

Germany: IG Metall union concludes pact with corporate bosses and government against workers

Ulrich Rippert
16 September 2019

The worldwide crisis in the automotive industry is intensifying. In Germany, this development is taking on particularly blatant forms. Last week, one set of bad news followed the next.

Business weekly *Wirtschaftswoche* ran with the headline, “German car industry faces existential crisis” and announced a “brutal revolution in the car and energy industries.” *Die Zeit* reported on “The China problem of the German car industry,” quoting the chairman of the board of Continental Elmar Degenhart saying, “We aren’t slipping into a crisis, but are in the middle of one.” Newsweekly *Der Spiegel* warned of the “biggest change” in the auto industry. Following the diesel emissions scandal and the “electric revolution” there was now also an economic downturn. Many thousands of jobs were threatened, the magazine wrote.

The crisis was clearly visible at the International Motor Show (IAA), which started in Frankfurt on Thursday. One-fifth of the usual exhibitors were missing. Toyota, Renault and Fiat Chrysler all cancelled their participation. Press releases point out that the industry sold around 5 percent fewer cars in the first half of 2019 than in the same period last year. In the major export markets of China and the USA, German car sales have fallen by more than 20 percent since the beginning of the year.

The IG Metall has reacted to this development with an appeal to company CEOs and the government to intensify collaboration with the union. It wants to convince them that the “structural changes”—i.e. the reduction of jobs and stepping up the rate of exploitation—are only feasible with its cooperation; that only the union, with its army of 50,000 works council representatives and 80,000 factory shop stewards, can ensure industrial peace and suppress any resistance.

In parallel with the Frankfurt Motor Show, the so-called “Industry Week” takes place, in which many meetings of senior government representatives, industrial bosses and

trade union officials are held. On September 24, this collaboration will culminate in an industrial conference in Berlin, with the federal Economics Minister Peter Altmaier (Christian Democratic Union, CDU), the President of the Federation of German Industries (BDI) Dieter Kempf and IG Metall leader Jörg Hofmann on the podium and giving presentations.

Economics Minister Altmaier had already presented the “National Industrial Strategy 2030” at the beginning of the year. In it, he had made clear that the government, while still recognizing the independence of business and “free competition,” wanted to engage more intensively than previously with a state industrial policy to support German economic interests. While some of the employers’ associations initially reacted with restraint, fearing a “restriction of entrepreneurial freedom,” the IG Metall union reacted enthusiastically from the start and intensified its cooperation with the government.

The talks within the framework of “Industry Week” are to be used to accept the “restructuring of the auto industry” and thus the destruction of several hundred thousand jobs, the introduction of short-time working, wage reductions and welfare cuts. The IG Metall is seeking a kind of “auto-pact” with the corporations and the government.

As always, the union talks a lot about arranging things “fairly and socially.” But that is pure deceit. The union warns that the international nature of the auto industry crisis can quickly lead to strikes and mass protests that start in one country, spreading like wildfire to other countries. Therefore, state involvement and close cooperation with the union were necessary.

The main argument of the IG Metall is that the structural changes in the car industry must be controlled by “intelligent system innovations.”

However, the problem is neither the transition to e-mobility nor the introduction of new modern technology into the labour process. If workers had control over production,

these changes could bring a variety of improvements to the workforce. Artificial intelligence and robotics could facilitate the labour process and raise the standard of living for all.

The real problem is the capitalists' insatiable greed for profits.

Last year alone, the wealth of all the billionaires in the world increased by \$900 billion, or 12 percent, according to Oxfam. The poorer half of the world's population, some 3.8 billion people, lost 11 percent of its wealth.

Company boards have also benefited from this unrestricted enrichment. The average annual salary of a board member in a DAX company was €3.51 million in 2018, which is 52 times higher than the annual income of a company worker.

According to a study by the Technical University of Munich and the German Schutzvereinigung für Wertpapierbesitz (German Society for the Protection of Securities Holders), the largest difference between the income of a member of the management board and that of an employee is at Volkswagen, in which the unions and the Social Democrats play a leading role. Salaries for the top management are 97 times higher than the average personnel costs per employee in the company. In 2018, a member of the executive board earned an average of €6 million. VW CEO Herbert Diess last year pocketed €7.9 million, ranking second among DAX company board members.

According to the study, ex-Daimler boss Dieter Zetsche received €6.6 million (sixth place), although he had not even worked half a year in 2018, and had already retired in May 2018. He will receive €2.9 million annually from the company for the rest of his life, around €240,000 a month. Continental CEO Elmar Degenhardt earned €4.8 million last year. When he retires at 63, he will receive €900,000 a year, €75,000 a month from the company.

It should not be forgotten that the enrichment of the CEOs is usually agreed with the votes of the "employee representatives," i.e., trade union officials and works council representatives who sit on the supervisory boards. At the same time, millions of euros in directors' fees are paid to the trade unions and into the pockets of works council leaders such as Bernd Osterloh, who himself received an annual income of €750,000.

It is this unrestrained enrichment and pursuit of profits that drive the constant push to increase the rate of exploitation. This is the real reason for the endless social attacks that are euphemistically called "structural change." Every time job cuts and redundancies are announced, the stock markets cheer.

The IG Metall is responding to the international crisis with increasingly nationalist policies. It is closing ranks and snuggling up to the government and corporations in order to

defend "Germany as an industrial location" against its international rivals.

The consequences are inevitable. In order to remain competitive, exploitation must be increased to attract investors, drive up the rate of profit, and remain "attractive" as an industrial location; any labour disputes must be suppressed. This is fuelling a downward spiral in wages and jobs, while profits are skyrocketing and the bank accounts of shareholders—and union bureaucrats—are getting fatter.

Workers in Germany must resolutely oppose this reactionary nationalist policy of the IG Metall. Around the world, they confront the same multinational corporations and financial interests. They must not let themselves be divided and played off against each other. They can only defend their rights and achievements by coordinating their struggles internationally.

For these reasons, the strike preparations in the USA are very important. The four-year contracts covering nearly 160,000 workers at General Motors (GM), Ford and Fiat Chrysler have expired. Autoworkers in the US are determined to fight cuts in wages, layoffs and benefit cuts, which have been the norm for years. In early September, workers at these plants voted 96 percent for strike action; this could become the first major national autoworkers strike in the US for 43 years.

Preparing for a joint struggle with American autoworkers requires a break with the IG Metall and the establishment of independent action committees. All those who no longer want to be dominated by the corrupt policies of the union and the works council representatives must take the fight against factory closures, layoffs and social cuts into their own hands and fight for an international strategy.

The *World Socialist Web Site* is constantly reporting on the struggles of American and international workers. Last Thursday evening, more than 300 autoworkers, along with those at Amazon and other corporations, participated in an online meeting of the *WSWS Autoworker Newsletter* to discuss the strategy for an independent struggle of autoworkers and the related political issues.

Via the WSWS, it is possible to link up with autoworkers in the US and organise a joint fight. Read and subscribe to the *WSWS Autoworker Newsletter*, which also appears regularly in German.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact