Siemens awards works council chair a handsome salary

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The trade union leader and chairman of the central works council at Siemens, Lothar Adler, allegedly receives an annual salary from the company of more than €360,000. The scale of this payoff underscores the fact that he has a direct financial interest in the exploitation of the workforce.

The *Süddeutsche Zeitung* reported that, according to "insiders," the union official is paid a gross wage of more than €200,000. In addition, he receives "performance rewards" amounting to as much as €100,000. As this bonus is tied to the achievement of company targets, Adler has a financial interest in boosting the firm's rate of return through job cuts, wage reductions and plant shutdowns.

"In recent years, Adler has always obtained the variable reward," the *Süddeutsche Zeitung* wrote.

Adler receives a further €300,000 annually for sitting on Siemens's board of directors. However, he allegedly keeps "only" €33,000 and transfers the remainder to the Hans-Böckler Stiftung, which is affiliated to the Confederation of German Trade Unions (DGB). The same rule applies to a majority of the more than 1,700 union officials who sit on German company boards. Due to this rule, the so-called attendance fees for the board of directors have risen rapidly over recent years. The union officials are permitted to keep this sum, which, in the case of Adler, amounts to a further €30,000. This would bring his total annual salary to more than €360,000.

The reason why Adler and other works council chairs receive such massive sums from major companies was made clear two weeks ago. Siemens chief Joe Kaeser announced drastic job cuts. Globally, 15,000 jobs are to be cut, including 5,000 in Germany. Adler's first reaction was a pose of anger. The announcement left the workforce insecure, he declared.

But Adler's main task is to keep the workforce quiet to allow the implementation of the cuts. As he announced shortly afterwards, management, the works council and the board of directors had been negotiating the planned job cuts for some time. They are part of the budget-cutting programme "Siemens 2012."

Adler's salary increased considerably in 2008. At that time, he had just been promoted to chairman of the works council. In the same year, former Siemens chief executive Peter Löscher announced 17,200 job cuts globally, including 6,400 in Germany. Adler agreed to the cuts. The head of the works council had been "very accommodating" to management, the *Süddeutsche Zeitung* reported.

From the point of view of management, the destruction of jobs was aimed at breaking with company structures, work arrangements and social relations that had been developed over the 150-year history of the company. Globalisation had already removed the basis of the national "social market economy" in the 1980s, but for a long time the company was not able to take on the workers as the financial markets had demanded. Although an enormous assault on workers has taken place over the past 30 years with the support of the trade unions and works councils, shareholders constantly demand an increase in the rate of return on their invested capital and an intensification of the attacks on workers.

Siemens chief Löscher aimed to achieve the higher rate of return demanded by the shareholders. The "restructuring programme" in 2008 expanded the attacks to administrative workers. Löscher declared that the company had a "layer of dead wood" that had to be removed. He was referring to administrative workers, specialists and report writers in lower and middle management.

Adler supported all of this. He saw himself as a co-manager, working as an equal partner with the company management. And like all managers, he believed he should receive an appropriate salary.

The salary of a member of the works council is supposed to be based on that of his or her colleagues on the job where he or she originally worked. Adler, a television technician by trade, is surely the only member of his profession who receives an annual salary of €360,000.

Adler's salary came to light only because of his greed. He is 64 and due to retire next year. Although his term as works council chairman also expires next year, Adler wants to remain on Siemens's payroll after he has reached retirement age. Recently, he sought a further promotion to increase his income and pension even more.

When labour director Brigitte Ederer opposed the continued employment of Adler, he mobilised his base of support. He ensured that the board of directors in September removed Ederer, a former leader of the Austrian Social Democrats, from her post. There was delight among the workers' representatives, the *Süddeutsche Zeitung* reported. In a circular letter from the works council chairman, Adler wrote that there had been "sharp conflicts" and a "fundamental difference of opinion on how operational consensus should work in practice."

Adler is not the only central works council chairman who is paid handsomely by his firm. Works council chairmen at other major concerns, such as Wolfgang Schäfer-Klug (Opel), Erich Klemm (Daimler), Bernd Osterloh (VW), Manfred Schoch (BMW), Wilhelm Segerath (ThyssenKrupp) and Monika Brandl (Telekom) receive comparable salaries.

The additional donations that go to the works council as a "thank you" are not counted in this. The most infamous of these are the benefits that Volkswagen paid to its works council until several years ago. VW's head of human resources, Peter Hartz, who developed the anti-welfare Hartz reforms, gave works council chairman Klaus Volkert and his colleagues bonuses, tailored suits and mobile telephones, and paid for visits to brothels. The bonuses for Volkert alone ran into millions. Volkert was sent to prison, while Hartz retired.

Most members of works councils have received "overtime rates" for years without any objections. Under Klaus Franz, who was the works council chairman at Opel for many years, all works council members received lump-sum payments of up to €1,300 per month. The money was supposedly payment for additional hours worked.

Although the state prosecutor launched an investigation, the proceedings against Franz and two Opel managers were halted. Breaches of paragraph 119 of the works council law can be pursued and punished only on the application of those affected. Neither Opel nor the works council nor the IG Metall union wished to make such an application.

The union officials are fighting tooth and nail to ensure that their incestuous ties with major concerns are not made public. When Siemens intended to publish its business report two years ago detailing the salaries of members of the works council who also sit on the board of directors, the deputy chair of the board, Berthold Huber, intervened immediately. Huber would not have been affected, as he is not on the works council. He is the chairman of IG Metall, for which he is paid more than €260,000. But for him it was a matter of principle.

Huber prevailed against Gerhard Cromme, who was chief executive of Siemens at the time. Siemens was merely seeking to comply with EU regulations, which require firms to make salaries public. But, like many other firms, Siemens ignored this.

As a result, the public rarely finds out about the real financial relations between the trade unions and companies, and when they do, it is usually because some of their representatives feel short-changed, like Lothar Adler. But as with all trade union officials, Adler thinks it "completely normal" that he acts as a co-manager on behalf of the company against the workers, and that he is paid handsomely for doing so. As he said to the DPA news agency, "I have a good conscience on this issue."