Trade unions in alliance with management against Berlin transport workers

Franz Schobert, Carola Kleinert
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The trade union Verdi and the Municipal Employers' Association (CAV) reached a deal last week for the 13,000 workers at Berlin's transport company BVG. The agreement will maintain low wages until 2025, impose a long-term ban on strikes, cut costs and continue with creeping privatisation.

The new collective pay agreement provides for a staggered wage increase for the employees of BVG and its subsidiary Berlin Transport (BT) of 4.77 percent over two years. From July 1 there will be an increase of 1 percent, then in 2014 a further 2.2 percent, and in 2015 wages will rise by 1.5 percent.

Verdi originally called for an increase of 6.5 percent over a period of 12 months. The BVG offered a contract over a 30-month period, including a one-off payment of €900 (US$1,160) for 2013, and then increases of 1.5 percent in the middle of both 2014 and 2015.

The agreement achieved barely covers the rate of inflation, and in Berlin, where the cost of rent and other necessities of life is rising rapidly, it will amount to a real pay cut. The previous pay agreement, which was a wage increase of 2.6 percent over 18 months, already fell short of inflation.

Verdi and CAV did not merely confine themselves to capping pay rises over the coming two years. They also agreed on benchmark figures for the period thereafter. From 2016, there would be wage increases of 2.5 percent per year, however only "if BVG achieves positive results," as lead Verdi negotiator Frank Bäsler and CAV chief Claudia Pfeiffer declared at a press conference.

Bäsler claimed that this was "new political territory for a collective agreement," and asserted that the aim was for the employees to be able to participate appropriately "in the company's success." In fact, it was agreed that future pay increases will not be measured against the rate of inflation and the needs of the workers, but rather by BVG's financial results. Workers' wages will not be permitted to increase annually by more than the upper limit of 2.5 percent.

It was stated at the press conference that the company would have more security to plan as a result. It had been agreed that in the future, contract negotiations would be easier because of a "slimmed-down procedure," Pfeiffer said. BVG would not have to consider high demands for wage increases and the threat of strikes.

The Conservative daily *Berliner Morgenpost* praised the "positive" changes, since "they abandon the usual practises, which served above all as a test of strength and a means to win new members. In the past, the discrepancy between the amount of effort and the end result of the negotiations was too great."

The Left Party's *Neue Deutschland* also welcomed the agreement and the "future labour peace" in Berlin.

Verdi and the CAV have also used "labour peace" to justify their agreement on the collective pay deal, while they are yet to finalise negotiations over the terms of an industry-wide accord. This agreement relates to the length of holidays (the Federal Labour Court has rejected the current regulations), the amount of time between shifts, service efficiency, and other issues that will determine the levels of stress to which workers will be exposed.

The industry-wide agreement is to reach an amicable conclusion by mid-June. The negotiations over this will not put the comprehensive agreement at risk, Bäsler insisted. Strikes were not to be expected—"there is labour peace." In other words, Verdi will abandon any struggle and comply with the demands of the BVG.

In order to sell the miserable final agreement to the workforce, Verdi claimed that a contractual guarantee of employment until 2025 was secured. However, for this it will be necessary for the state of Berlin, as the owner of BVG, to receive an extension of the contract for transport from the Berlin state Senate beyond 2020. The senator for finance and chair of the board of directors of BVG, Ulrich

Nussbaum, has agreed to this, according to press reports.

This would mean that the state of Berlin would not have to go through a tendering process as laid out in European competition law. As a result, Bäsler proudly announced “the achievement of the greatest possible job security” for the workers.

However, Verdi has agreed to the expansion of the quota of transport that can be run by private providers, to “adapt to the current business requirements of the company.” Until now, BVG has covered 60 percent of bus traffic, BT 32 percent, and the remaining 8 percent has been taken over by subcontractors. There is now to be flexibility for a further 4 percent to be given to subcontractors.

Thanks to Verdi, the BVG will be able to recapitalise its operations at the expense of the workforce and the travelling public. The agreement will allow the company to massively cut costs. The company’s debt should decline from €810 million to €654 million by 2020.

While the three-person board earn a million euros per year, and over a hundred managers enrich themselves in the leadership of the BVG with pay arrangements outside of the collective agreement, massive cuts in services, low wages and price rises for travel tickets are being imposed. In 2012, a deficit of €60 million was reduced to €14 million by these measures. BVG’s customers spent €22 million more on travel tickets than in the previous year.

The state Senate cut the travel subsidy for claimants of Hartz IV welfare by €2.50. A monthly pass now costs €36. After the price rise, sales dropped by 14,000. A Verdi committee for unemployed workers cynically protested against the rising costs. Travel costs are to increase in the coming years by 3 percent annually. On August 1, a price rise of 2.8 percent is planned.