

The Break-up of IZA: A Story of David and Goliath

All too often the power of money seems insurmountable. This is a story that shows that courage, tenacity and solidarity can do a lot. In this case, a powerful, extremely well connected academic and his institute, lavishly financed by Germany's largest employer, fell because they wanted to silence a critic who fought back.

Cologne-based publicist Werner Rügemer contested the self-claimed independence of Klaus F. Zimmermann's Institute for Labor Economics (IZA) in 2013 and wrote that it was establishing a new form of lobbying. The director of the institute, which is generously (though indirectly) financed by Deutsche Post, reacted in his usual way. He sued for and obtained an injunction using expensive celebrity lawyers. Some papers that had printed Rügemer's text gave in immediately, but the small left Internet publication "Neue Rheinische Zeitung" (www.nrhz.de) and Rügemer himself remained steadfast and went through the courts despite the great cost risk. In the main proceedings there was half a victory for Rügemer in 2015. He wanted a whole victory and appealed.

The procedure had the very unpleasant effect for Zimmermann and his IZA that the case was reported in "Handelsblatt" and on norberthaering.de. It also became a topic that the "non-profit" Poststiftung, managed by the convicted tax evader and former Post-CEO Klaus Zumwinkel seemed to be very non-transparent, and that it seemed to exist almost exclusively to channel the millions from the Post to Zimmermann's IZA-institute. IZA used the money for employer-friendly and anti-employee research results and lobbying activities. Among other things, Zimmermann and the IZA campaigned against the introduction of a minimum wage and for the neoliberal Agenda 2010, which rolled back employee rights and cut unemployment benefits and social insurance.

These media reports seemed to have the result that the union representatives on the Post supervisory board could no longer close their eyes to what the company they supervised was funding so generously, while at the same time the wages of the Post's delivery staff continued to be depressed and staff was reduced.

In the end, Zimmermann was forced to step down in late 2015 and the IZA was subsequently split up. The scientific agitation against employee interests financed by postal funds has ceased since then.

The case against Rügemer remained pending until recently. Because the Hamburg Higher Regional Court had not set a trial date until 2018, Rügemer claimed the highest possible compensation of € 1,200 per year from Hamburg. After this was paid out at the end of 2018, the OLG immediately scheduled a hearing date for January 8, 2019. The plaintiff immediately withdrew his entire lawsuit and assumed the entire court costs and half of Rügemer's attorney fees.