

German corporations call for new forms of workplace exploitation

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Representatives of government, industry, economic institutions and trade unions have recently been citing “Industry 4.0” in strident calls for a “fourth industrial revolution”. Behind it is the demand for total labour “flexibility” and a brutal sharpening of workplace exploitation.

According to the web site of the German ministry of education and research, the “... Industry 4.0 project aims to enable German industry to be prepared for commodity production in the future world. ... Industrial production will be characterised by a strong customisation of products under conditions of greatly flexibilised (high-volume) production, a comprehensive integration of customers and business partners into business and value-adding processes, and a coupling of production and top-quality services”.

Through use of the Internet, working hours, rates and payment will be completely adapted to “market” conditions and subordinated to company profit interests. Although the government continues to champion itself as a great reformer because it introduced a (very low) minimum wage, it is preparing new forms of exploitation that make the iniquity of piecework look like a veritable social benefit.

Numerous research projects and institutes, financed by big business and the federal government, are the driving forces behind the campaign. Heading them is the Institute for the Study of Labour (IZA), whose 1,300 members worldwide makes it the world’s largest economic research network.

IZA’s Werner Eichhorst calls the imminent development a “process of creative destruction”, meaning that job types will disappear and new ones come into being. He stresses that simple forms of labour, routine work and even skilled jobs in industry will become less important, while work requiring high qualifications will become more important. He neglected to add that this would amount to work under conditions of virtual slavery and at minimum wages.

In its 2013 study, “Production Work of the Future—Industry 4.0”, the Fraunhofer Institute of Labour Economics and Organisation (IAO) provided a platform for leading scientists and business leaders to speak out, and thus give a taste of the social impact expected to accompany the new forms of work.

Higher volatility in markets would have to be dealt with more efficiently in the future. “That means it will no longer simply be a matter of flexibility in our customary eight-hour working; it will go far beyond that”, explained longtime Fraunhofer IAO director Professor Dieter Spath, who became CEO at the global Wittenstein

gearing technology company in 2013.

Stefan Ferber Bosch described the current problem thus: “What is in it for me, if I have a factory that brings me the highest profits when it is functioning at 98 percent of its capacity, but I cannot predict what I will be able to sell next month?” He urged that factories would have to be built that could handle these fluctuations, and do so “in real time”.

Two thirds of the companies surveyed in the study are considering the possibility of using short-term production staff to be a matter of particular urgency. This is said to apply especially to “large firms with more than 1,000 employees (82.9 percent), companies from the automotive industry (77.8 percent) and businesses subject from day to day to strong short-term market fluctuations (76.8 percent)”.

The Fraunhofer study cites the operation of Stuttgart Airport as a good example of workforce flexibility. Local air traffic there fluctuates greatly between summer and winter, weekdays and weekends, and within the day. The approximately 200 employees in ground handling services (loading luggage, transporting passengers to the aircraft etc.) are extremely flexible, i.e., for 365 days a year and around the clock.

Professor Georg Fundel, managing director of Stuttgart Airport Ltd., reported that when production dropped by 30 percent following the onset of the world economic crisis staff work time accounts were reduced considerably. Employees then worked longer hours in the summer.

Internal relocation of employees was also practiced at Stuttgart Airport. “When we have less to do in the winter, the staff are glad to be able to exercise their work skills in other parts of the company”. Workers who had no luggage to load could take on various monitoring jobs in security sections; others distributed leaflets in the terminal or performed public relations tasks. “That would have been unthinkable in the past”, CEO Fundel admitted.

According to Fundel, the flexible system introduced in 2004 has proved a success: “In the past, we paid almost a million euros a year in overtime pay. Today, we no longer pay in terms of overtime hours; instead, we reduce them when less work is available”.

But the company’s idea of flexibility goes a lot further than this. Temporary and contract labour are no longer regarded as sufficient ways of cost-cutting. The time has come for the creation of the “flexible freelancer”. This involves skilled personnel with multiple qualifications, who are available round-the-clock, are capable of

doing a variety of jobs, require no company contributions to social security benefits, and have no rights to a guaranteed income—which amounts to a daily wage swindle targeting skilled workers and academics.

As soon as they are in plentiful supply, “flexible freelancers” will be pitted against each other so that their earnings can be greatly reduced. This slight-of-hand form of exploitation already exists in the practice of so-called “crowd-sourcing”. Here, transnational companies tender problem-solving tasks from an Internet platform, and each “solo self-employed” person offers a solution. However, only the contributor of the best piece of work is paid; all the others are left empty-handed.

