

IG Metall union preparing real wage reductions in German contract negotiations

Dietmar Gaisenkersting
16 September 2022

The metal and electrical industries are key to the Germany economy. Many millions of jobs depend directly and indirectly on the production of machinery, equipment, vehicles, aircraft, ships, etc.

The contract negotiations starting this week for the approximately 3.8 million employees in these branches, which also includes the defence industry, are therefore of great significance. They will decide the extent to which the costs of the war against Russia and the gigantic rearmament programme of the Bundeswehr (armed forces) will be passed on to the working class.

In a few weeks, contract negotiations will also begin by IG BCE covering 580,000 unionised employees in the chemical industry, and Verdi for around 2.3 million public sector employees. As experience shows, these collective agreements usually follow the metal/electrical wage contract.

High inflation, a consequence of the sanctions against Russia, is causing real wages to shrink at a record pace. There is a widespread sentiment among workers in the metal/electrical branches that high wage increases must be fought for to prevent millions from slipping into poverty. This is also the case in all other sectors.

The current wage dispute must therefore be made the starting point for an offensive against the war and its social consequences. High double-digit wage increases must be fought for in order to compensate for the current level of inflation and earlier reductions in real wages.

But the IG Metall trade union is doing everything it can to prevent this. It is demanding just 8 percent more money over a 12-month period. In view of an expected inflation rate of over 10 percent, this would result in a reduction in real wages.

However, IG Metall has already made clear that it does not intend to fight for such a demand. It agrees with the government and the corporations that the costs of war should be passed on to the working class. In doing so, it is

continuing the wage-cutting policies of recent years. Since 2018, it has agreed to only one additional payment under collective bargaining agreements covering workers in the metal and electrical industries.

During the coronavirus pandemic, workers suffered wage losses due to short-time working, moreover there was also a freeze on basic pay rates in 2020 and 2021. In the East German metal and electrical sectors, IG Metall cemented the wage divide between East and West Germany for years to come—more than three decades after German reunification.

IG Metall head Jörg Hofmann hailed these agreements during the pandemic: “In the midst of one of the most serious crises in the history of the Federal Republic,” he said, the union had ensured “that the consequences of the crisis were fairly distributed.”

A direct result of this “fairness” has been high corporate profits. As a result, the major automakers were able to post significantly higher turnover and profits despite lower sales figures worldwide.

VW’s core brand increased its profits by more than a quarter to €10.6 billion in the first half of the year. Audi improved from €3.3 billion to €5 billion in the first half, Porsche from €2.7 billion to €3.3 billion. Mercedes-Benz posted a profit of €9.8 billion and increased its margin to 12.7 percent.

The defence corporations, headed by industry leader Rheinmetall, posted record profits in the first half of the year. With sales up 3.5 percent to €2.7 billion, Rheinmetall increased its profits by 8 percent to €206 million.

The corporations and the IG Metall want to protect these profits from the demands of the workforce and expand them further. Like the pandemic, the war is now to be used to impose further cuts.

Hofmann has already announced that high inflation and rapidly rising prices for natural gas and electricity should

not be compensated through the contract bargaining process. At the end of May, his likely successor Roman Zitzelsberger, currently district leader of IG Metall in Baden-Württemberg, had declared that collective bargaining was not there to make up for inflation: “Exorbitant inflation rates cannot be compensated for by collective bargaining.”

With its “Third Relief Package,” the government is making it easier for corporations and unions to use one-off special payments to push through another round of zero increases in collectively agreed basic pay scales. Special payments up to €3,000 will be exempt from tax and social security contributions.

Employers’ organisation Gesamtmetall President Stefan Wolf welcomed this but stressed that all special payments were subject to rising sales and profits.

“In the last contract, for the first time, we agreed an automatic differentiation approach, which for me is now actually set,” Wolf said last week in an interview with dpa. Three out of four companies in his sector were doing badly, he said. That was why companies below a certain return on sales should be automatically exempted from wage increases in collective bargaining agreements, “without having to negotiate at length with IG Metall,” he said.

Wolf is calling for another zero-pay round. In an interview with *Welt am Sonntag*, he said it would “not be possible to further burden companies in the metal and electrical industries with wage increases.” He added that employees would have to cope with rising prices without pay increases.

IG Metall will not oppose these demands. It is part of “Concerted Action,” the tri-partite body comprised of the government, the employers and the unions, called by Chancellor Olaf Scholz, which is tasked with shifting the consequences of war, rearmament and corporate enrichment onto the working class and suppressing resistance to them.

On Thursday, Scholz called the participants to the second meeting of Concerted Action to agree on details with union and company representatives, federal bankers, economists and the federal ministers of economics (Robert Habeck, Greens), finance (Christian Lindner, Liberal Democrats, FDP) and labour (Hubertus Heil, Social Democrats, SPD).

As at the beginning of World War I, when the unions signed a truce with the imperial government and the employers’ associations, today they are closing ranks with the government and the employers.

The German unions support the war and rearmament drive because many of their officials are members of the governing SPD and Green parties. Moreover, the close collaboration with the government, the state and the army is a direct product of the nationalist policies of the trade unions, which are directed toward the defence of Germany as an industrial location.

They had already sided with Chancellor Scholz immediately after the start of the Ukraine war. Just two days after he announced a special fund of €100 billion to rearm the Bundeswehr, IG Metall and the Federation of German Industries (BDI) issued a joint statement that “strongly supported the sanctions against Russia imposed by the government, the European Union and the Western allies,” even if this leads to “disadvantages for Germany, its companies and employees.”

A joint statement by IG Metall Baden-Württemberg and employers organisation Südwestmetall is even more explicit, saying, “These measures will demand sacrifices from all of us.”

In reality, IG Metall is only demanding sacrifices from the workers—so that corporate profits can continue to flow and the war against Russia can be intensified.

It is necessary to break with IG Metall and the other unions and build independent rank-and-file action committees in the factories and network internationally to organize the struggle against job cuts, wage reductions and war.

The defence of wages, social gains and democratic rights is inseparable from the struggle against war, the consequences of which impact the entire international working class. It must therefore unite internationally to defend its standard of living against the incessant attacks.

The International Committee of the Fourth International has created the International Workers Alliance of Rank-and-File Committees (IWA-RFC) to give direction to these action committees and to coordinate them internationally.

Only in this way can both the threat of war be averted and the effects of war in the form of job cuts and huge reductions in real wages be averted. Contact us on WhatsApp at the following number: +491633378340 or register for a rank-and-file action committee.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact