

New contract for Germany's metal and electrical industries paves the way for mass layoffs and wage cuts

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The IG Metall trade union has backed a new contract in the Bavaria and Coastal bargaining districts that heralds mass layoffs and wage cuts. The tentative contract buttresses the ruling circles' right-wing offensive in the early general election.

The agreement can only be seen as a frontal attack on workers in the metal and electrical industries. Not a day goes by without large corporations and transnational companies announcing plant closures, mass layoffs and wage cuts. In particular, the carmakers are shifting costs onto suppliers, driving many—especially the smaller ones—into ruin.

At the end of September, after the expiration of the compulsory “industrial peace” banning any strike activity, the IG Metall could have mobilised against the impending job massacre. In the past few weeks, more than 620,000 workers have demonstrated their willingness to fight in warning strikes. They would have been assured of the support of the 120,000 VW workers threatened by plant closures and wage cuts, but the union had no interest in this. With its demand for a 7 percent wage increase over a period of 12 months, it has made it clear that it intends to support the planned frontal assault on jobs and wages.

The new agreement is intended to pave the way for this. The old contract expired at the end of September. For half a year, employees will not receive any wage increase at all and will be fobbed off with a one-off payment of €600, which will not be permanently included in their pay scales. Only from April 2025 will monthly wages rise by a meagre 2 percent, and by a further 3.1 percent from April 1, 2026. The new contract will run for 25 months until 31 October 2026.

For the 230,000 apprentices in the metal and electrical industries, IG Metall agreed to a €140 increase from January 1, 2025, and a further 3.1 percent from April 2026.

This will further drive down real wages over the next two years. The last two contracts in 2020 and 2022 had already pushed through cuts in real wages with the help of one-off non-consolidated payments that inflation immediately ate up. Consumer prices have risen sharply since 2020—initially due to the coronavirus pandemic and then due to the war in

Ukraine—especially for goods and services that are used daily, such as food, petrol, heating and electricity.

As a result, real wages in Germany have literally collapsed since 2020 and are still below the 2015 level. These de facto wage cuts are now set to continue.

Even now, IG Metall is trying to cover up the cuts in real wages with a series of one-off payments that it calls “social components.”

The annual “Contract Surcharge” payment (T-ZUG B) will be increased by 8 percentage points from the current 18.5 percent of the basic salary in the respective collective bargaining area (according to the IG Metall, currently around €630) to 26.5 per cent (around €900) from February 2026. The so-called basic salary is the salary of a skilled worker in the lowest wage, salary or collective bargaining group.

Companies that only make a small profit were able to postpone or completely suspend T-ZUG B payments in 2023 and this year (known as “modification” in the IG Metall jargon). To do so, their net profit had to fall below 2.3 percent. This withholding of the one-off payment is also possible in 2025 and 2026.

After that, this lowest monthly salary that can no longer be “modified,” but another additional payment, the “transformation allowance” (T-money) of 18.4 percent will be made. However, the T-money relates to the individual employee's monthly salary. This should more than offset the increase in T-ZUG B, especially for large corporations that withhold the T-money.

The renewed cut in real wages is an attack on workers, but the agreement also has a political dimension in view of the collapse of the coalition government and the upcoming elections.

The federal government under Chancellor Olaf Scholz (Social Democrat, SPD) is spending tens of billions to fuel the war against Russia in Ukraine. It supports the genocide against the Palestinians in Gaza and is expanding the police state to suppress all protests against war and genocide. At the same time, it has already brought about a social catastrophe with its billions in gifts to corporations and the super-rich.

Now all the establishment parties are reacting to Donald Trump's election victory by preparing fierce attacks on the working class and rearming at the most massive scale since Hitler. The war budget is to be increased to 3.5 percent of the gross domestic product, which would be around €160 billion annually.

At the same time, mass layoffs and wage cuts in industry are being used in the trade war against the US, China and other economic powers. VW is only the forerunner with its plans to close plants, lay off tens of thousands and cut wages by 20 percent. German industry is to be made competitive on the backs of the workers, that is, to yield the greatest possible profits for the shareholders.

The dissolution of the coalition government and the call for new elections are intended to pave the way for the capitalists' war programme. Faced with a widespread rejection of their policies, the ruling class is looking for new ways to push them through. To this end, all the parties in the Bundestag (parliament) are closing ranks. They are already cooperating with the far-right Alternative for Germany (AfD)—as they did recently with reactionary so-called “antisemitism” resolution in the Bundestag.

IG Metall has also joined this corral of parties and corporations with the new agreement in the metal and electrical industries. The contract is to be quickly extended to the almost 4 million employees nationwide. The IG Metall contract bargaining commission in North Rhine-Westphalia was one of the first to speak out in favour of takeover negotiations.

Accordingly, the upcoming election campaign will not be permitted to take place under the pressure of strikes and protests. It will be used by the ruling class to prepare for war, mass layoffs for workers and tax cuts for corporations and the wealthy.

As in recent years, IG Metall is playing a key role in the massive attacks. Like the United Auto Workers (UAW) union in the US, IG Metall will organise plant closures, mass layoffs and further wage cuts in the coming months to support the corporations and the incoming federal government in their warmongering policies at home and abroad.

That is why IG Metall leader Christiane Benner emphasised: “Social partnership is the most important stabilising factor for companies and employees in uncertain times. We find common solutions.” What Benner calls “social partnership” is the alliance of trade unions, corporations and establishment politics against the working class.

In a joint statement, the IG Metall union and the employers' federation Gesamtmetall called on the incoming federal government to “set the right course as quickly as possible.”

“We need lower energy prices now, especially for energy-intensive companies,” said Benner. “We need measures to ramp up electric mobility, investments in infrastructure and thus in our future.”

The money for this is to be raised through social cuts, mass

layoffs and wage reductions. Explosive class struggles are inevitable.

Angry workers will be confronted by IG Metall and the other trade unions pointing to the “contract obligations,” the need to respect “industrial peace” and “social partnership.”

The union will try to suppress any opposition vehemently. This is also the significance of a joint declaration in which the corporations and unions commit themselves to “promoting democracy among young people,” as IG Metall writes. For the union, “democracy” means submitting to the dictates of the corporations and government.

The joint front of government, corporations and trade unions in military war and trade war must be countered by the international unification of the working class. Those who create all society's wealth and who bear the full brunt of war and economic crisis must intervene independently in political events and confront the big banks and corporations and their stooges in government.

To this end, workers must rebel against the IG Metall bureaucracy and reject its policy of class collaboration! The struggle of the working class must be counterposed to attacks by the class struggle. To launch this counteroffensive, independent rank-and-file action committees must be built up in all workplaces and corporations worldwide on the basis of a clear perspective.

“Volkswagen and the other transnational corporations must be transformed into public utilities run by the workers themselves for the benefit of all people,” says the current call by the International Workers Alliance of Rank-and-File Committees (IWA-RFC) for a global campaign against job cuts. “This must go hand in hand with the building of an anti-war movement in the working class, because the race for raw materials, markets and supply chains is driving US and European imperialism to war.”

We call on all workers in the metal and electrical industries and beyond: Participate in the founding of action committees and support the building of the Sozialistische Gleichheitspartei (Socialist Equality Party, SGP), which arms workers with a socialist perspective in the fight against mass layoffs, social cuts and war.

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