

VW trade union boss pockets €750,000 per year

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It is no secret that the works council chairmen of big German corporations take home a princely salary. Nevertheless, it still comes as a surprise when the concrete figures involved come to light. It has just been revealed that the salary of Bernd Osterloh, the chairman of the joint works council of the Volkswagen Group, totals around €750,000 per year, i.e., €62,500 a month. He receives a basic salary of some €200,000, with the remainder taking the form of bonuses.

Last Friday the *Braunschweiger Zeitung* reported that the Braunschweig prosecutor's office was investigating four top managers at Volkswagen on suspicion of embezzlement. The prosecutor's office is investigating whether the current VW Group's executive personnel director, Karlheinz Blessing, his predecessor Horst Neumann and the personnel head of the VW brand, Martin Rosik, and his predecessor Jochen Schumm had granted financial advantages to the company's works councils. These could legally be regarded as misappropriation of assets.

The heads of personnel are traditionally appointed on the basis of recommendations made by the IG Metall (IGM) trade union. Blessing had only taken over from Neumann at the start of 2016. He began his professional career on the executive board of IG Metall as office manager of former IGM leader Franz Steinkühler. Blessing is a close confidant of former IGM CEO Berthold Huber, who headed the VW supervisory board from April to October 2015, i.e., the period when important personnel decisions were made following the company's diesel exhaust gas scandal.

Up until 1994, Neumann had worked in the economics department of IG Metall. He also sat on several supervisory boards. In 2005, he took over from Peter Hartz as head of personnel at VW. The supervisory board awarded Neumann a pension of €23

million with the votes of the IGM and SPD functionaries, who have a majority on the VW supervisory board.

It therefore comes as no surprise that, as a result of the latest investigations, the works council and the VW Group immediately declared they would comply with company law regarding the remuneration of members of the works council.

Osterloh told the *Wolfsburger Allgemeine Zeitung* (WAZ) in an interview: "The most important thing is that I am not being investigated. And I have a clear conscience." Salary is determined by the company on the basis of clear rules. In addition to the Works Constitution Act, there are provisions on employee compensation at VW. "These rules have been reviewed several times in collaboration with external experts," Osterloh said. He is treated the same way "as all other managers [!] with corresponding status," he said.

The VW works council has stressed that Osterloh would earn a tenfold sum if, as originally planned, he had taken up the post of head of personnel in place of Blessing. This plan failed due to the exhaust gas fraud. "If I were worried about the money, I would not be a works councillor," Osterloh told the *Braunschweiger Zeitung*.

According to the Works Constitution Act, the works council is an honorary office. Membership of the council is not supposed to involve either privileges or disadvantages. The law stipulates that works councillors must remain in the same salary grouping as colleagues who carry out a comparable activity. In addition, payment should increase in line with their chances of promotion.

For trade unionists, it is clear that the most significant step towards improving their careers (and bank balances) is involvement in a works council. Osterloh is

a trained industrial salesman, who joined the VW works council in 1990 and assumed its presidency 15 years later, in 2005. His predecessor Klaus Volkert, together with head of personnel Hartz, had to quit because Hartz had paid out for prostitutes and luxury trips for Volkert out of company funds. Volkert, who was later sentenced for “fraud” and imprisoned for nearly two years, received more than €300,000 a year for his works council activities.

When Osterloh succeeded Volkert in 2005, he emphasized that the “principle of total transparency” applied. At that time, he estimated his salary at €6,500 gross monthly, or €78,000 per year. This would have been the “normal” salary for an “ordinary works council member,” before becoming Volkert’s deputy one year previously. Osterloh had already admitted in 2008 that his salary had increased to €120,000 within three to four years.

Another seven years later, his basic salary was already €200,000 euros, without bonuses—a salary increase of 256 percent in 12 to 13 years.

Payments to the IG Metall executives and the chairman of the Works Council are part of a corrupt trade union network within the VW Group. Uwe Hücks at Porsche and Peter Mosch at Audi probably pocket similar sums. The interesting issue is what makes the chairman of the works council so valuable to the Volkswagen Group?

Sixty-year-old Osterloh hit the headlines as “Germany’s most powerful labour leader” in the bourgeois media. Osterloh does not earn his money because he negotiates “on equal terms” with management. He pockets millions because he does the work of management.

The so-called VW model, which involves cooperation as shareholders between the executive, trade unions, works councils and Lower Saxony’s state government, was regarded in the past as a role model of “German co-determination” and “co-management.” Today it epitomises the transformation of the trade unions and their company representatives into allies of management against the workforce.

At VW, the works council and IG Metall not only work closely with the executive to impose management decisions, they also draw up the plans for stripping jobs and playing off one plant against all others.

In an interview with the *Manager* magazine, Osterloh

explained that the works councils had drawn up the company’s so-called Future Pact last November. “If things do not happen, that need to be done, then I am the one who raises them,” Osterloh boasted.

The IGM functionaries Blessing and Osterloh jointly drew up the “Future Pact,” which involves the dismantling of 30,000 jobs combined with a massive worsening of working conditions.

In the months that followed there were evidently differences between VW executive Herbert Diess and Osterloh about the concrete implementation of the pact, but at the beginning of May Diess then gave an interview to the *Süddeutsche Zeitung* reporting that he and Osterloh had had “good talks” and “we’re in agreement.”

Now it appears a new company offensive is being prepared. It may well be the case that the complaint that led to the investigations of the Braunschweig public prosecutor’s office is part of an internal conflict between the works council and IG Metall on the one hand, and some other shareholders on the other. This was the background to the former sex and corruption affair at VW. IGM and SPD leader Hartz and works councillor Volkert lost their posts as an attempt was made to disrupt the “VW model.”



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