Germany: Manroland is broken up with the help of the union

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Rarely has the IG Metall trade union lined up so obviously with management against workers and its own members as it has done in the case of the printing press manufacturer Manroland.

On Wednesday evening the liquidator of Manroland, Werner Schneider, announced that a committee of creditors had unanimously decided to accept the bid of Lübeck L. Possehl & Co. mbH. This means that union representatives and works council members sitting on the creditors' committee have voted in favour of breaking up the company and imposing massive job losses.

In Augsburg 1,500 jobs are to go from the total workforce of 2,200, one thousand will lose their jobs in Offenbach, and just 290 of 680 jobs will be retained in Plauen. These figures could very well be subject to further downward revision.

According to the *Süddeutsche Zeitung*, Possehl boss Uwe Lüders sits on the board of Heidelberger Druckmaschinen AG, which has been trying for some time to outstrip its rival Manroland. Indeed, the massive job cuts could be the antecedent in the near future to the complete closure of all the Manroland plants. Nevertheless, Jürgen Kerner, a member of the executive of IG Metall and also deputy chairman of the board at Manroland described the latest deal as a success and expressed the readiness of IG Metall to give its support.

From the very start Jürgen Kerner and IG Metall have played a key role in the destruction of Manroland. The collaboration between insolvency manager Schneider, Possehl boss Lüders and IGM board member Kerner first began last autumn when Possehl took control of the insolvent Augsburg company Bowe Systec.

Bowe Systec, a specialist in systems for the sorting and enveloping of letters, was restructured by Possehl and almost a third of the company's 600 employees were laid off. Already at that time the insolvency, manager Schneider was able to profit handsomely from his cooperation with Kerner and Lüders. Also on that occasion, the IG Metall warned against a second bidder— a Swiss financial investor, who withdrew at short notice— in order to pave the way for Possehl.

Then last November, when the owners of Manroland, MAN, and Allianz Capital Partners (ACP), turned off the supply of money to the company precipitating bankruptcy, the trio of Kerner-Schneider-Lüders were back in action. At a board meeting in mid-November they agreed a pledge of silence in order to avoid the suspicion of collusion and thereby surprise the workforce with the bankruptcy application in late November.

Since then everything has taken the same course as in the case of Bowe. The IG Metall warned against a possible carve-up of the company by the US financial investor Platinum Equity, while adamantly refusing to organize even the slightest joint action to defend jobs.

Behind the scenes, leading union bureaucrats worked with Possehl to "save" part of the Augsburg plant, i.e., agreeing to the break-up and destruction of the group as a whole. According to press reports, Schneider declared on Wednesday that IG Metall had concluded a restructuring contract with Possehl. He did not say when this contract had been worked out, given that the creditors' committee apparently only arrived at its decision on Wednesday evening.

On Friday last week, IG Metall cancelled a joint demonstration of workers from all three plants due to take place in Munich at the headquarters of the company owners, MAN and Allianz. When workers then demanded regional protests at individual sites, IG Metall called off the demonstration in Augsburg. It was already in negotiations with Possehl and did not want to put pressure on the future owner of the company.

The union also shifted the demonstration by the Offenbach workforce to Wiesbaden in order to pressure the state government to finance a social plan for redundancies. IG Metall already knew last Friday that Possehl had won the bid for the company and that the Offenbach plant would be largely shut down.

Taxpayers' money would then flow into a "transfer company" for redundant workers monitored by union officials, who would earn handsome salaries for their participation in the executive committee of the transfer company. In the case of many redundant workers such transfer companies are merely there to pave the way toward a cheap wage alternative to full-time unemployment.

Augsburg is also a role model in this respect. There, former employees of Bowe Systec as well as former Manroland workers were "temporarily parked" in a transfer company—PTG— headed by Tacettin Kececi, former chairman of the works council of another local company.

There is no information relating to financial compensation for IG Metall's leading representative in Augsburg, Jürgen Kerner, for his consultancy work for Manroland, Possehl and Werner Schneider. But as a member of the IGM executive Kerner is already guaranteed a five-figure monthly salary.

In addition, he sits on the board of no less than six other companies, in the case of four companies as deputy chairman—with corresponding opulent remuneration. The annual financial report for one company—KUKA AG in Augsburg—lists deputy chairman Kerner's income at 81,000 euros per year for 2010 and 2011.

The "compensation agreement" states: "Each member receives in addition to reimbursement of expenses, a fixed compensation, which is €30,000 and payable at the end of the financial year. The chairman of the Supervisory Board receives four times as much, the deputy chairman double compensation." In addition board members are entitled to an attendance fee for each board meeting of €450 and further remuneration for their work in subcommittees.

Manroland has not released any information over its remuneration for deputy chairman Kerner. The same applies to MAN Diesel, Premium Aerotech, and Eurocopter. The 2009 annual report for MAN SE in Munich, where Kerner is a simple board member, cites his annual income at €35,000.

At the Heidelberger Druckmaschinen AG, the chairman of the combined works council, Rainer Wagner, is also vice chairman of the company supervisory board. According to the company's annual report he pocketed €33,000 for this "work" last year. The eight "workers" representatives on the supervisory board of Heidelberger Druckmaschinen AG received a total of €200,000. No information is available for Manroland, but the situation is likely to be similar.

When asked about these lucrative streams of additional revenue—financial transfers from the companies to union representatives—many union officials emphasize that they pay most of these royalties to the union's Hans-Böckler Foundation. In fact, there is no legal obligation for them to do so.

Companies are able to save money on expensive consulting firms and instead finance the trade unions, which they then employ as a manager. This transformation of unions into organs of management to control and suppress workers is clearly evident in the union's collaboration in the move to liquidate Manroland.