of increased contributions and benefit cuts.

The contract agreed in North Rhine Westphalia is to be implemented nationwide throughout the entire metal-working industry, with 3.4 million employees. This was recommended by IG Metall chief Berthold Huber, who had travelled with the entire union leadership to the negotiations in Düsseldorf. The head of the Gesamtmetall employers' federation also participated in the negotiations in order to emphasise the nationwide importance of the deal.

The contract also sets the tone for other industries. It was negotiated and agreed on in record time in order to forestall any possible conflicts developing amid the worst economic crisis in post-war Germany.

Contracts covering a total of 9.4 million workers are up for negotiation this year. In particular, this applies to the public sector, at federal and local level, the various social insurance schemes as well as the chemical industry. While IG Chemie, like IG Metall, has not tabled any wage increase, under the pressure of its members the public service union Verdi is calling for a 5 percent increase, something that on closer inspection, however, is really a sham.

The pilots' union Cockpit, which does not belong to the German Trade Union Federation (DGB), has called a four-day strike at Lufthansa, which threatens to paralyse Germany's most important airline. Pilots want to avoid any more jobs being outsourced to specially established subsidiaries that pay far-lower salaries. As with the strike of the Deutsche Bahn train drivers two years ago, the press has launched an hysterical campaign against the Lufthansa pilots for daring to defend their conditions.

The contract agreed by IG Metall is a deliberate stab in the back of the public sector workers and pilots. IG Metall is doing everything to maintain industrial peace at a time when Finance Minister Wolfgang Schäuble (Christian Democratic Union) is preparing brutal austerity measures and Vice Chancellor Guido Westerwelle (Free Democratic Party) has launched a witch-hunt against those receiving social security. It occurs as the German government is putting Greece under pressure to radically cut its public sector pay and social benefits.

This once again demonstrates the fact that IG Metall does not represent the interests of its members, but acts as the industrial police force for the government and the corporations. Under conditions of growing outrage over the enrichment of the banks and the impoverishment of wide sections of the population, this organisation is seeking to prevent by all means the emergence of a European-wide mobilisation of workers against the dictates of the corporations and the banks.



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