

Support the Deutsche Telekom strikers! Build a mass movement against the German grand coalition!

Editorial board
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The strike by Deutsche Telekom workers, which began this week and was preceded by a ballot supported by 96.5 percent of union members, poses crucial political questions.

The company executive has decided to outsource 50,000 employees to a low-wage subsidiary set up by the company with the avowed aim of imposing wage cuts of up to 40 percent and extending working hours. This decision portends a qualitatively new offensive against the wages and working conditions of all industrial and service industry workers.

The decision by the Telekom executive has the broad support of Germany's business federations, who hope that Telekom management can defeat the strike and allow other companies to impose similar measures drafted some time ago.

In other words: the striking Telekom workers represent the spearhead of a struggle against attacks aimed at imposing the sorts of wages and living standards that prevailed generations ago.

At the same time, the strike is directed not only against an aggressive management, but against Germany's grand coalition government (Social Democratic Party—SPD, Christian Democratic Union—CDU and Christian Social Union—CSU), which is backing the stand taking by Telekom. Although the company has recently been subject to privatisation, the German government still retains a 32 percent share in the company and possesses a blocking minority. Government representatives sit on the Telekom board and are using their influence to press forward with unprecedented attacks on wages and working conditions.

We call upon all workers to support this strike and make it the starting point for a broad political mobilisation against the grand coalition government.

The Telekom workers' union Verdi is not prepared to lead such a political fight. Instead, union officials are seeking to limit and isolate the strike in order to run it into the ground. From the start, the strike was organised only for those 50,000 employees directly threatened with transfer to the new holding company with a massive cut in pay. This represents only a fifth of the workforce in Europe's biggest telecommunications enterprise.

Indeed, Verdi has already made clear it is prepared to compromise. The union is not opposed to the creation of a low-wage holding company, but merely calls for "transition measures" and a limited form of "protection," in order to ameliorate the worst hardship. The union has no interest in a principled struggle to oppose the social repercussions of the offensive by the Telekom management. Instead, the issue for the Verdi bureaucrats is to smooth the way for the Telekom proposals and head off the resistance of the workforce.

Only a few days into the strike, already it can be clearly stated: If this strike remains under the control of the Verdi functionaries, it is doomed to failure.

Support for the strike therefore must be bound up with a struggle against the opportunist policy of the trade union. This offensive by the company executive—backed by the government—demands an entirely new political strategy. Production must be taken out of the hands of the financial elite and placed at the service of society as a whole.

The strike must be made the starting point of a fight to break with the old nationally oriented organisations—the trade unions and the SPD—and to unite workers in all industries throughout Europe and worldwide in the struggle for a socialist reorganisation of the society.

This means above all looking reality in the face and opposing the logic of the capitalist system.

The Verdi strike leaders are currently complaining loudly about the aggressiveness and irresponsibility of the Telekom executive. The chairman of the board, René Obermann, nicknamed "Doberman," is a popular target for their jibes. There can be no doubt that Obermann has many of the characteristics of a new generation of young managers, whose arrogance and ruthlessness is linked to a fascination with the US system of "unlimited profit returns."

However, another factor has encouraged this relatively inexperienced manager in his mid-40s to undertake such a programme of radical wage cuts leading to financial ruin for workers who have given decades of service to Telekom. Obermann knows he has nothing to fear from the Verdi union functionaries and work councils. He is well acquainted with the double-game played by the union, whose representatives on the company board only voted against the restructuring plan because they knew the resolution would be carried even if they voted against.

Obermann is well aware that the present negotiator for the trade union, Verdi executive member Lothar Schröder, is also deputy chairman of the Telekom executive. He also knows that Schröder is well paid for this post and approaches the problems of the company from the same capitalist perspective as the non-union executive board members.

In reality, Obermann is working as a direct tool of the German government. All important strategic decisions regarding Telekom have been decided upon by the government in the course of intimate talks between Finance Minister Peer Steinbrück (SPD) and Labour Minister Franz Müntefering (SPD).

Also sitting alongside the six trade unionists and works council representatives on the Telekom board are two top representatives of the SPD. Ingrid Matthäus Maier is the former deputy chairman of the SPD parliamentary (Bundestag) faction and represents the state-owned Loan Corporation for Reconstruction (KfW). The other prominent SPD representative is Thomas Mirow, undersecretary of state in the Finance Department and right-hand man of Steinbrück. Mirow played a key role in the elaboration and implementation of the Lisbon strategy aimed at increasing economic competition inside the European Union. Many of the

initiatives for cuts in labour costs and the reorganisation of Telekom originate from his office.

The presence of Matthäus Maier and Mirow means that together the trade unions and Social Democrats have a majority on the 15-seat Telekom board and could, if they wished, outvote the management side.

This state of affairs reveals the complete hollowness and hypocrisy of the stance taken in the strike by Verdi functionaries. Their radical speeches at strike meetings are aimed solely at covering up the traces of their own opportunist policies.

Since the start of the strike, Obermann has used every opportunity to raise the threat of a “hostile takeover by a foreign country” should workers resist the “planned reform” and associated wage cuts.

This threat is aimed at enabling the trade unions to strangle the strike as fast as possible. Until now, the union bureaucrats have always argued that cuts in wages and worsening working conditions were the necessary price to pay to retain production in the homeland.