In this way, companies relieve themselves of any and all social responsibility. All the achievements and forms of security, won by the working class over more than a century, are obliterated. Most of the solo self-employed, who are usually highly skilled, are responsible for their own pensions, health insurance and unemployment support. They receive no sick pay when they are ill, no paid holidays, and no holidays or Christmas pay at all.

In addition to “self-employment”, various forms of “flexibility” are demanded in order to optimally exploit human labour. Dr. Constanze Kurz, union secretary on the IG Metall executive board, observed that “Wage contract settlements already set frameworks that allow employers to deviate from prior agreements,” adding: “But when it comes to the issue of flexibility, I think the companies are in many ways only just beginning.”

In addition to the now widely instituted forms of temporary and contract work, the flexible deployment of workers in a variety of workplace departments is cynically welcomed by companies as a “qualification offensive”. According to the Fraunhofer study, “Lending employees from one kind of working group to another, whenever it is deemed necessary, requires employees to be able to offer a broader range of qualifications”. It concludes that continual job training in pursuit of ever more qualifications will be of great importance.

The fact that moving employees from one company department to another involves acquiring new skills is also used as an excuse to lower wages. The Institute for the Study of Labour (IZA) suggests that young workers, in particular, must be willing to work for low wages at the beginning of their professional careers. They receive payment in the form of training and qualifications—although such qualifications are tailored to the requirements of their current employer and thus important only to that employer’s company.

Dortmund professor Michael ten Hompel suggests that “people with mobile terminal devices, e.g. smart phones, should be integrated into the Industry 4.0 project”. Such people would be available 24 hours a day and seven days a week. They could also work from home and therefore save the employer the cost of office space and work equipment. Commenting on this, Dr. Klaus Mittelbach of the Electrical Technology and Electronics Industry association said: “I think factories of the future will be just as empty of people as are today’s paperless offices”.

The involvement of workers using mobile devices will also lead to an enormous intensification of work stress. First, it makes every step taken, every handshake, every pause to take breath, literally

everything, subject to monitoring. Large shipping corporations, such as Amazon and Zalando, have already implemented this employment strategy in their warehouses. Scanners worn on the wrists of all employees there make them locatable and observable at all times. Second, when something unexpected happens to disrupt the working process, it is the worker who has to react quickly and flexibly, and pay for the damage or delay by working overtime. He or she has no fixed working hours, anyway.

The campaign for the “work of the future” in Industry 4.0 strikingly recalls the campaign for the introduction of group work into industrial production in the 1990s. At that time, companies and trade unions used Orwellian doublespeak to glorify group work as the “humanisation of work”. Today, entrepreneur Manfred Wittenstein, rhapsodically musing in the Fraunhofer study, foresees that “People will find greater satisfaction in work for which they are responsible.” He adds that the increased availability of information on a company’s premises “facilitates (the employees’) entry into the creative process, as opposed to (their traditional obligation of) merely carrying out prescribed tasks.” In Wittenstein’s view, this autonomy “leads to less alienation from work”.

In reality, group work meant group piece rate work, and now this principle is to be extended to the entire “networked” workforce in the context of Industry 4.0.

Trade unions are playing a central role in the development of these new methods of exploitation. It is no coincidence that Verdi boss Frank Bsirske has a place on Fraunhofer IAO’s advisory board. Dr. Constanze Kurz, union secretary in the IG Metall leadership, expresses herself several times in the Fraunhofer study. Among other things, she welcomes the possibility that in the future “people, who today would never think about working in industrial production, will find this field attractive”. According to the IG Metall secretary, production work today has “a certain smell about it and it is not easy to get rid of”.

The Institute for the Study of Labour (IZA) is led by the “policy fellows” Hubertus Schmoldt, former chairman of the Mining, Chemical and Energy (IG BCE) union, and Ruprecht Hammerschmidt, press spokesman for the Construction, Agriculture and Environment (IGBAU) union.

The trade unions praise IZA as a key player in German industry: “And especially central is the organization of specific work procedures in the factories”. At a new year press conference last week, German Federation of Trade Unions (DGB) boss Rainer Hoffmann stressed that the DGB would be actively taking part in determining changes in the working world. The motto for this year’s trade union May Day is: “We shape the work of the future!”



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