

Germany: IG Metall Welcomes Improved Short-Time Working Scheme

On 23 April 2020, the coalition partners in Germany, CDU/CSU and the SPD, reached an important agreement on improved short-time working. The decision will secure jobs and income as it will contribute to stabilising private consumption and thus the whole economy. The agreement was reached after a tug-of-war between the trade unions and the social democrats on the one side and the employers and the conservative parties on the other side.

Currently, the short-time working allowance accounts for 60% (67% for workers with children) of the net income loss of workers resulting from reduced working time. The new compromise ensures that workers who see their hours be reduced by at least 50%, will be entitled to an allowance of 70% (77% for workers with children) as of the 4th month of short-time working, and 80% (87% for workers with children) from the 7th month. Furthermore, the government immediately increases the supplementary income ceiling allowed for partially unemployed people until the end of this year.

Jörg Hofmann, First Chairman of IG Metall, welcomes the decision. – To gradually increase the short-time working allowance is a necessary and important step. It will save many workers from hardships. IG Metall has been pushing hard for an increase and has called on German employers to show responsibility. Hofmann is also positive to the extension of the period of entitlement to unemployment benefits as finding a new job is almost impossible at present.