Germany’s IG Metall trade union preparing to enforce jobs massacre and deep wage cuts

Dietmar Gaisenkersting
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Germany’s IG Metall trade union is preparing to cooperate with the major corporations in the metal and electronics industries to enforce hundreds of thousands of job cuts. The main target in this will be the auto sector.

Big business and the trade unions are exploiting the coronavirus pandemic to secure the upper hand in the intensifying global trade war by imposing savage attacks on workers. While the federal government used the first phase of the pandemic to transfer over €1 trillion to the major corporations, the past several weeks have been dominated by the push to get everyone back to work so that the corporate elite can begin raking in profits once again.

This is also the purpose of the relaunching of regular in-person classes in schools, which under conditions of a resurgence of the pandemic can only be described as a criminal experiment in herd immunity. The actions of IG Metall are characterised by the same ruthless subordination of life and limb to the profit dictates of the major corporations.

On July 22, IG Metall executive member Jürgen Kerner announced in the *Wirtschaftspresse München* that he and his trade union colleagues expect that companies in the metal industry will lay off 300,000 workers. The greatest restructuring is to be expected in the auto sector, including parts suppliers, he said. Another example is the airline industry, including Airbus and its suppliers. The IG Metall’s chief treasurer also indicated that the steel industry faces a large wave of redundancies.

When Kerner claims that among “the core tasks of a trade union is to fight within the workplace and frame the future,” workers should be on guard. IG Metall’s core task over recent decades has been the destruction of hundreds of thousands of jobs and the shuttering of plants against the strong opposition of workers. This remains true today.

Kerner, a member of the Social Democrats for many years, knows full well that the coronavirus pandemic is merely being advanced as the pretext for the loss of 300,000 jobs. He sits on the supervisory board of seven large companies, including Siemens Inc., Traton Inc., and Airbus Operations Ltd. He is deputy chairman of the supervisory board for ThyssenKrupp, MAN, MAN Truck & Bus, and the Premium Aerotic Ltd. Alongside his six-figure salary as a top union official, he can also claim hundreds of thousands in additional fees for his supervisory board positions.

The trade union bureaucrat knows very well what the companies’ real reasons for the job cuts are. Even Kerner acknowledged that the planned restructuring is not simply due to the pandemic. “A large portion of the 300,000 is about optimising the companies under cover of the coronavirus,” he said. Many of the plans were completed long before the pandemic.

Most major automakers announced a wave of job cuts last year in response to the transition to electric vehicles and increased automation. This year, the number of lay-offs has been concretised. Daimler is cutting 30,000 jobs, VW 20,000, Audi, a VW subsidiary, 10,000, BMW 16,000, and Opel several thousand. ZF Friedrichshagen, the largest auto parts supplier, is cutting 15,000 jobs, while Bosch and Schaeffler are eliminating 2,000 each. Hundreds of smaller suppliers are axing tens of thousands of jobs.

The steel industry, which is one of the main suppliers of raw materials for production industries, is also facing a major wave of restructuring. ThyssenKrupp has announced the closure or sale of its heavy plate steel factory in Duisburg, as well as the factories producing stabilisers and springs for the auto industry. Outokumpu is closing its sites in Wilnsdorf and Heidenheim.

This is an international process. Airbus, whose leadership is in close contact with the IG Metall treasurer Kerner through its supervisory board positions, plans to cut 15,000 jobs across Europe. Renault plans to cut 15,000 jobs, while 20,000 will go at Nissan. Japanese automaker Mitsubishi is even considering pulling out of Europe altogether.

Albert Vaas, an analyst with Boston Consulting, told financial daily *Handelsblatt* that there is “foreseeably a 5 to 10 percent overcapacity in production in the market.” Within the EU, around 3.7 million people are employed directly or indirectly in the auto sector, including 820,000 in Germany.

These developments are not confined to the manufacturing and electronics sectors. There is no branch of the economy where mass lay-offs have not been unveiled, including by airlines, travel companies and retail outlets.

In the emerging class conflicts, the trade unions stand on the side of their respective corporations and governments. They draft the mechanisms by which mass layoffs and unprecedented wage cuts are enforced.

For example, the Outokumpu works council is currently drafting a proposal for pay cuts of up to €700 per month, allegedly to save jobs.

The pattern of using the threat of job cuts to slash wages was also proposed by Kerner, who suggested the combining of the struggle to defend jobs with the upcoming round of collective bargaining at the end of the year in the manufacturing, electronics and steel sectors.

By that point, IG Metall will have established the mechanisms to praise the wage cuts as a great "success," because compulsory redundancies will have been ruled out and the number of job cuts will be lower than the original announcement. All of this has long been under preparation in the supervisory boards, where company and trade union representatives work closely together. However, given the scope of the coming attacks, IG Metall is insisting that the state intervenes on behalf of the companies once again.

Firstly, IG Metall is demanding billions in subsidies for the corporations under the guise of supporting environmentally friendly products. Kerner stated that the companies must be kept afloat with state support because there is no viable alternative. The state should, for example, subsidise "green steel" (made using hydro power instead of coke) and hydrogen-powered trucks to make them "competitive on the market."

At the same time, IG Metall is appealing for a lengthening of the short-time work programme so that they can buy time and drag out the attacks on workers throughout next year.

According to the latest figures, 6.7 million workers received short-time work payments in May. Most of them receive 60 percent (67 percent for parents) of their last net wage, meaning they must accept huge pay cuts. Some large companies and public corporations top this up to around 80 percent of a worker's previous wage, but this still results in a pay reduction of 20 percent. The increase of short-time work payments agreed in April by the federal government was a fraud and will only benefit a handful of workers.

The current short-time work regulations will expire in March 2021. The IG Metall and other trade unions are demanding an extension to March 2022. Earlier this month, Reiner Hoffmann, head of the German Trade Union Confederation (DGB) reiterated this demand in an interview with the *Bild am Sonntag*. The current crisis is hitting "us at a time in which many key sectors, like auto, are under tremendous pressure to change, and international relations are extremely tense," said Hoffmann.

"Pressure to change" and "extremely tense international relations" are euphemisms to describe the rapidly intensifying rivalries in the world market, which governments are fighting out with tariffs and sanctions, and the companies and trade unions with cost-cutting at the expense of the working class.

For example, the supervisory board and the head of the works council at Daimler's main plant in Stuttgart-Untertürkheim have proposed saving thousands of jobs by cutting jobs at parts suppliers. "With a larger number of personnel, we can actually cut costs even more," he explained to *Handelsblatt*. "How? Quite simple: by doing many of the activities ourselves that we previously outsourced at considerable cost."

The works council at BMW is also pushing to reduce spending on outsourcing, such as at Nedcar in the Netherlands. If the works councils get their way, the planned Daimler plant in Hungary and a BMW factory in Turkey will not be built.

VW central works council chairman Berndt Osterloh called for an additional model to be produced at the company's headquarters in Wolfsburg, which is the largest auto plant in Europe and currently only running at half capacity. This would necessarily mean that a model would be cut from another plant.

In plain language, this means that the job cuts should be carried out in other countries, but not in Germany. When trade union officials like Kerner now appeal for the state to intervene, because job cuts would play into the hands of the far-right, they are turning reality on its head. With its national division of the working class and constant cuts, the IG Metall acts as a breeding ground for and the cause of the rise of the right.

Workers in Germany, across Europe and internationally can only take forward their struggle against this by organising independent action committees, unifying their struggles internationally, and taking up the fight for socialism to place the interests of society above the profit drive of big business.