IG Metall union ties pay to company profits, preparing new cuts for autoworkers in Germany

Dietmar Gaisenkersting
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As consumer prices soar in Germany, the IG Metall union is planning to help implement massive cuts in real wages in the metalworking and electrical industries. Contract talks begin on 7 October and cover roughly 3.7 million employees, almost 750,000 of whom work in the automotive sector.

The union is "demanding" extra one-off payments only for workers at highly profitable companies, such as arms manufacturers, dividing the workforce so it can push through massive attacks on car workers.

IG Metall has announced this year's pay demand, calling for a 5 percent increase running for one year. This is based on the bargaining committees in individual districts. The IG Metall bargaining committee at Volkswagen has put forward the same demand in the company-level bargaining round for what is now only around 100,000 permanent employees.

In the last bargaining round in 2024, the union had demanded 7 percent increases with a 12-month contract term. It ultimately concluded a two-stage increase of 5.1 percent over 25 months.

The inflation rate in Germany currently stands at 2.9 percent and is set to rise further next year. Energy costs in particular, which hit workers especially hard, are soaring.

IG Metall's justification for its proposals makes clear that it does not represent the interests of its members and all employees, but those of the corporations.

IG Metall Executive Board member for collective bargaining Nadine Boguslawski has said the financials at two-thirds of companies were "good or very good" and would continue to develop that way in the near future. At the same time, she says, IG Metall was observing poor to very poor demand at "a third of companies, particularly in the automotive industry or mechanical engineering." IG Metall wanted to "do justice" to this, she said.

"For some employees, securing their job is the priority," Daniel Friedrich, IG Metall regional director for the Küste (Coast) district, told *Süddeutsche Zeitung* around four weeks ago. "Others, on the other hand, say our company is making a fortune, and I want a share of that too. We need a collective agreement that does justice to everyone."

Together with the IG Metall chief in North Rhine-Westphalia, Knut Giesler, he pointed out that there was already "an automatic mechanism for reducing parts of pay when a company is doing badly."

Giesler and Friedrich are referring to the possibility that a company whose "operating margin falls below 2.3 percent" can withhold the so-called annual T-Geld (a transformation payment to workers introduced by IG Metall in industries shifting to carbon-neutral production) worth 18.4 percent of a monthly salary. This instrument could also be used the other way round, the two officials claim. Companies that are doing well should pay more. "It would be conceivable to increase the T-Geld if a company achieves a certain operating margin," Giesler says.

This turns the principle of "equal pay for equal work" on its head. Pay levels are being directly tied to the profits of the respective company. If profits are high, real wages largely stagnate. If profits are low, on the other hand, wages are slashed massively—for the same or harder work.

Wage cuts for millions are being sold as "securing jobs" in the auto and mechanical engineering industries. Workers in the aerospace, energy technology and arms industries, according to IG Metall, are to be fobbed off with additional one-off payments—on the basis of permanently low wages, and only if the corporations are doing "well."

Using this mechanism, the IG Metall apparatus, with its many thousands of officials, is preparing to help intensify the attack on jobs and wages.

As early as 2024, VW group chief executive Oliver Blume, IG Metall and the works council negotiated the so-called "Christmas miracle." In it, they sacrificed 35,000 jobs—5,000 more than the corporation had demanded—and agreed wage cuts of up to 20 percent.

Now the car corporations are demanding the elimination of tens of thousands more jobs. At the beginning of September, VW's supervisory board unanimously decided, with IG Metall's votes, to destroy a further 50,000 jobs. Mercedes has now also announced that it will close two plants, on top of the already-agreed elimination of 20,000 posts. Mercedes chief executive Ola Källenius is demanding the abolition of the

35-hour week and five hours of unpaid overtime.

In addition to the 50,000 at VW, Audi and Porsche, at least 20,000 jobs are being cut at Mercedes, 8,000 at BMW, 4,000 at Ford and 650 at Opel. These are only the plans already worked out. Among the suppliers, it is even more drastic. Smaller firms are closing down or reducing their workforces on a daily basis. Major corporations are planning the destruction of tens of thousands of jobs: Bosch 22,000, ZF 14,000, Schaeffler 4,000, Continental 3,700 and Mahle 1,000.

