

# IG Metall agrees to a cut in real wages at Volkswagen

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On the night of April 13, the IG Metall union and Volkswagen group negotiators reached an accord on a new collective wage agreement for the 120,000 employees at VW plants in Wolfsburg, Braunschweig, Hannover, Salzgitter, Emden and Kassel, as well as for Financial Services AG, Volkswagen Immobilien GmbH (property services) and Volkswagen Vertriebsbetreuungsgesellschaft mbH (wholesale and distribution). Excluded from the agreement are thousands of workers in Saxony (Zwickau, Chemnitz und Dresden) who are still paid and treated as second-class employees.

VW chief negotiator Arne Meiswinkel stated that the result was achieved “with a sense of proportion and reason” and that it was “fair in the particularly challenging environment since the beginning of the pandemic.”

IG Metall also praised the agreement. Their chief negotiator, Thorsten Gröger, who is also the district manager for IG Metall, magnanimously declared: “The colleagues deserve to be involved in the good result.” He described the deal as a “strong result in difficult times.” Bernd Osterloh, chairman of the VW works council, also praised the “strong result that our workforce, including during the coronavirus pandemic, has earned.”

The trade union has agreed to a cut in real wages barely any better than agreements in the steel and metal industry. There has been no monthly wage increase in the VW wage agreement since 2018. The union now praises the agreed wage increase of 2.3 percent all the more.

This increase will only take effect from January 1, 2022, and the collective agreement will run until November 30, 2022. With an inflation rate of 1.8 percent (2018), 1.4 percent (2019), 0.5 percent (2020)

and an estimated 1.4 percent (2021) and 1.6 percent (2022), the 2.3 percent “increase” means a massive loss of real wages. These inflation figures come from a study carried out by leading economic institutes on behalf of the Federal Ministry of Economics and Technology.

IG Metall also presented the following results as a “success”:

? A one-off payment of a “coronavirus premium” of €1,000 for 2020 (€600 for trainees).

? A previous performance-related remuneration will become a fixed component of the salary.

? A collectively agreed “additional remuneration” of 27.5 percent of a monthly wage will now be convertible into half the amount and three days off. So far, this solution only applies to those who care for relatives or have to look after their children more intensively. The latter can use the entire additional remuneration for this purpose—i.e., up to a maximum of six days.

? A training guarantee of 1,400 apprenticeships will be extended until 2025.

? Also, small amounts were negotiated as “pension components” for company pension schemes.

Regardless how the IG Metall officials want to present the result of the negotiations, in view of a profit of around €8.8 billion after tax in 2020, the collective bargaining agreement is an insult to the workers.

“We want to continue this in the coming years,” announced works council chairman Bernd Osterloh—a warning for all employees. This was not the reason 140,000 VW workers took strike action. IG Metall had originally demanded 4 percent, which itself was completely inadequate.

Sugarcoating the deal, IG Metall negotiator Gröger said: “The result that we negotiated last night means that the VW workforce will find a noticeable plus in

their wallets”—a “plus” that inflation will have long since turned into a minus when it reaches the workers. In addition, all the signs are already pointing to job cuts, another reason why the VW Group is content to exchange wages for “time off.”

Despite lower net profits in 2020, shareholders can pocket a slight increase in dividends compared to the previous year. The share price rose in the period between March 2020 and the beginning of April 2021 from €87.50 to €246.15, almost reaching the record high of March 2015. According to the remuneration report, VW boss Herbert Diess earned around €6.1 million in 2020, plus bonuses of €1.8 million.

The remuneration for the group works council representatives is a measure of how much the “employee representatives” act as co-managers of the VW group and represent the interests of the owners and shareholders. Works council chairman Osterloh earned up to €750,000 a year including bonuses.

To defend their jobs and standard of living, workers must free themselves from the control of the trade unions. There is no alternative for workers outside of building independent rank-and-file committees.



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