

The trade unions in Germany act as wages police

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Despite the skyrocketing cost of living the head of the German IG Metall union has publicly pledged to demand only a maximum 7 percent wage increase spread over two years in the autumn collective bargaining round for the metal-working industry's 4 million employees. That would amount to the biggest real wage in Germany cut since the economic crisis of the 1930s.

In an interview with the *Süddeutsche Zeitung*, Jörg Hofmann assured that his union would follow the European Central Bank's inflation target of 2 percent "and not the current inflation rate of almost eight percent" as the benchmark for its wage demands.

"According to the proven wage formula, we follow the estimated two percent target inflation of the European Central Bank and the increase in productivity, which is 1.1 percent. And that's for two years," the IG Metall (IGM) leader said. "So, only based on this formula do we come to a demand for six percent more wages. On top of that, there is necessarily a redistribution component, because the companies are making such high profits right now."

Even if the union follows through on this demand—and it usually accepts just half at most—this would still result in a dramatic loss of income. Collectively negotiated wages in the metal-working industry have not increased since 2018. Since then, IGM has only agreed to one-time payments, which, although they dampened the loss of purchasing power in the short term, have not counted toward basic wages on which future increases are based.

Assuming 8 percent inflation for both this year and next—and many experts expect it to reach double digits—the official consumer price index at the end of 2023 would be around 23 percent higher than in 2018. Collectively agreed wages, however, would only have risen by 7 percent even if the IGM demand were fully implemented. The real wages of a metal worker would therefore be 16 percent lower than five years ago!

However, the official inflation index does not adequately reflect the actual increase in prices. Above all, prices for food, heating, rent and energy, which place a particularly

heavy burden on lower and middle income earners, have risen several times over. The World Bank expects international food prices to rise by 22.9 percent this year. For many workers and their families, this is threatening their very existence. They are simply no longer able to make ends meet on their monthly salaries.

Add to this unbearable work stress, the threat of job losses and the consequences of a homicidal coronavirus policy that has claimed 140,000 lives and infected 3.6 million in Germany alone, with 1 in 10 suffering long-term health effects.

All over the world, workers are reaching the conclusion that they must fight to defend their rights and past gains. The number of strikes and protests around the world have increased significantly—from the US to Europe, Asia and Africa. However, Hofmann and his bureaucrats are responding by collaborating even more closely than before with the corporations and government.

In the *Süddeutsche Zeitung*, Hofmann justifies his rejection of seeking adequate compensation for inflation by saying that IG Metall was acting "sensibly" and had "the good of the whole country in mind." "We are not triggering a wages-prices spiral," he added, completely accepting the lying claim that workers' wages are somehow responsible for massive price rises.

When he talks of the "good of the whole country" he really means the ruling elites and their stock market values and profits. In this he speaks for not only IG Metall, but for all the German unions and trade unions internationally.

In Germany alone, contract talks are set to take place this year covering 10 million employees. In addition to the almost 4 million workers in the metal and electrical industries, this includes 92,000 in the iron and steel industry and 580,000 in the chemical and pharmaceutical industries. Here, the IG BCE has postponed collective bargaining from April to the autumn and agreed on a one-time bridge payment of €1,400, which can be reduced to €1,000 by the companies.

The service sector union Verdi has already signed

collective agreements for the printing industry, the insurance industry, the private banking sector and daily newspapers that are far below the demands of IG Metall. The agreements will each run for two years and consist of one or two single payments of €500 and annual pay rises of just 1.5 to 3 percent.

At the end of the year, the collective agreements for 2.7 million employees in the federal and local government sectors, retail trade, the motor vehicle industry and the construction industry expire.

In the past, unions that represented the interests of the bosses and stabbed workers in the back were called “yellow unions.” Today, all unions are yellow. They have become a wages police force working for the corporations.

Every day, they try to prove anew to the transnational corporations and financial investors that production can be more cost-effective and profitable in “their” country rather than elsewhere. To do so, they sacrifice the wages, working conditions and social gains of the workers. In exchange they receive lucrative handouts from management as supervisory board members and works council representatives.

The “wages-prices spiral” that Hofmann cites to justify wage restraint is simply an obscene lie propagated by the capitalists and their union flunkys. According to this, it is workers’ wage demands that are responsible for rising prices. To stop price increases, workers have no choice but to sit back and watch inflation rip up their incomes.

In fact, inflation is the form in which vast sums are being recouped from the working class that governments have pumped into the pockets of the rich.

The European Central Bank alone has invested €5.1 trillion in public and private bonds in the last seven years. This unimaginable sum would be enough to pay out €15,000 in cash to each of the eurozone’s 342 million inhabitants, from infants to the elderly, not to mention the countless hospitals, schools and infrastructure projects it could finance. Instead, those trillions have funded an orgy of enrichment, which according to Oxfam, produced a new billionaire every 30 hours during the pandemic.

The disruption of supply chains during the pandemic and the repercussions of the Ukraine war and the sanctions against Russia have shaken this massive speculative bubble. Now, everything is being done to make the working class foot the bill.

Added to this are the huge costs of military rearmament as all imperialist powers—above all Germany—prepare for a violent redivision of the world, which has already begun with NATO’s proxy war against Russia and the increasingly bellicose threats against China. It is an open secret that the €100 billion “Special Fund for the Bundeswehr” is only the beginning. The working class is to bear the costs for all of

this.

The interest rate hikes by central banks serve to further increase the pressure on the working class, which is to be hammered by rising unemployment. Meanwhile, profits continue to rise ever upward.

In the second half of 2021, despite growing crises, corporations in the US recorded their highest after-tax profit rate since the early 1950s—almost 15 percent. German Dax-listed companies also set new records; in the first quarter of 2022, their profits were 21 percent higher than in the same quarter the previous year. Nevertheless, the working class is being made to bleed.

However, this will not continue. More and more workers are taking a stand and rebelling against the austerity dictates of the governments and corporations. But for this movement to succeed, two conditions must be met.

The first is a break with the unions, which—as Hofmann’s interview in the *Süddeutsche* underscores—are unreservedly on the other side. Independent rank-and-file action committees must be set up to organize the struggle for higher wages and compensation for the cost-of-living rise.

The second requirement is that the struggle cannot be waged within the framework of one company or country. Workers must unite across all workplaces, industries and countries in order to unleash their full fighting power.

The International Committee of the Fourth International launched the International Workers Alliance of Rank-and-File Committees (IWA-RFC) a year ago to give these struggles an organizational form and a political orientation.

“For the working class to fight back, a path must be created to coordinate its struggles in different factories, industries and countries in opposition to the ruling class and the corporatist unions,” the founding call states. “The IWA-RFC will work to develop the framework for new forms of independent, democratic and militant rank-and-file organizations of workers in factories, schools and workplaces on an international scale.”

The fight against wage theft, militarism and the pandemic requires a programme of struggle. Wages must be drastically raised, and the workers recompensed for the cost-of-living hikes. The realization of these goals requires a socialist programme. Social need, not private profit, must become the basis of the economic organization of society.



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