

Germany: Temporary workers face poverty wages

Dietmar Henning
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More than one in eight agency workers earn less than they would receive on welfare. The fact that poverty wages are the norm in the sector is revealed in a study published last week by the German Trade Union Federation (DGB).

As of June 2010, according to official figures from the Federal Employment Agency, 800,000 people were employed on temporary contracts, with the number now swelling towards the million mark.

According to the DGB, in 2009 agency workers earned an average of only €1,456 gross per month in west Germany and only €1,224 in east Germany. The DGB study, “Low Pay and Wage Dumping in the Temporary Contract Sector,” recorded average net monthly earnings for unmarried workers with no children of €1,055 in west Germany and only €921 in the east of the country.

But these are only averages. One in ten full-time workers on a temporary contract in the west and one in five in the east earns even less than €1,000 a month. “Another fifth of such temporary workers earn between 1,001 and 1,200 euros, with the proportion being more than a quarter in the east,” the study finds.

The gap between the incomes of all full-time workers and temporary workers is wide. In west Germany, average gross income in 2009 was €2,805 a month, almost twice as high as the €1,456 for agency workers.

Looking only at incomes in the manufacturing industry, the sector with the most workers on temporary contracts, the differences are even greater. Temporary workers nationwide earn on average less than half as much (45.7 percent) as full-time employees of manufacturing companies. “In particular, this agency labour is exploited to undermine the wages of the permanent workforce,” the study notes.

The number of those who are forced to claim welfare

benefits on top of their regular wages has increased rapidly. In mid-2010, this applied to some 92,000, or 13 percent of all agency workers in jobs coming within the social insurance system.

Temporary workers are the first to be laid off in an economic crisis. In 2008, more than 25 percent or 234,000 agency workers lost their jobs. Moreover, wages fell between 2008 and 2009. Now, the sector is booming again. But this is of little benefit for the workers, who are recruited primarily on poverty wages. From mid-2009 to mid-2010, the number of agency workers who had to also claim welfare rose by 60 percent.

The figures uncovered in the DGB study, which are only a bare indication of the misery faced by such workers and their families, are an indictment of all the parliamentary parties and the trade unions.

The massive expansion of the low-wage and agency sector was the declared objective of “Agenda 2010,” introduced by the Social Democratic Party-Green Party coalition government under Gerhard Schröder. The DGB was centrally involved in the preparation of “Agenda 2010,” and especially the so-called Hartz labour and welfare “reforms.”

Peter Gasse, former regional head of the IG Metall union in North Rhine Westphalia and current Personnel Director of the Krupp-Mannesmann iron and steel works, along with Isolde Kunkel-Weber, an executive committee member of the public sector union Verdi, were members of the commission headed by Volkswagen personnel director Peter Hartz, which elaborated the Hartz-I to Hartz-IV “reforms.” This introduced the largest social cutbacks in the post-war history of Germany. In 2004, as a broad protest movement developed against Hartz IV, the DGB refused to support it.

The DGB has not only helped to create the legal basis for the widespread use of temporary work, it has also organised and benefited from it.

For example, the DGB in North Rhine-Westphalia is a part owner of the agency labour company Start Zeitarbeit Ltd. Also counted as shareholders are the state of North Rhine Westphalia and several cities (including Düsseldorf and Duisburg), and the steel employers' association, as well as other employers' organisations and charities.

“Our goal is to strengthen long-term competitiveness in the region,” the company says on its web site. In 2009, Start Zeitarbeit had a turnover of €49 million (in 2008, €94.5 million) and has 27 offices in North Rhine Westphalia. The company's 1,800 agency or temporary workers (2009) were paid under a contract agreed with the union Verdi.

The lowest hourly wage for assistants is €8.05. On a 35-hour week, that represents around €1,225 gross per month. During the first six months, skilled workers receive 85 percent of the equivalent going rate in the factory. While the DGB and its constituent unions officially demand “equal pay for equal work,” this principle only applies from the 19th month of employment for such agency and contract workers!

The seven largest DGB unions have also concluded collective agreements with the Association of Employment Agencies (IGZ) and the Federal Association of Temporary Employment Agencies (ERS). These established a minimum hourly wage in the east of €6.65 and €7.60 in the west. Thus, the DGB not only cements wage inequality in east and west Germany, it also upholds the poverty wages it criticises in its recent study, namely €1,009 gross in the east and €1,153 in the west.

These facts show what should be made of the DGB campaigns against temporary work and low pay. They are used to blow off steam and provide a cover for the government. The DGB has called a “national day of action” for February 24, but its only purpose is to dissipate growing social anger and prevent a real fight.

The confrontation between the government and opposition over the Hartz IV “reforms” must be viewed in this context. The DGB blustering is nothing more than political showboating in preparation for the forthcoming seven state elections, while the government and opposition are determined to maintain

the low-wage sector they have created jointly.



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