

# German chancellor seeks closer alliance with the trade unions

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Last week, German Chancellor Angela Merkel (Christian Democratic Union—CDU) surprisingly confirmed a report in a German newspaper that stated she had invited two representatives from different wings of her party to draw up plans for a minimum wage to be agreed on in talks with trade unions and employers.

According to the report, Karl-Josef Laumann, the chairman of the CDU social committee, and Michael Fuchs, the deputy chairman of the parliamentary group for small businesses, are working intensively to prepare a proposal to present at the CDU party conference in Leipzig next month. The recommendation of the commission declares that, instead of a statutory minimum wage prescribed by the State, “We want a minimum wage determined by the social partners and thereby market-orientated, rather than a minimum wage policy.”

This is a play on words aimed at obscuring the fact that the conservative parties and their coalition partner, the free-market Free Democratic Party, have in the past clearly spoken out against a minimum wage. In fact, it makes little difference whether the minimum wage is proposed by a joint commission of the social partners and then proposed by the government as a “national minimum wage”, or whether it is negotiated by the contract parties (i.e., trade unions and employers) and then declared to be universally valid.

Most media reports have reduced Merkel’s abrupt about-turn to her headstrong political style. For a long period, she has defended the known principles of the CDU only to undertake a sudden and unexpected change. “Quick, quicker Merkel,” wrote the *Süddeutsche Zeitung*, adding that within a year the chancellor had abolished military conscription, phased out nuclear power and done away with a key element of

the German education system. “And now Angela Merkel is even cuddling up to the minimum wage. This means there is not much left of conservative core of the party.”

The knee-jerk method with which Merkel leads the Christian Democrats has little to do with her political disposition. Rather, it is an attempt to prepare the party for forthcoming confrontations with the working class. In this respect, her alliance with the unions is extremely important. Merkel’s shift in the minimum wage debate is above all an invitation to the unions to work even more closely with the government.

Trade union headquarters have reacted to the “change of course in social policy” (*Handelsblatt*) with enthusiasm. The German Trade Union Federation (DGB) promptly declared that it was available for talks at any time to discuss the details of a minimum wage. “I have a feeling we are nearing a breakthrough”, declared DGB chief Michael Sommer. Minimum wages for all industries could be regulated by law in this current legislature period. He believes that “a great deal will take place” after the upcoming CDU party conference.

Union heads went on to stress that it was good that the CDU now recognised “that more order has to be established in the labour market. This includes minimum wages which people can live on”, stated the deputy chairman of IG Metall, Detlef Wetzell. The CDU’s proposal for the minimum wage went in the right direction, he said, but is not yet sufficient. One positive development is that it provides for the determination of the minimum wage by a committee of the social partners. An orientation to the current contract level of temporary employment is too low. This amounts to an hourly wage of €6.89 in the east of Germany and €7.79 in the west. For their part, the

unions are demanding a flat-rate minimum wage of €8.50.

Merkel has sought to collaborate with the unions on previous occasions. At the DGB congress in the spring of last year, she began her keynote speech by declaring it was time to “expressly praise” the head of the DGB. Sommer had played a “very prominent role” in the voting process of the G20 countries on financial market regulation. She then warned: “There are very, very difficult years before us”, then added, “But despite our differences I’m always ready to converse with the unions.”

Just a few weeks earlier, the chairman of Europe’s largest industrial union, IG Metall, Berthold Huber, celebrated his 60th birthday in the Chancellery at the invitation of Merkel. The chancellor used the occasion to thank IG Metall in North Rhine-Westphalia for agreeing to a contract in the metal and electronics industry. The contract was to run for a period of nearly two years and meant a cut in real wages for employees.

Now Merkel has intensified her “cuddling up” (*FAZ*) to the unions. The reason is the rapid intensification of the euro crisis. The austerity programme dictated by the EU in Greece is the prelude to massive attacks on the working class throughout Europe. At the same time, the general strike in Greece just last month witnessed the largest demonstrations in the country since the fall of the military junta 35 years earlier and reflects a revival of militancy on the part of the working class.

The trade unions have responded by moving even closer to the state and government. They offer the services of their apparatus in order to defend the bourgeois order and stifle any independent development and radicalisation of the working class. The increasing integration of the unions into the state can currently be observed in all countries. It reflects the reactionary standpoint of a highly paid and privileged bureaucratic caste, which organised social partnership in the past and now sees its main task as the suppression of the class struggle.

Merkel considers the DGB to be an important ally. Her embrace of the minimum wage will assist in reinforcing Germany’s massive low-wage sector and is aimed at reversing the declining influence of the unions.

The creation of a low-wage sector is principally due to the policies of the trade unions. Already, millions of

workers in Germany earn subsistence wages and are dependent on handouts.

According to a study conducted by the Prognos research company, 1.2 million people work for less than €5 per hour. Another 2.4 million workers receive an hourly wage of less than €7.50. Overall, the study revealed that 5 million people earn less than €8.50 per hour.

According to labour market experts, the situation is especially grave in industries that do not have a collective contract. This applies, for example, to the hotel and call centre industries and agriculture.

The growing low-wage sector is increasingly undermining the contract system and thus weakening the influence and control of the unions. According to the Hans Böckler Foundation, which is closely connected to the DGB, the number of employees covered by a collective contract has declined significantly over the last 10 years. In 1998, 76 percent of workers in the west of the country and 63 percent in the east had such contracts. By 2009 these ratios had fallen to 65 percent of workers in the west and 51 percent in the east.

Far from abolishing minimum starvation wages, Merkel’s campaign is aimed at stabilising the low-wage sector and intensifying her cooperation with the unions.



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