How corporations and government finance the German trade unions

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At present, hardly a day goes by without new mass sackings being announced. The bad news emanating from the corporate boardrooms and banks is coming thick and fast. Companies are using the coronavirus crisis and the billions they have received from state coffers to cut jobs en masse and implement drastic social cuts that have long been planned.

This capitalist offensive against the working class is based on close collaboration with the trade unions and their works council representatives. Many rationalisation programmes, which are linked to massive job and social cuts, are drawn up by the unions and enforced by their officials in the factory. Those who protest against them are intimidated and silenced. Those who resist are quickly found on the dismissal lists drawn up by the works councils in the context of "co-determination," the placing of so-called "employee representatives" on company boards.

"Social partnership" and "co-determination," which are enshrined in law in Germany as in hardly any other country, have always meant the renunciation of class struggle and the subordination of workers' interests to the interests of capital. During the economic boom of the post-war decades, this could still be combined with winning wage increases and social improvements. In some cases, the unions even organized larger strikes, although they were always careful not to endanger capitalist rule.

But that was a long time ago. Since the 1980s at the latest, the trade unions have supported one round of social attacks after another. They organised the closure of entire branches of industry, such as the coal and steel industries, helped to draft the Hartz laws introducing so-called labour and welfare "reforms" and ensured resistance to the closure of factories, such as at Opel Bochum, remained impotent and isolated. Major strikes, in which hundreds of thousands of workers shut down production for weeks on end, have not taken place for decades.

With the coronavirus pandemic, which has led to the deepest international economic crisis since the 1930s, the role of trade unions as a tool of the corporations is taking on a new dimension. At Lufthansa, the mainstream union Verdi and the sectoral unions UFO and Cockpit compete with offers to reduce wages by 20, 30 or even 45 percent and to cut several tens of thousands of jobs. The situation is similar in the car and supplier industry, at banks and the department store chain Galeria Kaufhof Karstadt.

It would be absurd to call the unions "workers' organisations." They are organs of the corporations with the special task of disciplining workers, ensuring the smooth running of production and increasing levels of exploitation. While there may still be workers who are members of a trade union, they have no voice. Often, they become union members because otherwise they will not be hired, or are the first to be fired, or because the unions negotiate special benefits only for members.

The transformation of trade unions into a company police force is not the result of the—ever-abundant—corruption of individual functionaries.

It arises firstly from the trade union point of view, which accepts and supports capitalist private property and the bitter struggle for markets and profits. The more the world market is dominated by monopolies, the more bitter the struggle between them becomes, the closer the trade unions move together with "their" national corporations.

From their perspective, the interests of trade unions and "business" are identical. They always speak of the defence of the business location, never of the defence of the working class. In the name of defending the location, they sacrifice jobs, wages, and social benefits—often leaving nothing remaining. On the other hand, they reject the mobilisation of the working class across locations and national borders with open hostility.

Secondly, the same applies to trade union officials: Being determines consciousness. They form a privileged social class. Corporations and the government spend millions maintaining an army of functionaries who earn many times the wages of an ordinary worker. The trade unions run their own schools and think tanks—they too are financed directly or indirectly by the state and corporations—which provide ideological training for shop stewards and works council representatives and advise the corporations on redundancies and cutbacks.

It is worth taking a look at this web of institutions, relationships and funds, which is carefully shielded from the public eye. This makes clear why it is not possible to reform the trade unions in the workers' interests and why new, independent organs of struggle—action committees—must be built.

One of the most important mechanisms through which corporate funds are channelled into the trade unions is their involvement in company supervisory boards, which is regulated by law in Germany. The 1976 Co-Determination Act obliges corporations with more than 2,000 employees to have equal representation on supervisory boards, i.e., employees and shareholders each appoint half of the supervisory board members. At the same time, the law secures the supremacy of the capitalist owners, because in the event of a dispute, the chairman, who is appointed by the owners, has a double voting right. The number of companies with co-determination in this form varies between 640 and just under 700.

The union-owned Hans Böckler Foundation (HBS) was founded at

the same time as the Co-Determination Act. It is a non-profit, i.e., tax-privileged, and is financed from two sources: the emoluments flowing from trade union supervisory board members, a large part of which they are obliged to pay to the foundation by trade union resolutions, and from millions of euros in subsidies from the German government.

According to the annual report of IG Metall, Germany's largest union, "the 7,000 sponsors, in particular supervisory board members who pay the majority of their royalties to HBS" form the foundation's bedrock. In the 2017/18 financial year, they transferred a total of €47.1 million. More than half of this came from the mandate holders of IG Metall. In addition, the HBS received funds amounting to €28.6 million from the federal Ministry of Education and Research.

