

# DGB trade unions: Campaigning for a Statutory Minimum Wage

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Friederike Posselt, LL.M.,  
Head of Division Collective Bargaining Coordination,  
German Confederation of Trade Unions (DGB)

# Low Wage Sector: Development

- Strong growth of the low wage sector since the 90th
  - Reasons: among others so called social reforms (= Hartz Acts)
  - Hartz Acts: politically wished enlargement of the low wage sector by e.f.
    - liberalisation of temporary agency work,
    - fostering of so called minijobs (jobs with monthly remuneration under € 450, which are privileged as regards taxes and contributions towards the social security system), and
    - alterations concerning the requirements in order to get unemployment benefits: jobseekers were obliged to take nearly each offered job
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# Results/outcome

- Pressure on jobseekers to take low paid jobs
- Pressure on wage level and decrease of wages
- Development of group of workers who were getting social contributions despite full time work („Arm trotz Arbeit!“)

# German low wage sector

- proportion of workers/employees earning less than **€ 8.50** per hour: 19.2%,  
in total: 6.6 million workers/employees
- development of low wage earners from 1995 to 2012: from 5.9 million to 8.4 million, increase of about 2.5 Mio. (= 42.1%!)
- 24.3% of workers/employees earned less than **€ 9.30** (German low wage border)
- Who is affected?
  - unter 25 year olds, low qualified, fixed-term workers, foreigners, women,
  - over 54-year olds, and mini-jobber
- ~~Mostly with completed apprenticeship (67%) or academic degree~~

# German situation concerning minimum wage *before* new law

The logo for DGB (Deutscher Gewerkschaftsbund) is a red parallelogram with the letters 'DGB' in white, bold, sans-serif font.

- **No** general minimum wage
- Minimum wages **only in certain sectors** applying the Collective Bargaining Agreements Act or the Posting of Workers' Act (e.f. in construction industry, cleaners, meat industry, temporary agency work)
- Protection only by prohibition of immoral wages:  
jurisdiction declares unlawful wages one third under the average wage in the  
region in this profession  
ergo: if average wage is low, lowest lawful wage is very low!

- 2002: two service trade unions (Verdi and NGG) claimed the statutory minimum wage
- 2006: DGB – all 8 DGB trade unions – decide to campaign for the introduction of the statutory minimum wage of € 7.50 Euro (since 2010: € 8.50)
- Since 2007 until now: DGB conducts the Minimum Wage Campaign, e.f. by
  - activities throughout the country, lobbying among politicians
  - web page with current information: [www.mindestlohn.de](http://www.mindestlohn.de)
  - information material and frequent opinion surveys

# Further Development



- Coalition Agreement 2013: Great coalition plans to introduce minimum wage
- June 2014: Parliament has passed minimum wage
- January 2015: Coming-into-force of € 8.50 minimum wage

# German Minimum Wage



- January 2015: Start of € 8.50 Minimum wage (but exemptions!)
- First increase:
  - in 2017 by minimum wage commission based on the development of collective agreements of the last two years fixed by the Federal Statistical Office
- Minimum wage commission:
  - representatives from the State (one chairperson), employers' organisations and trade unions (3+3) and – only consulting – 2 scientists

# Exemptions

- **no** minimum wage
  - for unter 18 year olds,
  - apprentices,
  - trainees, if internship is part of apprentice or study regulations
  - volunteers
- for the first **3 months**: for certain groups of trainees
- for the first **6 months**: for long-term unemployed (= more than 1 year)
- for a **transition period**:
  - for special generally binding collective agreements (until end of 2017) or
  - for newspaper delivery persons:

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achieving minimum wage step by step: 2015: - 25%, 2016: - 15%<sup>9</sup>

# Exemptions

- Seasonal workers
  - privilege concerning social contributions: work is for 70 days social contributions free

## Coverage of minimum wage:

The Minimum Wage will cover about 4 million workers/employees!

DGB critic: The Exemptions will exclude more than 2.5 million people from the minimum wage!

# Further minimum wage rules

- eased requirements for general binding collective agreements
- Collective Bargaining Agreements Act (Tarifvertragsgesetz): End of the high '50% representation limit' (50% of workers in the sector) as requirement to declare collective agreement for generally binding
- Posting of Workers' Act (Entsendegesetz): now applicable for all sectors, and not just 10 sectors
- DGB: further alterations would have been necessary

# General assessment



- DGB sees introduction of minimum wage as historical social change in Germany
- A great number of DGBs demands have been fulfilled
- but:
- DGB urges to abolish several exemptions, e.f. concerning unter 18 year olds, long-term unemployed, and certain groups of trainees
- DGB emphasis that more officers are necessary in order to control, whether the minimum wage is correctly paid
- DGB asks for further changes in order to achieve more generally binding collective agreements