

# Germany: Deutsche Telekom workers begin strike against lower wages and longer hours

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On May 11, 11,000 workers at Deutsche Telekom began strike action across Germany as part of a campaign of nationwide protests and strikes. On Monday, an additional 3,000 workers joined the strike at Europe's biggest telecommunications firm. The actions are directed against restructuring plans by the company that will mean huge wage cuts for Telekom workers and further job losses at the embattled telecommunications company.

According to a representative of the Verdi trade union, the readiness of workers to strike is unusually high. On May 3, hundreds of Telekom employees used the occasion of the company's annual general meeting to voice their anger over the cost-cutting plans of management. As holders of stock, the Telekom workers were able to gain access to the meeting. When CEO René Obermann repeatedly spoke of the necessity to drastically cut personnel costs, he was interrupted by ear-piercing whistles and shouts of "cut-throat."

In February, Telekom management announced that more than 50,000 workers would be shifted to three new subsidiaries, under the name of "T-Service." Wages at the new units would be slashed and work hours extended.

Since this announcement, further details of the plan have emerged. Wages will be cut by 9 percent and work hours simultaneously increased from 34 to 38 hours per week. Starting salaries for new employees will be cut by 40 percent to 20,000-22,000 euros per year. At the same time, jobs are to be guaranteed for three years, which means that T-Service will likely be sold off to the highest bidder in 2011.

According to Verdi, these measures add up to an average reduction in pay of 30-40 percent.

The ruthlessness with which Telekom management and Obermann—whom employees refer to as

"bulldozer" or "doberman"—have acted mirrors corporate practices in the United States. Such methods are fast becoming the norm around the world. Investment firms and hedge funds routinely buy companies only to strip their assets, sell them off, or close them altogether.

Such an investment company is the Blackstone Group, which in April 2006 bought 4.5 percent of Deutsche Telekom from the government-owned Reconstruction Credit Institute (KfW). Blackstone has since become the company's third-largest shareholder and holds a seat on the company's supervisory board.

The initiative for Blackstone's investment came from Germany's grand coalition government, which consists of the traditional conservative parties—the Christian Democratic Union (CDU) and Christian Social Union (CSU)—and the Social Democratic Party (SPD). It was personally overseen by Finance Minister Peer Steinbrück (SPD).

The Social Democrats therefore bear direct responsibility for the current moves to dismantle Deutsche Telekom and destroy tens of thousands of jobs.

The German government is still the largest shareholder in the company, holding 14.8 percent, plus an additional 16.9 percent indirectly through the Reconstruction Credit Institute.

The Blackstone Group maintains investments in companies worldwide, including in the manufacturing, health, energy, waste disposal, media and entertainment, and catering industries.

In Germany, the Blackstone Group has bought up large numbers of apartments from building companies in the cities of Kiel, Wuppertal and Mönchengladbach. It is represented in Germany by Roland Berger and Ron Sommer, the latter a member of the Telekom

management board from 1995 to 2002.

Since its purchase of Telekom shares, Blackstone has campaigned heavily for the restructuring of the company, and was behind the election of Obermann as CEO. Its aim is to sell off all unprofitable sectors of the former state enterprise and retain only those that generate significant returns. Against this background, the present restructuring plans are just the start.

Media reports note that Obermann has even more far-reaching plans for Telekom. A partner is to be found for the T-Systems division, which is, among other things, responsible for corporate customers. Telekom would retain only a minority holding in T-Systems. According to the *Netzeitung* Internet news site, "... the division will remain only as a financial contributor—tens of thousands of jobs will be lost from Telekom in one hit."

Since Deutsche Telekom was privatised in 1995 and floated on the stock exchange the following year, the company has gone through no fewer than 16 restructurings, resulting in a total loss of 120,000 jobs. Every restructuring has been justified on the basis of implementing "necessary measures to secure jobs and improve customer service." However, the opposite was always the result. The workforce was forced to pay the cost of the restructuring, while the management board rewarded itself with princely salaries and bonuses.

A Telekom technician from Berlin described this history in a protest letter to the management board, articulating the thoughts of many workers: "You come and restructure, with arrogance and self-importance, without a single word being said about the fact that quality and reliability can no longer be maintained, let alone improved. No one is bothered by the consequences of his actions. You simply proceed while lining your own pockets and move on to do the same thing at the next company. Lacking any trace of principle, you leave behind an ever larger pile of ruins."

The strikes signal the beginning of a new stage in the struggle of Deutsche Telekom workers and pose tasks that go far beyond those of traditional battles. The fact that the federal government is by far the largest shareholder and possesses a controlling minority in Telekom makes clear that the planned attacks against the workforce have been prepared in direct collaboration with the government. These are now to be

implemented.

The strike signifies a political confrontation with the CDU/CSU and SPD grand coalition, but the Verdi union is vehemently opposed to such a struggle—not least because the vast majority of Verdi functionaries are members of the SPD and already have some experience in sabotaging protests that pose a conflict with the grand coalition government.

Germany's largest union, the IG Metall engineering union, has just agreed to a deal with employers to bring its own conflict over wage negotiations to an end, undermining the development of a joint struggle by engineering and Telekom workers as part of a broad movement against the government.

With their resolution to start strike action, Telekom workers have also entered into struggle against the opportunist politics of their own union, which wants to use the strike as an opportunity for workers to let off steam, the better to work out a "compromise" that will continue the downward spiral of wages and working conditions.

Even more than in previous conflicts, the current campaign raises the necessity of workers adopting an entirely new political strategy that does not restrict itself to what is possible within the confines of the capitalist system, but is based instead on an international, socialist programme.



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