In 2018, more than €75 million flowed into the work of the trade unions directly from the corporations and the federal government through HBS. With this money, HBS finances the training and education of trade union officials, as well as several social and economic institutes, which prepare competition analyses, rationalisation programmes, innovation activities and cuts programmes of all kinds for the supervisory boards and company boards.

The Institute for Co-Determination and Corporate Management (IMU), which started its work at the beginning of 2018, is concerned with "consulting, qualification and research for the elected representatives of co-determination." Here, trade union functionaries are trained to justify and enforce the social and job cuts to the workers.

The Economic and Social Research Institute (WSI) develops trade union collective bargaining policies that are closely coordinated with the companies. The Institute for Macroeconomics and Business Cycle Research (IMK) develops market analyses and researches macroeconomic relationships.

Recently, the Hugo Sinzheimer Institute for Labour Law (HSI) also became part of HBS. It focuses on the development of national and international labour and social law, which sets narrow limits for strikes and industrial disputes.

The trade unions and HBS not only advise companies, they can also rely on an army of functionaries inside the companies. IG Metall alone has 50,000 works council representatives and 80,000 shop stewards. In 2018, works councils were elected in a total of 28,000 German companies, with one works council representative for every 500 employees being released from work at the company's expense. This is often associated with a higher salary, various additional income and other privileges.

The main task of these company-paid functionaries is to maintain "industrial peace," i.e., to suppress any form of opposition. In March, for example, the IG Metall agreed to a wage freeze until the end of the year for the 4 million workers in the metal and electrical industries. Now it is working intensively to get production back on track, even though safety measures are poor in many factories and there is still a threat of infection with COVID-19.

The Hans Böckler Foundation openly boasts that co-determination increases company profits. A recent study on the importance of co-determination states, "Companies with more co-determination usually perform better than average when it comes to key economic indicators: their return on assets is on average around 65 percent higher than in companies with weak or no co-determination at all. The operating profit of more co-determined companies is on average almost 11 percent higher, and the cash flow per share is even more than three times higher than in companies with little co-determination."

This leaves nothing to be desired in terms of clarity. It is all about "cash flow per share" and "return on investment." To this end, the so-called "employee representatives" on supervisory boards are paid princely wages, not to say "well-lubricated."

Trade union representatives on supervisory boards often claim they do not personally benefit from this and pay over their emoluments in full to HBS. But this is a lie.

For one thing, even if they follow the union rules, which they are not legally obliged to do, they can keep at least 10 percent of the income for themselves. What they can put in their own pockets is easy to calculate. The trade union "payments calculator" can be found on the internet.

Accordingly, a works council prince such as Michael Brecht, who received a total of half a million euros as deputy chairman of the Daimler supervisory board in 2019, was able to keep €60,000 plus part of the attendance fees for himself. On top of this, there are various expenses and remuneration for tasks he performs in his capacity as a supervisory board member. According to media reports, Brecht's annual salary is around €200,000. It is therefore fair to assume that, together with the supervisory board salary, he collects a quarter of a million euros annually.

Other heads of works councils sometimes earn even better. For example, the head of the general and group works council at VW, Bernd Osterloh, claims to collect up to €750,000 "in a good year." The former head of the Porsche works council, Uwe Hück, is said to have received up to €500,000 per year.

The situation is no better in other unions. Frank Werneke (Social Democratic Party, SPD), who last year replaced Frank Bsirske, the long-time Verdi chairman, is a member of the supervisory board of the AXA Leben insurance group. His deputy on the Verdi board, Andrea Kocsis, is deputy chairman of the supervisory board of Deutsche Post AG, and Verdi board member Stefanie Nutzenberger, who played a key role in the Karstadt-Kaufhof restructuring, sits on the supervisory board of the retail group Rewe.

Christine Behle, also a Verdi board member, has inherited the lucrative position of deputy chair of the supervisory board at Deutsche Lufthansa AG from Frank Bsirske. She also sits on the supervisory board of Hapag Lloyd AG, Bremer Lagerhaus-Gesellschaft and Dortmunder Stadtwerke AG. The list of trade union functionaries who unscrupulously enrich themselves within the framework of co-determination is a long one.

Workers can only defend their jobs, wages and living conditions by breaking with the trade unions, rejecting their nationalist policies pitting workers at one location against another, building independent action committees, joining forces internationally and fighting for a socialist programme.