

# Rock-bottom wages for German postal workers

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At the end of 2007, the German parliament (Bundestag) passed a law introducing a minimum wage for postal workers. Postal delivery employees are to be guaranteed a minimum of €9 in the east of the country (former East Germany) and €9.80 in the west, letter sorters €8 in the east and €8.40 in the west.

The issue is highly contentious, and the plans for such a minimum wage were vigorously opposed by the Christian Democratic Union (CDU) and Christian Social Union (CSU) and, in particular, by Chancellor Angela Merkel (CDU) and her economics minister, Michael Glos (CSU). The current government in Germany consists of a grand coalition between the CDU-CSU and the Social Democratic Party (SPD).

Opposition also came from business groups and private postal companies, which advanced visions of the supposed horrific consequences of introducing a minimum wage. According to the chairman of the private postal company Pin Group, Günter Thiel, the introduction of the minimum wage threatened “billions worth of investments and tens of thousands of jobs in private postal companies in Germany.” The Pin Group is the leading competitor of Germany’s main postal company, the formerly state-run Deutsche Post (DP).

The Springer Company—publisher of newspaper and magazines, including the *Bild* newspaper—is the majority shareholder in the Pin Group. Other shareholders are the WAZ and Holtzbrinck publishing companies. The response of Economics Minister Glos to the new measure was to declare: “Minimum wages threaten existing jobs and prevent new jobs. Whoever demands minimum wages should also put forward proposals for minimum job levels. And then we will rapidly end up with a planned economy.”

On the heels of the Bundestag resolution for a minimum wage, the Pin Group announced the axing of 1,000 jobs. In the meantime, the company has declared its intention to cut 9,000 jobs. Seven of the total of 91 private postal companies have also since registered for insolvency. The Dutch postal company TNT, Deutsche Post’s second largest competitor, has declared the German minimum wage a means of artificially maintaining the former monopoly position of Deutsche Post. TNT announced its intention of withdrawing its interests in the German postal market.

The recent controversy over a minimum wage, however,

cannot hide the fact that the slashing of postal jobs and wages and deteriorating working conditions are all a result of the privatisation of postal services. At the expense of its workforce, DP has been transformed from a former state-run enterprise into a company making huge profits, which rewards its major shareholders with massive dividends. In 2006, DP made a profit of €3.87 billion based on a turnover of €60.5 billion. In the first half of 2007, its profits rose by a further 9 percent.

In 2007, the company shelled out more than €900 million in the form of dividends to its major shareholders. Dividends were also paid to the German state, which is a minority shareholder. Top managers were rewarded with sumptuous bonuses on top of their generous base salaries. Following the passing of the decree for a minimum wage, the share value of Deutsche Post rose, and its chairman Klaus Zumwinkel used the opportunity to sell off some of his shares in the company—picking up €2.24 million in the deal.

Postal services constitute the most profitable sphere of the Deutsche Post’s operations. Now, private postal companies are seeking to take a share of DP’s profits by implementing rock-bottom wage levels for their own staff.

Zumwinkel has been the chief executive at Deutsche Post since 1995 and implemented the restructuring of the company, which transformed the former state-run concern into a money-making private company. Since 1995, no less than 140,000 jobs have been slashed in Germany, while thousands of former full-time jobs have been transformed into part-time work. At the same time, the average wage for those retaining their jobs with the company hovers around €8—i.e., less than the new proposed minimum wage.

The company has introduced a series of initiatives aimed at destroying full-time jobs. In line with the so-called TVZ project, short-term contracts have been introduced involving workweeks of 15 hours. At the same time, these workers are expected to carry a workload incompatible with the hours they are paid. Contracts are not renewed for any worker failing to fulfil his quota, and sickness of any type is taboo. The result is a continual upheaval in terms of staff levels and continuity, making any sort of quality-based work impossible. The TVZ project has been applauded by management as a great economic success and is now to be introduced across the company as a

whole.

The situation with regard to the remaining private postal companies is no better. Since the beginning of the liberalisation of the postal market, the private, and usually regionally operational, companies have relied on low wages for their workforces. One of the aims of the private companies is to undercut postal costs by reducing labour costs. This explains the involvement in postal concerns by private companies, which operate largely on a regional basis and have no interest in an efficient national service. The city authorities in Berlin, Cologne and Leipzig are already customers of the Pin Group, which also includes amongst its clients Germany's main churches and a number of trade unions.

Postal workers at Pin are even more at risk than their colleagues at Deutsche Post. Most of them have temporary contracts or are hired by Pin via an independent agency. They are continually threatened with the prospect of unemployment, and their average gross wage is considerably less than the average wage of a full-time worker at Deutsche Post—i.e., around €1,700. The basic salary for a Pin postal delivery worker is just €1,020 per month (gross). On satisfactory completion of all work quotas, and providing they are never sick, their wages can rise to €1,430 (gross).

According to the public service trade union Verdi, however, Pin is not the worst of the postal employers. Many of its competitors—which concentrate in a region, or even in the suburbs of a single city—pay far less. The trade union cites cases of workers employed for €2.50 per hour. At the same time, the concentration by such companies on a limited area excludes any sort of efficient comprehensive postal system. The notion of a postal “service” has been sacrificed to the demands of profit maximisation.

There is no end in sight with regard to this continual downward spiralling of wages. The newly introduced minimum wage will do nothing to counter the ongoing liberalisation of the postal market and the constant pressure on jobs and wages under conditions where the entire political and economic establishment backs such a process. At the end of last year, the European Union declared that all national postal markets were to be opened up by the year 2011, and none of the main parties in Germany have declared any opposition to, or undertaken any measures to counter, this process of liberalisation.

The SPD has played a major role in the transformation of the postal service into a private company. A leading member of the SPD, Bodo Hombach—former economics minister for the state of North Rhine-Westphalia and former head of chancellery for SPD leader and former chancellor Gerhard Schröder—sits on the board of directors of the Pin Group. The new employers' association “New Letter and Delivery Services” was set up in 2007 by another prominent Social Democrat, Florian Gerster, who headed the German Employment Agency until 2004.

For its part, the Left Party demonstrates the yawning gulf between political programme and political practice when it

comes to the minimum wage. Publicly, the party vehemently supports the introduction of a minimum wage. On its home page, the Left Party writes that approximately 3.8 million workers in Germany are currently paid poverty wages and continues: “This state of affairs is unacceptable. A legal minimum wage would prevent people working for meagre wages that are inadequate for subsistence.”

In reality, however, the Left Party-SPD Senate in Berlin relies upon the services of the Pin Group to dispatch its correspondence. Senate Economics Minister Harald Wolf (Left Party) responds to criticism from within his own party with the claim that the issue of low wages “will be looked into.” According to one magazine report, however, the Senate was opposed to “discrediting the Pin Group on the Berlin postal distribution market.”

The German trade unions have also done nothing to oppose the process of liberalisation and the ensuing worsened working conditions for postal employees. All of the cuts implemented by Deutsche Post were carried out in agreement with the trade union-controlled works council. A number of trade unions have announced their intention to remain faithful to the Pin Group and merely noted that they would observe the further development of working conditions.

At a meeting in May 2007, the head of Verdi, Frank Bsirske, informed his trade union members that he was not opposed to the liberalisation of the European postal services, but that his union sought to achieve changes that could protect the German postal market from foreign competitors—i.e., that German companies have a monopoly on paying cheap wages to their workers.

While it is clear that the new minimum wage will do nothing to improve the situation of those vast numbers of postal workers (temporary, agency, subcontracted) who are not covered by the deal, the reality is that the new law will do nothing to counter the continually worsening conditions for postal employees as a whole. The constantly growing burden of work acts as a form of wage cut.

While the demand for postal service has grown and continues to grow, the former 140,000 full-time jobs at state-run Deutsche Post have been replaced by just 60,000 jobs—most of which are part-time. The increased demand for postal services means that the average workweek of 38.5 hours can be rapidly expanded to 70 hours, but due to the looming threat of unemployment, much of this work is carried out without pay. Many workers do not dare declare the real level of their overtime work for fear of losing their jobs.



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