

# IG Metall union will have a role in job cuts and wage reductions

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On Tuesday morning in Düsseldorf, the IG Metall union signed a collective bargaining agreement covering almost four million workers in the metal and electrical industries without any increase in wage rates. Workers will be fobbed off with one-off payments, but payment of these depends on the profits of the corporations.

This provides rising profits for businesses and reductions in real wages for the workers. Above all, it allows IG Metall and its works council representatives to maintain a stranglehold on the workforce. The union has been contractually assured that it will be involved in future decisions on cuts in the factories.

The deal had been on the horizon for some time. Last weekend, IG Metall district leader Knut Giesler described a similar result for the 70,000 workers in the north-west German steel industry as a “fair compromise.” The steelworkers will receive a €500 “coronavirus bonus” at the end of June and €250 at the end of December 2021 and the end of February 2022. From 2023, these one-off payments are to increase to €600 a year.

Giesler has now concluded a similar pilot agreement in the metal and electrical industries in North Rhine-Westphalia for around 700,000 workers, which covers approximately 3.8 million workers nationwide. The new collective agreement will run for 21 months and includes a no-strike pledge until October 2022.

According to the agreement reached on Tuesday morning, workers will initially receive a one-off coronavirus special payment of €500, as in the steel industry. Apprentices will receive €300.

The centrepiece of the agreement, however, is a new “transformation payment.” Workers will, theoretically, receive a monthly pay increase of 2.3 percent beginning July this year. However, this wage increase will be retained by the company and paid out only once a year as a lump sum: equating to 18.4 percent of a monthly wage in February 2022 and 27.6 percent in February 2023.

The real key, however, is that the “transformation money” will not be paid out at all in most companies since it can be

used to finance wage compensation for future reductions in working hours. This is essentially a private version of the German *Kurzarbeit* unemployment insurance program, where employers agree to cut hours rather than carry out layoffs, with the government—or in this case, the “transformation money,”—paying a portion of lost wages. Companies that the union and the management certify as being in crisis or in transformation can use the money to finance wage compensation for reductions in working hours to as low as 32 hours a week.

In practice, this means that workers pay their own wage compensation by foregoing the agreed wage increase—a zero-sum game! No wonder the employers are cheering.

“We have achieved our goals in this round of collective bargaining,” said Dr Stefan Wolf, the president of the Gesamtmetall employers’ association. After last year’s pay freeze approved by IG Metall, there would be no additional burdens on companies this year and no general reduction of working hours, he said.

The president of the North Rhine-Westphalian Metal Industries Federation, Arndt G. Kirchhoff, praised the “fair” result. After IG Metall had initially demanded a wage increase of four percent, he noted with satisfaction, “For us, it is quite important that our companies do not have to cope with an increase in wage rates in 2021, as they did in 2020.”

Reductions in working hours are now certain to follow. “What company is not either in crisis or transformation?” were the initial reactions from steel and auto workers.

IG Metall has long proposed a four-day week (32 hours) as a mechanism to push through job cuts in the transition to electric mobility and autonomous driving and to secure general profit maximisation. Hundreds of thousands of jobs are on the line in the auto industry alone.

IG Metall, like the company owners, believes that this jobs massacre is unavoidable. A reduction in working hours is supposed to string out and realise the cuts without “compulsory redundancies.” Instead, workers are pressured by the works councils and human resources departments to leave voluntarily by accepting severance pay or early

retirement. New workers will not be hired, and relatively well-paid industrial jobs will be irrevocably lost.

The collective agreement allows for a 32-hour week for a period of up to three years. Since the management and the union have to agree at company level, numerous company agreements along these lines are almost pre-programmed.

Collectively agreed supplementary allowances had already been agreed in 2018. Supplementary allowance A could be converted into eight days off with the consent of the works councils. Now, the collectively agreed additional payment (allowance B), which is due in October, can also be waived depending on the company's results. The payment can be postponed if the company achieves a negative result.

In other words, if profits fall, workers finance shareholders' yield and dividends with their wages and jobs.

But that is not all. The deal provides for additional "future collective agreements" at the company level. A works council can demand talks with the company leadership—optionally, also between the employers' association and IG Metall—in which, according to IG Metall district leader Giesler, "the situation will be analysed" and "the necessary steps will be laid down in a collective agreement."

If no agreement is reached, the talks go to arbitration. Also, the parties can call in a "transformation agency" for further consultation.

IG Metall chief Jörg Hofmann praised the deal in the highest terms. "In the midst of one of the most serious crises in the history of the Federal Republic of Germany," he said, the union had ensured that "the consequences of the crisis are fairly distributed and not unilaterally dumped on the workers." Employees' incomes had been stabilised and their jobs secured.

The opposite is the case—and the union has been instrumental in pushing this through. It has not only concluded a truce with the corporations but has also agreed on the mechanisms for the coming attacks on wages and jobs.

The union officials and works council leaders, like the millionaire managers and shareholders, agree that production in Germany's factories and plants must become significantly more efficient to outdo the international competition: jobs must be cut, wages reduced.

They fear that an open confrontation with workers could start a conflagration that would escape the control of the unions and challenge capitalist private property. Socialists would gain influence, the lavish remuneration the union bureaucrats receive for their posts on works councils, supervisory boards, etc. would dry up—not to mention the semi-legal perks and illegal bribes.

Corporations are using the pandemic to carry out long-

planned attacks. Tens of thousands of jobs have already been cut and wages reduced at plant level. When production started to rise again at the end of last year (even in the steel industry production was higher last December than in the same month the previous year), car manufacturers made billions in profits and passed them on to shareholders. The companies' constant talk of "crisis," "lack of scope for distribution" and their calls for "moderation" were met with growing indignation in the factories, where workers remained on the job despite the coronavirus threat. As a result, 800,000 metalworkers took part in IG Metall's protest strikes earlier last month despite pandemic restrictions.

The Sozialistische Gleichheitspartei (Socialist Equality Party) welcomed the workers' willingness to fight but warned against IG Metall selling out. In a statement at the beginning of March, we said: "The IG Metall trade union, which called the strikes, is pursuing goals that are totally opposed to those of its members. The union stands firmly on the side of the corporations and is jointly plotting attacks on jobs, wages, workplace benefits, and working conditions." This has now been confirmed.

Although labour costs in the car industry now account for no more than one-fifth of total costs, it is human labour that is the only component of production that produces surplus value.

Workers are not simply confronted with the corporations, their managers, and shareholders, but also with the trade unions, who, with the current deal, are tightening their stranglehold. Workers must organise independently of IG Metall and take the fight against job cuts, for higher wages, health protection and better working conditions into their own hands.

The first step is to build action committees independent of IG Metall. Join our Facebook group Network of Action Committees for Safe Workplaces.



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