

# Germany: Union officials back Volkswagen boss

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9 May 2006

The day before Volkswagen's recent annual shareholders general meeting, CEO Bernd Pischetsrieder had his contract extended to 2012. The decision was unanimous. All 10 union delegates on the company's supervisory board, led by the IG Metall trade union chief Jürgen Peter, who is also the supervisory board deputy chairman, agreed to renew Pischetsrieder's contract.

This decision is noteworthy because just a few weeks ago Pischetsrieder had announced a drastic cost-cutting programme at the German automaker. He plans to cut 20,000 jobs at Volkswagen's six German plants in Wolfsburg, Hanover, Cassel, Braunschweig, Emden and Salzgitter, while simultaneously lengthening the workweek from 28.8 to 35 hours, without any corresponding wage increase.

For weeks, union representatives and the *betriebsrat* (works council) had placed a question mark over their agreement, making it dependent on negotiations with Pischetsrieder. The fact that those supposed to represent the workers' interests on the supervisory board voted unanimously to keep Pischetsrieder on for another six years makes clear that both sides have agreed on how to proceed. The works council and IG Metall support management's plans to reorganise the company and have given their express backing to Pischetsrieder.

The works council tried to justify its action in a hastily drafted press statement. In barely intelligible formulations, it declared that a "precondition for the agreement was—as was continuously communicated—the conclusion of an agreement between the [Volkswagen] executive committee and the works council and the approval of the supervisory board on anchoring the economically equally important security of production locations and employment in the company strategy, which with regard to the aims of continual

improvement in competitiveness is indisputable in the opinion of the supervisory board."

This is supposed to signal an agreement to give the security of production locations and jobs the same importance as the firm's operating efficiency in the company's strategy. But previous experience—not only at Volkswagen—clearly shows that such general agreements are not worth the paper on which they're printed. That is why the next sentence reads: "Differences that may arise in individual cases are to be resolved by following the company guidelines."

However, the goal of these company guidelines, as Volkswagen boss Pischetsrieder repeatedly stressed in recent past weeks—and restated at the shareholders' meeting—is "to increase the company's pre-tax profits to 5.1 billion euros by 2008." This is a 4 billion euro increase in pre-tax profits compared to 2004. In other words, these company guidelines, aimed at drastically increasing profits, require a comprehensive rationalization programme and wiping out thousands of jobs.

In conclusion, the press statement quotes the new chairman of the works council, Bernd Osterloh, as saying, "In principle, we achieved our goal with this agreement, gaining the board's commitment to securing production locations and jobs, which is binding on everyone." This is just window dressing. In the view of the board, "securing production locations" is a code word for rationalization, and "securing jobs" means cutting wages, slashing benefits and attacking working conditions.

The works council statement cannot conceal the fact that its unanimous support for Pischetsrieder heralds a new stage of collaboration with management, aimed directly against the interests of workforce.

At Volkswagen's Wolfsburg plant alone, the

company pays 67 members of the works council, exempting them from work on the production line or elsewhere in the factory. Almost every one of them has his or her own office and receives a substantial salary. The task of these works council members is to keep conflicts under control and ensure that production keeps running smoothly.

The era in which “factory peace” was maintained through social concessions and by paying wages generally above the industry norm are long gone. For years, the details of cutbacks have been drafted and prepared in the works council offices. This took the form at Volkswagen of close collaboration between the works council head Klaus Volkert and personnel executive committee chief Peter Hartz. Since 1990, Volkert headed Volkswagen’s combined works council in Germany, as well as its world and European works councils. Until his resignation last year, he was regarded as Germany’s most powerful works council chairman. Hartz was also an advisor to then Chancellor Gerhard Schröder and was a member of both the Social Democratic Party (SPD) and IG Metall.

Hartz, assisted by Volkert, displayed an inexhaustible imagination for the restructuring of both working hours and compensation in the course of the introduction of new models—measures which not only led to a drop in the standard of living for Volkswagen employees, but also served as a means to break up collective-bargaining agreements throughout the industry. It was no coincidence that Schröder engaged the Volkswagen manager to develop the hated labour market reforms that now bear his name.

Only someone who was unaware of the corrupting atmosphere in the works councils of large corporations would be surprised to find out that such a friendly partnership is also accompanied by substantial material kickbacks. The newspapers all carried headlines last year about the 780,000 euros in unauthorised expenses that were paid to works council members in just two years—among other things for visits to brothels and round-the-world trips. Volkert’s Brazilian girlfriend received a bank transfer of 23,000 euros every three months, paid for by Volkswagen.

The exposure of such corrupt practices was used to bind the works council even closer to management. Its tasks are no longer limited to suppressing workers’ resistance to job cuts. Management now demands

“competitiveness between production locations,” i.e., that the works councils themselves organize the blackmailing of the workforce.

With its unanimous support for Pischetsrieder, the works council has made it clear that it is ready to assume this task. For the workforce, this means that every future social struggle will be a fight on two fronts. It is impossible to resist the planned attacks on jobs, wages and benefits without exposing and fighting the politics of the works council. All the agreements and pacts made by the works council and management must be openly published. Works council members who claim that commercial confidentiality prevents this must be recalled.

However, more than militancy is necessary to oppose the corrupt and bankrupt politics of the works councils and the union. It requires a completely different political perspective—one that proceeds from the international character of modern production and the common interests of workers in all countries and which unites them internationally. And it requires a perspective that advances the socialist transformation of society, prioritising the social interests of the majority over the profit interests of the corporations. Only on the basis of such a perspective is it possible to consistently oppose the attacks being carried out at Volkswagen.



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