

# Germany: Verdi blocks postal strike

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The public service workers trade union, Verdi, has intervened at the last moment to block a strike by postal workers. On April 30, the union struck a deal on a new contract with the employer — German Post World Net (GPWN). Only a day before, 93 percent of union members employed by GPWN had voted in favour of unlimited strike action to begin two days later.

Postal workers had already taken part in warning strikes in April and had won broad sympathy from the population as a whole. Many members of the public regarded the postal workers' struggle against rock bottom wages as an important initiative to combat growing inequality in German society.

As was the case in a whole series of previous struggles involving rail workers, Berlin transport workers, and shop workers, growing discontent on the part of postal workers over low wages and appalling working conditions has assumed an increasingly explosive form. The Verdi union regards its major task as containing and controlling this anger. The sell-out of the industrial dispute at German Post - even before it had properly begun - is just one in a long series of conflicts which the union has worked to isolate prior to organising a sell-out.

A close examination of the contract reveals that it is has nothing to do with the prettified description offered by Verdi. The wages of the company's 130,000 employees will be raised from November this year by an average of four percent, and then again in December by three percent, as part of a contract due to run for 26 months. In addition, postal workers will receive two lump sum payments of €100.

Protection against redundancies has been extended to 2011. At the same time, the length of the work week is to be extended by nearly an hour through reduced breaks.

Originally, Verdi had raised the demand for a seven percent wage increase over twelve months, and the union had expressly rejected any extension of the work week. In fact, the union had demanded the opposite - shorter hours of work. Now, postal workers will receive less than half of the original demand for a pay increase while the amount they are required to work is extended.

Based on the current inflation rate of at least 3 percent and taking into account the increased work hours, the deal struck by the union represents a cut in real wages.

The clause guaranteeing protection against redundancies until 2011 is also just window dressing. Under conditions where the employer has recruited no new full time staff for the past seven years, the company can easily reduce personnel levels through "natural attrition" - i.e. retirement and the non-renewal of contracts.

According to the Verdi representative responsible for negotiations, Andrea Kocsis, the contract should be seen as a success. The union had achieved its aims "in a fully comprehensive manner". This statement is only correct if one assumes that the top priority of the trade union was not to implement the demands and interests of its members, but rather to prevent a strike.

While many workers struggle to make ends meet until the end of the month, the company's executive committee has awarded itself fantastic salary increases. In 2007, the ten members of the board pocketed a total of €15.7 million. On top of this sum come share options amounting to €6.4 million. The former chairman of the board, Klaus Zumwinkel, was forced to resign earlier this year when it was revealed that he was not prepared to pay tax on his annual salary of €4.3 million and had sought to evade the tax authorities to the tune of €12 million. An arrest warrant against Zumwinkel, who owns his own castle in Switzerland, was dropped in exchange for a "large sum of money".

Zumwinkel had "earned" his wealth by decimating what was formerly a state-owned enterprise - the German Post service. When Zumwinkel took over as its head in 1990, the workforce of the company totalled 380,000 with €9.5 billion in annual revenues and an annual deficit of €700 million. The service was then privatised in 1995, and Zumwinkel took over as chairman of the board.

Since then, the company has cut the workforce by over half and now employs just 130,000 workers and 53,000 officials. Some 25,000 jobs have been farmed out to subsidiary companies where workers employed in local post offices, emptying letter boxes and in transport belong to

Germany's extensive low wage sector. Another 30,000 to 40,000 jobs were transformed from full time to part time and helped turn the enterprise into one of the companies with the highest percentage of part time employees in Germany.

The company stopped hiring full time staff in 2001 and in the same year cut wages and holiday entitlements for new hires. Instead, wages were increasingly linked to productivity targets involving substantial increases in work loads. Workers' entitlement to their annual premium can be reduced or eliminated altogether if the company judges that they have taken too much sick leave, were unwilling to work overtime or expressed criticism of management.

The consequence of these measures is to create a divide between workers with seniority and relatively newly employed staff. A worker employed before 2001 can earn twice as much (reckoned on an hourly basis) as a colleague employed on a part time basis after 2001. Most part time employees earn between €600 and €900 per month - depending upon the number of hours worked per week. The minimum wage for postal workers agreed to last year has done nothing to change this state of affairs. The minimum wage agreement has merely served to standardise and legalise the low pay rates for postal workers.

The massive cuts in jobs during the last decade have led to a huge increase in the workload for those still working. Productivity levels for postal workers introduced by management bear no relation to reality. Just 45 seconds has been allotted for handling of certain types of packets, i.e., in this time the worker is expected to digitally record the packet, load it on a vehicle and complete delivery!

At the same time, the newly negotiated lengthening of working hours will put extra pressure on workers. The cutting of break times will mean an additional 50 to 100 households must be incorporated into the postal worker's already overfull schedule.

Since privatisation of the post, this constantly growing workload must be tackled by a continually decreasing workforce receiving ever declining wages. The result has been to transform the former debt-ridden company into a highly profitable global player in the international logistics market. With record revenues of €66 billion, German Post posted a profit of €1.8 billion for 2007 - most of which was paid out in the form of dividends to shareholders. The dividend was increased from 75 cent to 90 cents per share. Shareholders can also look forward to another bumper year in 2008. Zumwinkel's successor as chairman of the board, Frank Appel, has promised shareholders a 20 percent increase in dividends this year.

In its transition from humble home grown employer to global player, German Post has been able to rely above all on the faithful services of the public service trade union,

Verdi. At every crucial stage in the development of the company, Verdi has backed and implemented every rationalization plan - despite the costs imposed on its own members.

In 2001, the trade union informed newly employed and part time staff of imminent wage cuts just days before their enforcement. The creation of a low wage sector at the post was inevitable, according to the trade union, because the industry had to orient itself to the "wage levels usually paid in the sector".

In 2004, Verdi accepted a contract with a wage increase of five percent over two years. Before the conclusion of negotiations, management had refused to make an offer, and Verdi responded by threatening to hold a strike ballot. In the event, the company was very happy with the eventual very moderate deal accepted by the union. The board of directors celebrated years of job and wage cutting by awarding themselves salary increases of 30 percent.

In 2006, Verdi accepted a contract for 4.3 percent to run over two years. In addition, the union agreed to the subcontracting out of 880 parcel districts to a subsidiary company paying rock bottom wages.

The Verdi union thereby actively participated in the creation and preservation of the low wage sector for postal workers, and this latest deal does nothing to change the situation for employees. For the lowest wage categories, the four percent increase agreed for this year will amount to an extra miserly €20 to €30 per month!

In fact, Verdi is vehemently opposed to any increase in basic wage rates. According to the Internet site *Telepolis*, Verdi responded to a question about an increase in basic wages by arguing that this "sort of payment would just bring disorder "and increase the "pressure for rationalization".

In other words: Verdi uses the same argument as management and the big business lobbies, i.e., that wage increases destroy jobs. It was based on this "principle" that Verdi rushed to put a stop to a strike by postal workers before it had even begun.

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