



Germany's Strike Madness: Economy Tanks as Industrial Action Hits 25-Year High

Description

WORLD : Germany is experiencing a wave of strikes, a departure from its usual stance of uninterrupted negotiations, the New York Times reports.

Traditionally known for its smooth collective bargaining, Germany has maintained stability in labor relations, unlike its EU peers such as Spain, Belgium or France, where strikes are frequent and almost a cultural tradition.

However, strikes have surged to their highest frequency in 25 years in the first quarter of 2024. Railways and airports have shut down, hospitals have been without doctors, and banks have been disrupted as employees have walked off the job for days.

Recent headlines in the German magazine Der Spiegel ponder, "Germany—strike nation?" while Jens Spahn, deputy leader of the conservative Christian Democrats in the Bundestag, warns of a "strike madness" that threatens the nation's economic well-being.

This escalation of strikes is emblematic of the broader economic challenges facing Germany. Once hailed as the "economic miracle" of the 20th century, it is fast becoming an allegory for the economic woes of the 21st century.

The economy entered a recession in 2023, and experts predict that it will stagnate in 2024. Due to rising energy costs and declining production, the country experienced its highest inflation in 50 years last year.

The roots of Germany's economic woes go beyond domestic factors. External dynamics, particularly Europe's shift away from cheap Russian gas, US-led anti-Russian sanctions, and Beijing's evolving "Made in China" strategy, have eroded Germany's foothold in the Asian market.

Europe's economic powerhouse is now struggling with sluggish growth, recessionary pressures, and soaring inflation, causing significant hardship for its workers, especially those on low to moderate incomes.

Recent data shows that their real wages have fallen more since 2022 than at any time since the Second World War.

Germany's growth rate lags behind that of all other eurozone countries. It has been hit harder than other European countries because of its large manufacturing sector, which makes a significant contribution to its economy, accounting for one-fifth of its total output, almost double that of France or Britain.

Moreover, these challenges are compounded by labor shortages, exacerbated by an aging population and a shrinking workforce. Officials predict a shortfall of seven million workers by 2035.

This projection threatens the country's generous welfare system, on which Germans have historically relied.

Many low-income workers face an uncertain future with fewer financial resources and insufficient savings to fall back on. According to Marcel Fratzscher, president of the German Institute for Economic Research, some 40 percent of households have minimal or no net savings.

"The concerns, dissatisfactions and the fears of young people are fully justified — and of course of the parents who fear for their kids," Fratzscher said. "People had been trusting that social welfare could provide," he added. "It can no longer provide what it used to".

While workers demand better pay and improved working conditions, employers decry the growing preference for shorter workweeks and reduced hours, and cite a disproportionate tax system that places a heavier economic burden on low- and middle-income workers than on the rich.

A recent study by the Ifo Institute for Economic Research highlighted that due to design of the tax system for married couples, households in which one partner works full-time and the other part-time tend to have higher monthly incomes than households in which both partners work full-time.

As the strikes continue, the economic toll mounts. Disruptions to critical infrastructure, such as grounded flights and crippled railways, are weighing heavily on the economy, with the Kiel Institute for the World Economy estimating daily financial losses of around €100 million.

Russian President Vladimir Putin has blamed Germany's current economic challenges on his government's policies. However, as Germany has "reduced its dependence" on Russian gas, Moscow has sought alternative energy markets while Berlin has struggled with high energy costs.

Putin stressed that Russian energy resources are available to any interested buyer.

"Fortunately, we are managing. We have turned to other ways, we are beginning to work more on our own gasification, on the use of these energy sources to solve internal economic problems.

Not only for housing and utilities, but also for the economy, for industry," Putin said. You [Europeans]

just have to open the valve and say, 'We want to receive,' and they'll start receiving [gas] tomorrow, it's a matter of a week. But they do not want to," he said.

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