IG Metall moves toward sellout of metal and electrical industry workers

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Despite militant posturing, the IG Metall union is about to sell out the contract struggle by nearly four million employees in the metal and electrical industries. The union's federal executive decided on Monday evening to "clear the way for an attempt at unification [with the employers] in the Baden-Württemberg district," in Germany's southwest. On Thursday, a fifth round of negotiations for the southwest begins in Ludwigsburg near Stuttgart, the resulting deal is then to be adopted as a pilot agreement by all other collective bargaining districts.

Over the past two and a half weeks, nearly 700,000 metalworkers nationwide took part in warning strikes to press home the demand for a hefty percentage increase in collectively agreed wages. But while workers have shown enormous determination to fight, IG Metall quietly agreed a rotten sell-out behind the scenes. The statements made by both sides make it clear that the leaders of the union and employers' associations have long since settled on a massive reduction in real wages.

The employers had been sounded out in the past days and the initial framework for an agreement created, IG Metall leader Jörg Hofmann told the dpa press agency. Through exploratory talks, they had already come closer on many detailed issues, he added. The employers' association Südwestmetall said it was interested in a "constructive" solution and was prepared to reach an agreement on Thursday.

The outlines of the settlement are also already emerging.

The main point of contention in the previous four rounds of negotiations, which took place in parallel in several collective bargaining districts, was the increase in basic pay rates. These have not been increased since April 2018, when they rose by 4.3 percent. Instead, IG Metall was content to accept various one-off payments that have no long-term impact on pay scales.

To compensate for price increases since the last pay rise four and a half years ago, an increase of at least 15 percent would be necessary. Over the last 12 months alone, prices have officially risen by 10.4 percent, and by more than 20 percent for food and energy, which place a particularly heavy burden on working class households. However, a 15 percent wage rise would be far from adequate given that next year's inflation is expected to be in double digits as well.

Under these circumstances, IG Metall was under enormous pressure from below. It could not avoid demanding an increase in basic pay rates. It called for 8 percent over a 12-month contract period, which would clearly not come close to offsetting real wage losses due to price rises. The union inscribed the demand in large letters on its rally banners and loudly announced that it would not back down from its demand for a "permanent percentage wage increase."

The employers first provocatively demanded a pay freeze and finally offered an "inflation premium" of €3,000 to run for a term of 30 months—in other words, an additional €100 a month, which, however, would not affect basic pay scales. In collusion with the unions, the federal government made such inflation bonuses tax- and contribution-free in order to encourage low wage settlements.

An agreement modelled on the chemicals industry

What is now emerging is a deal like that in the chemical industry, where, in October, the IG BCE union agreed an inflation premium of €3,000, to be paid out in two installments, and two wage increases of 3.25 percent each—with a contract term of 27 months. By the time the collective agreement expires, the real wages of chemical workers will have fallen by around 15 percent.

IG Metall has already indicated that it is aiming for something similar. Union head Hofmann continues to maintain that permanent and substantial increases in pay scales are essential. However, according to finance daily *Handelsblatt*, he also expected "that the amount of €3,000, free of taxes and deductions thanks to the government, will flow to employees in several one-off payments."

Südwestmetall, for its part, has announced that the "big sticking point" was the duration of the contract. If IG Metall agreed to a term of 30 months, it said, it would also be willing to talk about a pay increase that would uplift basic pay scales.

It does not take a mathematician to see what the whole thing amounts to: An inflation premium, a symbolic wage increase with a contract running for at least two years, plus numerous exemption rules for companies in financial difficulties. When the contract expires, the four million employees in the metal and electrical industries will be earning 25 percent less, measured in terms of purchasing power, than they did in 2018, the last time IG Metall agreed to an increase in basic wages.

IG Metall never had the slightest intention of fighting for its completely inadequate 8 percent wage demand. Although contract bargaining has dragged on for two months, it has not held a strike ballot and has only called for brief warning strikes, most of which fell during work breaks or at the beginning or end of a shift. It even refrained from 24-hour warning strikes in order not to impact the flow of profits to the corporate coffers.

At the same time, it fears that broader strikes would further radicalize the workforce. However, distrust among workers toward IG Metall is high. Workers have told the WSWS that "in reality, 18 percent more pay is needed" just to maintain living standards. Many workers are calling for an all-out strike to achieve their demands.

On its website, the union now threatens: "If there is again no solution at the negotiating table in the fifth round of talks, 24-hour warning strikes or even strike ballots are also possible." But this is the usual bluster before the sell-out. Even if IG Metall initially had to go further than it wanted, it will now do everything it can to prevent a full strike, or call it off as quickly as possible.

Record profits

Meanwhile, the metal and electrical industries are rolling in cash. Most companies have full order books and are increasing their profits despite the pandemic and the energy crisis. Mercedes, for example, which already posted record profits last year, expects an adjusted return on sales of 13 to 15 percent in 2022. Porsche achieved an operating profit of €3.5 billion on sales of €18 billion in the first half of 2022.

Problems are being experienced by many supplier companies, which are being ruthlessly squeezed by the big auto corporations or are losing their customers because of the switch to electromobility. This is now being used as a justification for the most comprehensive real wage cuts since the Great Depression of the 1930s.

"Overall, the metal and electrical industries are humming—but not all companies are doing well," IG Metall writes, explaining its totally inadequate wage demand. "The bargaining committee members from the companies that are doing well also recognize this. That is why the bargaining commission finally agreed on a joint, solidarity-based demand that even the less well-performing plants can go along with: 8 percent."

What a bankrupt argument! Wage cuts out of "solidarity" with poorly performing plants. Following this logic, the 12-hour day and child labour would still exist today.

IG Metall does not represent the interests of the workers, but those of the corporations. Its functionaries sit on company supervisory boards and decide on corporate strategies and cutback plans, while their works council representatives ensure there is no resistance in the factories.

Top IG Metall bureaucrats work closely with government and the business associations in the "Concerted Action," where they work out joint plans to increase the competitiveness of German industry, which include reducing wage costs. The idea of exempting one-time payments of up to €3,000 from deductions and taxes was born in the Concerted Action.

This month, another corporatist alliance called "The Future of Industry" put forward "comprehensive proposals to safeguard industrial value creation in Germany," according to a joint press release from the Federation of German Industries and IG Metall.

"We must use the current crises as an opportunity to drive transformation even more decisively and thus secure industrial value creation and thus also good jobs in the long term," explains IG Metall head Jörg Hofmann, a leading member of the alliance. "It's a matter of setting the right course now and investing in technologies and markets of the future."

IG Metall Baden-Württemberg and Südwestmetall, which are now negotiating the pilot agreement, have a particularly intimate relationship. In the spring, they issued a joint statement backing sanctions against Russia and NATO's proxy war in Ukraine, and supported the 100-billion arms "special fund" for the Bundeswehr (Armed Forces). "These measures will demand sacrifices from all of us," the statement said.

IG Metall sits on a strike fund of €1.1 billion

IG Metall is not only politically, but also materially in the camp of the class enemy. It sits on an enormous financial stash, which secures its functionaries a juicy income—further inflated by what they can pocket from numerous supervisory boards and other posts.

As the *Tagesschau* news programme reported earlier this month, the IG Metall is hoarding "at least €1.1 billion" in its strike fund. The exact sum is not known because the union keeps it secret. Documented reserves since 2000 amount to €1.6 billion.

IG Metall has spent virtually none of this on strikes. The most expensive strike since 2000 cost it just €27 million four years ago. In 2012, it paid a total of €332 (sic) in strike support! By contrast, it spent €656 million a year (2020 value) to cover the general union budget—on the salaries of its officials and various union activities.

IG Metall has invested considerable parts of its assets in real estate and shares, with which it aims for a return target of 5 percent—i.e., it has a direct interest in high share prices, which are jeopardized by high wage demands.

Defending real wages, jobs and other social gains is only possible in a rebellion against this bureaucracy, which has both feet in the enemy camp. The Sozialistische Gleichheitspartei (Socialist Equality Party) therefore calls for building independent rank-and-file action committees to advance this fight.

In the US, with the endorsement of the *World Socialist Web Site*, auto worker Will Lehman, a socialist, is running for president of the United Auto Workers, the sister organization of IG Metall, to fight for a return of power from the bureaucracy to the rank-and-file. He advocates abolishing the UAW apparatus and building workers' power through the establishment of rank-and-file committees, and is received an outpouring of support in numerous workplaces.

The first task of action committees is to organize resistance to IG Metall's sell-out of the current contract bargaining round. Workers must take away the negotiating mandate from the union bureaucrats and prepare real fighting measures. To do this, they must network across plants in Germany and internationally.

The International Committee of the Fourth International has created the International Workers Alliance of Rank-and-File Committees (IWA-RFC) to provide guidance to the action committees and coordinate them internationally. Please contact us if you are interested in assisting in this fight or want additional information.