

Contract bargaining for German public sector workers: A response to the union's lies

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A vote on the wage deal for public sector workers agreed with federal and municipal governments by the leadership of the Verdi union continues to take place this week. Many members have made clear that they will vote against the deal, recognising that it clearly involves a substantial cut to their wages.

Instead of the union's original demand for a pay increase of at least €500 per month, or 10.5 percent over a period of 12 months, Verdi has agreed a zero increase for 14 months while trying to cover its tracks with the offer of a piecemeal inflation compensation payment of €3,000.

A genuine wage increase is only due to come into effect in March 2024, when inflation will have risen further, and even then the increase will be very small. Instead of the demanded €500, or 10.5 percent over a 12-month period—which would also have failed to compensate workers for the losses from past years and inflation—public sector workers are now expected to settle for €200 plus 5.5 percent (or at least €340) over a 24-month period. Calculated over 12 months, this amounts to just €170 instead of €500!

The piecemeal inflation compensation of €3,000 is aimed solely at imposing the real wage cut and two-year term, which in line with German labour law bans any industrial action during the next two years. The first six instalments of the compensation payment are to begin in June with a payout of €1,240. Currently, Verdi officials are touring workplaces with the provocative argument: “You can vote against the agreement, but then you won't get paid the tax-free €1,240 in June.”

The Verdi bureaucrats know very well that public sector workers, like all workers, are dependent on every cent in their day-to-day struggle to meet drastic increases in food, energy and rents. Under these conditions the union leadership's response amounts to blackmail.

In his demagogic speech at a May Day rally in Frankfurt, Verdi leader Frank Werneke told the assembled union officials: “Living in cities like Frankfurt is becoming more and more impossible. In March, food prices rose by 22 percent. This inflation has a hard social slant and disproportionately hits those without big incomes.” That is why “substantial wage increases” must now be pushed through.

In reality, Werneke is doing exactly the opposite. For years, Verdi has ensured the lowering of wages in the public sector. As recently as 2020, the union agreed a 28-month contract for federal and municipal employment, involving a real take-home increase of just 3.2 percent.

During this period, however, the consumer price index rose by 16.1 percent, i.e., workers suffered a wage cut of almost 13 percent. After more than half a million workers took part in warning strikes, Verdi has now agreed a new contract which, against a background of an annual inflation rate of 8 percent, will result in a further wage cut of between 5 and 10 percent.

This means federal and local government workers are losing up to a quarter of their real income over five years—all thanks to Verdi's contract policy!

Faced with the growing resistance of workers and union members, Verdi has mobilised its entire propaganda apparatus to impose the latest wage cut. On its website it has published three dozen “Questions & Answers” to demonstrate the union's “transparency.” In fact, the answers given are revealing and raise more questions than they answer.

Question number one asks: Is it true that no wage increase will take place in 2023? Verdi's answer: “It is correct that for 2023 it was not possible to push through a wage table-related increase.”

This is false! It would have been entirely possible to achieve the full increase for the current year if Verdi had not used every means to prevent an all-out strike. The correct answer should be: No increase was implemented for 2023 because Verdi was opposed to it.

In the summer of 2022 the Verdi executive agreed the corporatist Concerted Action program with the Chancellor's office. The aim of the program was to further cut real wages in the public sector in order to pass on the costs of military rearmament to workers. To this end, the German government was prepared to provide a one-off inflationary adjustment of up to €3,000 free of taxes instead of a permanent increase to real wage levels.

Question number two: How long is the term of the contract and why is it so long? Verdi's answer: “The term is 24 months, from 1 January 2023 to 31 December 2024. The employers side had insisted on an even longer term of 27 months, due to the

current tight municipal budget situation. This means a compromise of 24 months was the only feasible option.”

This is false. An all-out strike would have quickly enforced a 12-month contract term. The fact is that the Verdi board sought a longer term with an ensuing ban on any new strikes. It is well aware that prices are likely to continue to rise, leading its members to again demand higher wages. The union also knows that the war in Ukraine will intensify and fears that wage struggles could combine with growing resistance to the war. At the same time, the rebellion against the Macron government in France is escalating and would turn into a European-wide conflagration should 2.5 million public sector workers in Germany renew their fight for higher wages next winter.

In line with its close collaboration with the German government, the Verdi leadership is using its apparatus of thousands of full-time officials to suppress the class struggle. Contract agreements are no longer used to gradually improve incomes, but rather designed to suppress working class resistance.

Verdi’s claim that the “current tight budgetary situation of the municipalities” leaves no room for higher wages and better working conditions is also mendacious. Verdi has been closely linked to municipal employers for many years and has been directly involved in the privatisation of many municipal enterprises. Its union reps sit on numerous company supervisory boards and collect their dues, while agreeing to generous new salary increases for executives tied to ruinous wage cuts for workers.

According to official figures, German municipalities posted a surplus of €2.6 billion in 2022 despite higher expenditure. In 2021, the municipal surplus amounted to €4.6 billion. This was associated with massive social cuts, worse working conditions and real wage cuts, for which Verdi played a leading role.

A look at Gelsenkirchen, one of Germany’s poorest cities, reveals the corrupt network established by municipal companies, the Social Democratic Party and Verdi. The mayor of the city is Karin Welge (SPD), who headed the municipal employers side in the recent contract bargaining. Although the city is plagued with high levels of debt, a network of managers, SPD and Verdi officials are enriching themselves.

As mayor, Welge receives a salary of €14,157 per month, or almost €170,000 per year. In addition, she is a member of the supervisory board of Gelsenwasser AG, a nationwide utility company with annual sales of €6 billion. Welge pockets an additional €30,000 per year for her seat on the board. Gelsenwasser CEO Henning R. Deters took home €745,000 in 2021, i.e., a salary of €62,000 per month.

Welge also sits on the supervisory board of the local transport company Bogestra, whose executives are paid similar sums. The annual report for CFO Andreas Kerber lists fixed and variable remuneration of €327,000, plus an additional payment of €432,000 in 2021. This adds up to €759,000, or €63,250 per month.

The trade union and municipal representatives on the supervisory boards have agreed to these salaries and are rewarded handsomely in return.

Anyone who claims that this corrupt swamp can be reformed and that the Verdi apparatus can be used in the interest of the workers is either completely naive or—and this is much more often the case—a political charlatan who aspires to a luxurious post in the trade union apparatus.

In order to fight against systematic wage cutting and the prevention of strikes by the Verdi apparatus, it is necessary to organise on a completely independent basis. New organisations must be built that are genuinely democratic and consistently represent the interests of workers, placing them above the profit considerations of corporations and shareholders. Such organisations must strive for the closest cooperation between workers across the globe. Workers everywhere face the same or similar problems and need an international strategy.

That is why the formation of the Public Service Action Committee is so significant. The committee intends to meet regularly to continue the discussion that commenced a week ago. At that online meeting the discussion focused on the strikes and street battles in France. Workers in France are faced with their own unions, which are intent on preventing a joint struggle to overthrow the hated Macron government.

The Action Committee calls for a “No” vote on the Verdi agreement which must be the prelude to an intensive campaign to build action committees in all sectors of the public service and private sectors. Only in this way is it possible to prepare for the struggles to come. The announcement by Finance Minister Christian Lindner and the ruling coalition to save €20 billion in all social sectors makes clear that the struggles in France are the prelude to major class battles all over Europe.



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