

# Collective bargaining in the German public sector: Verdi union and Social Democrats prepare sellout

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27 January 2023

On Monday, as expected, the United Services Union (Verdi), the civil servants' association dbb and the representatives of public employers in the federal and local governments parted ways without a result after three hours of consultations.

The unions—Verdi also represents the unions IG BAU, GEW and GdP—are demanding wage and salary increases of 10.5 percent for more than 2.5 million employees, or at least €500 a month for a 12-month period. They are likewise calling for an increase in the allowances of trainees of €200 per month.

At stake are the incomes of health care workers, administrative employees, garbage collectors, educators, geriatric nurses, bus drivers, firefighters, sewage treatment plant and landscaping workers, foresters, engineers, doctors, etc. The agreement is usually also applied to a good 360,000 federal civil servants and around 187,000 pensioners.

This round of collective bargaining—together with the parallel negotiations at the postal service—has signal character for the many collective bargaining negotiations due to take place in Germany this year. This is because the demand for the highest public sector wage increase in decades is very well justified. Inflation increased prices by 7.9 percent in 2022. For energy and food, consumer prices last year were between 20 percent and 50 percent higher than in 2021. In the cities, rising rents are likewise devouring incomes.

The gap between wages and salaries in the German public sector and those in the private sector has long been growing. As so often in the past, Verdi's last collective bargaining agreement in 2020—with its 28-month term—imposed real wage cuts.

A recent study by the Göttingen Institute of Sociology documented the low wages in Germany's education, health care and social sectors. In a comparison of 24 European countries, Germany performs poorly, especially in the lower income groups.

"In Germany, unskilled 'caregivers in health care' and 'child and educational attendants' are once again paid significantly less than the average for European countries, earning here only 59 percent and 46 percent, respectively, of the average monthly income of all full-time employees," according to sociologist

René Lehweß-Litzmann.

Public sector employees are experiencing the consequences of the devastation in German municipalities most directly. They have to catch the fallout of cuts in infrastructure made by politicians: decaying school and administration buildings, dilapidated roads, poorly functioning IT systems, and so on. Employees in social welfare offices, job centers and immigration authorities are being confronted with the consequences of impoverishment and war.

The result is a huge shortage of skilled workers and labor in the municipalities, which is offloaded onto remaining employees. Practically everywhere there is a shortage of workers, at present fully 300,000. One million unfilled positions in the public sector are forecast for 2030.

This has led to widespread determination among employees to prevail against their employers this time. Verdi head Frank Werneke warned upon the announcement of the wage demands last year that the mood among public employees was "explosive."

Representatives of the federal and local governments, however, have rejected these justified demands. The president of the Association of German Municipal Employers' Associations (VKA) and the mayor of Gelsenkirchen, Karin Welge (Social Democrats, SPD), claimed that the demands are "unrealistic." Her party colleague, Federal Minister of the Interior Nancy Faeser, who is leading the negotiations for the federal government, stressed on Monday that the unions' demands were too high in view of a "strained budget situation, especially in the municipalities."

But the "strained budget situation"—the result of high longstanding debts and an investment backlog of €159 billion—is the result of the policies of all Berlin's political parties, from the SPD, the Greens and the Left Party to the liberal Free Democrats (FDP), the conservative Christian and Social Democrats (CDU/CSU) and the far-right Alternative for Germany (AfD). It is not the result of lavish pay for public sector employees!

Employers estimate that the demanded 10.5 percent increase in pay would cost an additional €15.4 billion per year for the

municipalities and €4.7 billion for the federal government. The SPD and all other parties declare the demand of almost 3 million employees unacceptable, while they unceremoniously allocate €300 billion in “special funds” for war, the Bundeswehr (German armed forces) and an expanded arms budget.

Significantly, Welge called for “refraining from the ritualized dramaturgy” of such bargaining rounds “in times of war in Europe.” In other words, government and unions are to closely cooperate to impose the costs of war policies on workers.

Employers in the public domain are supported by large sections of the media. The *Süddeutsche Zeitung* comments “Verdi demands too much” and considers the demands exaggerated and excessive. The *Augsburger Allgemeine* even headlines: “The demand for 10.5 percent more pay in the public sector is not of this world.” Economists warn of a wage-price spiral and investment bottlenecks.

In reality, the tax giveaways to the rich and corporations during the financial crisis and the coronavirus pandemic are the real drivers of prices and inflation. The exorbitant corporate price increases in energy and food and the costs of the war in Ukraine are driving inflation.

As the recent Oxfam report on growing social inequality showed, there is enough money. It has just been diverted for over two decades from the pockets of working people to the accounts of billionaires. Bernard Arnault (France), Elon Musk, Warren Buffett, Jeff Bezos (all US), Gautam Adani (India) and Klaus-Michael Kühne and Dieter Schwarz (both Germany) own two and three digit billion-dollar fortunes. During the coronavirus pandemic, this process has been taken to the extreme.

Now workers—including public employees—are asked to pay for this extravaganza and warmongering. They are not only confronted with the media, economists and representatives of the Bundestag (federal government) parties. Even the unions that claim to represent them are not on their side.

Chancellor Olaf Scholz established the Concerted Action last summer to coordinate the attacks on wages and social gains waged by business associations, unions and the government and to suppress any resistance to them.

Verdi boss Frank Werneke plays a leading role in this. The 55 year old has been in the SPD since he was 15. When he now negotiates with Welge (municipalities) and Faeser (federal government), three Social Democrats will sit across from each other, all of whom support Chancellor Scholz and the coalition government.

In 2019, the *Süddeutsche Zeitung*, drawing on the memoirs of former German Interior Minister Lothar de Maizière (CDU), who negotiated the collective bargaining agreement for the federal and local governments in 2016 with Verdi boss Frank Bsirske (Greens) and Munich City Councilor Thomas Böhle, described roughly how one can imagine the coming “negotiations.”

“The three had known each other for a long time, so they retreated to a room in the hotel in Potsdam,” writes the *Süddeutsche*. There they concluded the result in 30 minutes. De Maizière wanted to announce the result immediately. “But that wouldn’t work. Bsirske and Böhle couldn’t possibly be finished after 30 minutes; they would have been suspected of not having fought.” So they sat together for a while longer, chatting about things that had nothing to do with the wage settlement.

Verdi and Werneke will now try again to sell out 2.5 million workers and make them pay for the war, the banks, the corporations and the rich. To let off steam, they will call for “individual actions” (Werneke)—“musical accompaniment,” as civil servants association head Ulrich Silberbach (CDU) put it—before the second negotiation date on February 22 and 23.

More warning strikes have been following before the final round in Potsdam on March 27-29, before they agree to a result that neither meets the needs of employees nor the needs of the public sector.

Regardless of what mechanism Verdi and the SPD come up with, it is already clear: No one will receive inflation compensation. Verdi will find a way to prevent this—a long contract term, possibly with a tax-free one-time payment—as IG Metall and other unions have already done. So far, Verdi still rejects a one-time payment and demands permanent pay-scale-related increases, but that may well change.

To prevent the impending sellout, all public sector workers must break free of the control of Verdi and the other unions and build independent rank-and-file committees. These rank-and-file committees must take the wage struggle into their own hands and link resistance to wage cuts and intolerable workloads with the struggle against war and military rearmament.



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