

German construction industry announces 10,000 job cuts after union cancels strike

Dietmar Gaisenkersting
12 June 2024

Barely a week after the Industrial Union for Construction, Agriculture and the Environment (IG BAU) called off its strikes on May 28 and agreed a wage settlement, construction companies have announced 10,000 job cuts.

The reason given in Berlin last week by Peter Hübner, president of the Federation of the German Construction Industry, was that construction companies were expecting a 4 percent drop in turnover this year.

Just two days later, on Thursday last week, the Federal Collective Bargaining Commission for the construction industry nevertheless approved by a large majority the settlement proposal that IG BAU had agreed with the companies in the main construction industry at the end of May. This means that the almost 1 million construction workers—800,000 in the West and 200,000 in the East—will pay for the decline in turnover with their jobs.

The employers, the Federation of the German Construction Industry and the Central Association of the German Construction Industry, still have to approve the proposal by Friday. If they do, this will be the starting signal for the redundancies. Some of the employers had refused to agree to an initial collective agreement, although IG BAU had already given its consent.

Once again, it is clear that construction workers cannot defend their wages, working conditions and jobs with the union. From the outset, IG BAU did not want to take industrial action and was virtually forced into the strikes by the workers.

IG BAU had originally demanded a monthly wage increase of €500 in the collective bargaining round in the main construction industry, which began at the end of February. The previous collective agreement for construction workers was agreed in autumn 2021, before inflation had exploded as a result of the government's pro-war policy and the energy crisis. In the almost three-year period, construction workers in the West only received a

6.2 percent wage increase and, in the East, only 8.5 percent. As consumer prices rose by 14.7 percent during this period, this meant a reduction in real wages of 6.2 to 8.5 percent.

As a result, there was a great willingness to fight among the workforce. However, after just a few weeks, IG BAU and the employers declared the negotiations had failed, and then used arbitration to present construction workers with a result that would not even have compensated for the losses suffered. The plan was to increase collectively agreed wages by €250 for all staff from May, with 4.15 percent in the West and 4.95 percent in the East to be added after a further 11 months.

However, while IG BAU immediately agreed to this arbitrator's pathetic decision, some employers in the construction industry rejected it. IG BAU was thus literally forced to go on strike. Previously, the union had not allowed a regional strike for 17 years, or even 22 years nationwide. It quickly became clear to militant masons and foremen that the union was reluctant to organise the strike. The IG BAU did not initiate a ballot for a nationwide strike, but explicitly called only for "selective warning strikes."

At the beginning of the strikes, the WSWs warned: "IG BAU will do everything it can to avoid a nationwide strike. It will grasp at the first straw to stall the strike."

Two weeks later, on May 28, the negotiating groups representing the union and employers had already reached an agreement. Wages and salaries were to increase "in total" by €260 to €380 per month, with retroactive effect from May 1, 2024 after a one-month zero round. IG BAU's calculation consists of a percentage increase of 1.2 percent in the West and 2.2 percent in the East as well as an additional fixed amount of €230 per month. The lowest wage group (1) will also receive a 2.2 percent wage increase in the West.

On April 1, 2025, there will then be a further 4.2 percent

(West) and 5 percent (East) increase. One year later, on April 1, 2026, wages, salaries and training allowances are to be standardised nationwide and then increased by a further 3.9 percent. The collective agreement will run for three years, until April 2027.

According to sample calculations published by IG BAU last week, skilled construction workers in wage group 4 in the West, for example, will receive a gross increase of around 16.3 percent over three years. That is €3.65 per hour or €631 per month. Foremen in the East will receive an increase of around 17.6 percent or €963 per month over the same period.

Taking into account the long duration of the contract and the fact that working class families suffer particularly badly from the price explosions for petrol, heating, food and rents, which are far higher than the official inflation rate, this result also means another reduction in real wages.

Construction workers, like other workers, are thus being made to bear the full burden of the German government's pro-war policy and the resulting price increases. If the construction companies have their way, they will also pay for this with their jobs over the next three years. This is because the construction corporations and smaller building companies are passing on the austerity measures of the coalition government, which is investing billions in war and armaments instead of building housing and infrastructure, to their employees.

The construction industry association expects a 12 percent drop in turnover in new residential construction alone compared to last year. While the government had promised to build 400,000 new homes a year in 2021, only 295,000 homes were completed in both 2022 and 2023.

Federal Building Minister Klara Geywitz (Social Democrat, SPD) and Finance Minister Christian Lindner (Liberal Democrat, FDP) recently emphasised that they wanted to stick to the reduced budget for this year. The Federal Building Ministry has €6.73 billion to spend this year, €600 million less than last year.

Due to the rise in interest rates and increase in the price of building materials over the last two years, smaller construction companies are under extreme pressure. The large corporations are having to lower their profit expectations. This is all at the expense of the employees.

In this situation, an organisation is needed that stands up against the pro-war policy of the federal government, which is cutting all social and public spending in order to make "Germany fit for war again." What is needed is an

organisation that stands up for democratic control over housing and infrastructure construction by working people—in short, that opposes both the government's warmongering and the big construction companies' pursuit of profits.

But IG BAU is nothing of the sort. It is connected to the parties in the coalition government, especially the SPD, and also the construction companies via numerous threads. IG BAU boss Robert Feiger justified his agreement to the first miserable arbitration award by saying he and his fellow leading executives were aware of their "responsibility to society as a whole." By "responsibility for society as a whole" they mean the government's pro-war policies and the continued profits of the construction and property companies. Like his predecessor Klaus Wiese, Feiger is an SPD member.

Many IG BAU executive board members are also members of the supervisory boards of large construction companies. Carsten Burckhardt (SPD) and Nicole Simons sit on the supervisory board of Hochtief AG, Ulrike Laux on the supervisory board of Spie GmbH and Zusatzversorgungskasse des Baugewerbes AG. She is also a member of the administrative board of the construction industry's holiday and wage equalisation fund.

The IG BAU apparatus will continue to stand by the companies in the coming job cuts and will see its task as enforcing the required redundancies.

Construction workers have responded to the IG BAU's thoroughly pro-business and pro-government actions with resignations. In the last 30 years, the construction union has lost over two-thirds of its members. Today, only around 220,000 are still organised in the union, including not only construction workers, but also employees in building cleaning, waste collection, waste disposal and recycling.

The approximately 1 million construction workers are a force to be reckoned with. But in order to bring this power to bear, they must unite in rank-and-file action committees that organise independently of IG BAU.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact