

**WSI**

Institute of Economic and  
Social Research

# ANNUAL REPORT

WSI Collective Agreement Archive · March 2022

The WSI is an institute of  
the Hans-Böckler-Stiftung

# COLLECTIVE BARGAINING IN GERMANY 2021

Thorsten Schulten and the WSI Collective Agreement Archive

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# CONTENTS

<b>CONTENTS</b>	<b>2</b>
<b>1 The 2021 bargaining round: context and overview</b>	<b>3</b>
<b>2 Annualised rise in collectively-agreed pay</b>	<b>9</b>
2.1 Agreed increases in the whole economy	9
2.2 Agreed pay and earnings	12
2.3 Agreed increases in individual branches	13
2.4 Agreed pay levels in East and West Germany	15
<b>3 Statutory minimum wage and agreed branch-level minimum wages</b>	<b>16</b>
<b>4 Agreed working hours</b>	<b>18</b>
<b>5 Collective bargaining over workloads and staffing</b>	<b>19</b>
<b>6 Collective bargaining coverage</b>	<b>20</b>
<b>7 Prospects</b>	<b>21</b>
<b>References</b>	<b>22</b>

## 1 The 2021 bargaining round: context and overview

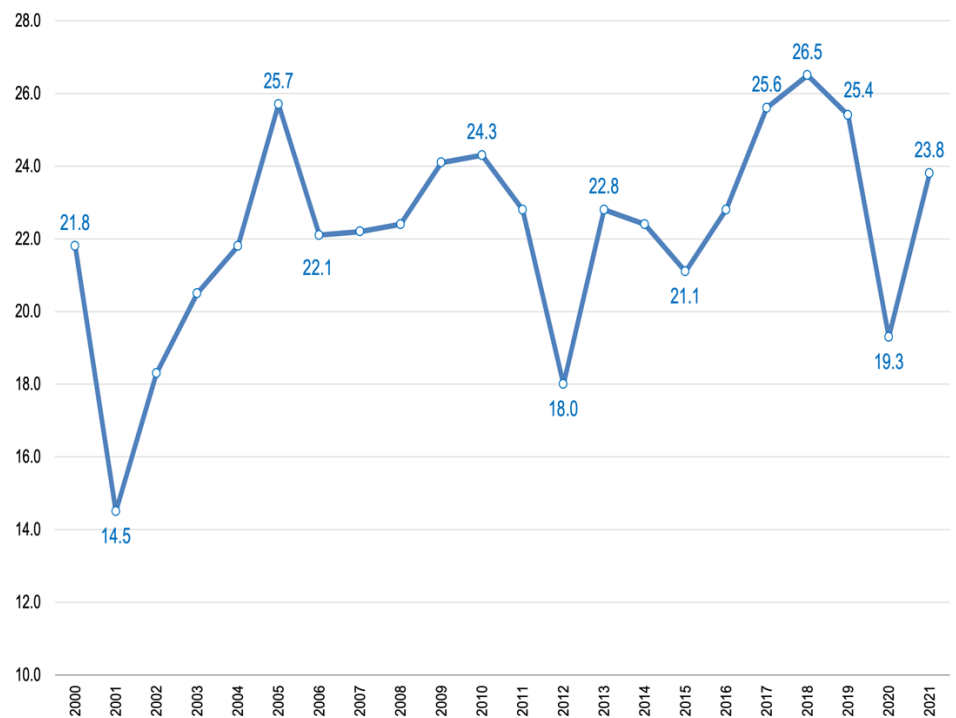
As in 2020, collective bargaining in 2021 was dominated by the economic consequences of the second year of the Covid-19 pandemic. Although the strong economic recovery led to a marked improvement in the economic context, with Gross Domestic Product (GDP) expanding by 2.7% after the severe contraction of the previous year (Federal Statistical Office, 2022), uncertainties about the course of the pandemic caused by the repeated emergence of new mutations and the official measures taken in response to these served to suppress a stronger bounceback, leaving overall economic output still lower than before the outbreak of the virus. In addition, from mid-2021 a number of diverse economic factors (Dullien et al., 2021) came together to trigger a surge in consumer prices, prompting a public debate over the supposed risks of a wage-price spiral that culminated in calls on trade unions to moderate their wage demands.

Over the course of the 2021 bargaining round, trade unions affiliated to the German Trade Union Confederation (*Deutscher Gewerkschaftsbund*, DGB) concluded new pay settlements for 12.8 million employees. A further 6.1 million benefited from settlements agreed either in 2020 or in previous years, including significant bargaining areas such as the chemical industry or Federal and municipal government in which there had been no new settlement in 2021. By contrast, new settlements concluded in 2021 mainly involved branches in which no collective bargaining had taken place in the preceding year. One important exception to this was the metalworking and electrical industry, where the Covid crisis led to the conclusion of a short-term agreement in 2020, necessitating further bargaining in 2021.

The average duration of settlements concluded in 2021 was 23.8 months, markedly longer than in the preceding year when a number of short-term settlements were negotiated in response to the uncertainties of the Covid-19 pandemic (*Figure 1*). Although in most cases trade unions have customarily submitted claims for single year agreements, over the past two decades two-year settlements have become the norm in most branches.

**Figure 1: Average duration of collective agreements, 2000-2021**

In months



Source: WSI Collective Agreements Archive



*Trade union claims* were predominantly focused on securing increases in pay and were pitched in a band between 4.0 and 6.0% (*Table 1*). Within this range, relatively moderate claims of 4.0-4.5% were submitted in the iron and steel industry, textiles and clothing, small enterprises in vehicle repair, wood and plastics processing as well as in retail together with wholesale and foreign trade. The pay claim in the metalworking and electrical industry, caught up not only in the problems caused by Covid-19 but also passing through a profound 'transformation crisis', was for a 4.0% overall paybill increase to include job security measures at workplace level. By contrast, the largest claims were in construction, at 5.3%, at Helios Kliniken, at 5.5%, and in private transportation, at 6.0% – all sectors that had prospered during the pandemic.

A number of claims also included a 'redistributive element' (*'soziale Komponente'*) in the form of demands for minimum absolute increases in pay, intended to deliver above-average increases for the lower-paid. Such claims ranged from minimum increases in monthly pay of €45 in retail, wholesale and foreign trade to €150 in the public sector (the regional *Länder* administrations) and in private transportation. In most cases, however, claims were below those of the previous year in response to the difficulties created by the Covid-19 crisis. And pay claims were largely unaffected by the upsurge in inflation in the second half of 2021.

In terms of *settlements*, in many branches in 2021 there was either no or only a small increase in agreed pay rates (*Table 1*). In their place, employees have generally received a so-called 'Corona Bonus' ('*Corona-Prämie*'), which has the advantage for both employers and employees of being free of tax and social insurance contributions under a special provision in effect until March 2022: the maximum allowable such amount is €1,500. Although these payments were originally intended mainly for employees exposed to the particular risks and stresses caused by the pandemic, many settlements subsequently extended them to all employees in place of a normal pay increase. 'Corona Bonuses' ranged between €90 in the confectionery industry and €1,300 in the public sector (*Länder*), with a core band of €400-600 in most settlements.

In 2021, the overall increase in agreed pay rates, irrespective of the duration of the agreement, was 3.2%. Of this, on average an increase of 2.5% took effect in 2021. While some branches saw no increases at all in agreed basic pay, such as the metalworking and electrical industry or textiles and clothing, pay rose by between 1.4% and 3.0% in other branches, in some cases following pay freezes of up to several months. Of the major branches, the highest rates of increase were in retail together with wholesale and foreign trade, although these numbered among the few branches in which no 'Corona Bonus' was paid. The settlement for the East German construction industry also provided for a 3.0% pay rise.

**Table 1: 2021 Collective Bargaining Round: Selected claims and settlements**

Settlement date	Bargaining unit	Claim	Pay settlement 2021	Pay provisions 2022/2023	Duration
16.02.21	<b>Textiles and clothing</b> West	4.0%, and at least €100 per month	12-month pay freeze €325 'Corona Bonus'	1.3% from 02/2022 1.4% from 10/2022	25 months to 02/2023
27.03.21/ 29.03.21	<b>Iron and steel</b> North West Germany, East Germany	4.0%	Pay and framework collective agreements to continue unchanged €500 'Corona Bonus' €250 'Agreed supplementary payment II' in 12/2021	'Agreed supplementary payment II' in 02/2022 Permanent from 2023 at €600 p.a. and indexed to settlement rate	15 months to 05/2022
29./ 30.03.21	<b>Metalworking and electrical industry</b> North Rhine-Westphalia	4.0% overall paybill increase, including employment security measures	Previous pay agreement continues in force unchanged €500 'Corona Bonus'	'Transformation payment' of 18.4% of a month's earnings paid in 02/2022 27.6% of a month's earnings from 02/2023	21 months to 09/2022
31.03.21	<b>Helios Kliniken GmbH</b>	5.5% plus a 'social component' (i.e. provisions for the lower paid).	3-month pay freeze €400 'Corona Bonus' 1.4% from 04/2021	2.0 % from 04/2022 0.4 % from 11/2022	24 months to 12/2022
12./ 13.04.21	<b>Volkswagen AG</b>	4.0%	12-month pay freeze €1,000 'Corona Bonus'	2.3% from 01/2022	23 months to 11/2022
25.04.21	<b>Paper, card and plastics processing</b>	4.8%	3-month pay freeze 1.5% from 05/2021	2.4% from 05/2022	24 months to 01/2023
25.05.21	<b>Meat industry</b> (Slaughter and processing, including poultry)	€12.50/14.00/17.00 per hour minimum agreed rate after induction/minimum rate for a skilled worker	€10.80 per hour when extension procedure takes effect (agreement binding on all employments).	€11.00 per hour from 01/2022 €11.50 per hour from 12/2022 €12.30 per hour from 12/2023	Not stated to 11/2024
27.05.21	<b>Confectionery</b> North Rhine-Westphalia	5.0%	1 month pay freeze €90 'Corona Bonus' 2.5% from 06/2021	2.5% from 05/2022	23 months to 04/2023
17.06.21	<b>Vehicle repair (small enterprises)</b> Bavaria	4.0%	8-month pay freeze €500 'Corona Bonus'	2.2% from 02/2022	22 months to 03/2023
02.07.21	<b>Energy</b> East Germany (AVEU)	ver.di / IG BCE: 5.0%	€600 'Corona Bonus' 2.3% ab 06/2021	1.5% from 11/2022	27 months to 08/2023
08.10.21	<b>Retail</b> North Rhine-Westphalia	4.5% plus €45 per month	4-month pay freeze 3.0% (up to max. of €81 monthly rise) from 09/2021	1.7% from 05/2022	24 months to 04/2023
11.10.21	<b>Wholesale and foreign trade</b> North Rhine Westphalia	4.5% plus €45 per month	5-month pay freeze 3.0% from 10/2021	1.7% from 04/2022	24 months to 04/2023
15.10.21	<b>Construction</b>	5.3%, Enhancement of travel-to-site allowance, harmonisation of rates in East and West Germany	€500/200 'Corona Bonus' 2.0/3.0% from 11/2021 (West/East)	2.2/2.8% from 04/2022 (West/East) €400 lump sum in 05/2022 (West) 2.0/2.7% from 04/2023 (West/East) €450 lump sum in 05/2023 (West) 100% East-West harmonisation by 2026 at latest	33 months to 03/2024

**Table 1: 2021 Collective Bargaining Round: Selected claims and settlements (continued)**

Settlement date	Bargaining unit	Claim	Pay settlement 2021	Pay provisions 2022/2023	Duration
15.10.21	<b>Public sector</b> Hesse	5.0%, with a minimum of €175	€500 'Corona Bonus'	€500 'Corona Bonus' 2.2% from 08/2022 1.8% from 08/2023	28 months to 01/2024
08.11.21	<b>Hotels and hospitality</b> Berlin	Increase in the lowest grade to €13 per hour, with corresponding adjustment of all other grades	6-month pay freeze	€12.00 p.h. Grade 2 (= 13.5%) €12.00 p.h. Grade 3 (= 9.3%) €12.50 p.h. Grade 4 (= 4.3%) 4.0% for Grades 5-9 from 01/2022 6.0% from 10/2022	24 months to 06/2023
09.11.21	<b>Wood and plastics processing industry</b> Westphalia-Lippe	4.5%	7-month pay freeze	€385 'Corona Bonus' 2.7% from 04/2022 2.2% from 04/2023	27 months to 11/2023
29.11.21	<b>Public sector</b> Federal states (Länder) (excl. Hesse)	5.0%, and at least €150 per month €300 per month for employees in the health service	14-month pay freeze	€1,300 'Corona Bonus' 2.8% from 12/2022 Higher supplements for some employee groups in health service	24 months to 09/2023
03.12.21	<b>Private transport</b> North Rhine-Westphalia (Freight-forwarding and logistics)	6.0%, and at least €150 per month	4-month pay freeze	€110 p.m. (= 4.9/3.7%) from 01/2022 €45 p.m. (= 4.7/1.5%) from 01/2023 €105/45 p.m. (= 4.1/1.5%) from 01/2024 (average hourly-paid/salaried staff). For hourly-paid, new grades by seniority from 01/2022 und 01/2023)	32 months to 04/2024
	<b>Private banking</b>	4.5%, and at least €150 per month; option for conversion into additional time off		<b>Settlement pending</b>	

Source: WSI Collective Agreements Archive (as at 21.01.2022)



In most cases, settlements negotiated in 2021 also provided for pay increases for the following year. One relatively high such increase was the 2.8% agreed in the public sector (*Länder*), albeit preceded by a 14-month pay freeze (Reiner, 2022). Still higher increases were negotiated in the private transportation industry in North Rhine-Westphalia covering freight-forwarding and logistics; here all pay grades were raised by €110 per month, corresponding to an average increase of 3.7% for white-collar employees and 4.9% for those in operative roles, implying a marked 'redistributive element' in the settlement. Monthly increases of €45 were also agreed for each of the subsequent years, 2023 and 2024. In addition, grades for operatives will receive an additional €60 per month in 2024. This follows the assertive

strategy adopted by the services trade union ver.di, dubbed ‘Bargaining Rebellion 2021’, that aimed to lift pay levels in this branch to the levels customary in manufacturing industry.<sup>1</sup>

The bargaining round in the hospitality sector, that began in the second half of 2021, was also conducted under unusual circumstances. The employers in this branch had refused to engage in collective bargaining at all following the outbreak of the Covid pandemic, leaving employees effectively trapped on long-outdated pay rates following the expiry of the previous agreement. The subsequent emergence of labour shortages in this branch, however, did allow the hospitality trade union NGG to negotiate fairly high increases in some regions. In Berlin, for example, agreed pay in hotels and catering will be raised by 4.0% in two stages beginning in January 2022, with a further increase of 6.0% from October 2022. In anticipation of the planned rise in the statutory minimum wage to €12.00, also from autumn 2022, the minimum pay rate for the lowest grades was raised to €12.00 from January 2022, equivalent to an increase of 13.5%.<sup>2</sup>

A unique settlement was also negotiated in the metalworking and electrical industry, where, instead of raising agreed pay rates in 2022, the agreement provides for a permanent annual ‘transformation payment’ (*Transformationsgeld*) of 18.4% of a month’s pay in 2022 rising to 27.6% in 2023. This amount will usually be paid as a lump-sum in addition to the existing annual bonus (*Jahressonderzahlung*) that falls due in at the end of the year.<sup>3</sup> Where agreed at company or establishment level in the form of ‘Agreements for the Future’ (*Zukunftstarifverträge*), the sums for this can be used for job security measures, such as top-up payments for employees in the event of working time reductions introduced to protect employment levels (IG Metall, 2021a). A similar arrangement was also agreed in the iron and steel industry, where a new € 250 ‘Agreed Supplementary Payment II’ was negotiated in 2021, to be raised to €600 from 2023 and then indexed to annual agreed increases (IG Metall, 2021b). Although the pay agreement in the private banking sector expired in mid-2021, at the time this report was concluded this remained the only major branch that had not yet agreed a settlement.<sup>4</sup>

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<sup>1</sup> Information on what was a remarkable campaign can be found (in German) at: <https://psl-nrw.verdi.de/tarif/tarifrebellion-2021>

<sup>2</sup> The hospitality trade union NGG has compiled an overview of the current very diverse range of agreements in the sector at: <https://www.ngg.net/im-betrieb/branchen/gastgewerbe/tarifinfos-gastgewerbe/>

<sup>3</sup> Employees in the metalworking and electrical industry, as with most other branches, receive, in addition to regular monthly pay, a number of other payments, sometimes called in total the ‘13<sup>th</sup> month’. This includes a holiday bonus (summer) and an annual bonus (usually at Christmas). For metalworking, there are currently, in addition to the planned ‘Transformation Payment’ further agreed supplementary payments (called ‘T-Zug’), some of which can be traded in for additional time off for employees with personal or familial needs and some of which can be held back or cancelled for firms in economic difficulties (Schulten/WSI-Tarifarchiv 2020).

<sup>4</sup> For updates see: <https://wir-fuer-tarif.de/private-banken/>



## 2 Annualised rise in collectively-agreed pay

In order to compare settlements with other key economic data, increases in collectively-agreed pay need to be calculated on an annualised basis enabling the average increase in pay in the reference year to be compared with that of the previous year. In contrast to the settlement rate, the annualised increase in collectively-agreed pay takes into account periods in which pay has been frozen for a short time pending an increase ('pay freezes'), lump sums and non-consolidated payments, and not only the effect of new settlements but also any carry-over provisions from previous years that are implemented in the reference year. Calculating the average agreed increase for 2021 is therefore based not only on new settlements in that year but also includes any staged pay increases negotiated in previous periods that had taken effect by the end of 2021.

### 2.1 Agreed increases in the whole economy

Agreed pay rose by an average of 1.7% in 2021, taking into account both new settlements and any carry-over provisions from previous years (Figure 2). The rate of increase in East Germany, at 2.3%, was higher than the 1.6% recorded in the West. Looking solely at new settlements concluded in 2021, and in the context of the continuing pandemic, the rate of increase was lower than the previous year. While pay rises under settlements agreed in 2020 or before ran at 2.0%, settlements negotiated in 2021 stood at just 1.5%.

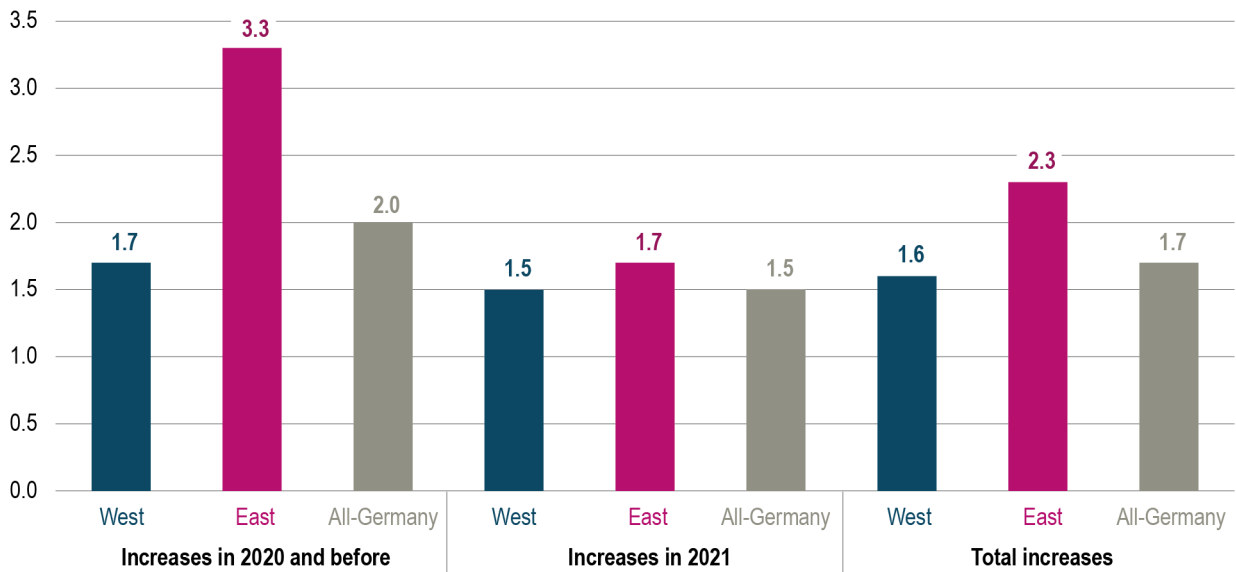
Despite the marked economic improvement in this second year of the Covid-19 crisis, the average 2021 increase in agreed pay of 1.7% was a slight fall from the 2.0% achieved in 2020. This suggests that the two-year agreements that have now become customary react with a notable lag to changed economic circumstances. Compared with the boom years of 2018 and 2019, when agreed pay rose relatively strongly (by 3.0% and 2.9%), nominal agreed pay growth under the conditions imposed by the Covid crisis has been much more modest (see Figure 3).<sup>5</sup>

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<sup>5</sup> Agreements on 'Corona Bonuses', which are free of tax and social insurance contributions, have mitigated some of the decline in real pay. This has benefited the lower paid in particular. The figures used for annual increases in agreed pay are based on the net value of these payments as it is not possible to make a simple calculation of their gross value given that this will depend on individuals' circumstances (and tax status) and could vary considerably.

**Figure 2: Average agreed increases, 2021**

in per cent compared with the previous year

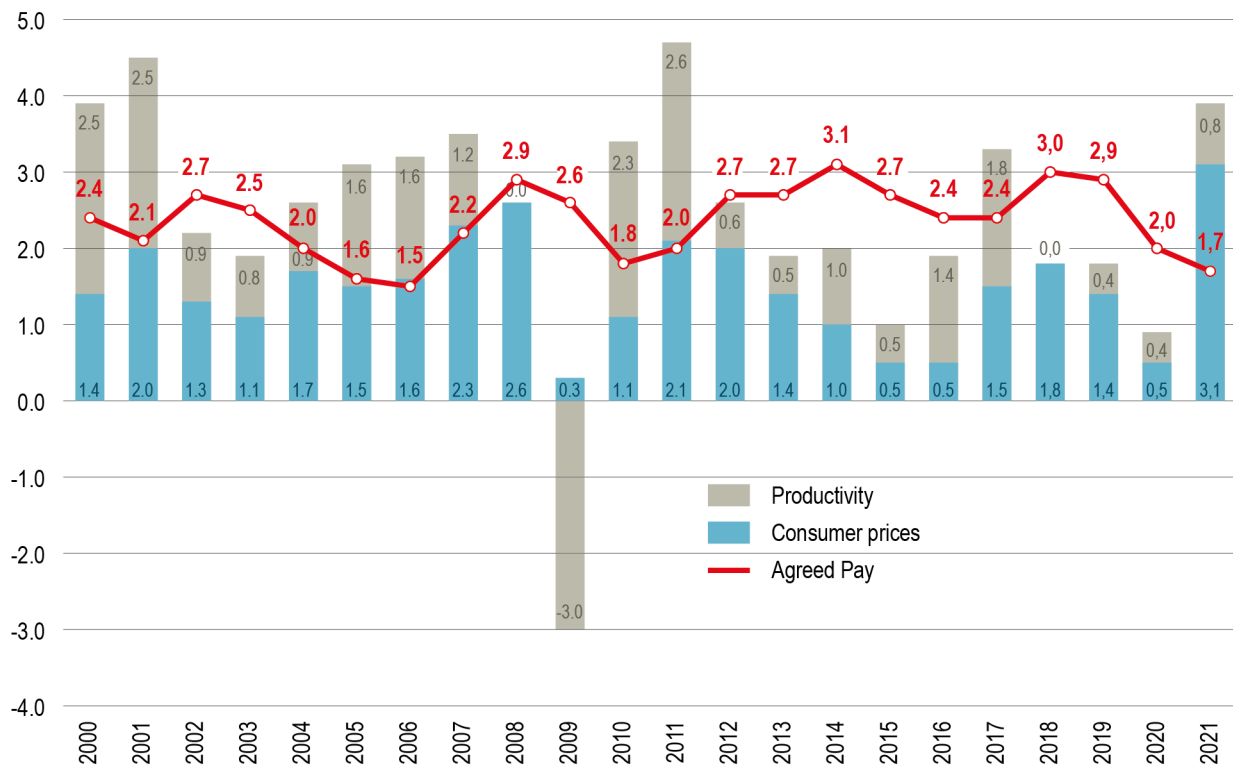


Source: WSI Collective Agreements Archive



**Figure 3: Collectively-agreed pay, consumer prices, and productivity 2000–2021**

in per cent compared with the previous year



Source: WSI Collective Agreements Archive



The acceleration of average consumer price inflation to 3.1% led to a fall in real pay of 1.4% in 2021, the first such decline for many years. And for the first time since 2011, pay growth failed to exhaust the scope for cost-neutral increases in nominal wages – that is, the sum of inflation and productivity growth – by a substantial margin. This also applies when the 2.0% target inflation rate of the European Central Bank is used as the yardstick in place of the actual rate of inflation. As yet, there is no evidence from the actual course of collective bargaining that the jump in inflation in the second half of 2021 could trigger a wage-price spiral, despite speculation to this effect (Lesch, 2021).

**Note: factoring ‘Corona Bonuses’ into calculations of year-on-year increases in agreed pay**

Over the past two years, agreements on ‘Corona Bonuses’, which are free of tax and social insurance contributions, have mitigated losses of real incomes in some branches, especially for the lower-paid. The figures for the annual increase in agreed pay used here are based on the net value of Corona Bonuses as it is not possible to make a straightforward conversion to a gross value given the complexities of individuals’ tax positions and how these are reflected in how individuals are assessed for income tax in Germany.

With these provisos, however, it is possible to model the effect of the saving of tax and social insurance contributions where such payments are substantial, showing that this can have demonstrable impact on the annual growth rate of agreed pay (*Table 2*). In this case, the bonus used as an example is the €1,300 paid under the settlement agreed in the public sector for the *Länder* (regional government). Using the published income tax tables for 2021, and excluding individual circumstances (such as whether an employee pays ‘church tax’ or receives various allowances), it is possible to calculate a multiplier (‘conversion factor’) by which net amounts can be converted into the corresponding theoretical gross value.<sup>6</sup> For a married employee with scope for advantageously combining their taxable income with their spouse (known as ‘Tax class 3’), seen as the most favourable tax group, this is 1.6. For employees who are single (‘Tax class 1’) or married with a spouse earning broadly the same income (‘Tax class 4’), the multiplier 1.8. Based on this, the €1,300 Corona Bonus under this settlement would gross up to €2,080 for Tax class 3 and to €2,340 for those in Tax classes 1 and 4.

If these values are then included in the calculation for the annual growth in agreed pay, the figure for 2021 rises from 2.2% to 2.6% (on average and assuming that all employees are in Tax class 3) or 2.8% (assuming all are in Tax classes 1 and 4). For 2022, the effect of factoring in the gross value of the Corona Bonuses will be even greater.

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<sup>6</sup> The authors are grateful to *Wolfgang Paul* from the Collective Bargaining Secretariat for Public Services at the ver.di headquarter for his help on this calculation.

**Table 2: Gross values of 2021 ‘Corona Bonuses’**

(Model calculation based on agreed ‘Corona Bonus’ in public sector)\*

	Corona Bonus (€)	Conversion factor Net to gross	Growth rate of agreed pay (compared with previous year) (%)	
			2021	2022
<b>Net</b>	1,300.00		2.2	1.9
<b>Gross</b> Tax class 3	2,080.00	1.6	2.6	2.9
<b>Gross</b> Tax class 1 and 4	2,340.00	1.8	2.8	3.2

\* Agreement for the *Länder* (regional government), excluding Hesse  
Source: calculation by the WSI Collective Agreement Archive



## 2.2 Agreed pay and earnings

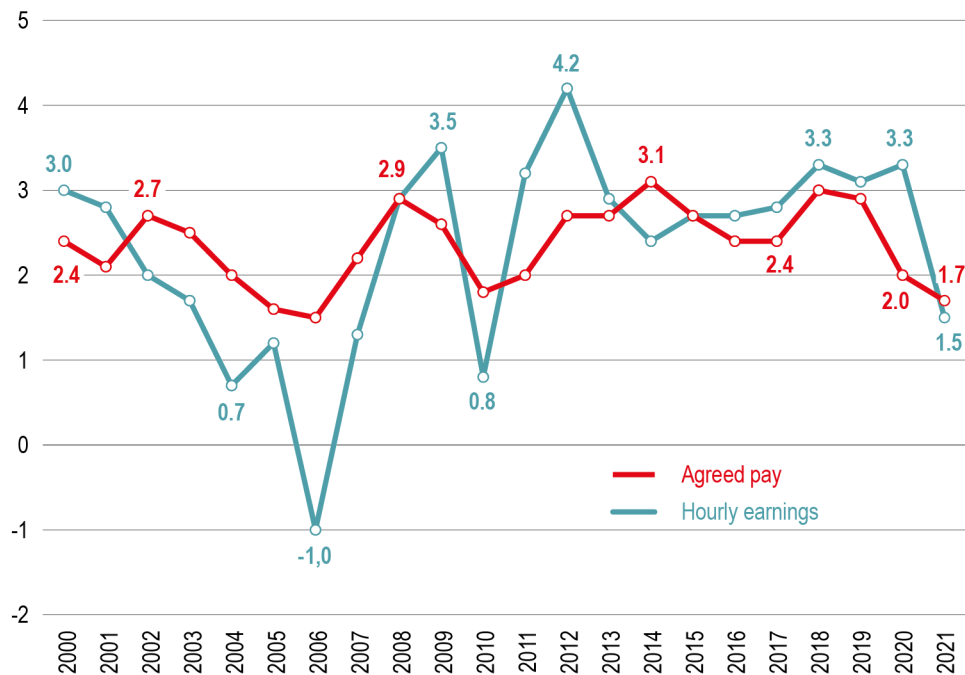
In 2021, hourly earnings – that is the pay not only of employees covered by collective bargaining but the entire labour force – rose by 1.5% (Federal Statistical Office, 2022), broadly the same rate as the increase in agreed pay (Figure 4). This compares with 2020, when *hourly earnings* rose by 3.3%, well above the increase in agreed pay, mainly due to the reductions in working hours as a result of short-time working (*Kurzarbeit*), the running down of surpluses in working time accounts, and less overtime working.<sup>7</sup> Mirroring this, nominal earnings *per employee*, at -0.2%, were slightly negative in 2020 as a result of the enormous reductions in working hours, whereas they rose strongly by 3.2% in 2021 with the winding down of short-time working (Federal Statistical Office, 2022).

This illustrates the extent to which changes in earnings are much more volatile than changes in agreed pay, and highly dependent on short-term economic fluctuations. During the 2000s, declining collective bargaining coverage and high unemployment meant that wage drift was mostly negative. In the following decade, in contrast, it was generally positive, albeit with large fluctuations between individual years. One of the main factors leading to positive wage drift during phases of economic prosperity are overtime payments, due to longer working hours, together with company-level wage supplements paid on top of agreed minima. And when labour markets are tight, companies outside of collective bargaining will not want to lag too far behind improvements in collectively-agreed pay. One of the major causes of the short-term increase in wage drift immediately following the start of the Covid pandemic was the rapid expansion of short-time work, which led to an immediate increase in hourly earnings – a movement that was then reversed in 2021.

<sup>7</sup> In Germany, reductions in working hours that do not lead to a proportional cut in pay, due to compensatory payments by employers, can raise hourly pay and labour costs.

**Figure 4: Agreed pay and earnings per hour\* 2000–2021**

Year-on-year change in per cent



\* Gross earnings per employee hour

Source: WSI Collective Agreements Archive, Destatis



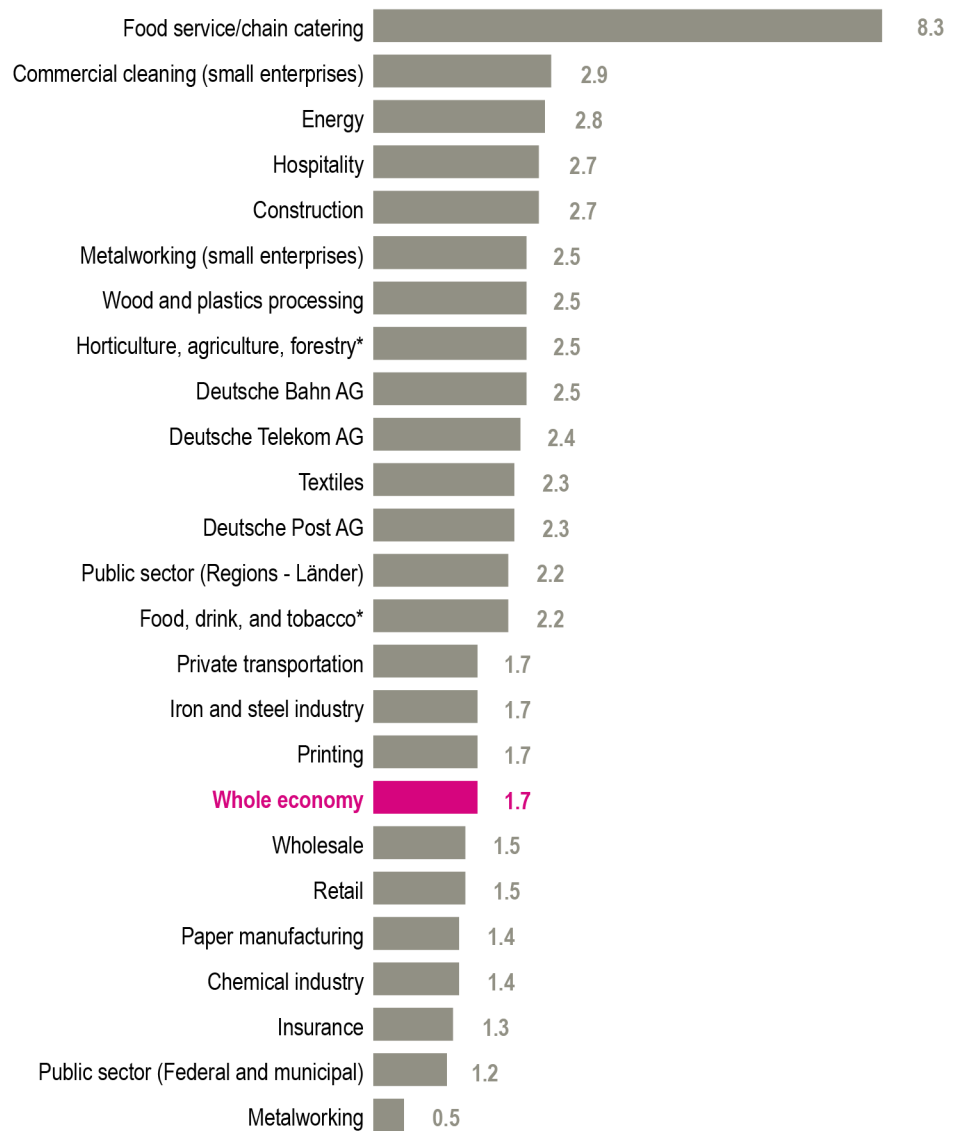
### 2.3 Agreed increases in individual branches

There were considerable differences in increases in agreed pay across individual branches and bargaining units in 2021 (Figure 5), but with most branches settling at between 1.0% and 3.0%. One outlier at the upper end was the 8.3% in the food service and chain catering branch, where the long-term settlement agreed shortly before the outbreak of the pandemic in March 2020 initiated a structural uprating of pay levels in this sector (Schulten and Specht, 2020). The lowest increase was the 0.5% in the metalworking and electrical industry, where employees received no agreed increase at all aside from a €500 'Corona Bonus'. The sheer size of this industry also meant that this suppressed the increase in agreed pay for the whole economy: excluding this branch, agreed pay would have risen at around the same rate as in 2020.

There were relatively high increases above 2.5% in 2021 in commercial cleaning, energy, construction, and hospitality. Aside from the metalworking industry, agreed pay growth was below 1.5% in the chemical industry, paper manufacture, insurance, and in the public sector covering federal and municipal administration.

**Figure 5: Agreed pay increases in selected branches, 2021**

In per cent compared with the previous year



\* Includes several branches

Source: WSI Collective Agreements Archive

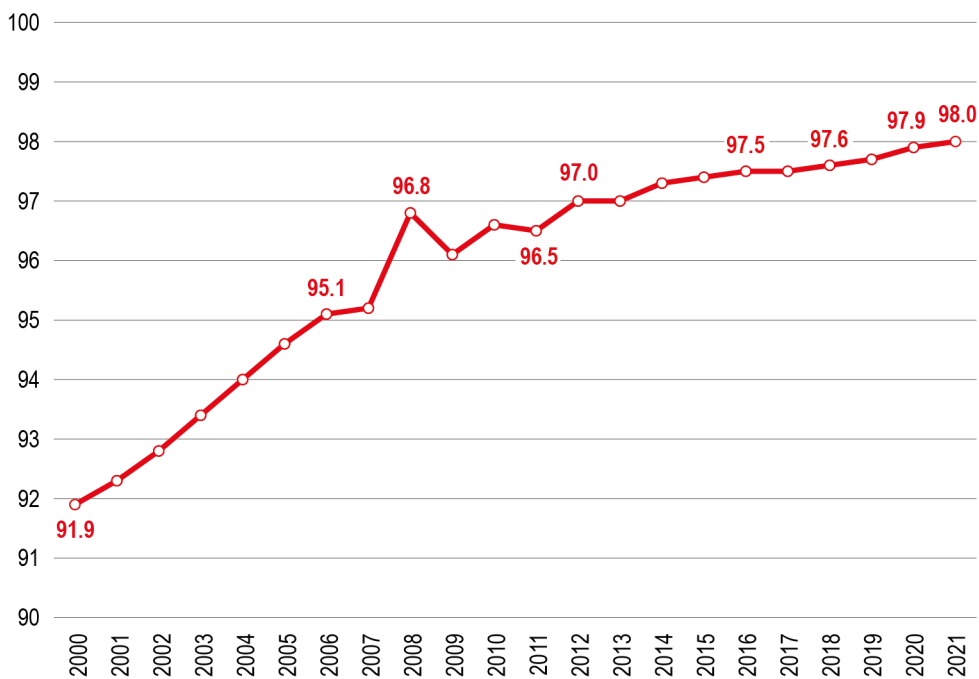


## 2.4 Agreed pay levels in East and West Germany

Despite 30 years having elapsed since German unification, differences in levels of agreed pay continue to persist between West and East Germany (Bispinck 2020). On average, in 2021 basic agreed pay in East Germany stood at 98.0% per cent of the West German level (*Figure 6*). Higher rates of agreed pay growth in East Germany served to narrow the gap between the two regions by 0.1 percentage points compared with the previous year. As well as agreed basic pay, employees in East Germany also have poorer agreed terms and conditions in a number of other areas, and especially that of working time with the average working week still one hour longer in the East than in the West.

**Figure 6: Ratio of agreed basic pay, East and West Germany, 2000-2021**

Agreed basic pay in East Germany as per cent of the West German level



Source: WSI Collective Agreements Archive

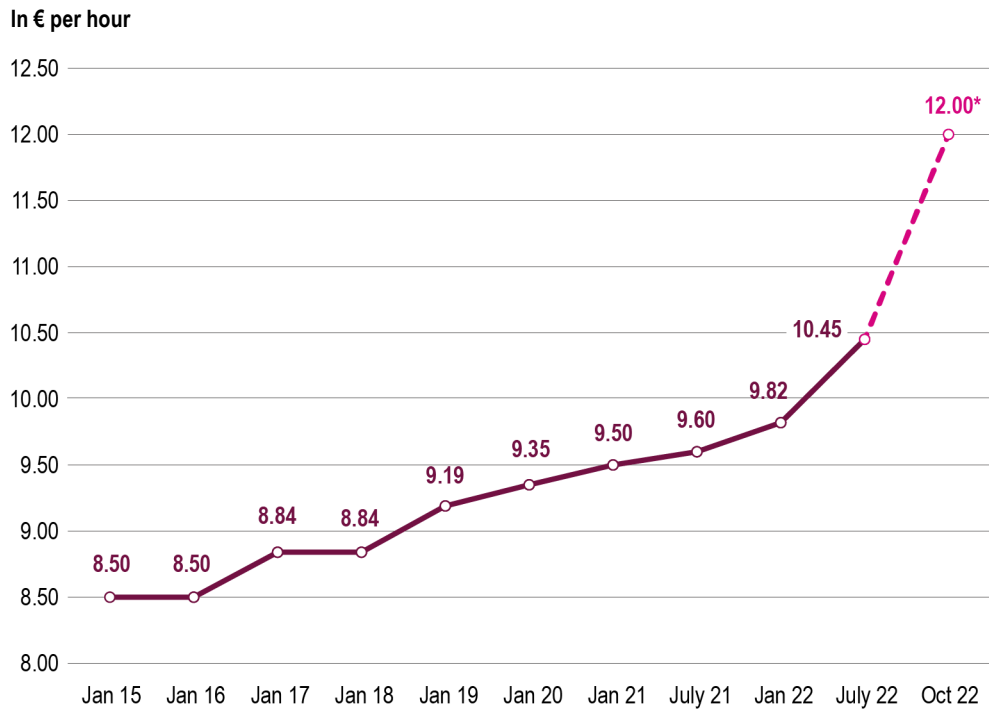


### 3 Statutory minimum wage and agreed branch-level minimum wages

On 1 January 2022 the statutory minimum wage was increased from €9.60 to €9.82 per hour. A further rise to €10.45 from 1 July 2022 has already been decided (Figure 7), as recommended in 2020 by the Minimum Wage Commission (Mindestlohnkommission, 2020). In addition, the coalition agreement between the parties forming the new Federal government (Social Democrats, Greens and the Liberal FDP) stipulated that the minimum should be raised to €12.00, uniquely on this occasion via legislation, in order to bring it up to a level sufficient for a decent minimum standard of living (Schulten and Müller, 2022). According to the draft legislation prepared by the Federal Labour Ministry, this should take place on 1 October 2022 (Handelsblatt-Online, 21 January 2022).

This increase will raise the minimum wage by just under 15% from the level it will have reached by July 2022. Since its introduction in January 2015, the statutory minimum wage has increased by 15.5%, an average annual rise of some 2.2%. The proposed further uprating to €12.00 will mean that this single rise will deliver the same percentage increase as all the previous increases combined. In all, up to 8 million employees could benefit, double the number directly affected when the minimum wage was first introduced (Pusch, 2021)

**Figure 7: The statutory minimum wage in Germany, 2015–2022**



\* According to draft legislation, Federal Ministry of Labour, as from 1 October 2022.  
Source: Mindestlohnkommission, as at 21 January 2022





In addition to the statutory minimum wage, at the start of 2022 there were also minimum wages in 15 branches that had been set by collective bargaining. These are binding on all employments in these branches, including firms that are not members of the signatory employer associations, on the basis either of the German Posted Workers Act (Arbeitnehmer-Entsendegesetz) or, in the case of chimney sweeping and electrical installation, the Collective Agreements Act (Tarifvertragsgesetz) and for temporary agency employment the Temporary Agency Employment Act (Arbeitnehmerüberlassungsgesetz) (see Figure 8). After a protracted interlude, 2021 also saw the reintroduction of an agreed minimum wage in the meat industry (Specht and Schulten, 2021).

Agreed branch-level minimum rates range from €10.45 in waste disposal and in temporary agency employment to €17.18 for instructors in further education and training. Minimum wages in five branches are below the anticipated statutory minimum wage of €12 and will need to be brought into line with this by October 2022. In one case, commercial cleaning, the trade union IG BAU has already called on the employers to bring forward negotiations on increasing the branch minimum wage (IG BAU, 2021).

**Figure 8: Generally-binding branch-level minimum wages**

€ per hour



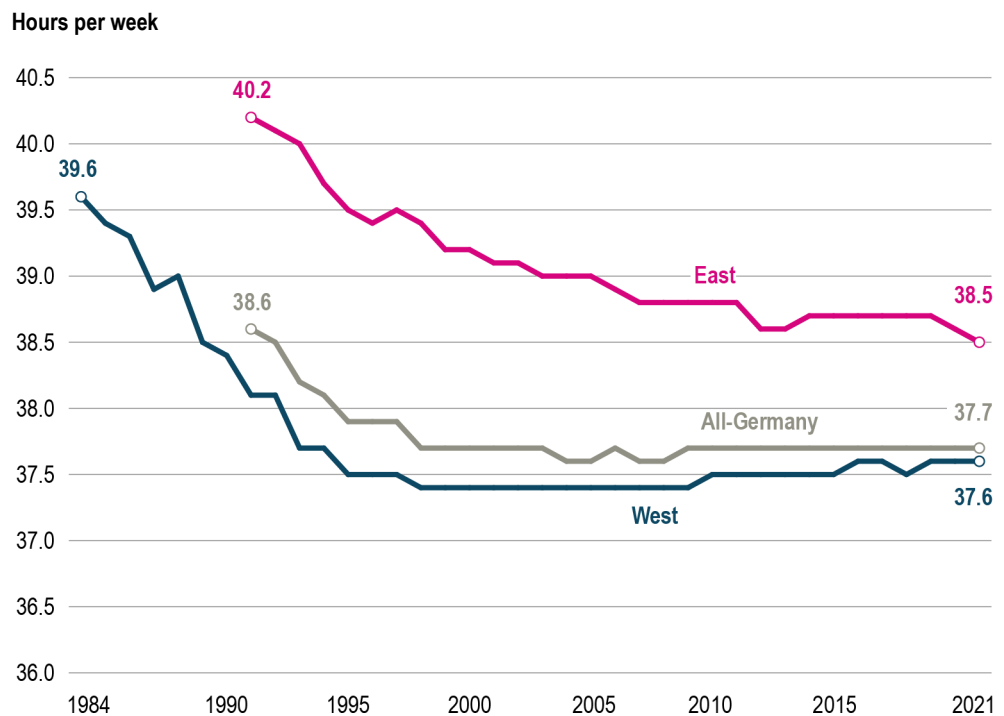
Source: WSI Collective Agreements Archive, 1.01.2022



## 4 Agreed working hours

Prior to the outbreak of the Covid pandemic, trade unions had taken a renewed interest in the issue of working hours (Schulten and WSI Collective Agreements Archive, 2020: 13ff), with a particular focus on strengthening individual rights to greater flexibility in line with employee needs ('working time sovereignty') through the introduction of options allowing employees to choose between more pay, shorter hours and other employer benefits within an agreed framework. In addition, in East Germany one further key concern in this area was to negotiate further reductions in working hours to match the shorter working times that still prevailed in many branches in West Germany. On average, collective agreements in East Germany require employees to work for 38.5 hours a week, around an hour longer than the 37.6 hours worked on average in the West. While working hours in West Germany have remained largely unchanged over the past two decades, there has been a small reduction in the East in the more recent past (Figure 9).

**Figure 9: Agreed working hours, 1984–2021**



Source: WSI Collective Agreements Archive



In the 2021 bargaining round, the issue of equalising working hours between East and West Germany became an issue once more, particularly in the metalworking and electrical industry where employees in the East continue to work 38 hours a week compared with 35 hours in the West. After several failed attempts to negotiate a shorter working week for East German metalworkers, in June 2021 trade union IG Metall secured an agreement in the regions of Berlin-Brandenburg and Saxony setting out a framework for a staged reduction in working hours to be implemented at workplace level (IG Metall Berlin-Brandenburg-Sachsen, 2021). Such workplace agreements

may also include provisions for time-limited compensation for employers for some of the costs arising out of reducing working hours, such as temporary adjustments to Christmas or holiday bonuses or other one-off payments, such as the new 'Transformation Payment'. Any such offsetting must not only be agreed with the parties at workplace level but also confirmed by the signatories to the agreement (that is IG Metall and the employer association). Similar provisions have since been agreed in the East German regions of Saxony-Anhalt and Thuringia.

## 5 Collective bargaining over workloads and staffing

Amongst the most unusual and resonant aspects of the 2021 bargaining round was the campaign over workers workloads and staffing at two Berlin hospitals, Charité and Vivantes (Beruhzi, 2021). The services trade union ver.di had been trying for several years to negotiate provisions to limit the growing stress on workers through provisions on workloads at these institutions, having already secured measures for the recruitment of additional staff at a number of university hospitals in so-called 'burden easing' agreements (*Entlastungstarifverträge*) (Schulten and Seikel, 2020). After more than 30 days of strike action and a broad public campaign by hospital workers, in autumn 2021 ver.di agreed a comprehensive package with Charité and Vivantes on workloads and staffing.

The agreement covering clinical and specialist staff at Charité provides for minimum levels of staffing for all treatment wards as well as functional areas such as surgery, anaesthetics, radiology, accident and emergency, and delivery rooms.<sup>8</sup> Where staffing does not come up to the prescribed level, employees can receive 'stress compensation' in the form of additional time off, financial support for rest and recovery ('recuperation allowance'), payments towards childcare etc. Compliance with the agreed workloads is to be maintained and checked on a daily basis. The agreement will also be implemented by a special joint commission made up of five Charité employees, to be appointed by ver.di, and five representatives of the hospital. Similar arrangements have also been agreed at Vivantes (Vivantes, 2021). Both hospital groups have committed themselves to additional recruitment in the coming years, with 1,200 extra staff at Vivantes and 700 at Charité.

