

# German unions agree on engineering industry contract

**Dietmar Henning****18 May 2013**

On Tuesday night, the IG Metall (IGM) and the employers' association in the state of Bavaria signed a contract for workers in the engineering industry. It serves as a model agreement for 3.7 million workers employed in the sector throughout Germany.

Engineering workers will receive an extra 3.4 percent pay from July and another 2.2 percent wage increase commencing May 1, 2014. The contract has a term of 20 months. The IG Metall had originally demanded a 5.5 percent wage increase to run for 12 months. In response, the employers' negotiators offered 2.3 percent over a term of 13 months.

The contract does not apply to the nearly 100,000 workers employed by Volkswagen, for whom IG Metall is also calling for a 5.5 percent wage increase. The VW Group, which has been making huge profits, has submitted an offer in the first round of negotiations. Now the company will make the agreement in Bavaria the basis for the next round of negotiations in late May.

According to IG Metall leader Berthold Huber, the two-stage agreement was "a fair compromise". Speaking in Munich he claimed that employees would be fairly and adequately involved in the economic development of the industry. The IGM federal executive had already approved the contract the same night and recommended it to other states for adoption.

The president of the Employers' Confederation for the Metalworking Industry, Rainer Dulger, praised the long term for the contract agreed by the union. "The pilot agreement ensures planning security and demonstrates vision and fairness", he said. "That means a lot to us at times like these."

The times to which Dulger refers are dominated by the biggest global economic crisis since the 1930s. The German engineering industry, including auto manufacturers, are more dependent on exports than

virtually any other branch. Falling orders and sales are harbingers of far-reaching attacks on wages, working conditions and jobs. In this context, Dulger expressed his satisfaction that the latest contract ruled out the possibility of any industrial action in the industry until January 2015 at the earliest.

The entire contract negotiation was a fraud organised by the companies concerned, their business association and the IG Metall. During the negotiations, the union had called out 750,000 workers nationwide to take part in symbolic strike action, including 180,000 workers in Bavaria. The brief work stoppages were part of a well-rehearsed ritual in which the IG Metall and the employers' association play their roles to perfection.

The company can rely on the fact that the union will ensure low wages in order to strengthen their position against international competitors. Although prominent economists and many international institutions are calling for incomes to be raised in Germany to offset imbalances across Europe, IG Metall has once again agreed to a wage increase that is only slightly above the rate of inflation.

In so doing, the union covers not only for the metalworking and auto companies, but also the Merkel government, which is imposing brutal austerity measures throughout Europe, with devastating consequences for workers and youth.

The new contract only applies to permanent staff employed in the factories concerned. It is now common practice for numerous companies to employ large numbers of temporary workers at far lower wages, who can be sacked when they are no longer needed. The companies pursue this policy with the active support of the IG Metall, which systematically divides the workforce.

The IG Metall has deliberately calculated in the cheap

contract workers as a buffer to offset fluctuations in production and reduce overall labour costs. Temporary workers are also employed to force the permanent staff to accept flexible working conditions without regular working hours, free weekends and fixed holidays. The joint works council at BMW recently signed such an agreement, which serves as a blueprint for Daimler and the entire auto industry.

Just one day before the new contract was signed, German television aired a documentary about the use of low-wage so-called “work contract” workers employed at Daimler. Reporter Jürgen Rose disguised his identity and offered his services at a temporary work agency, which farmed him out to a logistics company that employed him via a work contract at Daimler. He subsequently worked in the main assembly plant loading and packaging heavy cylinder heads for shipment to China.

Rose was employed for this work at the going rate for the temporary employment sector,—€8.19 per hour. This corresponds to around €1,200 gross per month. The reporter was able to establish that at least hundreds of such workers were employed at Daimler. In an interview featured in the program, the chairman of the company works council, Erich Klemm, refused to acknowledge that a single such worker was employed at the plant.

The IG Metall supports this division of the workforce and has deliberately excluded such short-term workers from inclusion in its contract negotiations. In cooperation with the Verdi public services union, the IGM is intent on ensuring the existing system does not change. Germany’s two largest unions are negotiating on behalf of the German Trade Union Federation (DGB) with employers’ associations for a separate contract for temporary agency workers.

Any contract worked out by the unions will not be in the interest of temp workers. Their current contract, which expires in October, provides for an hourly wage of €8.19 in West Germany and €7.50 in the East. If no new contract is agreed, the nearly one million temporary workers are obliged by law to receive the same wage as permanent staff.

In order to prevent this, IG Metall and Verdi are proposing a new contract based on wage rates of €8.50 and maintains the income divide between East and West Germany. They are determined that companies

continue to have access to cheap temporary workers.



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