Former IG Metall union leader heads Volkswagen supervisory board

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After the resignation of the previous VW Supervisory Board chairman, Ferdinand Piëch, former IG Metall union chairman Berthold Huber is to take over this top post. Huber will also chair the shareholders Annual General Meeting in early May.

This development marks a new stage in the transformation of the unions. IG Metall is now taking over direct responsibility for the attacks on VW's 600,000 employees worldwide, in order to increase the profits of the world's second-largest auto company.

Last Saturday night, the six-member supervisory board presidium gathered for an emergency meeting. In addition to Porsche's grandson and majority owner, Piëch, in attendance were Huber, VW's Group Works Council chair Bernd Osterloh, his deputy at the Wolfsburg main plant Stephan Wolf, the Prime Minister of Lower Saxony, Stephan Weil (Social Democratic Party, SPD) and Piëch's cousin Wolfgang Porsche. In the end, they forced the chairman to resign.

A brief statement by the presidium noted with "unanimous" agreement that after "the past few weeks, the mutual trust necessary for successful cooperation no longer exists." Consequently, Piëch had "resigned from his office as chairman of the supervisory board and had relinquished all his supervisory board duties within the Volkswagen Group with immediate effect". His wife Ursula Piëch joined him in resigning all her supervisory board positions within VW.

The supervisory board presidium briefly announced that Ferdinand Piëch was being replaced by his deputy, former IG Metall leader Berthold Huber: "Herr Huber will head the supervisory board meeting on May 4, 2015 and will lead the Annual General Meeting on 5 May 2015."

Piëch's resignation had been preceded by a fierce dispute in the VW corporate leadership widely portrayed in the media as a personal power struggle. In fact, Piëch had called for drastic restructuring because VW was not reaching the profit margins of its competitors and was in danger of losing further market share. In particular, this concerns the core VW brand, with a profit rate of just over 2 percent, poor sales figures in the US, and recently, declining sales figures even in China.

Auto expert Ferdinand Dudenhöffer, director of the CAR (Centre for Automotive Research) at the University of Duisburg-Essen, has long warned of the financial risks for VW shareholders. With 600,000 employees, VW produces slightly fewer vehicles than world leader Toyota with 350,000 workers.

"Much of the workforce is based in the high-wage country Germany, a significant number in plants that manufacture components, which [external] suppliers produce for significantly better costs," he writes.

VW is also criticised for neglecting new technologies such as electric cars and digital "driverless driving".

Piëch said he did not trust Executive Board Chair Martin Winterkorn, who in addition to being CEO, led the "unprofitable" core VW brand, to enforce necessary cuts in jobs, wages and benefits. He had therefore worked for some time to replace Winterkorn. At the end of last year, former BMW manager Herbert Diess was hired. Diess, known as a tough restructuring specialist, replaced Winterkorn as VW brand chief in July. Even before his arrival, Diess had publicly criticized VW for being too expensive, too inefficient and having too many workers.

IG Metall and the works council were pulling the strings in the background. Works council boss Osterloh has claimed he was personally instrumental in the appointment of Diess, telling the financial daily *Handelsblatt*: "He would not have come into this position without our consent."

Nine months ago, when Winterkorn announced a drastic cuts programme called "Future Tracks" to cut annual costs by more than €5 billion, he worked with the consulting firm McKinsey. Osterloh intervened to demand Winterkorn ditch McKinsey.

Osterloh's message was clear: VW did not need the usual cost-cutters. The Works Council and the IG Metall could do it better themselves. He accused management of not addressing the efficiency programme decisively enough. "There's still more can be done," he said late last year. Just a little later, he presented his own 400-page catalogue of cuts.

When the leadership crisis broke out, the IG Metall worked closely with the CEO, who, according to the annual report, increased his salary to €16 million in the past year. IG Metall wants to prove that its officials can defend VW profits not only as co-managers, but also as top managers.

Many details are still unclear. For example, who will chair the supervisory board in the long term: a member of the two families of owners, Piëch and Porsche, an outside shareholder representative, or Winterkorn himself. Who will ultimately take Winterkorn's place is also hard to tell.

But one thing is clear: the workforce confront huge attacks on jobs and wages. As supervisory board chairman, Berthold Huber wants to prove that he and IG Metall can attack the workforce better than anyone else.

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As IG Metall chairman, Huber turned the union into a profitable enterprise serving corporations as a consultant and expert in corporate restructuring. Its selling point over consulting firms like McKinsey and Roland Berger is that its better knowledge of operating conditions allows it to propose detailed rationalisation measures. It also has something that no other consulting firm does: a well-organized network of works council representatives and shop stewards to police the workers.

Huber, an ex-Maoist, has systematically promoted this transformation of the union. During the closure of the GM-Opel plant in Bochum, the union was management's main adviser and supporter.

In May 2012, IG Metall presented GM and Opel managers with the union's own " Deutschland Plan", proposing extensive rationalisation measures, including job losses and cuts in social spending and wages, "to strengthen the Opel brand". A little later, when GM-Opel called for the closure of one plant completely, IG Metall proposed the plant in Bochum. The plant's workforce had long been a thorn in IG Metall's side, repeatedly opposing the union.

Working with the Bochum Works Council head Rainer Einenkel, IG Metall played off individual plants against each other and carried through the closure of Bochum at the end of last year.

At the end of 2013, Huber resigned as IG Metall chair, handing over management of the union to Dieter Wetzel. However, the 65-year-old Huber did not relinquish the office of supervisory board deputy chairman at VW, traditionally reserved for the IG Metall leader. He aimed not only to keep his salary of around €700,000 per year, but to continue planning cuts and associated social attacks as a member of the supervisory board presidium.

This view is obviously shared by shareholder representatives. In a statement on Saturday night, state premier Stephan Weil (SPD), who represents the state of Lower Saxony as a 20 percent shareholder on the supervisory board, said the shareholder representatives on the board had specifically requested Huber's selection as acting head:

"He has the explicit support of the shareholders," stressed Weil. The value of VW shares then rose on Monday by up to 5 percent.

If evidence was still needed that jobs, wages and benefits can only be defended in a rebellion against the trade unions, Huber has now provided it.