And in every case, it is IG Metall and its works council reps that are enforcing the cuts. The union leaderships and their apparatus long ago crossed over to the other side of the barricade. Their betrayal of members and employees knows no limits. Nowhere is this clearer than at Volkswagen.

The VW supervisory board agreed to the renewed cuts at a secret overnight meeting—without any discussion with union members. The so-called "employee representatives" around IG Metall chairwoman Benner and works council chairwoman Daniela Cavallo hold the majority on the supervisory board, together with the Social Democratic Party (SPD)-led Lower Saxony state government. This means they could have blocked the plans. Instead, they voted for them unanimously.

While Benner and Cavallo coldly betray the workforce, they fight passionately for their own privileges. In a *Wirtschaftswoche* business weekly webinar, analysed and the details of Benner and Cavallo's approval reported that the job cuts had "not been the critical point" of contention. This topic had been "settled relatively quickly."

The "contentious points," they said, concerned rather the "undermining of the VW brand" and the "hollowing-out of the Volkswagen Act." This 1960 law gives the state of Lower Saxony a blocking minority at VW and requires a two-thirds supervisory board majority to open or close plants. In practice, this hands union and works council representatives, together with the state government, a veto over key decisions. It is the core of so-called "co-determination," the legalised corruption of trade union officials.

The union bureaucracy views economic developments from the same standpoint as government and the corporations. All agree on massively cutting costs at the expense of the workforce. Workers are to pay for rearmament, war and rising profits with their jobs, wages and pensions.

In a guest commentary for business daily *Handelsblatt* at the end of June, IG Metall chair Christiane Benner and Michael Vassiliadis, chair of the mining, chemicals and energy union IG BCE, together with employers' representative Peter Leibinger, affirmed: "Industry associations and industrial unions are ready together for an agenda for a future-proof Germany—one that cuts costs, including those caused by the state, and increases the volume of work and productivity."

At the same time, Benner and Vassiliadis are singing the same tune as Chancellor Friedrich Merz (Christian Democratic Union, CDU) and Vice Chancellor Lars Klingbeil (SPD), who are taking an axe to pensions, health, long-term care and social security. "We must want and achieve more!" they write together with Leibinger. Parties, business associations, trade unions and NGOs must set aside their own particular interests—"for the sake of our country."

Workers everywhere have shown in the past that they are ready to fight against the attacks and the social cutbacks. But the union apparatus responds to this by closing ranks even more tightly with the corporations and government.

This was also evident on Monday, at IG Metall's "Day of Action" in the automotive industry. Nowhere were work stoppages organised. Instead, IG Metall staged numerous rather poorly attended rallies during shift changes, mostly inside the plants and shielded from the public. In some cases—such as at Ford in Cologne—the protest lasted less than five minutes and was essentially a photo op.

Together with Cavallo, IG Metall chairwoman Benner used the "Day of Action" at the VW main plant in Wolfsburg to demand harsher tariffs against China, more EU subsidies for the car corporations and the continuation of phased retirement, which the federal government wants to abolish. government's and called for the trade war against China to be intensified.

This union apparatus is absolutely hostile to the working class; workers must fight against it and replace it with their own organs of struggle. It cannot be pressured "from within" or "pushed to the left." Every attempt to "reform" it leads to frustration and demoralisation and ultimately strengthens the far-right Alternative for Germany (AfD).

The way out lies in building independent rank-and-file action committees, elected by workers themselves, accountable to the workforce and free of full-time trade union officials and works council chiefs.

In a statement distributed at the plant gates on Monday, the VW Action Committee proposed a fighting programme with which jobs and wages can be defended. All arms production must be rejected; workers themselves should decide what is produced and how. It advocates the international unity of the working class in opposition to IG Metall's nationalism.

All those who are serious about defending their jobs and wages should contact us via WhatsApp at +49 163 3378340 or via the form beneath this article.