

German court gives green light for expansion of temporary employment contracts

Ernst Wolff
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The number of temporary contract workers at automaker BMW's Leipzig plant has steadily increased over recent years. Currently there are more than 1,100 workers on temporary contracts working alongside 2,800 permanent staff, whose pay averages €1,000 (US\$1,340) per month less than their permanent colleagues.

Under pressure from the workforce, the works council filed a suit at the Labour Court in Leipzig against the recruitment of an additional 33 temporary workers. BMW management then seized on the court case as an opportunity to turn the tables. Company lawyers have lodged some nine cases with the various divisions of the court to clarify the situation for all employee groups separately, in order to establish a general policy decision on the use of temporary workers.

Last week, in the first hearing, the court decided in favour of BMW management. The court ruling states that the permanent staff would not be disadvantaged because it was not expected that one of its members would apply for one of the temporary jobs advertised. This statement not only astonishes with its mocking tone, other companies will regard it as a challenge to employ even more temporary workers.

Against a background of a dramatic increase in temporary work in Germany, the nine cases will send a signal to the labour market. According to the Federal Institute for Employment, at the end of June last year there were around 910,000 temporary workers employed by 17,400 employment agencies, representing an increase of nearly 13 percent over the previous year.

BMW is one of the biggest beneficiaries of the use of temporary workers. According to the IG Metall union, the company currently employs a total of

approximately 11,000 temporary workers; some of them have worked at the company for up to nine years. BMW currently employs 1,120 temporary workers at the Leipzig plant and 1,900 at the Regensburg plant, according to the works council.

From January 2012, a minimum wage in the temporary employment sector of €7.01 has applied in east Germany and €7.89 in west Germany, but that does not change the fact that temporary workers are paid on average 30 to 50 percent less than their permanent colleagues.

This miserable pay leads to one in ten temporary workers needing a "top up", i.e., they must claim state support in order to survive. But this is not the only disadvantage that these "modern slaves" must accept, according to *Der Spiegel*.

Temporary workers generally receive no holiday pay or Christmas bonus, face the threat of unemployment after each assignment, only qualify for a small pension and have no right to further job training. Unpaid overtime is the norm, and as "factory outsiders" they are often marginalized. Every assignment decreases their chances of returning to the normal labour market. For immigrants, who represent a high percentage of temporary workers, the frequent job changes make establishing satisfactory living conditions more difficult.

The problems are not confined to the world of work. For temporary workers, it is difficult to get a loan from a bank or to rent an apartment because they cannot show a steady income and do not have a permanent employment contract. Planning for the future or even for a family is almost impossible, both financially and because of the fundamental uncertainty of the situation. All too often, temporary work proves to be the first step in a downward social spiral.

The rise of temporary working provides an indicator of the economic and political developments over the past 50 years. At the time of the “economic miracle” in the 1960s, and in subsequent years, temporary working was prohibited in West Germany. The first discussions about its introduction came in the recession of 1966.

In 1972, the Employment Act (AÜG) was introduced, allowing temporary working contracts. This law initially limited temporary working to a period of three months. In 1985, the period was increased to up to six months, with the result that at the end of that year there were 46,000 temporary workers. In 1994, it was increased to nine months, leading to 146,000 temporary workers at the end of the year. From 1997, the period was increased to a maximum of 12 months. In 2002, it was raised again, as part of the Agenda 2010 “reforms” introduced by the Social Democratic Party (SPD)-Green Party coalition, to 24 months. At the end of 2002, the number of temporary workers was 308,000.

In 2003, the SPD-Green coalition under Gerhard Schröder went a step further. As part of the reforms, all employment agencies had to set up so-called personal service agencies (PSAs). Thus, the state itself went into competition with the employment agencies. The basis for this was the “Law for Modern Services in the Labour Market”, which also lifted any limit on the period of temporary employment, leading to a veritable boom in temporary employment contracts.

In 2011, the Employment Act was reformed again. A minimum wage was fixed, but one which is so low that Eastern European workers can no longer be hired to carry out work for such rock-bottom wages. (Instead they are now employed via so-called service contracts). A time limit was re-introduced, but one that turns out, on closer inspection, to be mere window dressing. The law now states that temporary working may only be introduced in a factory “temporarily”, but what is meant by temporarily is not clearly defined.

The expansion of temporary employment contracts has drastically worsened the working and living conditions of nearly 1 million workers in Germany. On the other hand, every change in the law has brought the employers ever-greater profits. The judgement of the Leipzig court will help further deepen the social divide.



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