

German postal workers strike against outsourcing of jobs

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On April 1 and 2, about 10,000 mail carriers from the world's largest courier company stopped work. The strike comes 21 years after the last major strike at Deutsche Post. The Ver.di service industry trade union was no longer able to hold back the employees' readiness to fight in defence of their working conditions and was forced to call a short-term strike.

Many workers are incensed, because Deutsche Post intends to outsource its parcel delivery service by setting up the new Delivery Ltd firm with 49 regional branches. The establishment of Delivery Ltd initiates drastic wage cutting and worsening working conditions at Deutsche Post.

Since wages constitute about 50 percent of all delivery costs, these companies use their subcontractors to suppress labour costs and gain an advantage. This and the expansion plans are the reasons why Deutsche Post is attempting to circumvent its obligations to collective wage agreements by outsourcing jobs to Delivery Ltd.

The Ver.di union was forced to call a warning strike, and its functionaries made radical speeches at the strike rallies. But this cannot hide the fact that the service trade union is involved at the highest level in the restructuring of the concern and associated attacks on working conditions.

Eleven union officials sit on the company's supervisory board as so-called employee representatives with equal voting rights. They are handsomely paid for their work on committees and their support of corporate strategy.

According to the company's 2014 annual report, last year they received executive board bonuses and attendance fees of €1.3 million. Ver.di deputy chairperson Andrea Kocsis alone received €264,000 for her services as deputy chairperson of the supervisory board.

While postal workers are fearful of their future and are ready to fight against the drastic deterioration of conditions, Ver.di is mainly concerned with the defence of its privileges and influence. The union fears that the transfer of many employees to Delivery Ltd and reduction of wages to the level of the freight and logistics branch will threaten its power and influence.

Ver.di currently negotiates the Deutsche Post wage structure nationwide and is therefore able to secure its role in the concern. Wage contracts for the logistic branch, however, apply

only at the state level—not only for Deutsche Post, but to all logistics companies with an official tariff structure.

Under the proposed contract, employees at Delivery Ltd will no longer be subject to Deutsche Post tariff agreements but will be paid in line with rates applying to the freight and logistics industry, whose wage level is about 20 percent below Deutsche Post's current company rate.

The low-wage tariff of the freight and logistics industry was negotiated and agreed to by Ver.di. The union also approved allocation of Deutsche Post's parcel delivery to the company's internal or external branches, stipulating in a wage settlement that this award would be limited to a maximum of 990 parcel delivery districts. The union agreed as well to the termination of non-working days and break periods, while nevertheless celebrating the deal as a great success in securing the jobs of postal workers.

Now it turns out that management is overriding this contract and, as a first step, is setting up 5,000 delivery districts in the new regional companies. Looking ahead, the concern plans to create 10,000 or even 20,000 "new" jobs. In fact, it is replacing a large portion of the approximately 24,000 temporary and part-time positions at Deutsche Post with lower-paid jobs. Those involved will be forced into retirement or sacked if they refuse to switch "voluntarily" to Delivery Ltd and accept the associated reduction in wages.

Ver.di accuses the company leadership of breach of contract and is demanding a reduction in working hours from 38.5 to 36 as compensation for the concessions it made in the contract.

With Deutsche Post's transformation into an incorporated company in 1995, and its stock market launch in 2000, the aim of the formerly state-owned enterprise has changed. Instead of fulfilling a public service for the population, it is now devoted to making maximum profit for the enrichment of its shareholders and management. The state continues to hold about 21 percent of the shares through its KfW development bank, but the far greater part is allotted to widely spread shareholdings.

While employees' working conditions and pay rates were downgraded in various rounds of cuts, the company directors rushed to boost shareholder value to the skies—and thereby their own stock-based compensation, which is often more than their

fixed salaries—by enforcing a programme of aggressive restructuring and expansion.

In 2013, Deutsche Post CEO Frank Appel was paid a fixed salary of €2 million and given a variable bonus of €3.6 million, i.e., a total of €5.6 million. In 2014, it was €9.6 million. The share price of Deutsche Post has increased in the last three years from €12 to €30.