These two agreements have set new yardsticks for workplace economic co-determination via collective bargaining that could be applied elsewhere, beginning with the hospital sector as a whole. In January 2022, ver.di began a campaign for similar provisions at university hospitals in North Rhine-Westphalia (ver.di Landesbezirk Nordrhein-Westfalen, 2022). These initiatives might also set precedents for other branches. The education and science trade union GEW, for example, has called for a collective agreement on health protection for teachers in Berlin with the aim of negotiating binding provisions on staffing and class sizes (GEW Berlin, 2021).

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<sup>8</sup> The agreement is available at: [https://www.charite.de/fileadmin/user\\_upload/portal\\_re-launch/karriere/dokumente/tarife/Tarifvertrag\\_Gesundheitsfachberufe.pdf](https://www.charite.de/fileadmin/user_upload/portal_re-launch/karriere/dokumente/tarife/Tarifvertrag_Gesundheitsfachberufe.pdf)

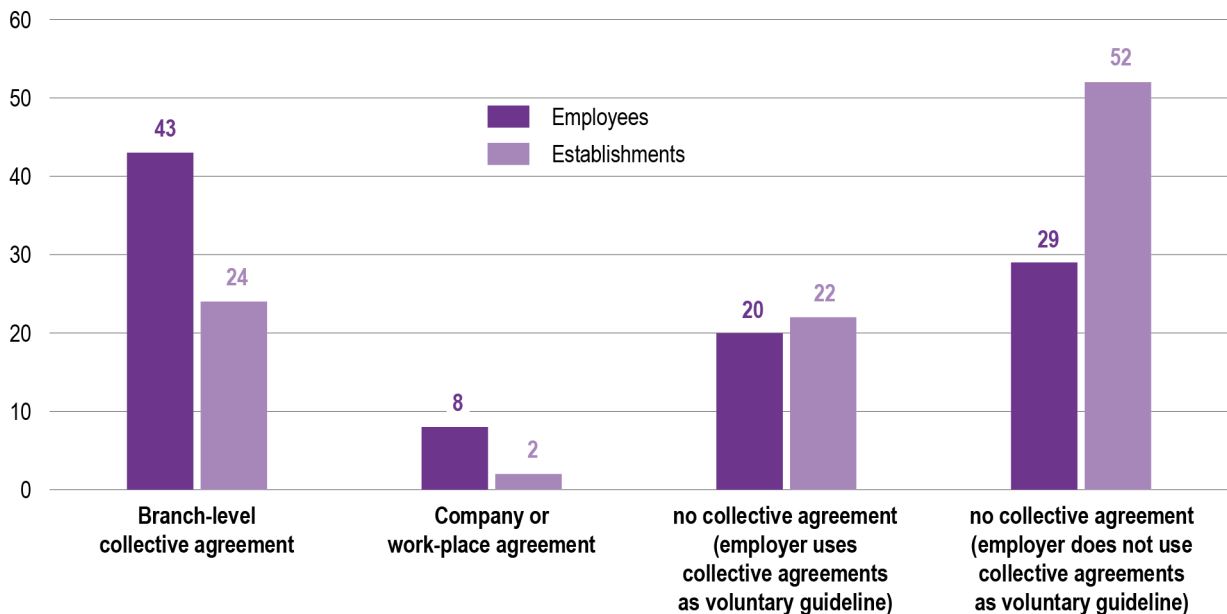
## 6 Collective bargaining coverage

Collective bargaining coverage has been falling almost continuously since the mid-1990s, with a further decline in more recent years (Ellguth and Kohaut, 2021). In 2020, according to the IAB Establishment Panel, only some 51% of employees worked in a workplace covered by collective bargaining, of which 43% were covered by an industry-level agreement and 8% by a company or workplace agreement (Figure 10). Only some 26% of establishments were subject to collective bargaining, mainly because small enterprises are much less likely to be covered by a collective agreement than large firms, which are much less numerous. Although a fairly large percentage of firms outside of collective bargaining indicate that they voluntarily 'orientate' themselves to the provisions of collective agreements, this is a vague term and in most cases still involves considerable divergence from agreed standards.

Working condition in firms not covered by collective bargaining are generally poorer than those with a collective agreement. On average, employees outside of collective bargaining work one hour longer a week but are paid around 22% less (Lübker and Schulten, 2021: 7). Even after allowing for structural effects (such as company size, branch etc.), a significant gap remains, with employees working for 53 minutes longer and earning 11% less in workplaces outside of collective bargaining.

**Figure 10: Collective bargaining coverage in Germany, 2020**

In per cent of employees and establishments



Source: IAB Establishment Panel



This steady erosion of the German collective bargaining system has prompted several initiatives aimed at boosting bargaining coverage (Schulden, 2021). These include, on the one hand, the various organising projects run by trade unions directed at building new forms of workplace organisational power and through this extending and consolidating the scope of collective bargaining. On the other, there have been proposals for political steps to boost collective bargaining, such as easing the requirements for collective agreements to be extended and become applicable to all relevant employments or tying public procurement to compliance with collective agreements.

## 7 Prospects

The 2021 bargaining round has highlighted that trade unions have been able to mobilise their memberships and secure good settlements even under the challenging circumstances of the second year of the Covid pandemic. Experience has varied greatly between economic branches, however, due both to their susceptibility to the Covid crisis but also the extent to which trade unions have been able to develop and deploy their power.

The economic forecasts for 2022 (Dullien et al., 2022) suggest that the coming year should see a marked improvement in the bargaining environment. A strong economic recovery and increasing skill shortages in many branches would then create favourable preconditions for higher pay settlements, with employees not only expecting to maintain but also increase their purchasing power.<sup>9</sup> As one of the first trade unions to negotiate in 2022, the chemical workers' union IG BCE has already stated it will be looking for 'an above-inflation pay rise' (IG BCE, 2022). IG Metall has indicated similar expectations when negotiations begin in the metalworking and electrical industry after the summer.

There is little evidence for the much-invoked wage-price spiral. A number of special factors that boosted consumer prices in 2021, such as the return of usual VAT rates or the CO<sub>2</sub> tax introduced in early-2021, will drop out of the index (Dullien et al., 2022). Moreover, claims announced so far for 2022 are in the range of 5-6%, and therefore within the cost-neutral figure for nominal pay growth resulting from the sum of the ECB target inflation rate and productivity growth.

One exception to this could be those low-paid branches that will be required to undertake a major uprating of their pay scales following the increase in the statutory minimum wage to €12.00. In addition, substantial pay increases might prove necessary in branches characterised by both skill shortages and rising demands on staffs. In this respect, bargaining in social and educational occupations could prove to be especially significant.

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<sup>9</sup> This report was written before Russia's military invasion of Ukraine. The economic effects were not yet foreseeable at that time. However, they will certainly influence collective bargaining in 2022.

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Collective Bargaining Report (Internet)