



# **Germany and the roll back of Labour Law in the EU**

Dr. Reingard Zimmer

ELW-Conference 15th of November in Paris



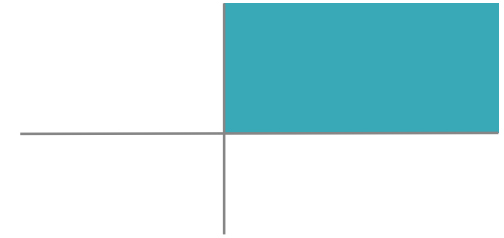


# Agenda

## Germany and the roll back of labour law in Europe:

- I. The Agenda 2010 („Hartz-measures“)
  1. Creation of a new low wage sector
  2. Reduction of dismissal protection
  3. Deregulation of agency work
- II. Wage restraint in Germany
- III. Currently: Codification of the principle of one valid CBA at the workplace by law

# I. The Agenda 2010 („Hartz-measures“)



## 1. Dramatic expansion of the low wage sector in Germany

- Stringenter rules for long term unemployed persons (AIG-II = unempl. pay II): nearly any kind of job which reaches level of unemployment pay is declared acceptable (§§ 140 SGB III, 10 SGB II) → concept of „Fördern und Fordern“).
- Exemption limit of minor (part-time) employment (§ 8.1 SGB IV, “mini-jobs”) was lifted up to 400 € (now: 450 €) → reduced social security fees and benefit, especially female workers.
- Increased pressure on lowest wages.

## 2. Reduction of dismissal protection

### § 23.1 KSchG (Kündigungsschutzgesetz = act on protection of dismissals): increase of threshold

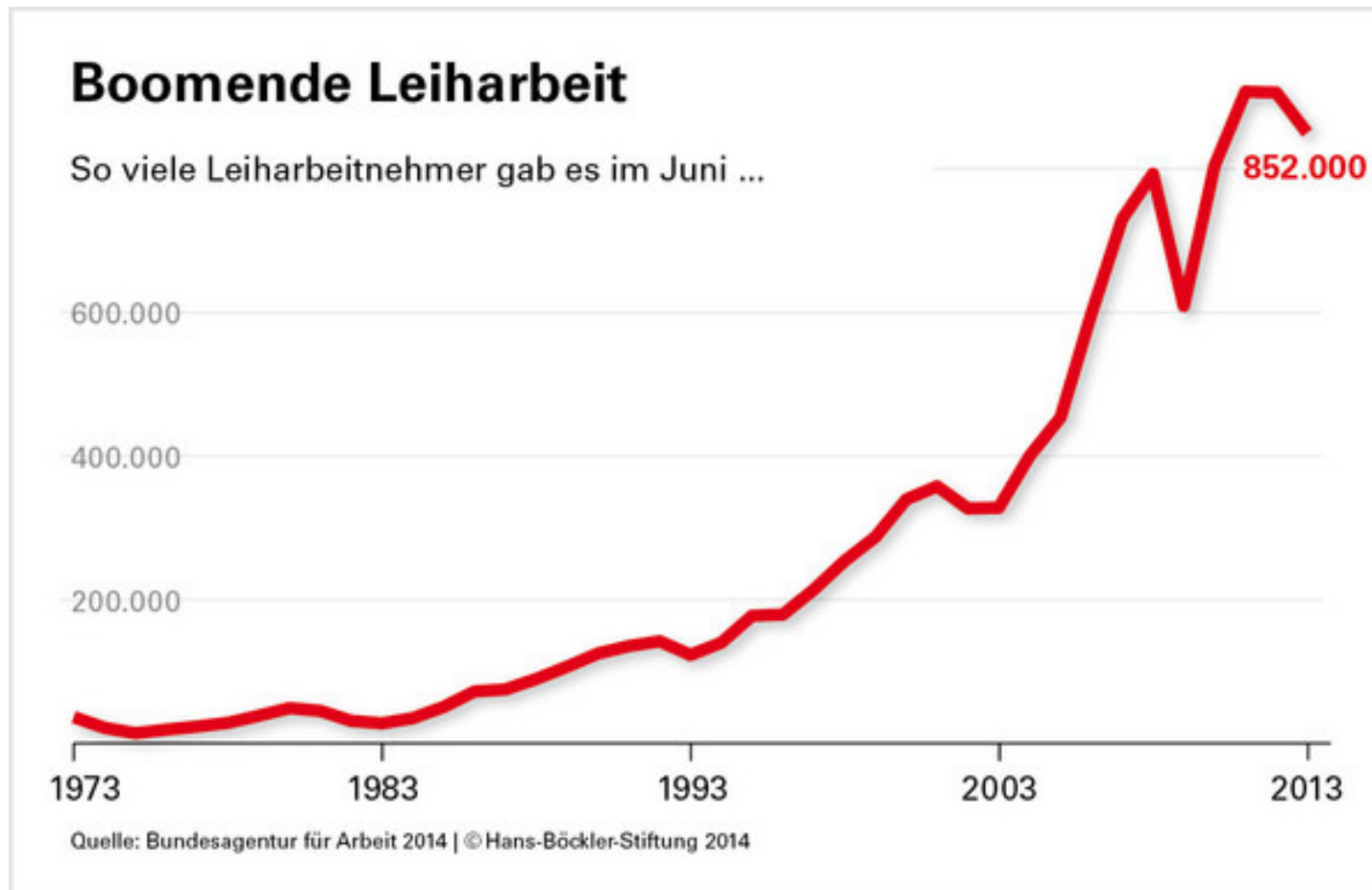
- Scope of application for employees of undertakings with > 10 employees (new contracts from 1.1.2004 on).
- Formerly (and still for employees with old contracts until 31.12.2003): > 5 employees.
- § 1.3 (2) KSchG: „high-performers“ may be kept out of selection based upon social criteria.



## 3. Liberalization of agency work

- 01.01.2004: abolishment of the prohibition
  - of synchronization
  - of fixed-term contracts for agency workers and
  - duration of assignment may be unlimited in time.
- Principle of equal pay and equal treatment were established – with no practical relevance.
- The principle is undermined because it was (and still is) possible to deviate by collective agreement.
- A small „Christian union“ concluded dumping CBAs.

# Agency Work is booming: figures of agency workers in june

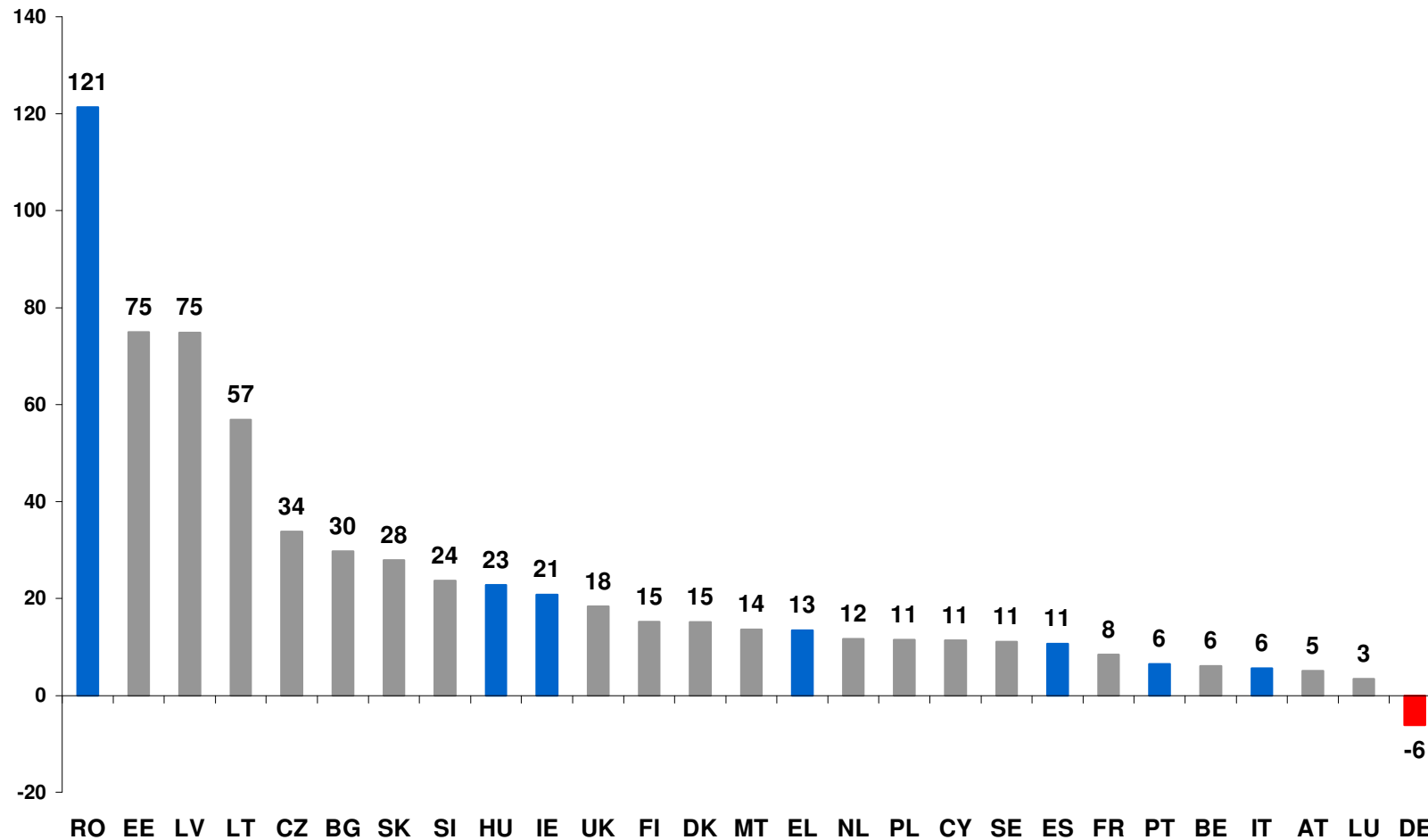




## II. Wage Restraint in Germany

- If one considers the net wages and the yearly inflation rate, there was a decline of 1.6 % between 1992 and 2012.
- Between 2001 and 2009 Germany was the only country in the European Union with decreasing wages (see next chart).
- This can be seen as an expression of declining resources of trade union power.
- From 1st jan 2015 minimum wage of 8,50 €.

# Development of real wages before crisis (2001 – 2009 in %)

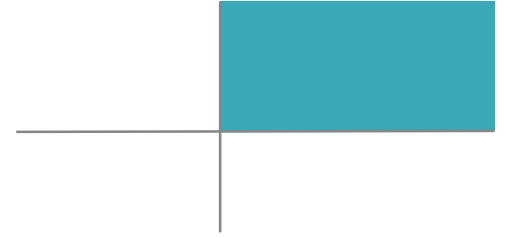


Source: AMECO, evaluation: WSI,  
Thorsten Schulten



### III. Codification of the principle of one valid CBA at the workplace

- Change of jurisdiction of federal labour court in 2010: more than one trade union, which means more than one CBA for same category of workers possible.
- Draft law to be presented 1st of dec 2014 by minister of labour:
- In case of colluding CBAs only the CBA of the trade union with more members will be applied.
- Since under German jurisdiction, a strike is lawful only if it aims at a (valid) collective agreement, the “losing” trade union is denied the right to strike.



**Thank you very much for your  
attention!**