Former CEO Klaus Zumwinkel, who retired from his post due to tax evasion of some millions of euros in 2008, still received a pension of €20 million. Since then, he has resided in a medieval castle, Castello di Tenno on Lake Garda in Italy, from where he presides as president of the Institute for the Study of Labour (IZA).

Among IZA's "policy fellows" are Dirk Niebel (former development minister), Martin Kannegießer (president of the engineering unions association), Thilo Sarrazin (former German banker and ex-finance minister of Berlin) and Heinz Buschkowsky (district mayor of Berlin-Neukölln). The institute's sole partner happens to be the Deutsche Post Foundation, whose executive board consists only of its chairman, Mr. Zumwinkel.

Policies and conditions widespread in the industry include pay cuts via the introduction of new wage scales, proliferation of temporary employment, expanding delivery districts with no corresponding pay increase, and long work days of up to 14 hours. Some 23,400 of the approximately 131,000 employees in the Deutsche Post parcel centres—18 percent of the workforce—are on temporary work contracts.

The proportion is much greater for Deutsche Post's competitors, as these companies employ almost 98 percent of their parcel delivery staff via subcontractors and thus pay their drivers the lowest wages. Responding to a parliamentary question in January 2015, the federal government stated that 160,000 temporary workers and 187,000 so-called MiniJobbers (low-paid workers exempt from social security provision) were employed throughout the industry in Germany in 2013.

In the summer of 2014, the state of North Rhine-Westphalia conducted a supervisory investigation in which 22 parcel distribution centres and 415 drivers from 131 courier services were reviewed. The study included all the big-name companies: Deutsche Post DHL, DPD, GLS, FedEx, GO, Hermes Logistic, TNT, Trans-o-flex and UPS. It found that 85 percent of these services violated occupational safety and health legislation.

The study concluded with the criticism that the delivery drivers neither complied with prescribed driving and rest periods, nor calculated and documented their working hours. In order to keep their jobs, many parcel couriers have to accept long hours and devastating working conditions resulting from the ruthless competition in the industry.

In May 2014, the *NDR* radio broadcaster reported on intolerable working conditions at UPS, where delivery drivers' contractual hours of work were generally limited to 3.5 per day. Since no one can live on such a part-time income, all the

drivers must rely on overtime, which can be shortened by UPS at any time. For fear of losing the chance to work overtime due to too many absences, many drivers work even when they are sick.

In November 2014, the Stiftung Warentest consumer organisation concluded that delivery drivers of subcontractor firms are often on the road up to 15 hours at a stretch, although hourly wages are usually less than the minimum wage. Piecework involving the delivery of packages up to 70 kg in weight causes chronic back and joint pain. The sickness rate for workers was 5.6 percent in 2004, and rose to 8.4 percent in 2013.

The promises made at the time of Deutsche Post's privatisation—greater efficiency and better performance through competition—are refuted every day. Efficiency is being undercut now that the number of logistics networks with distribution centres and corresponding transport organisations—whose construction costs are in the billions—are being multiplied by a variety of competing companies.

Since privatisation, Deutsche Post has greatly reduced its branch network, which formerly secured the basic postal services required by the smallest communities. Some customers in Germany's southern rural areas now have to travel 20 kilometers to reach a postal service. The cost of sending letters by post has increased 12.7 percent in the last three years.

The fact is that these developments arise from the struggle for domination of the world market. In the 15 years prior to 2014, online trading in Germany grew from €1.25 billion to €40 billion. Deutsche Post's competitors are trying to gain a foothold, especially in the business client sector and the bulk business of mail order companies.

Three companies control the lion's share of the global express business: German Post DHL (34 percent), FedEx (26 percent), UPS (22 percent), with smaller companies taking 18 percent. FedEx recently announced plans to take over the Dutch TNT courier service in order to expand its European business. Expansion is achieved everywhere through the lowering of wages and worsening working conditions.

Having secured sales amounting to €56.6 billion and a profit of €3 billion, the Deutsche Post DHL corporation has developed into the largest logistics company in the world. By 2020, the operating profit is expected to rise by an average of more than eight percent annually.

The Deutsche Post DHL concern aims to expand into the markets of India, China, Belgium, the Netherlands, Luxemburg, Slovakia, Czech Republic and Poland and is buying into the logistics companies in those countries.



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