

IG Metall cements wage differentials between east and west German workers

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Last week and without a murmur, the IG Metall union ended its contract negotiations in the east German metal and electrical industry, thereby cementing the longstanding wage differential between workers in the old East and West Germany. More than three decades after the capitalist reunification of Germany, the union has once again postponed wage parity for workers until the indeterminate future.

In the eastern and western German metal and electrical industries, workers carrying out the same work continue to be paid unequally. A 38-hour standard working week applies in the east, a 35-hour week in the west. Meanwhile, east German metalworkers receive 8.5 percent less pay. IG Metall has maintained this gulf between wages for three decades and workers' anger over this inequality has increased considerably during the COVID-19 pandemic with its attendant hardships.

IG Metall sought to dampen this anger this year with a demand for a 4 percent wage increase and equal working hours for east German workers. In the past few months, more than 100,000 workers took strike action in support of these demands. This affected major auto manufacturers and suppliers who use eastern Germany as a low-wage platform for their production facilities in the west—BMW and Porsche in Leipzig, Volkswagen in Zwickau and Dresden, Daimler in Ludwigsfelde and Berlin, ZF in Brandenburg an der Havel, Bosch in Sebnitz, Mahle in Wustermark, Schaeffler in Luckenwalde, and others. IG Metall has now pulled the stops on the workers' protests.

The employers' associations categorically rejected any equalisation of wages and IG Metall responded with new concessions in every round of negotiations. At the beginning of May, the union finally submitted a proposal to the Berlin-Brandenburg Employers' Association (VME) renouncing the full equalisation of working time, envisaging only a possible reduction of working hours to 37 per week by 2025.

Workers are expected to finance this reduction themselves with the so-called transformation money arranged in a "role-model" contract agreed by the union in the state of North Rhine-Westphalia at the end of March. These one-time payments, amounting to 18.4 percent of a monthly wage for 2022 and 27.6 percent from 2023, are due to be paid to workers nationwide if the respective company is not in financial difficulties or "in transition."

In the east, the plan is that the "transformation pay" finances the one hour reduction of weekly working hours over a period of four years. But even this capitulation by the union was rejected by the companies. Instead, the employers' association proposed a deal that would allow companies to "convert pay components into working time in voluntary company agreements," i.e., a measure to reduce wages. Birgit Dietze, negotiator and district leader of IG Metall Berlin-Brandenburg-Saxony, described the concession as "bartering."

Negotiations continued last week based on Germany's different states. In Saxony, IGM agreed to adopt the North Rhine-Westphalian agreement for the state's almost 190,000 workers in the metal and electrical industry. The process of moving toward wage parity is to be left to individual companies based on a deal being worked out by the union with the Saxon employers' association (VSME).

Dietze explained that if "no viable agreement can be reached" by the end of June, IG Metall will "continue to pursue the goal of parity and align our strategy factory by factory." The union will then try to reach agreements with companies at an individual factory level.

With its contract at VW Sachsen GmbH, IG Metall has demonstrated at the same time that it has nothing against "bartering," it just has to be better packaged than the employers' association proposal. The union agrees with the employers that workers must bear the costs of any

adjustment.

IG Metall has agreed that working hours at the VW sites in Zwickau, Chemnitz and Dresden be reduced to 37 hours in a first step in 2022. By 2027, the weekly working hours of the approximately 10,000 VW workers in the east will then be gradually adjusted to the 35-hour week applicable in the company's main contract agreement. At the same time, VW Sachsen GmbH will be transferred to Volkswagen AG. Similar agreements are to be reached at ZF Getriebe Brandenburg, SAS Automotive Systems and some other plants. Agreements at BMW and Porsche in Leipzig are to follow.

Workers are supposed to pay for all this with a massive increase in work intensity. "In doing so, we are aware that we do not want to jeopardise the competitiveness of factories," explained Jens Rothe, chairman of the joint works council of Volkswagen Sachsen GmbH. "We have therefore agreed on a comprehensive compensation package."

Ralf Brandstätter, executive chairman at Volkswagen Passenger Autos, was more explicit. "We have agreed to compensate for the additional costs of the reduction in working hours through site-related compensation measures," he said. "On this basis, we will gradually increase productivity in our plants by up to 30 percent."

The measures envisaged include "efficiency and productivity increases, greater flexibility in the deployment of employees, a realignment of manufacturing organisation and cost reductions achieved through synergies of the structures and processes at Volkswagen AG," the VW Group wrote.

"With the integration, we are optimising our structures, improving cooperation and increasing efficiency in administration," adds Gunnar Kilian, a former IGM official and now head of human resources at VW. This managerial jargon means that administrative jobs will also be cut.

With this latest agreement, IG Metall has thoroughly capitulated to the company and continued the policy of divide and rule it has carried out for the past three decades.

In the western German metal and electrical industry, the 35-hour week has been in force since 1995. In eastern Germany, where huge swathes of industry were closed down completely after reunification, Germany's major corporations profited from the prevailing mass unemployment, lower wages and longer working week they agreed with the unions. The lower labour costs in eastern Germany then served as leverage to force workers

in the west to accept concessions.

Workers have responded with protests, which the unions have regularly suppressed and stifled. In 2003, for example, IG Metall broke off a four-week industrial dispute to extend the 35-hour week from the west to eastern Germany.

In autumn 2018, the Berlin-Brandenburg employers' association VME finally agreed with IG Metall on a step-by-step agreement to equalise working hours by 2030, but that proposal was rejected by the federal metal and engineering employers association.

IG Metall and many media outlets have claimed that the harsher working conditions in the east are due to the fact that the union has too few members in the region. This is false. The reverse is true. Trade union policy is the reason why the unions only have a presence in larger companies.

The trade unions, and IG Metall in particular, organised the liquidation of East German industry in the 1990s and subsequently agreed to lower wages and longer working hours. The union and its affiliated works councils have ensured that the big corporations can rake in their profits undisturbed.

If IG Metall really wanted wage parity, it has sufficient leverage in the auto industry based on its high degree of organisation in the west. But the union strictly refuses to mobilise its members at BMW, Daimler and VW in the west to achieve wage parity for workers in the east.

More than 30 years after German unification, it is evident that workers need their own independent organisations. The *World Socialist Web Site* and the Socialist Equality Party are calling for the formation of action committees to defend jobs, wages and living conditions. The divisions agreed by the unions between regular and temporary workers, between east and west, and workers in Germany and those abroad must be rejected.



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