This turns reality on its head. The dismantling of social standards and wages is a component of future attacks aimed at carving up the company in the name of profit maximisation. Obermann’s threat—passed on to the workforce by the trade unions—resembles a call for suicide as the only way to prevent sudden death. A short review of the history of Telekom makes clear the absurdity of this argument.

Up to 1989, telecommunications services in Germany were largely controlled by a national authority named the Federal Postal Administration, which was committed to the “public interest.” The dismantling of the FPA began just one year later with its division into three separate companies—post office, Telekom and Postbank, smoothing the way for the privatisation of the three new enterprises. Deutsche Telekom AG was created in 1995, and in the autumn of 1996, the company was launched on the stock exchange. Accompanied by a huge and pompous publicity campaign, the so-called T-share was elevated as a symbol of a new German “shares culture.”

In 1998, the company’s telephone service was opened up to the free market. Under conditions of privatisation and cutthroat competition from other companies, telecommunications services were reduced from a public service to a mere commodity, with providers forced to scale down to maximise profits. New telecommunications providers, working with different systems such as “call by call,” added to the pressure on Telekom. The company tried to overcome growing losses by expanding its interests abroad and took over a number of former state-owned telecommunication companies in eastern and western Europe.

Probably the most important takeover was the purchase of US mobile phone companies VoiceStream and Powertel, enabling Telekom to emerge as a “global player.” The business community presented Telekom as its flagship enterprise, epitomising German productivity in a globalised world. In fact, takeover costs and investments bound up with international expansion led to a rapid growth of company debt, which already totalled €67 billion in 2001.

At this point, Telekom management responded with drastic rationalisation measures aimed at reducing personnel. In the decade between 1995 and 2005, the company shed more than 100,000 jobs. In the autumn of 2003, Telekom set up its own personnel service agency (“Vivendo”) to reemploy at reduced rates of pay those workers who could not be fired due to their seniority and legal regulations. Two years ago, the company decided on a further plan for the shedding of 25,000 jobs by 2008.

At the same time, the executive announced a company surplus of €5.6 billion for 2005—the biggest profit bonanza in the history of the enterprise. The chairman of the board at that time, Kai-Uwe Ricke, promised a 9 percent increase in profits up to 2007.

In order to secure a “lasting profit increase,” Telekom hired the services of the London-based investment company Blackstone Group International

in the spring of last year. At the same time as Labour Minister Franz Müntefering was warning against the dangers of international hedge funds and “locusts”—which snap up companies, cannibalise them for maximum profits and then throw what’s left (including the workforce) on the scrapheap—German Finance Minister Steinbrück intervened to encourage the collaboration between Blackstone and Telekom.

The government sold part of its Telekom shares, enabling Blackstone to acquire a holding of 5 percent. With share ownership spread amongst a host of small shareholders, Blackstone has now emerged as the largest shareholder after the government.

The Blackstone Group has shares in companies all over the world, ranging from industrial concerns, health service, energy and disposal, media and entertainment and the catering industry. In Germany, it has bought up large housing associations in Kiel, Wuppertal and Mönchengladbach. Blackstone is represented in Germany by Roland Berger (management consultant) and Ron Sommer, who was in fact the chairman of the Telekom board between 1995 and 2002.

Blackstone has been pushing hard for the restructuring of Telekom since acquiring its share of the company and backed the recruitment of René Obermann as the new chairman of the board. Its aim is to junk all unprofitable sections of the former state company and retain those that are highly profitable. The current proposals are only the beginning of such plans.

Verdi bears considerable responsibility for the dire situation now confronting Telekom employees. The union has agreed to all of the previous cuts and restructuring measures. In 2001, Verdi agreed to a new wages system that broke with the former system applying to public service workers, which included wage rises corresponding to years worked and additional allowances for families and children.

Verdi did nothing to oppose the breaking up of the state-owned company into subsidiaries, but instead agreed to new cheap wage contracts, which have since been used to pressure down wage levels throughout the company. Verdi agreed to setting up the personnel agency Vivendo, well aware that the role of the agency was to facilitate reductions in wages and employees’ rights.

A break with the trade unions and work councils is the basic precondition for beating back the attacks being carried out by management with the backing of the grand coalition government. Telekom workers must develop their own strike committee independently of Verdi. All negotiations with management must be supervised by representatives of the independent strike committee. Agreements and contracts made by Verdi or the work councils behind the backs of the workforce, and which were not agreed at a strike or a staff meeting, must be declared invalid.

To widen the dispute, the independent strike committee must establish links to those employed in other branches of Telekom excluded from the current dispute by the Verdi leadership. Links must also be made to workers in telecommunications companies in other European countries and worldwide.

We call for the setting up of defence committees against mass redundancies and welfare cuts in as many companies and firms as possible, in order to transform the Telekom workers’ strike into a broad political movement against the grand coalition. The building of such defence and solidarity committees must be bound up with discussions on a socialist, internationalist perspective, which proceeds from the international character of modern production and the common interests of workers worldwide. Such a perspective demands a socialist transformation of society, which puts social interests before the profit interests of big business and the banks.

We call upon all Telekom employees and all those who support the strike to fight for the building of defence committees among workers at other companies. Establish contact with the Editorial Board of the *World*

Socialist Web Site (WSWS) and discuss these issues with your colleagues.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact