

Germany: Lessons of the public sector wage dispute

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Anyone who had held out a hope that the unions offered a means of achieving a significant improvement in wages and social provisions, has been taught a lesson to the contrary in the recent public sector pay dispute in Germany. Rarely before have the unions acted in such an obvious manner as the extended arm of government and the public service employers.

Just over three quarters (76 percent) of ÖTV union members had voted for a strike in mid June, against the decision of the arbitrator, which the union leadership had already agreed to. The arbitration process had yielded a two-year deal with a 1.8 percent wage increase in 2000 and a 2.2 percent rise next year. Above all public sector workers in the former East Germany were indignant about the arbitration proposal, because ten years after German unification it still did not set a definite date by which wages in the East would reach parity with those in the West. With union wages in the East still about 13.5 percent lower than in the West, the offer preserved a pay differential for an indefinite period.

The readiness of public sector workers to take strike action set off alarm bells in Gerhard Schroeder's chancellery. Under no circumstances did the Social Democratic Party (SPD) chancellor want to face the pressure of a strike in the public service. Negotiations were hastily reopened. On both sides of the negotiating table were members of the SPD who had co-operated for years, and who discussed how the results of previous pay talks could be repackaged and implemented against the workforce.

The result was a deal that was substantially worse than the arbitrator's decision. Although the pay increase nominally exceeds the 2 percent demanded by the union bureaucracy, this is achieved by a mathematical sleight of hand: the duration of the contract has been

extended by seven months, so that in the long-term salaries will rise by less than originally intended. The city-state of Berlin alone will be able to save an extra 40 million Marks in salary payments. At the same time, the record duration of two and a half years ensures "contract peace" until after the next election to the *Bundestag* (federal parliament) and binds the hands of the workforce.

Instead of the original offer raising pay by 1.8 percent from April this year, the wage increase of 2.2 percent will now take effect only from August. The intervening period will be covered by a one-off payment of 400 Marks, with not much left after tax deductions, since it will be paid with July's holiday pay. At the same time, public service employers will make savings in the higher salary brackets. The next increase of 2.4 percent takes place in September 2001, five months later than originally intended. And the total contract runs to the end of October 2002, which also means savings for the employers, as the next round of collective bargaining is shifted back more than six months.

The continued disparity between wages in the East and West will not change. The period within which East German workers can expect to receive 90 percent of their Western colleagues was merely shortened by three months. Thus in two and a half years time employees in the East will still be receiving 10 percent less for doing the same work as those in the West. How this gap is to be bridged was left completely open.

A clause discussed in the negotiations preventing substantial reductions in public service jobs is not contained in the final agreement. The Minister of Finance in Saxony, Georg Milbradt (Christian Democratic Union), had repeatedly stressed that in his state alone one in ten jobs would have to go.

The arrogant and callous manner with which the

unions have served up old wine in new bottles is provocative and clearly demonstrates that it no longer considers itself an agency representing the interests of members. Just as leading SPD functionaries had reacted to defeats at the polls last year by stressing that the government would not change course despite its rebuff by the electorate, the union bureaucracy has told its members to swallow the latest contract or go hungry.

Normally, the membership would not have been able to express any opinion about the arbitrator's decision. It was only because the unions' national contract committee surprisingly rejected it that a strike ballot was held. However, this refusal had nothing to do with support for members' interests. It is more the result of inter-union conflicts and tensions.

For several years the largest public sector union ÖTV has sought to fuse with the smaller DAG and three other public service unions to form "Ver.di". This is both their reaction to the constant loss of members and a desire to rationalise and centralise the administrative machinery. While the union executives have advanced this project intensively, there is substantial resistance to it by a middle level of functionaries.

Many union officials are afraid that they would fall victim in such a fusion, because jobs would be rationalised away and career chances destroyed. Moreover, the large organisation that resulted would be a trade union in name only; its structure and function would be that of a "modern service enterprise", comparable with insurance companies or automobile clubs. The traditional role of middle-ranking functionaries as buffers and mediators between the membership and union tops would disappear.

For these reasons, this layer of the union apparatus sought to use the collective bargaining process to fire a shot across the bows of the executive by rejecting the compromise the executive had accepted. Not a few demagogic speeches were made, in which the increasing social distress of the membership was cited.

But what should be made of this became clear just a few days later. After the executive had firmly taken up the reins again in the second round of negotiations, and agreed to a deal that was considerably worse than the one produced under arbitration, the contract committee then agreed to it and helped to push it through the rank-and-file. They had achieved their aims and had demonstrated they were still needed. The social distress

of the members did not receive any mention now.

The public service pay conflict marks a further step in the trade unions' transformation into organs of government and big business. After scarcely two years of SPD-Green government, the social crisis has substantially intensified, although the greatest attacks—on pensions and health care—are still to come. In future, Chancellor Schroeder will rely even more on collaboration with the trade unions. Walter Riester, former deputy chairman of Germany's largest union, IG Metall, can be sure of keeping his cabinet seat as Labour Minister, despite much criticism about the way he has run his office.

Anyone who had hoped that the internal frictions created by the transformation of the trade unions could be used to ensure improvements and reforms for the members is chasing a mirage. Eight years ago ÖTV members tried to make the union leadership bend to their will. At that time, the membership voted by a majority of 56 percent against the compromise pay deal negotiated by the union leadership and for a continuation of a strike. The union chairperson at that time, Monika Wulf-Mathies, nevertheless aborted the dispute and was rewarded by then Chancellor Helmut Kohl with a lucrative European Union post in Brussels. This is the tradition followed by today's ÖTV boss Herbert Mai, under whose leadership members' rights have continued to systematically diminish.

The transformation of the trade unions into instruments of the government and business is irreversible, and has been already completed on many levels. It is important to recognise and understand this, because only in this way can the constant worsening of living and working conditions be seen within the greater political and social context. Only a political perspective that goes beyond the borders of the capitalist free-market economy can create the basis on which day-to-day problems can be seriously tackled.



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