

# Germany - The 2018 wage agreement in the metal industry: more freedom for capital

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## What is in the agreement?

For the months of January to March, €100 in a single payment, less than one per cent of the average wage in the industry. From April 1, wages will increase by 4.3 per cent. In July 2019 at the latest, the payment of a “27.5 per cent supplement of a monthly salary” will take place. In addition there is a fixed sum of €400. This will be “integrated into the grid in 2020 and taken into account by the convention in the volume of the additional increase”. This will result in a change in the salary scale, which will lead to a slightly larger increase for the lower categories. Just a little more.

But the first problem appears with the fixed €400: in case of a “bad economic situation”, the company can, with the agreement of IG Metall, postpone the payment, reduce it or even delete it completely. In the past, both in terms of increases and the reduction of working time, we have already seen countless such concessions from IGM. The so-called “Pforzheim” agreement of 2004 gave this right to the “social partners” (delegates to the works council and management) to derogate from the regional agreement, which has done a lot to make collective agreements porous.

In metallurgy and electronics, if we take the best case scenario, this gives for this year an average increase of just 3.7 per cent (which today represents, for the average salary, €3,418) and, for 2019, just over 3 per cent (about 3.6 per cent if the €400 is paid in full). Compared to the 27 months of the duration of the agreement, it comes to, for an average salary, an increase of 3.5 per cent per year, a little more for the lowest categories (but always provided that the €400 are paid). With a forecast price increase of 2 per cent, the inflation rate is exceeded, but this does not include productivity gains.

## Decrease of working time?

In many comments on the agreement, this is the question that comes to the fore. In fact, what we have seen is an odious bargain that gives more to capital than to workers. What has been negotiated is in fact only an individual reduction (up to 28 hours) of fixed duration, with the right to return to 35 hours. The price to be paid is the possibility given to employers to multiply the number of workers

hired at 40 hours, something that they already practice at present: they currently represent 13 per cent of the workforce nationally (18 per cent in Baden-Württemberg, the Land that acts as a pilot region); it will be permissible to increase that to 30 per cent with a company agreement, in the event of a lack of qualified skilled labour, and up to 50 per cent ("structural quota") for companies that are the most technologically advanced, again after a company agreement, if at least 50 per cent of employees are at high coefficients (wage group 12 of the Baden-Württemberg Convention, previously EG14). The works council can make use of its veto right at the three quota levels, but for the first one (13-18 per cent) only when it is exceeded by 4 per cent.

To this must be added that companies now have the possibility of moving from the quota system to that of the "overall volume of working time in the enterprise". This collective volume has been set at 35.9 hours per week on the basis of 18 per cent of the work force at 40 hours and 82 per cent at 35 hours. In this system, each part-time employee opens the possibility of establishing new contracts at 40 hours. Thus, one person at 20 hours (15 hours less) is potentially 3 people hired at 40 hours (3 x 5 hours more).

And to give the full picture, companies will in the future have the possibility, in agreement with the works council, to withdraw time-savings accounts for up to 50 hours and to pay them (which corresponds to an extension of working time of more than one hour per week). An additional instrument to legalize non-compliance with the 35-hour week.

## **What should be our opinion of the overall result?**

### **Complexification**

This negotiation has pushed to the extreme the complexity of wage agreements that has been under way for years. The result is that the workers, the union members, can no longer know what are the points that concern them directly and what aspects of the agreement they can rely on. Even union delegates in many small and medium-sized enterprises are quickly overwhelmed. And in the many factories where there are no delegates at all, it's even worse. There, even when the company recognizes the convention and is bound by it, the boss can take advantage of this imbroglio to do pretty much what he wants.

### **Differentiation**

With the new regulations for timetables, the room for flexibility on differentiated quotas and the possible of going beyond them, the system of global volume, the protection of companies against "surcharges", the diversified effects of "individual weekly working time" (IRWAZ), etc., the bosses have an optimal range of registers to further accentuate the differences between categories of employees. Not to mention the fact that for the delegates to the works council, the verification of the respect of the agreements has become even more complex: how do you definitively establish a "lack of qualified labour" which would justify exceeding the fixed quota for the number of employees at 40 hours, or even: what is a "high-tech enterprise"? Who determines the definition? On what objective criteria does one establish that an employee has a "key qualification", and that the management of a company can therefore refuse them a reduction in the length of their working time?

Even more than before, the need for regulation is shifted towards workplaces, which not only reduces the scope and content of the collective agreement each time, but inevitably puts the delegates in a more and more difficult position. Often, not only do they not have the level of expertise that would be required, but they do not have the means to establish a relationship of forces (they cannot, for example, call a strike).

## **Collective provisions that are less and less protective**

Contrary to what is stated by the mainstream media, there is no reduction in working time in this agreement. Where isolated employees individually reduce their working time, the boss may make others work longer in the same measure. With the rule of 13 per cent (or 18 per cent), we had already seen how it could be massively used and often exceeded. However, the boss always finds victims who do not dare to oppose his wishes. And this makes worse the trend towards the ever greater widening of the range of working times.

Wage compensation exists only in a small number of cases, for those who reduce to 28 hours momentarily to take care of children or for domestic tasks, but only in homeopathic doses: only two of the eight days off that they can take in the year are paid. By accepting this, IG Metall abandoned the demand for full wage compensation, which was implicit and predictable given the extremely limited nature of the original demand.

In the end, there is no reduction in working time for all the workforce. There are just changes in the distribution of time, illegal quota overruns are now legalized and the door is opened wide to allow further overruns. The chief negotiator of Südwest-Metall (the employers' organization of the industry in the southwest), Stefan Wolf, was not wrong in stating: "We got a lot, and precisely a lot of openings up for increasing working time".

## **What is left?**

The only ray of light in this campaign of wage negotiations is that with the full strike days called by the trade union leadership (and not just targeted and very limited actions as is customary), many workers have for the first time been able to experience something like a small experience of struggle (in Baden-Württemberg alone, 190,000 people were on strike). Given the weakness of the number of strike days in Germany, this good news, modest as it is, deserves to be mentioned, even though the rank-and-file union members have once again not had any say in the decision to sign the agreement.

But the negative points weigh really heavily. In the first place, with an agreement extended to 27 months, the door is closed to a struggle for a real reduction in working time. The scattering of workers in the most diverse categories (with different working hours) is not really done to foster the feeling of belonging to a collective. For a turning point in the way the negotiations are conducted (and not only by IG Metall) we still have, as we say in German, "thick boards to pierce".

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**P.S.**

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