German unions help destroy jobs in private hospitals

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Following the takeover of the Damp private hospital operator by the stock market-listed Fresenius medical corporation in March 2012, employees' wages and working conditions rapidly deteriorated. German trade unions have played a key role in the assault by enforcing management demands on the workers.

Immediately after the March takeover, management announced that the 5,600 Damp employees would receive salaries in line with the lower wage rates of the group's own Helios hospital network, and that this would be backdated to January 1, 2012. The service operation, which in 2001 was hived off to ZSG, a wholly owned subsidiary of Damp, will be liquidated or taken over by outside bidders or other subsidiaries.

To achieve this, however, new wage rates had to be negotiated with public services union Verdi and NGG, the food, beverages and catering union, and submitted to an employees' ballot; or severance arrangements negotiated. The manner in which management and unions then forced workers to consent to their demands was outrageous, even by the standards of Verdi and NGG.

Having organized several token strikes since March, the unions finally called an indefinite strike for all sites of the former Damp hospital group on June 21. This was in response to the staff's bitter discontent, which expressed itself in an 86-percent approval for the strike. More than 90 percent of ZSG union members voted for an indefinite strike.

The unions did everything possible to organize the strike in such a way that it avoided causing any damage to the company. Not only did they agree to the usual hospital standby duty requirements; they also repeatedly arranged for only individual sites and certain departments to strike, in order to minimise the impact on the company. Often only a few dozen of the approximately 1,300 non-medical staff working under the ZSG umbrella were involved in the strike.

Management then seized the opportunity to harden its position by officially terminating the negotiations begun before the strike. It declared that although the sporadic work stoppages had never seriously hurt the company, the strike meant ZSG was no longer in a position to ensure the provision of its contracted services to hospitals and medical facilities. The Helios/Damp hospitals then cancelled all contracts with ZSG's own subsidiary as of July 31.

ZSG then summarily dismissed more than 1,000 of its 1,300 employees, claiming that "further employment [could] no longer be guaranteed". Parallel to this, Helios asked its staff to arrange interviews with other service providers in the Fresenius/Helios group. Management was thus able to ruthlessly impose one of its key demands, the dissolution of ZSG.

At the same time, the layoffs were aimed at extorting and threatening all the other employees. The management had deliberately informed all employees about the dismissals, not only those directly affected.

As Verdi itself discovered, the ZSG sackings were unlawful because they were disproportionate and had not been discussed with the works council.

To have the dismissals legally invalidated, however, workers would have had to file lawsuits with the industrial court within three weeks. But the relevant trade unions, Verdi and NGG, advised the workers against taking such legal action, and tried instead to reconcile them to the imminent collective bargaining negotiations that would decide the future of the workforce, and to general legal measures.

Nor did the unions make any serious attempt to defend the dismissed workers. At no time did they propose extending the strike, relying instead on impotent and demoralising small-scale protests.

On July 4, the unions formally ended the strike, agreeing a “compromise” with the management that not only largely met the corporation’s requirements, but also accepted and legalised the 1,000 layoffs.

The unions’ policy of tolerating layoffs and the management’s determination to extort the workforce finally led to 92.5 percent of the participating union members voting to end the strike and accept the settlement. However, Verdi was not prepared to reveal the figures on voter turnout.

ZSG will now be dissolved as planned and only 80 percent of the terminated employees will receive a new job with another of the company’s service providers. The remaining staff will be given the chance of transferring to an “employment and qualification company” by the end of next year, and continue to receive their wages for that period. But experience shows that such companies are no more than stop-overs on the way to unemployment.

The remaining workers will be re-employed under “normal industrial” pay and working conditions, meaning wages can be up to 37 percent below current salary levels. The company has agreed to guarantee workers their previous wage for 18 months in order to avoid claims for reinstatement or compensation. To be able to benefit from this regulation, employees will most likely have to sign an agreement to terminate their current employment contracts, thus making the dismissal legally binding and incontestable.

In addition to this, former ZSG employees will be excluded from wage increases already agreed. Rehabilitation clinics had won a salary increase of only 3.5 percent from May 1, 2012, and 1.4 percent from January 1, 2013. Verdi had originally asked for 7.5 percent.

The lower wages rates contained in the Public Services Contract (TVöD) now apply to acute care clinics. Clinic staff, whose pay was previously above TVöD rates, will receive only half the wage increases gained in accordance with the TVöD—until their salaries correspond to the less favourable rates.

These real wage cuts and the ZSG employees’ disastrous settlement, jointly organized by the management and unions, constitute a brutal attack on workers’ rights and will accelerate the downward spiral of wages in the health sector. The repercussions will be devastating for both employees and patients.

However, shareholders’ expected yields should be more than be fulfilled. Helios achieved a turnover of €2.7 billion in 2011. Pre-tax profits were quoted in the official publication of the German medical profession *Deutsches Ärzteblatt* as amounting to €260 million.